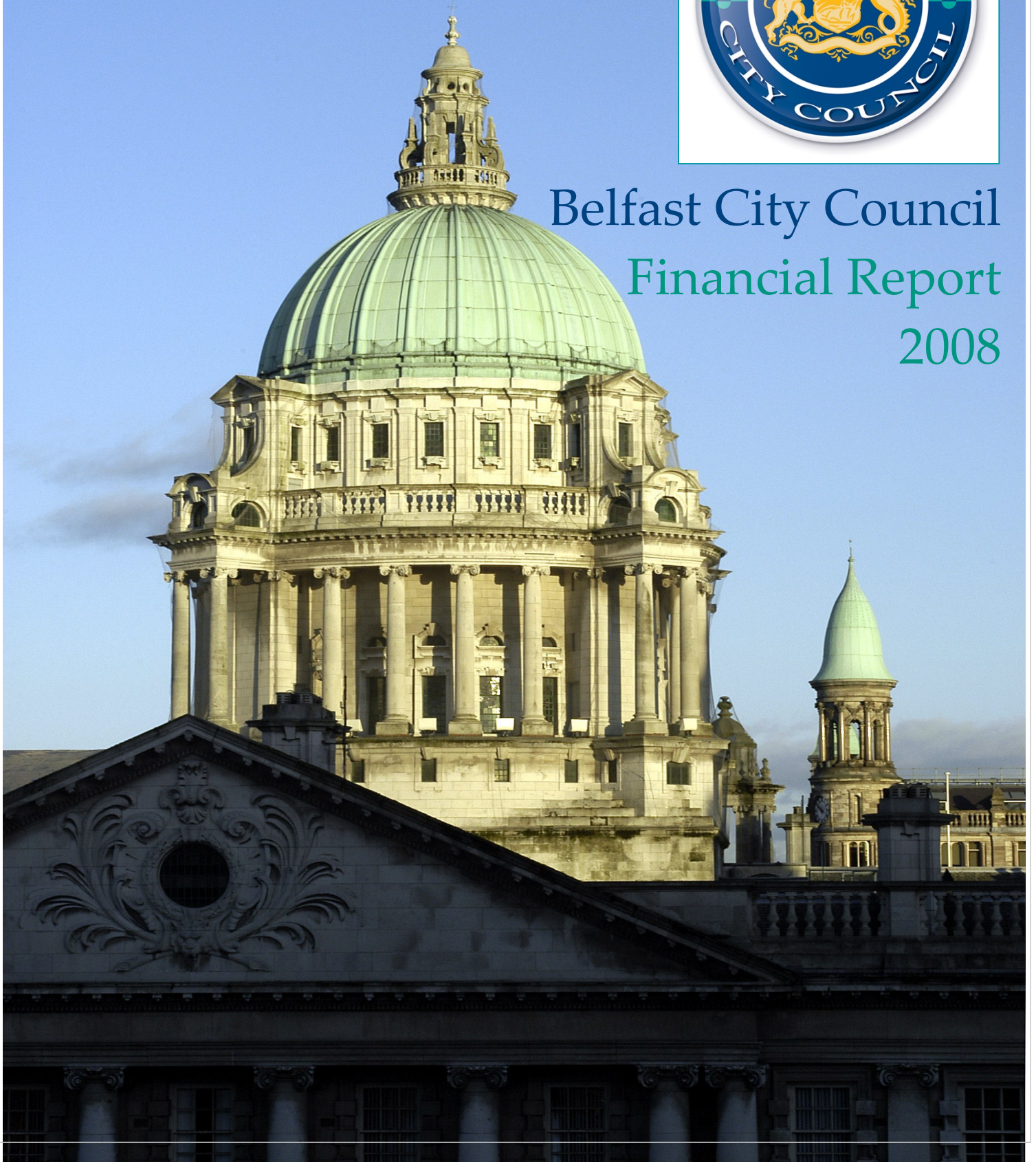




Belfast City Council
Financial Report
2008



Financial Report for the year ended 31 March 2008

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Explanatory Foreword

Introduction

Belfast City Council is the largest of the 26 District Councils in Northern Ireland. The Council has 51 elected Councillors representing nine electoral areas across Belfast with a total population of 267,374. The Council is, by any definition, an organisation of size, importance and stature and in particular is responsible for the delivery of key services such as those relating to Refuse Collection and Disposal, Street Cleansing, the provision of indoor and outdoor Leisure and Recreational facilities, Community Services and importantly, in the expanding and high profile area of Health and Environmental Services.

The Council's financial performance for the year ended 31 March 2008 is set out on pages 20 to 52 and consists of:

1. The District Fund - Income and Expenditure Account
2. Consolidated Balance Sheet
3. Cash Flow Statement
4. Loans Pool Accounts
5. Statement of Movements on Reserves.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2007 and the Department of the Environment Accounts Direction, Circular LG 05/08 dated 6 March 2008. It is the purpose of this foreword to explain the financial facts in relation to the Council.

This Statement of Accounts explains Belfast City Council's finances during the financial year 2007/08 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts. These accounts are supported by the Statement of Accounting Policies and various notes to the accounts.

Financial Report

As shown by the Statement of Movement on the District Fund Balance on Page 11 the Council decreased its District Fund surplus by £4,767,465. This decreased the credit balance on the District Fund Reserves to £10,367,397 and this sum represents on average 6.8% of annual gross expenditure. The Council aims to maintain the level of District Fund Reserves in the region of 5 to 10% of annual gross expenditure.

The net costs of the main services for the year have increased by 13% over the previous year and are as follows:

Service	2007/2008	2006/2007 (restated)
Leisure & Recreational Services	50,105,110	45,706,415
Environmental Services	45,882,762	40,936,380
DRM and Corporate Management	14,145,620	11,697,292
Other	6,489,280	5,518,098
	116,622,772	103,858,185

The following gives a comparison between the budgeted and actual net cost of the Council for the year to March 2008:

	Actual	Estimate	Variance
Net Cost:	111,192,496	106,879,704	(4,312,792)
Income:			
General Grant	4,040,967	4,495,640	(454,673)
District Rates	102,384,064	102,384,064	
Surplus/(Deficit)	(4,767,465)	0	(4,767,465)

District Rates, the Council's main source of income, were £102,384,064 during the year and this represented an increase in cash terms of £4,312,472 or 4.4% over the previous year.

The Repairs and Renewal Fund, approved by the Department of the Environment, remains unchanged from the previous year with an upper limit of £22,000,000. This is to take into account the major costs that have been incurred in the Repairs and Renewal programme Council buildings and expected to be incurred with the proposed closure of the landfill site at Dargan Road. The balance on the fund at 31 March 2008 was £13,611,670.

The land and buildings assets were originally revalued on 1 April 2002 by Chartered Surveyors employed by the Council, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors.

The Council is now operating a 5 year rolling programme for its revaluation of Land & Buildings with approximately 20% of these assets being revalued each year. This revaluation is carried out by independent Chartered Surveyors, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The revised valuations have been included in the balance sheet on page 12.

During the year the Council repaid external loans of £257,146. At 31 March 2008 the total amount outstanding on external loans was £20,875,428. Of this total £17,235,550 (or 82.6%) represents the outstanding debt of the former Belfast Corporation Services which is now the responsibility of the Northern Ireland Housing Executive, and on whose behalf the Council is administering the loans.

The capital expenditure of the Council can be financed using:

- Loans;
- Grants;
- Proceeds from the sale of capital assets;
- Capital funds and
- Revenue Contributions directly from the District Fund.

Expenditure on capital projects during the year amounted to £22.99M, the most significant spend being on Grove Wellbeing Centre - £8.4M, Waste Transfer Station - £2.7M, Ulster Hall - £2.3M, Vehicles- £1.3M and City Hall - £918K.

The Council does not, at present, have any commitments to finance capital expenditure by way of Private Finance Initiative or Public Private Partnership Schemes.

This foreword provides an explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. Further information about the accounts can be obtained from:

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Belfast City Council
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Belfast BT2 8GD
Telephone Number
(028) 9027 0248
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E-mail address
salmont@belfastcity.gov.uk

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2008 on pages 20 to 52 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 18 to 23.
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Signature _____

T.K. SALMON B.Sc. (Hons), F.C.C.A., C.P.F.A., M.A.A.T.
DIRECTOR OF CORPORATE SERVICES

Date _____

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council/Committee on 20 June 2008.

Signature _____

Chair Strategic Policy & Resources Committee

Date _____

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

The Council's Responsibilities

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

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Council, or a Committee, is required by resolution, to approve the accounts. These accounts were approved by Strategic Policy & Resources Committee on 20th June 2008.

