

Belfast City Council Financial Report 2010



Financial Report for the year ended 31 March 2010

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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 mid year 2008 of 268,323. 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 2010 is set out on pages 25 to 62 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) 2009 and the Department of the Environment Accounts Direction, Circular LG 10/10 dated 23 April 2010. 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 2009/10 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.

Group Accounts

The SORP 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. Belfast City Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

Financial Report

As shown by the Statement of Movement on the District Fund Balance on Page 26 the Council decreased its District Fund surplus by £746,914. This decreased the credit balance on the District Fund Reserves to £4,602,602 and this sum represents on average 2.33% of annual gross expenditure. The Council aims to maintain the level of District Fund Reserves in the region of 5% of annual gross expenditure.

The net costs of the main services, excluding impairments, for the year have increased by 7.96% over the previous year and are as follows:

Service	2009/2010	2008/2009
Leisure & Recreational Services	51,259,096	52,767,911
Environmental Services	52,193,383	46,193,816
DRM and Corporate Management	13,486,075	9,868,973
Other	8,301,724	7,180,705
	125,240,278	116,011,405

District Rates, the Council's main source of income, were £114,867,620 during the year and this represented an increase in cash terms of £8,100,273 or 7.59% over the previous year.

The movement in the District Fund balance is £746,914.

The following gives a comparison between the budgeted and actual net cost of the Council for the year to March 2010:

	Actual	Estimate	Variance
Net Cost:	119,987,010	119,114,530	872,480
Income:			
General Grant	4,372,476	4,246,910	125,566
District Rates	114,867,620	114,867,620	0
Surplus/(Deficit)	(746,914)	0	(746,914)

The Renewal and Repairs Fund was established under section 56 of the Local Government Act (NI) 1972 and the limit, approved by the Department of the Environment, remains unchanged from the previous year with an upper limit of £22,000,000. The balance on the fund at 31 March 2010 was reduced to £8,567,415. This is expected to be utilised with the proposed closure of the landfill site at Dargan Road.

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 rolling programme for its revaluation of Land & Buildings with approximately 25% of these assets being discretely revalued each year and the remainder of the assets are indexed in line with construction costs and land value inflation indices. 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 27.

During the year the Council repaid external loans of £1,755,230. At 31 March 2010 the total amount outstanding on external loans was £30,012,846. Of this total £14,618,620 (or 48.71%) 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 £12.13M, the most significant spend being on the Ulster Hall Major Works £2.11M, Vehicles £1.80M, Blythefield – New Sports Pitch and Changing Accommodation £619K, Ballysillian Leisure Centre Refurbishment of Pitch £534K, Grosvenor Synthetic Pitch £531K and City Hall Major Works £3.23M.

The Gas Pension Fund accounts included on page 61 to 62 are not consolidated within the Council Balance Sheet.

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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Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2010 on pages 25 to 62 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 33 to 40.
- (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.

Signature _____

J THOMPSON, F.C.A.,
DIRECTOR OF FINANCE & RESOURCES

Date _____

Council Approval of Statement of Accounts

These Accounts were approved by resolution of the Strategic Policy and Resources Committee on 18 June 2010.

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 18 June 2010.

The Chief Financial Officer's Responsibilities

Under Regulations 4 (1) 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 give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

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

- observe the Accounts Direction issued by the Department of the Environment including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom (SORP - A Statement of Recommended Practice) as amended and augmented from time to time.
- 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 2009/10

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'. This statement explains how the Council has complied with 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.

The governance framework has been in place at Belfast City Council for the year ending 31st March 2010 and up to the date of approval of the Annual Governance Statement and statement of accounts.

The governance framework

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

Belfast City Council has developed a corporate plan for the period 2008-2011, which was approved by Chief Officers Management Team in May 2008 and by the Strategic Policy and Resources Committee on 13 June 2008. The plan was developed over a ten-month period with significant engagement with Members, ratepayers, officers, and partners.

An annual update of the corporate plan is completed each year and includes the development of individual departmental plans. The annual plans set 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 finance, human resources, asset management, information management and planning and performance frameworks 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 continuing integration and alignment of the key planning processes in the organisation, including, finance, HR, information management, performance management, asset management, risk management, business planning and programme management
- The development and implementation of strategies for effective partnership and working with key stakeholders, through the development of community planning and the supporting Council processes
- The development and implementation of an effective performance management framework
- Communication of the plan is via the Council's internet website; a communication plan has been agreed to ensure the plan is effectively communicated.