The Chief Financial Officer's Responsibilities

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

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

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

- observe the Accounts Direction issued by the Department of the Environment including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) as amended and augmented from time to time.
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- make 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.
- take reasonable steps for the prevention and detection of fraud and other irregularities.

Annual Governance Statement 2007/08

Scope of responsibility

Belfast City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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 and facilitating the effective exercise of its functions, 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' and which sets out its intention to achieve full compliance with the Framework for the year commencing 1 April 2009. This statement explains how the Council is progressing towards this, their statutory duties under the 2005 Order and also meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

The 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 the 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, the impact should they be realised, and to manage them efficiently, effectively and economically.

In 2007 CIPFA withdrew its guidance relating to Statements on Internal Control with the publication of the joint CIPFA/SOLACE "Delivering Good Governance In Local Government: A Framework." This requires the publication of an Annual Governance Statement rather than a Statement on Internal Control. Local authorities in England have been preparing the less comprehensive Statement on Internal Control for several years. The Department recognises that Local Authorities had been preparing to include with their accounts a Statement on Internal Control for the first time in 2007-2008. As a result of the revised proper practice requirements, Local Authorities are required to prepare an Annual Governance Statement in 2007-2008, without having previously completed a Statement on Internal Control.

Some aspects of the Statement on Internal Control are carried forward to the Annual Governance Statement. Where this is the case, the Council will have undertaken the necessary preparatory work. Where the Annual Governance Statement provides additional requirements local government bodies will include with its disclosure one of the following:

- Compliance
- **Intention to comply by 1 April 2009 (or earlier)**
- Intention not to fully comply and reasons why.

Arrangements towards achieving full compliance commenced in 2007/08 and will continue in 2008/09, in order that the Council is fully compliant by 1st April 2009.

The governance framework

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

The corporate plan 2007/08, (a transitional 1 year plan) is being replaced by a 3 year plan, as outlined below.

Belfast City Council has developed a draft corporate plan for the period 2008-2011. This was presented to Chief Officers Management Team in May 2008. In addition, a special meeting of the Strategic Policy and Resources Committee is to be held on 13 June 2008 to agree this plan.

The plan was developed over a ten-month period with significant engagement with Members, ratepayers, officers, and partners at a range of workshops. In addition, there has also been significant engagement with party groups. An annual plan is in place setting out clear objectives and targets for the coming year.

The corporate plan helps the Council focus on the future. It sets out the values that the Council wants to create in the city and the key issues that the Council intends to focus on over the next three years. In doing this, the corporate plan provides a sense of direction for the Council. By having an outward focus, the corporate plan helps the Council deal with a changing external environment and helps to ensure that the Council's plans stay relevant and connected to what is happening in Belfast.

As outlined in the Council's Standing Orders, the Corporate Plan and the processes which underpin it act as the Council's main instrument of policy. The development and implementation of the Corporate Plan therefore embraces a number of processes including, for example:

- The establishment of agreed corporate priorities and strategic plan
- Strategic financial, human resources, asset management and information management planning to ensure resources are effectively allocated for implementation of the strategic plan
- The development and prioritisation of the capital programme and the city investment strategy
- The integration of strategic financial and business planning in the organisation
- The development and implementation of strategies for effective partnership working with key stakeholders, through an effective external relations strategy, including the development of community planning
- The development and implementation of effective performance management to ensure agreed outcomes are delivered
- Communication of the plan is via the Council's internet website; a communication plan has been agreed to ensure the plan is effectively communicated.

Over the past year there has been considerable effort put into developing and implementing the key elements of an assurance framework within Belfast City Council. Significant progress has been made in terms of:

- implementing a process whereby managers are required to sign annual assurance statements
- implementing risk management

- developing business planning and related performance reporting arrangements
- re-constituting the Audit Panel
- further developing the professionalism of the internal audit function, including the commissioning of an external review of the service and the planned implementation of risk-based audits, whereby the actions taken to manage key risks in risk registers will be examined
- development of a Code of Governance.

New political governance structures were put in place during 2007/08

- Committee reporting system
- Council minutes system on www.belfastcity.gov.uk

Our key mechanisms for measuring the quality of services for users and for ensuring that they represent the best use of resources include:

- Key performance questions, surveys and indicators
- A corporate complaints system.

In order to define and document key Council roles and responsibilities, a Scheme of Delegation is in place. This has been approved by the Council. The Scheme is explicitly linked to the objectives of the Council as they state that the purpose of delegation is to achieve economies of scale and minimise costs. The levels of authority and responsibility are set out in the Scheme of Delegation.

Standing Orders are in place and are documented on the Council's website.

The corporate objectives of the Council are linked to levels of responsibility and individual staff through the Strategic Plan and annual Business Planning processes and through the use of personal development plans.

The budget is set in line with the need to deliver the corporate plan. A budgetary control system is in place.

Terms and conditions of employment and job descriptions are available for all staff.

The following structures, which facilitate staff development, conduct and good governance are in place:

- New political governance structures which were implemented in the year 2007/08
- Committee reporting protocol
- Party Group Briefing Days to facilitate and coordinate contact with officers
- Work is in progress to develop corporate and service standards
- Code of conduct for staff
- All staff receive induction training which includes an introduction to the Code of Conduct
- The NI Code of Local Government Conduct for Members
- Acceptance and Provision of Gifts and Hospitality by Council Officers
- Potential Conflict of Interest Situations Encountered by Council Officers
- An Equality Reference Guide has been developed by the Council
- Sustainable Development Plan (supported by Energy Conservation Strategy and In-house Waste Strategy)
- The Council has adopted fraud and corruption and whistle blowing policies.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:

- Standing Orders
- Financial Regulations
- Scheme of Delegation
- Accounting Manual
- Codes of Conduct for officers and Members
- Corporate and budgetary planning
- The preparation of regular financial reports which indicate actual expenditure against forecasts
- Regular reviews of periodic and annual financial reports which indicate financial performance
- A programme of capital expenditure with clearly defined guidelines
- Formal project management disciplines

The Council has an established Assurance Board and an Audit Panel. These oversee the work of the Audit Governance and Risk Services section. This section provides an internal audit service, which operates to the standards published in the CIPFA code of practice for internal audit in local government.

Audit, Governance and Risk Services have taken the lead on risk management activities within the Council. These have continued in line with the Council's Risk Management Strategy. Activities have focused on the development, management, monitoring and reporting of risk registers. Corporate, departmental and operational risk registers are in place in addition to registers relating to major projects and key services.

A system of assurance reporting by Directors, Heads of Service and senior staff within the Council was implemented during 2007/08. These signed assurance statements form part of the evidence to enable the sign off of the governance statement by the Accounting Officer.

A Business Continuity Policy has been produced and was approved by COMT on 11 September 2006. Business Continuity strategies and plans are now in place for the Council's key services. In addition, in order to ensure that the Council is prepared to meet the threat of a pandemic, a Business Continuity Pandemic Plan has been prepared.

The Council has an established Audit Panel which was re-constituted during 2007/08 and a revised terms of reference agreed. The terms of reference for the Audit Panel sets out a clear statement of purpose that it will provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It will provide 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. The Audit Panel reports to Strategic Policy and Resources Committee.

The Audit Panel agrees an annual programme of work, for the year 2008/09 this includes a number of value for money audits. There is a commitment to the identification of any further training needs for members.

Managers are responsible for ensuring:

- compliance with relevant laws and regulations, internal policies and procedures,
- that expenditure is lawful within their area of responsibility
- that staff conduct council business in accordance with the law and proper standards,
- that public money, for which they are responsible, is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Financial Regulations include an explicit reference to management responsibility for internal control and set out the delegated powers of the Chief Financial Officer in ensuring expenditure is lawful. The Chief Financial Officer is the designated officer responsible for the proper administration of the Council's financial affairs.

The Council has a Director of Legal Services and a Legal Services Department to provide advice and support to Council staff and Members.

A Public Interest Disclosure ("Whistleblowing") policy is in place and has been communicated to all staff. The policy is posted on the Council's intranet. In addition, this policy is also included in the Code of Conduct for Local Government Employees.

A Corporate Complaints system is in place.

The following activities underpin the identification and support of the development needs of members and senior officers:

- induction training for all staff which includes an introduction to the Code of Conduct
- Code of procedures on recruitment and selection
- Introduction of personal development plans
- Member development programme with induction sessions for Members

The following are channels of communication which focus on all sections of the community and other stakeholders. These channels ensure accountability and encourage open consultation;

- The corporate plan
- 'One Council' corporate communication guidelines
- The Council's website found at www.belfastcity.gov.uk and the intranet for staff
- Work is underway to develop corporate and service standards
- Ongoing development and use of Citistats
- Embryonic community planning board
- Ongoing consultation processes
- City Matters magazine
- Complaints handling system
- Council meetings are open to the public
- The Assurance Framework

Review of effectiveness

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other external reviews.

The Audit Panel provides an independent assurance on the adequacy of the council's risk management framework and associated control environment. It 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.

Following a benchmarking exercise the Audit Panel has made a commitment to a minimum of four meetings through the year. While during the course of 2007/08 the Audit Panel only met three times, it is envisaged that for the period 2008/09 this commitment will be met.

The Assurance Board which comprises the Chief Executive, Director of Corporate Services and Director of Legal Services has the purpose of identifying areas of particular concern within the Council. It addresses issues of non compliance of Council staff in particular around internal control or governance matters. The Assurance Board met four times during 2007/08.

The aim of Audit, Governance and Risk Services 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. Audit, Governance and Risk Services produce an annual Strategy and Plan which take account of important developments, such as the new Audit and Accounts Regulations. The Head of Audit, Governance and Risk Services provides an annual assurance statement on the Council's internal control environment.

Audit, Governance and Risk Services will continue to facilitate the development of risk management processes throughout the Council. A risk management framework is embedded throughout the council. This included risks being identified and actively managed at corporate, departmental, service / operational level and for major projects.

The Code of Governance for Belfast City Council is based on the 6 core principles set out in the CIPFA/SOLACE Framework. The key systems, processes and documents are summarized in a table;

this provides evidence of compliance with the core and supporting governance principles, along with the individual or committee responsible for monitoring and reviewing the same.

An annual review of our Code of Governance will be carried out with a view to monitoring progress in achieving agreed actions. The results of this review will be reported to the Audit Panel and will inform the preparation of the Annual Governance Statement. It will form one of the assurances that senior managers and Members receive on the Council's internal control environment.

In addition, the Council has recently adopted an Assurance Framework. This shows:

- the main sources of assurance, such as financial control, performance management, internal and external audit
- the basis on which these key sources of assurance are provided
- how the Code of Governance relates to these assurances
- how the Audit Panel and Strategic Policy and Resources Committee have a key role to play in reviewing and approving the Annual Governance Statement and overseeing the assurance framework as a whole.

As the elements within the proposed assurance framework are developed further over the next year, it will provide an assurance to the Audit Panel that each source of assurance is reliable, that the framework as a whole is adequate and that there are no significant gaps.

In the year 2008/09 AGRS will review the various sources of assurance and the key elements of the Council's internal control framework and will report to managers, COMT, the Assurance Board and the Audit Panel on these areas.

Local Government Audit have also provided a level of assurance through the provision of the annual external audit and provision of the management letter. An action plan is in place to address the issues identified.

Other sources of assurance include assurances from management and external review bodies.

In the year to the end March 2009, the Strategic Policy and Resources Committee and the Audit Panel intend to address identified weaknesses in the Council's internal control environment, and improve the established risk management processes.

Significant governance issues

During the year 2007/08 a number of required improvements to the overall governance framework were identified and appropriate actions were taken to address these issues:

The Council's local Code of Governance was developed and has been discussed with relevant staff. The Code was approved by COMT during 2007/8. In addition, it was approved by the Audit Panel during the first quarter of 2008/09. The Code is based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government : A Framework'.

AGRS intend to complete a number of reviews to confirm that the Council's governance arrangements address key governance related issues, including a review of the operation of the new Scheme of Delegation. This work together with ongoing audit work forms part of the annual review of the effectiveness of Internal Control.

Operational risk registers were produced for all key services during 2007/08. Risk action plans are in place to manage the risks identified. Appropriate management teams review and update risk registers and action plans on a quarterly basis.

A system of assurance reporting was implemented for the year ending 31 March 2008. Directors, Heads of Service and responsible senior officers were required to sign annual assurance statements. These set out the risk control framework in place and disclose any significant risk and internal control issues. Signed assurance statements form part of the evidence to enable the preparation of the Council's Governance Statement.

The Audit Panel was:

- re-constituted during 2007/08 with a revised terms of reference based on CIPFA's model Terms of reference contained within the "Audit Committees – Practical Guidance for Local Authorities" Best practice guidance
- an external independent member was appointed
- Members received bespoke training on Best Practice in Audit Committees this was provided by CIPFA.

During the course of 2007/08 the Council implemented a new financial system and associated business processes. It is perhaps inevitable that implementation of a major and complex new system and new business processes results in teething problems. To ensure risks were captured, a proactive risk management process was put in place during the project. The Better Business Programme Board; which

has responsibility for overseeing the project manages this process. On an ongoing basis the Board ensures that, any risks identified are allocated risk owners and that these are managed and reported on.

The Council identified the risk of over-reliance on a small number of key staff in Financial Services. This issue has been included in a structural review of Financial Services which is being carried out by the Business Improvement Service, recommendations when received will be implemented and will address this issue.

A key risk facing all Councils in is the risk of being unable to comply with the targets of the Northern Ireland Landfill Allowance Scheme (NILAS). A number of actions have been implemented by the Council to address this risk including:

- Monitoring performance against NILAS targets
- Liaison with arc21 to monitor timescale for introduction of the necessary waste infrastructure
- Communications Plan and home visits to inform and engage householders.

The Council has identified the need to ensure the effective management, at a corporate level, of the resource requirements of large projects, for example, the Titanic Signature Project, North Foreshore and Connswater Greenway. In order to address this need it is intended to commission a review to develop an approach regarding the governance of all projects. At an operational level, this framework would be supported by the measures being put in place to manage identified capital project risks.

To further enhance our governance arrangements we propose over the coming year to take steps to address all of the issues raised in the Annual Assurance Statements, which have been prepared by all Directors, Heads of Service and senior officers for their area of responsibility. An action plan in this regard has been prepared, the implementation of this plan will form part of our next annual review. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness.

Signed:

On behalf of the Committee of Strategic Policy and Resources, the Chief Executive Officer and by the Chief Financial Officer

CHIEF LOCAL GOVERNMENT AUDITOR'S REPORT TO THE MEMBERS OF BELFAST CITY COUNCIL

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CHIEF LOCAL GOVERNMENT AUDITOR'S REPORT TO THE MEMBERS OF BELFAST CITY COUNCIL CONT'D

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

	<i>Notes</i>	Gross Expenditure	2007/08 Gross Income	Net Expenditure/ (Income)	2006/07 Net Expenditure/ (Income) Re-stated *
		£	£	£	£
Services Expenditure					
Leisure and Recreational Services		61,181,694	11,076,584	50,105,110	45,706,415
Environmental Services		58,920,631	13,037,869	45,882,762	40,936,380
DRM and Corporate Management		15,150,188	1,004,568	14,145,620	11,697,292
Other Services		15,401,046	8,911,766	6,489,280	5,518,098
Continuing operations		150,653,559	34,030,787	116,622,772	103,858,185
Acquired operations					
Discontinued operations					
Exceptional items not included in cost of specific services					
Net cost of services		150,653,559	34,030,787	116,622,772	103,858,185
Gain or loss on disposal of fixed assets		961,909	0	961,909	76,026
(Surplus)/Deficit of trading or other operations					
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings					
Interest and Investment Income	6		885,548	(885,548)	(931,240)
Pensions interest cost and expected return on pensions assets					
Extraordinary Items					
Net Operating Expenditure		151,615,468	34,916,335	116,699,133	103,002,971
Income from General Grant and District Rates					
General Grant			4,040,967	(4,040,967)	(4,712,663)
District Rates	8		102,384,064	(102,384,064)	(98,071,592)
(Surplus)/Deficit for the year		151,615,468	141,341,366	10,274,102	218,716

The comparative figures have been re-stated to reflect rental income received during the year relating to prior 2006/07 and prior years following the result of a Land Tribunal Case – see note 1 c) (ix) to the Financial Statements.