Our political governance structures include:

- Committee decision-making system; this includes the Strategic Policy and Resources Committee with responsibilities for dealing with corporate finance, planning, performance and policy
- Council minutes system on www.belfastcity.gov.uk.
- Budget and Transformation panel.

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
- The development of a performance management system which became operational during 2009/10
- The development of a customer focus strategy
- An annual VFM programme of audit work
- 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.

A Code of Governance is developed; this was reviewed, updated and reported to COMT, the Assurance Board and the Audit Panel in the year 2009/10. The Code is based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework', in addition it has recently been updated to reflect the CIPFA guidance on the Role of the Chief Financial Officer in Local Government.

The Council budget is set in line with the need to deliver the Corporate plan. A robust 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:

- Political governance structures which were implemented in the year 2007/08
- Committee reporting protocol
- Party Group Briefing sessions to facilitate and coordinate contact with officers
- The development of corporate values and their integration into the corporate plan
- The agreement of the customer focus strategy, an element of which is to develop corporate and service standards
- Code of conduct for staff
- Staff receive induction training including an introduction to the Code of Conduct

- Fraud awareness programme for staff; roll out commenced in 2009/10
- The NI Code of Local Government Conduct for Members
- Policy for acceptance and Provision of Gifts and Hospitality by Council Officers
- Policy for Potential Conflict of Interest Situations Encountered by Council Officers
- An Equality Reference Guide
- Sustainable Development Plan
- 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 relevant regular financial reports
- Regular reviews of periodic and annual financial reports which indicate financial performance
- A programme of capital expenditure with clearly defined guidelines
- An Asset Management Group
- Formal project management disciplines.
- An Information Panel and appropriate sub-groups; these enhance the IT governance arrangements within the Council.

Continued effort has been put into developing and implementing the key elements of an assurance framework within Belfast City Council with the key elements being:

- A process whereby managers are required to sign annual assurance statements
- Embedding risk management
- Developing business planning and related performance reporting arrangements

- A re-constituted Audit Panel
- Further developing the professionalism of the internal audit function, including the implementation of risk-based audits
- Review and update of the Code of Governance
- A Health & Safety Assurance Board.

The Council has an established Audit Panel with comprehensive terms of reference. The terms of reference set 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 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. The Audit Panel received formal audit committee training in February 2010. The Audit Panel reports to Strategic Policy and Resources Committee.

The Audit Panel with support from the Assurance Board oversee the work of the Audit Governance and Risk Services section including the approval of the annual programme of work. The internal audit service, provided by Audit, Governance and Risk Services operates to the standards published in the CIPFA code of practice for internal audit in local government.

Audit, Governance and Risk Services 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 identification, management, monitoring and reporting of the Councils' key risks. Corporate, departmental and operational risk registers are in place, in addition registers relating to major projects and key services have been developed where applicable.

Directors, Heads of Service and nominated senior staff within the Council completed declarations of assurance for the year end 2009/10. These signed assurance statements form part of the evidence which underpins the annual governance statement. From 1st April 2010 these will be signed on an ongoing 3 month basis.

The Council has in place a Business Continuity Policy which is subject to an annual review and has been communicated to relevant staff, the policy can also be viewed on the Audit, Governance and Risk Services pages on the internet. Business Continuity strategies and plans are in place for the Council's key services; these are reviewed, updated and aspects of the plans

are tested on an annual basis. In addition, in order to ensure that the Council is prepared to meet the threat of a pandemic, a Strategic Business Continuity Pandemic Plan with supporting operational plans have been prepared and are also subject to ongoing review and updating.

Managers are aware of their responsibility for ensuring:

- Compliance with relevant laws and regulations, internal policies and procedures
- Compliance with statutory responsibilities with regard to Health & Safety
- 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's financial management arrangements conform to the CIPFA governance arrangements on the role of the Chief Financial Officer.

The Council has a Town Solicitor 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 interlink site for staff
- Work is underway to develop a range of corporate and service standards
- Ongoing development and use of Citistats
- The council is engaging with the Department of the Environment re development of a community planning framework
- Ongoing consultation processes
- City Matters magazine
- Complaints handling system
- Council meetings are open to the public
- An 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, which gives an opinion on the Council’s risk and control environment 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. In accordance with a Local Government Audit recommendation, a review is in progress which measured the effectiveness of the Audit Panel against a CIPFA “best practice” checklist; this will be reported to the Audit Panel in June 2010.