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

	<i>Notes</i>	2007/08 £	2006/07 £
Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account	3	(10,274,102)	(218,716)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the City Fund Balance for the year	3	5,506,637	(1,481,235)
Movement on the District Fund Balance for the year	3/22	(4,767,465)	(1,699,951)
District Fund Balance Brought Forward	22	15,134,862	16,834,813
District Fund Balance Carried Forward	22	10,367,397	15,134,862

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

	<i>Notes</i>	2007/08 £	2006/07 £
Surplus/(Deficit) on the District Fund - Income and Expenditure Account for the year	3	(10,274,102)	(218,716)
Surplus/(Deficit) arising on revaluation of fixed assets		125,676,486	73,992,454
Revaluation of pension reserve/provision	18/22	864,306	669,637
Any other gains and losses required to be included in the Statement of Total Recognised Gains and Losses			
Other		11,072,434	(2,852,934)
Total recognised gains and losses for the year (Change in Net Worth)		127,339,124	71,590,441
Prior period adjustments made during the year			1,453,867
Total gains and losses recognised since last annual report (Change in Net Worth)		127,339,124	73,044,308

Balance Sheet as at 31 March 2008

	Notes	2007/08 £	Restated 2006/07 £
FIXED ASSETS			
Intangible Assets	9	0	0
Tangible Fixed Assets			
<i>Operational Assets:</i>			
Land & Buildings	9	393,314,908	349,466,717
Infrastructure Assets	9	164,846	167,032
Community Assets	9	189	190
Vehicles, Plant, Furniture and Equipment	9	10,631,133	10,133,190
<i>Non-Operational Assets:</i>			
Investment Properties			
Assets under Construction	9	209,508,531	119,473,171
Surplus Assets held for Disposal			
TOTAL FIXED ASSETS	9	613,615,607	479,240,300
Long Term Investments			
Long Term Debtors	12a	28,387,550	18,434,270
Deferred Premiums on early repayment of debt			
TOTAL LONG TERM ASSETS		642,003,157	497,674,570
CURRENT ASSETS			
Stocks	1e	314,825	281,595
Debtors	12b	14,488,426	14,121,456
Short Term Investments	13/21a	870,688	32,470,687
Cash and Bank	21a	40,301,411	4,737,829
		55,975,350	51,611,567
TOTAL ASSETS		697,978,507	549,286,137
CURRENT LIABILITIES			
Borrowing repayable on demand or within 12 months	14	(9,713)	(257,144)
Creditors	14	(17,218,322)	(10,481,603)
Bank Overdraft	21a	(17,724,245)	(8,363,236)
		(34,952,280)	(19,101,983)
NET CURRENT ASSETS		21,023,070	32,509,584
TOTAL ASSETS LESS CURRENT LIABILITIES		663,026,227	530,184,154
LONG TERM LIABILITIES			
Borrowing repayable within a period in excess of 12 months	15	(20,865,715)	(20,875,429)
Deferred Liabilities	16		
Government Grants – deferred	19/22	(16,730,231)	(9,281,229)
Provisions	18	(25,836,190)	(27,772,529)
		(63,432,136)	(57,929,187)
TOTAL ASSETS LESS LIABILITIES		599,594,091	472,254,967
RESERVES:			
Capital Adjustment Account	22	463,343,290	453,267,256
Revaluation Reserve	22	118,593,348	
Capital Receipts Reserve	22	1,061,447	52,506
Pensions Reserve	22	(9,948,031)	(9,418,580)
Capital Fund	22		
Renewal and Repairs Fund	22	13,611,670	12,822,010
Other Balances and Reserves	22	489,970	396,913
City Investment Fund	22	2,075,000	
District Fund	22	10,367,397	15,134,862
Net Worth		599,594,091	472,254,967

Cash Flow Statement as at 31 March 2008

	<i>Notes</i>	2007/08 £	2006/07 £
REVENUE ACTIVITIES *			
Net Cash Inflow from Operating Activities	<i>20</i>	8,156,141	10,401,500
Returns on Investments and Servicing of Finance			
Cash Outflows			
Interest paid			
Interest element of finance lease payments			
Cash Inflows			
Interest received		885,548	931,240
Net Cash Outflow from Returns on Investments and Servicing of Finance		885,548	931,240
CAPITAL ACTIVITIES			
Cash Outflows			
Purchase of fixed assets		(25,002,791)	(16,600,712)
Purchase of long term investments			
Other capital cash payments			
Cash Inflows			
Sale of fixed assets		867,220	437,554
Other grants	<i>21d</i>		
Other capital cash receipts		8,754,881	5,166,240
Net Cash Outflow from Capital Expenditure before Financing		(15,380,690)	1,462,593
Management of Liquid Resources			
Net increase/decrease in short term deposits		31,599,999	(1,796,824)
Net increase/decrease in other liquid resources			
		31,599,999	(1,796,824)
FINANCING			
Cash Outflows			
Repayment of amounts borrowed	<i>21c</i>	(257,144)	(248,913)
Capital element of finance lease rental payments	<i>21c</i>		
Cash Inflows			
New loans raised	<i>21c</i>		
Capital element of loans repaid to council		1,198,720	1,126,771
New short term loans			
		941,576	877,858
Increase/(Decrease) in Cash and Cash Equivalent	<i>21b</i>	26,202,574	(583,144)

Loan Pool

Loans Pool - Revenue Account

Year ended 31 March 2008

EXPENDITURE

<i>Interest</i>	£
1. Paid to outside sources:-	1,521,757
Government Loans Fund	225,634
Other Mortgages	
Bonds	
Temporary Loans	
Bank Overdraft	1,201
2. Credited to internal Sources	1,700,183

INCOME

<i>Interest</i>	£	£
1. From Investments		1,702,467
OTHER INTEREST RECEIVED		
2. From Bank		
3. Charged to borrowing A/C's :- (Average rate =9.479%)		
1. External Services:- NI HOUSING EXECUTIVE		1,747,384
2. District Services:- POLICY & RESOURCES		-
PARKS & LEISURE		-
HEALTH & ENVIRON.		-
DEVELOPMENT		-

Financing Transactions

Loss on realisation of investments	-
Cost of raising loans	84,092
Other items	-

Financing Transactions

Profit on sale of investments		
Sundry items		
Charged to borrowing A/C's :- (Average rate =0.455%)		
1. External Services:- NI HOUSING EXECUTIVE		83,876
2. District Services:- POLICY & RESOURCES		-
PARKS & LEISURE		-
HEALTH & ENVIRON.		-
DEVELOPMENT		-

TOTAL 3,532,822

Balance against at Commencement of year -

Balance in favour at Y/E 190,428

3,723,250

TOTAL 3,533,727

Balance in favour at Commencement of year 189,523

Balance against at Y/E -

3,723,250

Loans Pool - Capital Cash Account Year ended 31 March 2008

RECEIPTS		PAYMENTS			
<i>Loans Raised</i>	£	£	<i>Loans Repaid</i>	£	£
1. From External sources:-			1. To External sources:-		
Government Loans Fund		-	Government Loans Fund		257,146
Other Mortgages		-	Other Mortgages		
Bonds - 1. Negotiable		-	Bonds – 1. Negotiable		
2. Other			2. Other		
Temporary Loans		-	Temporary Loans		
2. From internal Sources		32,768,756	2. To internal Sources		12,516,454
<i>Advances Repaid by</i>			<i>Advances Made to-</i>		
<u>Borrowing A/cs</u>					
-					
1. External Services:-			District Services:-		
NI HOUSING EXECUTIVE		1,198,720	POLICY & RESOURCES	-	
2. District Services:-			PARKS & LEISURE	11,152,000	
POLICY & RESOURCES	-		HEALTH & ENVIRON.	-	
PARKS & LEISURE	-		DEVELOPMENT	-	11,152,000
HEALTH & ENVIRON.	-				
DEVELOPMENT	-				
	-				
RESERVE FUND			RESERVE FUND		
<u>Investments Sold</u>		312,200,000	<u>Investments Purchased</u>		280,600,000
TOTAL		346,167,476	TOTAL		304,525,600
Cash in hand at commencement of year			Cash overdrawn at commencement of year		2,431,994
Cash overdrawn at end of year			Cash in hand at end of year		39,209,882
		<u>346,167,476</u>			<u>346,167,476</u>

Loans Pool - Balance Sheet As At 31 March 2008

LIABILITIES		ASSETS		
<i>Capital</i>	£	<i>Capital</i>	£	£
Loans Outstanding :-				
1. From External sources:-		Advances to borrowing Services:		
		-		
Government Loans Fund	17,875,428	1. External Services:-		
Other Mortgages	3,000,000	NI HOUSING EXECUTIVE		17,235,550
Bonds - 1. Negotiable		2. District Services:-		
2. Other		POLICY & RESOURCES	-	
Temporary Loans		PARKS & LEISURE	11,152,000	
		HEALTH & ENVIRON.	-	
		DEVELOPMENT	-	11,152,000
		TOTAL ADVANCES		28,387,550
2. From internal Sources				
	47,711,980			
Reserve Fund	110,024	Investments		1,100,000
Cash Overdrawn		Cash at bank		39,209,882
	<hr/>			<hr/>
	68,697,432			68,697,432
<u>Revenue</u>		<u>Revenue</u>		
Creditors	190,428	Debtors		
Cash Overdrawn		Cash at Bank		190,427
	<hr/>			<hr/>
	68,887,860			68,887,860

Loans Pool - Loans Sanctions Exercised Year ended 31 March 2008

	£	£
1. Sanctions exercised before start of year (and repayment period still unexpired)		
EXTERNAL SERVICES	18,434,270	
DISTRICT SERVICES	<u>18,434,270</u>	
2. Sanctions exercised during year	<u>11,152,000</u>	
		29,586,270
<u>LESS</u> (1) Repayments received in respect of above before start of year		
(2) Normal Repayments received during year		
		DISTRICT SERVICES
		EXTERNAL SERVICES (1,198,720)
(3) Additional repayments received during year		
		DISTRICT SERVICES <u>0</u>
		<u>(1,198,720)</u>
<i>Net total of advances outstanding (as shown in Loans Pool Balance Sheet)</i>		<u>23,387,550</u>

Loan Sanctions Unexercised

	£	£
Sanctions unexercised at beginning of year	13,896,355	
ADD - Sanctions Granted during year	<u>0</u>	13,896,355
LESS - Sanctions exercised during year	11,152,000	
Sanctions lapsed, cancelled or given up during year	<u>0</u>	0
<i>Sanctions unexercised at end of year</i>		<u>2,744,355</u>

Notes to the Financial Statements

1. Accounting Policies

1a) General Principles

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

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

The District Fund - Income and Expenditure Account on page 20 has been prepared using the requirements of the Best Value Accounting Code of Practice.

1b) Accounting Concepts

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

Relevance

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

Reliability

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

Comparability

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

Understandability

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

Materiality

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

Accruals

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

1c) Fixed Assets

From 1 April 2007 the Fixed Asset Restatement Account and the Capital Financing Account have been replaced by a Revaluation Reserve and a Capital Adjustment Account respectively. This is a change of accounting policy but has not required a prior year adjustment. This new requirement has been applied prospectively, and the 2006/07 comparative figures restated. The Revaluation Reserve at 31 March 2007 is shown as £nil. The balance on the Capital Adjustment Account is shown as the combined total of the old Fixed Asset Restatement Account and the old Capital Financing Account.

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in accordance with Financial Reporting Standard 15 Tangible Fixed Assets (FRS 15). The Council applies a de-minimis level of £25,000 to Plant and Machinery, Information Technology Equipment, Fixtures and Fittings and Office Equipment meaning only assets over £25,000 are capitalised. Subsequent capital expenditure is capitalised only where it provides an enhancement to the economic benefits of the asset in excess of those previously assessed. Fixed assets are classified into the groupings required by the SORP and valued as follows:

- intangible fixed assets, which can be valued and are capable of being used by the Council for more than one year are included in the Balance Sheet at historical cost, net of amortisation.
- groups of tangible assets, which are interdependent and are capable of being used by the Council for more than one year are included in the Balance Sheet exactly as for other tangible assets.
- tangible assets, capable of being used by the Council for more than one year, are included in the Balance Sheet as follows:

- i) operational assets (including land and buildings, vehicles, plant and equipment) are included in the Balance Sheet at the lower of net current replacement cost and net realisable value.
- ii) other operational assets (including infrastructure and community assets which are held for the purposes of the community and where there is little or no prospect of them ever being sold) are included in the Balance Sheet at historical cost, net of depreciation.
- iii) non-operational assets (including investment properties and assets that are surplus to requirements) are included in the Balance Sheet at the lower of net current replacement cost and net realisable value - in the case of investment properties, this is normally open market value.
- iv) other non-operational assets (including assets under construction) are included in the Balance Sheet at historical cost.
- v) land, buildings, installations, and fittings are valued at cost for their existing use, except land and buildings that are surplus to requirements which are valued at open market value for their alternative use. The Council is now operating a 5 year rolling programme for its revaluation of Land & Buildings with approximately 20% of these assets being revalued each year. This revaluation was also carried out by independent Chartered Surveyors. Surpluses arising from the revaluation of land and buildings are taken directly to the fixed asset restatement account, which is an account that cannot be used to support spending. Community assets are included at historical cost less depreciation or, where historical cost is unavailable, a nominal £1 valuation. Equipment is valued at historic cost. Assets in the course of construction are valued at cost.
- vi) in accordance with Financial Reporting Standard 11 Impairment of Fixed Assets and Goodwill (FRS 11), the valuer also reviews assets for impairment due to one or more of the following events:
 - a significant decline in a fixed asset's market value
 - evidence of obsolescence or physical damage
 - significant adverse change in the statutory or other regulatory environment in which the Council operates
 - a commitment by the Council to undertake significant re-organisation.

If a fixed asset is included in the Balance Sheet at current value, the increase over the previous carrying amount at which that asset was included in the Balance Sheet immediately prior to the latest (re-)valuation will be credited to the Statement of Total Recognised Gains and Losses and taken to the Revaluation Reserve except to the extent it reverses revaluation losses (after adjusting for depreciation) on the same asset that were previously recognised in the District Fund, when it should be recognised in the District Fund. If, on revaluation, there has been a decrease over the previous carrying amount an impairment loss has occurred. If the loss has been occasioned by clear consumption of economic benefits, any such loss will be recognised in the District Fund. The amount of the decrease in value not associated with a clear consumption of economic benefit will be recognised in the Statement of Total Recognised Gains and Losses until the asset's carrying amount reaches its depreciated historical cost and taken to the Revaluation Reserve and thereafter in the District Fund.

- vii) in accordance with FRS 15, depreciation has been provided on all fixed assets with the exception of freehold land, assets in the course of construction and non-operational assets. Depreciation is charged on a straight-line basis on each main class of tangible asset as follows:
- buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the Valuation and Lands Agency. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 10 to 60 years
 - vehicles are depreciated on historic cost using a standard life of up to 15 years. Plant and Machinery (excluding IT equipment) are depreciated on historic cost using a standard life of up to 30 years. Fixtures and Fittings and IT equipment are depreciated using a standard life of up to 15 years
 - intangible assets are amortised over the estimated lives of the assets
 - depreciation is charged in the month of acquisition.
- viii) assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised under deferred liabilities in the Balance Sheet. The asset is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Rentals under operating leases are charged to the District Fund - Income and Expenditure Account in the year in which they arise.
- ix) Following the outcome of a land tribunal case rental income of £2,319,918 after costs was received. Of this £359,679 related to 2007/08 and £1,960,239 related to 2006/07 and prior years.

In order to prepare comparative figures the service expenditure accounts for District Fund - Income and Expenditure Account for the year ended 31 March 2007 were adjusted as follows-

Services Expenditure	Net Expenditure	Rental Income	Net Expenditure Restated
	£	£	£
Environmental Services	40,981,581	45,201	40,936,380
Other Services	5,979,269	461,171	5,518,098
Continuing Operations	104,364,557	506,372	103,858,185

Balance Sheet	2006/07	Rental Income	2006/07 Restated
Debtors	12,161,217	1,960,239	14,121,456
District Fund Reserves	13,174,623	1,960,239	15,134,862

- xi) any grant contribution towards the purchase of a fixed asset is taken to the Government Grants – Deferred account in the Balance Sheet. The balance is then written-off to the District Fund - Income and Expenditure Account over the useful life of the asset.

1d) Debtors and Creditors

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

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

1e) Stocks

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

1f) Value Added Tax

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

1g) Provisions

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

1h) Overheads

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

1i) Pensions

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

Councils in Northern Ireland contribute to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. It is a multi-employer defined benefit scheme, which is treated as a defined contribution scheme under Financial Reporting Standard 17 Retirement Benefits (FRS17). This scheme provides the relevant information within its own accounts. The Council provides further information on discretionary benefits awarded to employees. The Council's contribution rate is determined by NILGOSC's actuary every three years and is set to maintain the solvency of the fund. The Council's current contribution is 13%. At the last actuarial valuation, dated 31 March 2007, the fund stood at 89% ("2004 85%).

The Council also makes Pension Payments in relation to former Belfast City Corporation employees under the Belfast Corporation Superannuation Scheme 1869 & 1950, the Belfast Corporation Act 1943 and the Belfast Corporation (General Powers) Act 1948.