Following a benchmarking exercise the Audit Panel has made a commitment to a minimum of four meetings through the year. During the course of 2009/10 the Audit Panel met five times.

The Assurance Board which comprises the Chief Executive, Director of Finance and Resources and Town Solicitor has the purpose of identifying areas of particular concern within the Council. It addresses issues of non compliance within the Council in particular around internal control or governance matters. The Assurance Board met four times during 2009/10.

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 summarised in a table; the monitoring of these activities provides evidence of compliance with the core and supporting governance principles, along with the individual or committee responsible for monitoring and reviewing the same.

As set out in our Code of Governance, in February 2010 AGRS undertook a review and update of the Code. The main purpose of this review was to determine the progress being made to fully embrace the 6 governance principles. This included contacting various officers and determined whether the systems, processes and documents continued to provide evidence of compliance with the principles and also determined the progress made in implementing the planned improvement actions. In addition, the code was further updated to reflect the 2009 CIPFA statement and subsequent March 2010 guidance on the role of the Chief Financial Officer in Public Service Organisations. The updated Code was reported to COMT on 26th May 2010, the Assurance Board on 27th May 2010 and the Audit Panel on 7th June 2010.

This review of the Code has assisted in the preparation of this Annual Governance Statement. In addition it forms one of the assurances that senior managers and Members receive on the Council's internal control environment.

In the year 2009/10 AGRS reviewed 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 has 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 any issues identified.

Other sources of assurance include assurances from management and external review bodies. In the year 2010 / 2011, the Strategic Policy and Resources Committee and the Audit Panel intend to monitor the actions taken by management to address identified weaknesses in the Council's internal control environment, and the management of key risks.

Significant governance issues

In response to the issues raised in the Annual Governance Statement for 2008/09, we can confirm that these issues were highlighted in appropriate risk registers, risk owners allocated and actions were put in place to address them. Actions taken in managing these issues were reported as appropriate to COMT, the Assurance Board and Audit Panel. However, it should be noted that given the nature of some of the risks identified, some actions are still ongoing. We have outlined the actions taken so far to manage the significant issues identified in the Annual Governance Statement for 2008/09 at Appendix 1.

As part of the process of preparing this year's Annual Governance Statement all Directors and nominated senior officers have been asked to consider significant governance issues that require action and disclosure. The most significant issues for the Council are detailed below:

The Northern Ireland Landfill Allowance Scheme was introduced in April 2005 to provide a cost effective way of enabling Northern Ireland to meet its share of the UK targets as outlined in the Waste and Emissions Trading Act 2003, for reducing the land filling of biodegradable municipal waste to achieve compliance with the 1999 Landfill Directive (1999/31/EC). In common with other Councils in Northern Ireland there is a continuing risk that the Council incur fines for non-achievement of these targets. We are continuing to take all appropriate measures to address this risk and to demonstrate that the Council is making "Best Endeavours" both individually and in collaboration with arc21 to secure adequate waste treatment infrastructure facilities.

A major issue and key risk for the Council is the potential implementation of the Review of Public Administration and the current delays being experienced. Key risks exist around implications for the Council arising from the absence of firm decisions on key review of public administration issues including boundaries and funding and the associated delay in the legislative programme. The Council is actively involved with local and central government and the sectors representatives NILGA and SOLACE on this issue.

The Council still considers that despite actions undertaken over the last 12 months, the need to fully implement effective governance of all major projects remains an issue. The Council, whilst having taken steps to address this issue, now needs to embed the agreed governance framework/structure, policies and procedures to ensure robust control and management of all major projects and the spend attached. Work will continue over the next year to ensure that awareness, familiarity and compliance with the agreed protocols is achieved and that governance arrangements are put in place in order to manage the risks identified.

During 2009/10 the Health and Safety assurance framework has been supplemented by the appointment of a new Corporate Health and Safety Manager and the ongoing operation of the Health and Safety Assurance Board. Much work is in hand to improve the management of health and safety but further work needs to be undertaken to fully embed the framework and to adequately address the actions arising from the corporate review of health and safety management arrangements.

The economic climate presents ongoing challenges to the management of the overall Council financial position, in particular the management of debt, the impact on external income sources such as building control, and the implications for the rates income collected by Land and Property Service on behalf of the Council. Given this challenging environment, the Council is continuing to strengthen its financial management arrangements to improve financial planning, reporting and budgetary control and ensure that efficiency targets are met.

In addition, to further enhance our governance arrangements we propose over the coming year to take steps to address all issues which were raised in Annual Assurance Statements. These issues have been identified in the appropriate risk registers. The ongoing management of the existing actions and the implementation of proposed actions to manage these issues will be appropriately reviewed and reported and will form part of our next annual governance review.

Signed:

Chair Strategic Policy & Resources Committee

Signed:

Chief Executive

Signed:

Chief Financial Officer

Significant risk and internal control issues declared in the Annual Governance Statement 2008/9

Risk disclosed in AGS 2008/09	Actions agreed or implemented to manage risk declared in AGS 08/09
<p>Following the introduction of the Corporate Manslaughter Act, in 2008 the Council has reviewed its health and safety function and has appointed a Corporate Health and Safety Manager, with enhanced responsibilities, however, further work needs to be undertaken to implement a Health and Safety assurance framework and to implement actions arising from a corporate review of health and safety management arrangements.</p>	<p>A number of measures have been actioned that will see further improvements to the management of Health and Safety across the Council. Including,</p> <ul style="list-style-type: none"> • A Health and Safety Assurance Board is now in place, comprising the Directors of Legal Services, Finance and Resources and Health and Environmental Services. The Board meets to regularly review update reports on Health and Safety from the Corporate Health and Safety Manager and communicates key Health and Safety matters to the Chief Officers Management Team. • Within the past 12 months the Council has appointed Health and Safety Consultants to review and assist in the development of action plans to address the highest risk areas / locations identified by the Council. • The Council's existing Workplace Safety Inspection System has been reviewed and will now see inspection reports communicated to Senior Management and Chief Officers. <p>Work is ongoing to improve and further develop local departmental health and safety plans. It is anticipated that work in this area will be expedited with the recruitment of 2 additional staff to the Occupational Health and Safety Unit.</p> <p>Furthermore steps to introduce a new integrated management information system are at an advanced stage.</p>

Risk disclosed in AGS 2008/09	Actions agreed or implemented to manage risk declared in AGS 08/09
<p>The risk to the Council of being unable to comply with the targets of the Northern Ireland Landfill Allowance Scheme (NILAS) is still a significant issue.</p>	<p>We are continuing to take all appropriate measures to address this risk and to demonstrate that the Council is achieving “Best Endeavours” in its own actions and through its work with arc21 to secure residual waste treatment facilities in accordance with the Waste Plan timetable. This has included:</p> <ul style="list-style-type: none"> ▪ Continuing liaison with arc21 to introduce the necessary waste infrastructure. ▪ Agreement reached to aggregate total of waste disposed of between all councils in NI, via Arc 21, thereby giving protection against NILAS targets until around 2012/13. ▪ Examining recycling initiatives outside the scope of the arc21 waste plan. <p>A future Waste collection strategy is being developed looking at possible options for enforcement and possible separate collections for a number of waste streams.</p>
<p>The Council still considers that despite actions undertaken in the past year the need to implement effective governance of all projects still remains a significant issue, in particular to fully manage the resource requirements of large projects, for example, the Titanic Signature Project, North Foreshore and Connswater Greenway.</p>	<p>The Titanic Signature Project and Connswater Greenway have project boards which govern these projects, BCC have representatives on these boards. Further work is planned to take forward development of the North Foreshore. BCC will also be taking the lead role on Connswater Greenway in the near future and this project will therefore be subject to the policies, processes and procedures of BCC.</p> <p>In respect of other major projects in BCC these projects are subject to Gate Reviews at key points in their lifecycles. Regular reporting on progress is being developed via the P2net system (which has recently been implemented in PMU). The Review of the Centre and the Review of Governance arrangements have made various recommendations some of which have been implemented, i.e. setting up of the Department of Property and Projects. In line with these recommendations a proposed governance structure has been developed and submitted to COMT for consideration. Work will be ongoing to develop robust PPM methodologies and control mechanisms.</p>