In addition, the Council manages a Gas Pension Fund on behalf of the former Gas undertaking. Details can be found on pages 41 to 42.

1j) Post Balance Sheet Events

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

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

1k) Foreign Currency Translation

Income received and payments made in foreign currency are translated at the rate prevailing when lodged to the bank or when payment is made. Whilst this is contrary to the Statement of Recommended Practice, due to the sums involved, the effect of the different treatment would be immaterial.

1l) Financial Instruments

The accounting treatment of a financial instrument (i.e. how its subsequent carrying value is measured and gains and losses recognised) depends on its classification on initial recognition.

Financial liabilities are recognised in the balance sheet under amortised cost using the effective interest rate method and financing costs and the gain or loss on de-recognition are both taken to the District Fund.

There are currently two types of financial assets:

- i) loans and receivables e.g. non-equity and non-derivative financial assets are recognised in the balance sheet under amortised cost using the effective interest rate method and interest receivable, impairment losses and the gain or loss on de-recognition are taken to the District Fund
- ii) available-for-sale assets e.g. equity investments are carried at fair value on the Balance Sheet. Interest receivable and dividend income, impairments and the gain or loss on de-recognition are taken to the District Fund. Gains and losses arising from changes in fair value (except impairment) are taken to the Statement of Total Recognised Gains and Losses. The effective interest rate method is used to determine interest income.

1m) Landfill Allowances

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 and there are no financial penalties for 2007/08 on an individual district council for exceeding its target. 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.

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

The movement on the District Fund balance adjusts the surplus or deficit generated by the Council in accordance with Generally Accepted Accounting Principles (GAAP). The closing balance is available to fund council services. Included within the closing balance is £765,207 relating to expenditure committed at year-end.

3 Analysis of the Movement on the District Fund Balance

	Notes	2007/08 £	2007/08 £	2006/07 £	2006/07 £
Surplus for the year on the District Fund - Income and Expenditure Account			(10,274,102)		(218,716)
<i>Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year:</i>					
Transfer to Capital Financing Account:					
Direct revenue financing of Capital Expenditure	10/22	(6,294,630)		(10,920,891)	
Deferred grants amortised in the year	22	(107,159)		(95,776)	
Loans fund principal/depreciation adjustment:					
Depreciation and impairment charged in the year	9	11,627,761		13,625,124	
Loans fund principal repayments during the year	22		5,225,972		3,114,829
Transfers to/from earmarked reserves:					
Renewal and Repairs Fund	22		0	(5,510,381)	
Pension Reserve	22		1,393,756	1,344,663	
City Investment Fund			(2,075,000)		
Gain/loss on disposal of fixed assets	22		961,909		76,026
Net adjustments to Income & Expenditure Account			5,506,637		(1,481,235)
Movement on the District Fund Balance for the year	22		(4,767,465)		(1,699,951)
District Fund Balance Brought Forward	22		15,134,862		16,834,813
District Fund Balance Carried Forward	22		10,367,397		15,134,862

4. Operating Expenses

- 4a) **Section 115** of the Local Government Act (Northern Ireland) 1972 enables Councils to spend up to the aggregate of the product of 0.0596p in the pound on the rateable value of non-domestic hereditaments; and the product of a rate of 0.5p in the pound on the rateable value of domestic hereditaments equivalent to £306,283 in 2007/08 for the benefit of all the inhabitants in their City, or part of their City on activities not specifically authorised by other powers.

Expenditure amounted to £NIL in 2007/08 (2006/76 £NIL).

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

	2007/08 £	2006/07 £
Promoting tourism	39,363	8,174
Promoting leisure facilities	63,984	88,752
Community relations	19,712	6,046
Refuse collection	235	5,894
Other advertising	996,792	966,901
Total	1,120,086	1,075,766

4c) External Audit Fees

	2007/08	2006/07
	£	£
Estimated cost	100,000	133,000
Actual cost		100,204
Over/(under) Estimate		32,796

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

4d) Leases

Expenditure during the year on finance lease rentals was £NIL (2006/07 £NIL). Outstanding operating lease rentals at 31 March 2007/08 are as follows:

	2007/08
	£
2007/08	4,691
2008/09	2,404
2009/10	1,202
2010/11	0
2011/12	0
	8,297

5. Employee Costs and Members' Allowances

5a) Staff Costs

	2006/07	2006/07
	£	£
Salaries and wages	59,217,692	55,067,611
Employers National Insurance	4,392,787	4,129,718
Employers pension costs	6,336,430	5,083,880
	69,946,909	64,281,209

In addition, agency costs during the year amounted to £ 4,407,205 (2006/07 £3,159,494).

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

	2007/08	2006/07
	FTE	FTE
Technical services	808	781
Leisure services	625	763
Other	913	557
	2,346	2,101
Full-time numbers employed	2,128	1,919
Part-time numbers employed	218	182
	2,346	2,101

5c) Senior Employees' Remuneration

The numbers of staff within the following specified salary ranges are:

	2007/08	2006/07
	Number	Number
£50,001 to £60,000	13	13
£60,001 to £70,000	11	11
£70,001 to £80,000	4	4
£80,001 to £90,000	3	3
£90,001 to £100,000	4	4
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1
	36	36

5d) Members' Allowances

During the year, Members' allowances (section 36) totaled £496,537 (2006/07 £343,204) and are as follows:

	2007/08	2006/07
	£	£
Basic Allowance	496,537	243,594
Attendance Allowance		96,800
Special Responsibility Allowances		2,810
Miscellaneous		-
	496,537	343,204

6. Interest and Investment Income

The amount of bank interest and investment income earned in the year to 31 March 2008 was as follows:

	2007/08	2006/07
	£	£
Current account interest	-	-
Short-term deposit interest	885,548	931,240
	885,548	931,240

Interest of £789,660 (2006/07 £569,767) was also credited to the Repairs and Renewals Fund.

7. Related Party Transactions

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

Councillors have direct control over the Council's financial and operating policies. In the 2007/08 financial year the Council commissioned £488,275 (2006/07 £85,603) of works and services from companies in which Councillors had an interest.

The Council also paid grants of £1,092,923 (2006/07 £2,492,298) 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. A breakdown is shown in 7.C below.

During 2007/08 the Council had expenditure of £97,527 (2006/07 £1,037,969) to other Councils and £983,853 (2006/07 £5,603,827) received from other Councils, of which £399,075 (note 12) (2006/07 £123,558) was outstanding at 31 March 2008. These amounts mainly related to services provided.

A: Payments to Community Groups

Belfast City Council made payments to the following community groups that have Councillors as part of their committee structure.

	Councillors	2007/2008	2006/2007
		£	£
East Belfast Partnership Board	4	8,000	0
Total		8,000	0

B: Joint Committees

Belfast City Council made payments to the following Joint Committees:

	2007/2008	2006/2007
	£	£
ARC-21	4,668,462	3,035,172
	4,668,462	3,035,172

C: Other Organisations

Belfast City Council made payments to the following organisations that have Councillors as part of their committee structure:

	Councillors	2007/2008	2006/2007
		£	£
Belfast Education and Library Board	14	50,000	50,000
Belfast Harbour Commissioners	4	0	29,138
Belfast Hills Partnership	1	27,135	0
N.I. Local Government Association	16	110,649	100,889
Belfast City Centre Management Company	2	170,000	140,000
Ulster Orchestra	1	137,900	133,900
University of Ulster	2	45,000	45,000
Groundwork Northern Ireland	1	85,897	88,196
Grand Opera Ltd.	1	31,800	30,900
Investment Belfast Ltd.	0	0	300,000
Queens University Belfast	1	28,710	0
Belfast Visitor & Convention Bureau (incorporating Belfast Welcome Centre)	8	894,047	1,574,275
		1,581,198	2,492,298

D: Car Loans to Council Officers

The Council makes car loans available to employees who are designated essential car users i.e. for whom it is essential to have access to a car to carry out their duties.

The total amount outstanding in respect of Car Loans to designated employees as at 31st March 2008 was £112,320. At 31 March 2007 the amount outstanding was £82,261.