Risk disclosed in AGS 2008/09	Actions agreed or implemented to manage risk declared in AGS 08/09
<p>There are concerns that the extreme volatility of the current economic climate impacts negatively on the Councils finances and our ability to deliver services, in particular in the following areas:</p> <ul style="list-style-type: none"> • Reduction in external income streams including Building Control, Business Improvement Section and Information Services Belfast • Rising debt level as a consequence of customers finding it difficult to make payments including commercial waste customers or council tenants • A collapsing or redundant market to purchase recyclables leads to a reduction in income • High utility costs; and the potential for a reduction of income if attendance at our facilities is not maintained. 	<p>In order to better manage this risk the Council has established a Budget and Transformation Panel which is comprised of one Member from each of the party groupings. The Panel reports its work to the Strategic Policy and Resources Committee.</p> <p>In addition a voluntary redundancy exercise was carried out with a view to reducing costs in areas which had been impacted by the economy. Following on from this review other structural and staffing reviews are currently being conducted to identify potential further efficiencies for the Council.</p> <p>During the year a group was set up chaired by the Director of Legal Services to review the Council's overall debt position. This resulted in regular meetings between the relevant department, CTU and legal. Procedures re chasing debt were reviewed leading to a more pro-active approach being taken, e.g. phone calls being made prior to second reminder letters being sent out. Monthly reports on the debt position were produced for relevant management.</p>
<p>The review of public administration (RPA) is seen as a major issue for the Council. Key concerns exist around:</p> <ul style="list-style-type: none"> • Ensuring that council input into RPA related discussions including the drafting of necessary legislation is timely and secures the interests of both the citizen and the local government sector • General uncertainty and delays in the RPA process and the external decision-making processes in place 	<p>In order to ensure that such risks are effectively managed the Council has implemented the following series of actions:</p> <ul style="list-style-type: none"> • Put in place appropriate governance, accountability and project management arrangements to oversee, manage and monitor the effective implementation of the RPA process within the Council. • The designation of the Council's Strategic Policy and Resources Committee as the RPA Transition Committee (TC) who are responsible for providing overall political direction to the process;

Risk disclosed in AGS 2008/09	Actions agreed or implemented to manage risk declared in AGS 08/09
<p>could make it difficult for the Council to effectively prepare for the transition process and ensure that necessary succession planning is taking forward</p> <ul style="list-style-type: none"> • Inadequate or late information could restrain our ability to undertake appropriate and timely due diligence reviews of emerging policy/legislative proposals and to consider associated organisational consequences • Inadequate or untimely information could limit our ability to effectively engage, at both Elected Member and officer level, in the policy development and implementation phase of the RPA • That transferring functions would be insufficiently resourced at point of transfer which could significantly jeopardise future service delivery • That emerging legislation and associated guidance to be issued by the Department of Environment could impact upon the Council's own modernisation agenda pre and post RPA. 	<ul style="list-style-type: none"> • The designation of the Council's Chief Officers' Management Team as the RPA Transition Management Team (TMT) with responsibility for coordinating and managing overall RPA implementation • Established internal project management and support structures including the appointment of a fixed-term RPA co-ordination manager who is accountable to the TC and TMT • Politically agreed Transition (Project) Plan in place with key implementation milestones outlined. • Established internal officer project teams to take forward specific strands of RPA related work (e.g. finance, service delivery, corporate response to RPA issues)

Independent Auditor's Report to the Members of Belfast City Council

The Local Government Auditor has requested two pages are reserved here for the certificate & opinion

Independent Auditor's Report to the Members of Belfast City Council cont'd

The Local Government Auditor has requested two pages are reserved here for the certificate & opinion

District Fund - Income and Expenditure Account for the year ended 31 March 2010

	<i>Notes</i>	Gross Expenditure	2009/10 Gross Income	Net Expenditure/ (Income)	2008/09 Net Expenditure/ (Income)
		£	£	£	£
Services Expenditure					
Leisure and Recreational Services		86,676,616	14,288,657	72,387,959	66,828,129
Environmental Services		70,081,991	10,291,214	59,790,777	53,183,718
DRM and Corporate Management		15,400,797	1,914,722	13,486,075	9,928,426
Other Services		25,396,460	12,713,332	12,683,128	10,499,972
Continuing operations		197,555,864	39,207,925	158,347,939	140,440,245
Acquired operations		0	0	0	0
Discontinued operations		0	0	0	0
Exceptional items not included in cost of specific services		0	0	0	967,200
Net cost of services		197,555,864	39,207,925	158,347,939	141,407,445
Gain or loss on disposal of fixed assets	3,24	0	188,169	(188,169)	(126,932)
(Surplus)/Deficit of trading or other operations		0	0	0	0
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a	960,322	0	960,322	1,410,040
Interest and Investment Income	6b	0	122,172	(122,172)	(1,562,740)
Pensions interest cost and expected return on pensions assets		0	0	0	0
Extraordinary Items		0	0	0	0
Net Operating Expenditure		198,516,186	39,518,266	158,997,920	141,127,813
Income from General Grant and District Rates					
General Grant		0	4,372,476	(4,372,476)	(4,246,910)
District Rates	8	0	114,867,620	(114,867,620)	(106,767,347)
Surplus/(Deficit) for the year		198,516,186	158,758,362	39,757,824	(30,113,556)

Included in Continuing operations is an amount of £33,107,661 for impairments split as follows:- Leisure and Recreational Services £21,128,863, Environmental Services £7,597,394 and Other Services £4,381,404.