8. District Rates

	2007/08	2006/07
	£	£
Current Year	102,384,064	96,134,245
Prior year finalisation (estimate/actual)	0	1,937,347
	102,384,064	98,071,592

9. Fixed Assets

	Intangible Assets £	Land £	Buildings £	Infrastructure Assets £	Community Assets £	Vehicles & Equipment £	Non- Operational £	Work-in- Progress	TOTAL £
Cost or Valuation									
At 1 April 2007	0	143,392,352	211,525,143	170,300	190	19,140,819	99,495,500	19,977,671	493,701,975
Revaluation		53,711,604	21,313,098			61,630	44,285,400		119,371,732
Impairments		(1,802,888)	(275,931)				(54,000)		(2,132,819)
Additions (Note 10)		483,367	6,492,238			2,942,302		13,074,138	22,992,045
Transfers		668,460	(35,831,433)			669,837	38,103,651	(3,610,515)	0
Adjustments									
Disposals (Note 21)					(1)	(1,443,409)	(1,763,314)		(3,206,724)
At 31 March 2008	0	196,452,895	203,223,115	170,300	189	21,371,179	180,067,237	29,441,294	630,726,209
Depreciation									
At 1 April 2007	0	0	5,450,778	3,268	0	9,007,629	0	0	14,461,676
Revaluation			(5,450,778)						(5,450,778)
Transfers			29,392			(29,392)			0
Disposals (Note 21)						(1,239,716)			(1,239,716)
Provided for year			6,331,710	6,186		3,001,525			9,339,421
At 31 March 2008	0	0	6,361,102	9,454	0	10,740,046	0	0	17,110,603
Net Book Value									
At 31 March 2008	0	196,452,895	196,862,013	160,846	189	10,631,133	180,067,237	29,441,294	613,615,607
At 31 March 2007	0	143,392,352	206,074,365	167,032	190	10,133,190	99,495,500	19,977,671	479,240,300

Intangible assets relate solely to landfill closure costs.

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

The land and buildings assets held by the Council were originally valued, as at 1 April 1997, by the Valuation and Lands Agency, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors.

The land and buildings assets were then revalued on 1 April 2002 by Chartered Surveyors employed by the Council, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors.

The Council is now operating a 5 year rolling programme for its revaluation of Land & Buildings with approximately 20% of these assets being revalued each year. This revaluation was also carried out by independent Chartered Surveyors.

10. Capital Expenditure

	Note	2007/08 £	2006/07 £
Expenditure			
Land and buildings		6,975,605	0
Major works		13,074,138	14,698,065
Vehicles, plant, equipment and other		2,942,302	2,618,756
	9	22,992,045	17,316,821
Financed By			
Borrowings:			
Loans	21[c]	11,152,000	
Finance leases	21[c]		
Grants receivable	21[d]	7,556,161	5,166,240
Capital receipts	22		
Sale of fixed assets			513,581
Revenue contributions to capital	22	6,294,630	10,920,891
		25,002,791	16,600,712
Surplus/(Deficit)		2,010,746	(716,109)
Balance at 1 April 2007		(1,991,815)	(1,275,706)
At 31 March 2008		18,931	(1,991,815)

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

11. Future Capital Commitments

The Council has future capital commitments and the estimated cost of the schemes is as follows:

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	120,288,800	15,511,590	104,777,210

12. Debtors

	2007/08 £	2006/07 £
a) Long Term Debtors: amounts falling due in more than one year		
Housing Executive	17,235,550	18,434,270
District Services	11,152,000	0
	28,387,550	18,434,270
b) Debtors: amounts falling due in less than one year		
Government Departments	2,889,821	5,613,946
Other Councils (note 7)	399,075	123,558
Value Added Tax	671,311	1,769,507
Car Loans to Officers	112,320	82,261
Payments in advance		
Other	10,501,696	6,587,027
less: provision for doubtful debts	(85,797)	(54,842)
	14,488,426	14,121,456
Total debtors	42,875,976	32,555,727

13. Short-term Investments

	2007/08	2006/07
	£	£
Bank Deposits	870,688	32,470,687

14. Creditors

	2007/08	2006/07
	£	£
Amounts falling due in less than one year		
Government Departments	680,099	1,792,462
Other Councils	1,325	11,156
Receipts in advance	449,320	222,406
Other	16,087,578	8,455,579
	17,218,322	10,481,603
Borrowing re-payable within one year	9,713	257,144
Total creditors	17,228,035	10,738,747

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

	2007/07	2006/07
	£	£
Maturing between 1 and 2 years	1,578,709	259,353
Maturing between 2 and 5 years	461,486	2,141,575
Maturing between 5 and 10 years	6,825,520	6,474,501
Maturing in more than 10 years	12,000,000	12,000,000
	20,865,715	20,875,429
<i>Analysis of Total Debt-</i>		
Government Loans Fund	17,875,428	18,132,573
Less Amounts due in 12 months	(9,713)	(257,144)
Mortgages	3,000,000	3,000,000
	20,865,715	20,875,429

Interest rates on Government Loans range between 2.5% and 11.125%.

16. Deferred Liabilities

	2007/08	2006/07
	£	£
Between 1 and 5 years	-	-
In more than 5 years	-	-
	-	-

This represents the principal outstanding for assets acquired under finance leases. At present, the Council has not acquired any finance leases.

17. Financial Instruments

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

Credit Risk

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

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

Liquidity Risk

As the district council has ready access to borrowings from the Department of Finance and Personnel Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 14 to 16. All trade and other payables are due for payment within one year.

Market Risk

Interest rate risk

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

Foreign exchange risk

The district council has no financial assets or liabilities denominated in foreign currencies and thus have no material exposure to loss arising from movements in exchange rates.

18. Provisions

This is the Council's pension provision, a provision for single status, an insurance provision and a provision in respect of the closure of the landfill site.

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

The current best estimate of the capitalized cost of pension payments to a number of former employees at 31st March 2008 is £9,948,031. Movements on this provision are as follows:

	2007/08	2006/07
	£	£
Opening balance	9,418,580	8,743,554
Less: payments to NILGOSC	(864,305)	(669,637)
Add:		
Revaluation (note 21)		
amounts arising during the year	1,393,756	1,344,663
	9,948,031	9,418,580

A provision has been created in respect of the closure of the landfill site at an initial value of £14,700,000. The Consultants WD & RT Taggart have provided an updated estimate of the cost of closure at the Dargan Road Landfill Site based on the current capping specification. This estimate is being reviewed and validated by the Health and Environmental Services Department and it is anticipated that this validation exercise will be completed in 2008/09, after which an agreed revised figure, including after-care costs, will be available. The council plans to increase its provision in keeping with any updated valuation and over the next three years to build up its repairs and renewals fund to match the provision.

A Provision was created in respect of Single Status amounting to £3,000,000 in 2005/06. £435,051 of this was used during 2006/07 and a further £1,388,946 during 2007/08 leaving a balance of £1,176,002.

A provision of £1,507,800 (2006/07 £1,089,000) has been made in respect of public liability, employer's liability and other claims/legal cases notified but not processed. Adequate insurance arrangements are in place covering the Council's activities as recommended by the Council's Insurance Brokers. The related insurance premiums paid are accounted for in the financial statements. At March 2008 the total liability for legal cases notified but not processed amounted to an estimated potential liability of £3.55m.

A summary of the movements in these provisions are provided below:

	Landfill Closure	Single Status	Legal
	£	£	£
Opening balance	14,700,000	2,564,949	1,089,000
amounts arising during the year	(1,495,643)	(1,388,946)	(8,700)
Contributions to Reserve			427,500
Closing Balance	13,204,357	1,176,002	1,507,800

19. Deferred Grants

	2007/08	2006/07
	£	£
Opening balance	9,281,229	4,210,765
Add: new grants received (note 22)	7,556,161	5,166,240
Less: amounts released to the District Fund - Income and Expenditure Account (note 19)	(107,159)	(95,776)
	16,730,231	9,281,229

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

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

	<i>Note</i>	2007/08 £	2007/08 £	2006/07 £	2006/07 £
Surplus/Deficit for year	3		(10,274,102)		(725,088)
<u>Non-cash transactions</u>					
Contributions to other reserves		2,172,414		3,277,694	
Depreciation	3,9	9,339,421		8,425,124	
Deferred Grants amortised in year	3,19,22	(107,159)	11,404,676	(95,776)	11,607,042
<u>Adjustment for items reported separately on Cash flow</u>					
Interest and Investment Income			(885,548)		(931,241)
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a)				
Gain or loss on disposal of fixed assets	3		961,909		76,026
<u>Items on an accruals basis</u>					
(Increase)/Decrease in stock			(33,230)		37,676
(Increase)/Decrease in debtors			(366,969)		1,358,323
Increase/(Decrease) in creditors			7,349,405		(1,021,238)
Net Cash Inflow/(Outflow) from Operating Activities			8,156,141		10,401,500