Included in the Explanatory Foreword on page 3 is a comparison of service expenditure for 2009/10 and 2008/09 excluding impairments.

Statement of Movement on the District Fund Balance for the year ended 31 March 2010

		2009/10	2008/09
	<i>Notes</i>	£	£
Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account	3	(39,757,824)	(30,113,556)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year	3	39,010,910	29,118,255
Movement on the District Fund Balance for the year	3,24	(746,914)	(995,301)
District Fund Balance Brought Forward	24	5,349,516	6,344,817
District Fund Balance Carried Forward	24	4,602,602	5,349,516

Statement of Total Recognised Gains and Losses for the year ended 31 March 2010

		2009/10	2008/09
	<i>Notes</i>	£	£
Surplus/(Deficit) on the District Fund - Income and Expenditure Account for the year	3	(39,757,824)	(30,113,556)
Surplus/(Deficit) arising on revaluation of fixed assets	9	(34,671,850)	45,472,192
Revaluation of pension reserve/provision	19a,24	(928,806)	(864,261)
Any other gains and losses required to be included in the Statement of Total Recognised Gains and Losses			
Interest on Capital/Repair and Renewals Funds		185,646	631,043
Other		3,891,195	(531,424)
Total recognised gains and losses for the year (Change in Net Worth)		(71,281,639)	14,593,994
Prior period adjustments made during the year		0	0
Total gains and losses recognised since last annual report (Change in Net Worth) (Per Balance Sheet)		(71,281,639)	14,593,994

Balance Sheet as at 31 March 2010

	Notes	2009/10 £	2008/09 £ Restated
FIXED ASSETS			
Intangible Assets	9	0	0
Tangible Fixed Assets			
<i>Operational Assets:</i>			
Land & Buildings	9	406,879,498	399,418,195
Infrastructure Assets	9	0	0
Community Assets	9	195	37,000,197
Vehicles, Plant, Furniture and Equipment	9	14,158,284	12,917,319
<i>Non-Operational Assets:</i>			
Investment Properties	9	93,280,625	98,425,360
Assets under Construction	9	31,305,456	52,622,728
Surplus Assets held for Disposal	9	25,126,957	36,930,226
TOTAL FIXED ASSETS	9	570,751,015	637,314,025
Long Term Investments		0	0
Long Term Debtors	13a	16,246,267	17,042,742
TOTAL LONG TERM ASSETS		586,997,282	654,356,767
CURRENT ASSETS			
Stocks	12	183,823	231,109
Debtors	13b	13,676,496	12,050,995
Short Term Investments	14,23a	21,889,771	17,189,771
Cash and Bank	23a	16,509,310	41,829,976
		52,259,400	71,301,851
TOTAL ASSETS		639,256,682	725,658,618
CURRENT LIABILITIES			
Borrowing repayable on demand or within 12 months	15a	(42,394)	(1,538,166)
Creditors	15a	(17,858,049)	(16,169,273)
Bank Overdraft	23a	(32,059,524)	(55,222,508)
		(49,959,967)	(72,929,947)
NET CURRENT ASSETS		2,299,433	(1,628,096)
TOTAL ASSETS LESS CURRENT LIABILITIES		589,296,715	652,728,671
LONG TERM LIABILITIES			
Borrowing repayable within a period in excess of 12 months	16	(29,970,455)	(19,077,914)
Other Long Term Creditors	15b	(143,459)	(191,279)
Pension Liabilities	19a	(10,042,649)	(9,978,170)
Deferred Liabilities	17	0	0
Government Grants – deferred	20,23d	(13,989,049)	(13,991,783)
Provisions	19b	(10,248,278)	(13,305,061)
		(64,393,890)	(56,544,207)
TOTAL ASSETS LESS LIABILITIES		524,902,825	596,184,464
RESERVES:			
Capital Adjustment Account	24	376,919,309	413,514,897
Revaluation Reserve	24	132,040,254	167,718,144
Pensions Reserve	24	(10,042,649)	(9,978,170)
Rates Claw-Back Reserve	24	(191,279)	(191,279)
Capital Receipts Reserve	24	860,000	860,000
City Investment Fund/Capital Fund?	24	8,804,256	4,385,110
Renewal and Repairs Fund	24	8,567,415	11,805,061
Other Balances and Reserves – Election Fund	24	579,910	515,778
Sinking Fund	24	2,763,007	2,205,407
District Fund	24	4,602,602	5,349,516
Net Worth		524,902,825	596,184,464