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

	<i>Notes</i>	2007/08 £	2006/07 £	Change in the year £
Temporary Investments		870,688	32,470,687	(31,599,999)
Cash		40,301,411	4,737,829	35,563,582
Bank Overdraft		(17,724,245)	(8,363,236)	(9,361,009)
Total		23,447,854	28,845,280	(5,397,426)

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

21b) Analysis of Net Debt

	Cash	Temporary Investments	Cash at Bank and in hand	Loans due within one year	Loans due after more than one year	Finance Leases	Net Debt
	£	£	£	£	£	£	£
Balance at 1 April 2007	(3,625,408)	32,470,687	28,845,280	(257,144)	(20,875,429)		7,712,707
Change in Year	26,202,574	(31,599,999)	(5,397,425)	247,431	9,713		(5,140,281)
Other non cash changes - new finance leases							
Balance at 31 March 2008	22,577,166	870,688	23,447,855	(9,713)	(20,865,716)		2,572,425

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

	2007/08	2006/07
	£	£
Increase/ (Decrease) in cash in year	26,202,574	(583,144)
Cash inflow from new loans raised		-
Cash outflow from:		
Loans repaid	257,144	248,913
Increase in temporary investments	(31,599,999)	1,796,824
	(31,342,855)	2,045,737
Change in net debt resulting from cash flows	(5,140,281)	1,462,594
New finance leases		0
Net debt b/fwd	7,712,707	6,250,113
Net debt c/fwd	2,572,425	7,712,707

21d) Analysis of Government Grants shown in the Cash Flow Statement

	2007/08	2006/07
	£	£
CAPITAL GRANTS	7,556,161	5,166,240
Sub-total	7,556,161	5,166,240
REVENUE GRANTS		
Community Services	607,007	1,348,655
Environmental Health	1,296,185	1,391,841
Economic Development	1,439,556	2,536,303
Community Relations		
Recreation Grounds	121,944	52,314
Sports Development	83,582	467,103
Tourism	75,000	529,069
Arts development	62,794	57,204
Waste Management	83,940	245,595
District Policing Partnership	224,341	289,048
Cemeteries, Crematorium and Mortuary	0	107,500
Corporate Management	842,613	559,484
Miscellaneous	400,658	551,188
Government Grants Deferred	-107,159	(95,776)
Sub-total	5,130,461	8,039,527
Total Grants	12,686,622	13,205,767

22. Movement on Reserves

	Capital Adjustment Account £	Revaluation Reserve £	Pensions Reserve £	Capital Receipts Reserve £	Capital Fund £	Renewal & Repairs Fund £	Election Reserve £	City Investment Fund £	District Fund £	TOTAL £
<i>Note</i>	<i>22a)</i>	<i>22b)</i>	<i>17)</i>	<i>22c)</i>		<i>22d)</i>	<i>22e)</i>		<i>22f)</i>	
At 1 April 2007 as previously reported	453,267,256	0	(9,418,580)	52,506		12,822,010	396,913	0	13,174,623	470,294,728
Prior Year Adjustment									1,960,239	1,960,239
Balance at 1 April 2007 as restated	453,267,256	0	(9,418,580)	52,506		12,822,010	396,913	0	15,134,862	472,254,967
Movements on reserves during the year:										
Capital Grants Released	<i>19,21d</i> 107,159									107,159
Direct Revenue Financing	<i>3,10</i> 6,294,630					789,660	93,057	2,075,000		9,252,347
Loan	11,152,000									11,152,000
Loans fund principal/depreciation adjustment	<i>3</i> (9,339,421)									(9,339,421)
Impairment of fixed assets	(2,288,340)									(2,288,340)
Receipts Applied									(4,767,465)	(4,767,465)
Payments to NILGOSC	<i>18</i>		864,305							864,305
Disposal of Fixed Assets/Capital Sales	<i>9</i> (1,971,223)			1,008,941						(962,282)
Capital Receipts used to finance capital expenditure										0
Revaluation	<i>9</i> 6,121,229	118,593,348	(1,393,756)							123,320,821
Total movements on reserves during the year:										
(Change in Net Worth)	10,076,034	118,593,348	(529,451)	1,008,941		789,660	93,057	2,075,000	(4,767,465)	127,339,124
At 31 March 2008	463,343,290	118,593,348	(9,948,031)	1,061,447		13,611,670	489,970	2,075,000	10,367,397	599,594,091

22a) Capital Adjustment Account

The Capital Adjustment Account replaced the Capital Financing Account on 1 April 2007. The balance on the former Fixed Asset Restatement Account and the balance on former Capital Financing Account were combined to form this new account. The purpose of this new account is to aggregate the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the District Fund for principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements. The account is also debited with an amount equal to the carrying amount of assets held at historic cost when they are disposed of. If the asset disposed of was held at current value, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

22b) Revaluation Reserve

This new Revaluation Reserve replaced the former Fixed Asset Restatement Account on 1 April 07/08 where the balance was transferred to the new Capital Adjustment Account. This account cannot be used to support spending. 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 the District Fund) are mirrored in the Statement of Total Recognised Gains and Losses. It is a fundamental principle of this new account that it never becomes negative. If the asset disposed of was held at current value when it is disposed of, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

22c) Capital Receipts Reserve

This reserve has been renamed the Capital Receipts Reserve, having previously being named the Useable 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.

22d) Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £22m.

22e) Election Reserve

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

22e) District Fund Reserves

This fund represents the surplus of income over expenditure. It can be used to supplement income and unexpected expenditure in future years. Of the £10,367,397, £765,207 relates to expenditure committed at year-end.

Trust Funds

The Council administers funds on behalf of the following trusts:

	£
Craig Memorial Band	5,180
Dunville Park	7,649
Balmoral Boys School	94,025
Total	106,854

Gas Pension Fund

INCOME AND EXPENDITURE STATEMENT	2007/2008	2006/2007
	£	£
INCOME:		
Investment Income	108,967	111,645
EXPENDITURE:		
Pensions paid	(588,653)	(638,483)
Administration Expenses	(9,060)	(12,598)
Deficit for the year	<u>(488,746)</u>	<u>(539,436)</u>
NET ASSET MOVEMENTS		
Brought forward balance at 01.04.2007	2,539,974	2,725,755
Unrealised gain at 01.04.2007	632,123	975,782
Opening value of fund	3,172,097	3,701,537
Contribution from Belfast City Council		
Add deficit for the year	(488,746)	(539,436)
CHANGE IN MARKET VALUES OF INVESTMENTS		
Realised gain for year		353,656
Unrealised Gain/(loss) for Year	256,835	(343,660)
Closing value of fund	<u>2,940,186</u>	<u>3,172,097</u>
FINANCED BY:		
UK Index linked investments	3,656,437	3,399,602
Cash deposits and at bank	0	0
Debtors	28,913	28,473
	3,685,350	3,428,075
Bank balance	(698,032)	(255,978)
Creditors	(47,132)	0
Closing value of fund	<u>2,940,186</u>	<u>3,172,097</u>

Notes to the Gas Pensions Fund

The Fund is maintained to provide for future pension payments to the beneficiaries, the objective being to maintain a fund sufficient to provide all future anticipated payments. No contributions are currently being paid and there are no service members accruing further benefits. Members' benefits are guaranteed by statute. Should the Fund's assets not be sufficient to provide all the benefits, the residual liability for pension payments would fall on the City Council.

The current market value of the fund at 31 March 2008 is assessed by the Council's actuaries, Hewitt Bacon & Woodrow Ltd. The funds Financial Statements do not take account of liabilities to pay pensions and other benefits after 31 March 2008.

Triennial Actuarial Valuation as at 31 March 2005

The date of the latest triennial actuarial valuation was 31 March 2005 and at that date the Fund had a past service deficit of £92,000.

The main actuarial assumptions are as follows:

Financial Assumptions:

Rate of return on assets 4.7% p.a.

Rate of pension increases 2.9% on pensions in excess of GMPs.

Demographic Assumptions:

Mortality in retirement Standard tables PA (90) rated up one year, i.e. men and women aged 80 will live on average for a further 6.4 and 7.9 years, respectively.

Family Details Husbands two years older than their wives. 75% of members married at 3 July 1990.

The market value of the scheme's assets at the valuation date is £4,078,791 and the level of the funding expressed in percentage terms is 98%.

There is no material actuarial deficit in the Fund and there are no material transactions with related parties.

A Statement of Investment Principles has been prepared and is available from the Director of Corporate Services, Adelaide Exchange, 24-26 Adelaide Street, Belfast, BT2 8GD