Cash Flow Statement as at 31 March 2010

	<i>Notes</i>	2009/10 £	2009/10 £	2008/09 £	2008/09 £
REVENUE ACTIVITIES					
Net Cash Inflow/(Outflow) from Operating Activities	<i>22</i>		2,734,590		(659,922)
Returns on Investments and Servicing of Finance					
Cash Outflows					
Interest paid		0		0	
Interest element of finance lease payments		0		0	
Cash Inflows					
Interest received	<i>6b,24</i>	307,818		2,193,783	
Net Cash Inflow/(Outflow) from Returns on Investments and Servicing of Finance			307,818		2,193,783
CAPITAL ACTIVITIES					
Cash Outflows					
Purchase of fixed assets	<i>9</i>	(12,175,528)		(22,203,214)	
Adjustment to Fixed Asset Opening Balance				(1,090,111)	
Other capital cash payments	<i>19b</i>	(92,356)		(3,982,694)	
Cash Inflows					
Sale of fixed assets	<i>24</i>	116,686		289,919	
Other grants	<i>20</i>	364,847		5,327,817	
Other capital cash receipts	<i>24</i>	1,331,891		1,428,885	
Net Cash Outflow from Capital Expenditure before Financing			(10,454,460)		(20,229,398)
Management of Liquid Resources					
Net increase/decrease in short term deposits	<i>23b</i>	(4,700,000)		(16,319,083)	
Net increase/decrease in other liquid resources		0		0	
			(4,700,000)		(16,319,083)
FINANCING					
Cash Outflows					
Repayment of amounts borrowed	<i>23c</i>	(1,755,230)		(259,348)	
Capital element of finance lease rental / hire purchase payments		0		0	
Cash Inflows					
New loans raised	<i>23c</i>	11,152,000		0	
Capital element of loans repaid to council	<i>24</i>	557,600		0	
New short term loans		0		0	
			9,954,370		(259,348)
Increase/(Decrease) in Cash and Cash Equivalent	<i>23c</i>		(2,157,682)		(35,273,968)

Loans Pool

Loans Pool - Revenue Account

Year ended 31 March 2010

EXPENDITURE

<i>Interest</i>	£
1. Paid to outside sources:-	
Government Loans Fund	1,612,685
GLF – Accrued Interest	
Other Mortgages	225,203
Bonds	
Temporary Loans	
Bank Overdraft	1,012
2. Credited to internal Sources	302,987

INCOME

<i>Interest</i>	£	£
1. From Investments		38,643
OTHER INTEREST RECEIVED		
2. From Bank		
3. Charged to borrowing A/C's :-		
(Average rate =7.912%)		
1. External Services:-		
NI HOUSING EXECUTIVE		1,263,410
2. District Services:-		
POLICY & RESOURCES		-
PARKS & LEISURE	838,229	
HEALTH & ENVIRON.		-
DEVELOPMENT		838,229

Financing Transactions

Loss on realisation of investments	-
Cost of raising loans	27,910
Other items	-

Financing Transactions

Profit on sale of investments		
Sundry items		
Charged to borrowing A/C's :-		
(Average rate =0.105%)		
1. External Services:-		
NI HOUSING EXECUTIVE		16,767
2. District Services:-		
POLICY & RESOURCES		-
PARKS & LEISURE	11,124	
HEALTH & ENVIRON.		-
DEVELOPMENT		11,124

TOTAL	2,169,797
Balance against at Commencement of year	-
Balance in favour at Y/E	6
	2,169,803

TOTAL	2,168,173
Balance in favour at Commencement of year	1,630
Balance against at Y/E	-
	2,169,803

Loans Pool - Capital Cash Account Year ended 31 March 2010

RECEIPTS		PAYMENTS			
<i>Loans Raised</i>	£	£	<i>Loans Repaid</i>	£	£
1. From External sources:-			1. To External sources:-		
Government Loans Fund		-	Government Loans Fund		1,755,230
Other Mortgages		-	Other Mortgages		
Bonds - 1. Negotiable		-	Bonds – 1. Negotiable		
2. Other			2. Other		
Temporary Loans		11,152,000	Temporary Loans		
2. From internal sources		1,407,325	2. To internal sources		33,161,477
<i>Advances Repaid by</i>			<u><i>Advances Made to-</i></u>		
<u>Borrowing A/cs</u>					
-					
1. External Services:-			District Services:-		
NI HOUSING EXECUTIVE		1,349,650	POLICY & RESOURCES	13,961,495	
2. District Services:-			PARKS & LEISURE	-	
POLICY & RESOURCES	-		HEALTH & ENVIRON.	3,335,140	
PARKS & LEISURE	557,600		DEVELOPMENT	<u>4,687,631</u>	21,984,266
HEALTH & ENVIRON.	-		TO SINKING FUND		557,600
DEVELOPMENT	<u>-</u>	557,600			
RESERVE FUND			RESERVE FUND		
<u>Investments Sold</u>		<u>156,800,000</u>	<u>Investments Purchased</u>		<u>161,500,000</u>
TOTAL		171,266,575	TOTAL		218,958,573
Cash in hand at commencement of year		36,763,840	Cash overdrawn at commencement of year		-
			Debtor at year end		974,811
Cash overdrawn at end of year		11,902,969	Cash in hand at end of year		
		<u>219,933,384</u>			<u>219,933,384</u>

Loans Pool - Balance Sheet As At 31 March 2010

LIABILITIES		ASSETS		
<i>Capital</i>	£	<i>Capital</i>	£	£
Loans Outstanding :-				
1. From External sources:-		Advances to borrowing Services:		
		-		
Government Loans Fund	27,012,846	1. External Services:-		
Other Mortgages	3,000,000	NI HOUSING EXECUTIVE		14,618,620
Bonds - 1. Negotiable		2. District Services:-		
2. Other		POLICY & RESOURCES		13,961,495
Temporary Loans		PARKS & LEISURE		10,036,800
		HEALTH & ENVIRON.		3,335,140
		DEVELOPMENT		4,687,631
		TOTAL ADVANCES		46,639,686
2. From internal Sources				
	17,051,664			
Reserve Fund	110,024	Investments		8,700,000
		Sinking Fund (Note 24)		2,763,007
Cash Overdrawn	11,902,969	Cash at bank		0

	59,077,503			
<u>Revenue</u>		<u>Revenue</u>		
Creditors	6	6 Debtors		974,810
Cash Overdrawn		Cash at Bank		6

	<u>59,077,509</u>			
				<u>59,077,509</u>

Loans Pool - Loans Sanctions Exercised Year ended 31 March 2010

	<u>£</u>	<u>£</u>
1. Sanctions exercised before start of year (and repayment period still unexpired)		
EXTERNAL SERVICES	15,968,270	
DISTRICT SERVICES	<u>10,594,400</u>	
	26,562,670	
2. Sanctions exercised during year	<u>21,984,266</u>	
		48,546,936
<u>LESS</u> (1) Repayments received in respect of above before start of year		
(2) Normal Repayments received during year		
	DISTRICT SERVICES (557,600)	
	EXTERNAL SERVICES (1,349,650)	
(3) Additional repayments received during year		
	DISTRICT SERVICES <u>0</u>	
		<u>(1,907,250)</u>
<i>Net total of advances outstanding (as shown in Loans Pool Balance Sheet)</i>		<u>46,639,686</u>

Loan Sanctions Unexercised

	<u>£</u>	<u>£</u>
Sanctions unexercised at beginning of year	13,896,355	
ADD - Sanctions Granted during year	<u>22,959,077</u>	36,855,432
LESS - Sanctions exercised during year	21,984,266	
Sanctions lapsed, cancelled or given up during year	<u>0</u>	21,984,266
<i>Sanctions unexercised at end of year</i>		<u>14,871,166</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 2009: A Statement of Recommended Practice' (SORP) and in a form directed by the Department of the Environment in accordance with regulations 4 (1) 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 2009 SORP. The 2009 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 1 April 2009. 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 25 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

i) Intangible Assets

An intangible item meets the definition of an asset when access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Purchased intangible assets are capitalised as assets at cost. Internally developed intangible assets have only been capitalised where there is a readily ascertainable market value.

FRS 10 permits revaluation only of intangible assets that have a readily ascertainable market value. Intangible assets are amortised on a systematic basis over their economic lives. If access to the economic benefits associated with an intangible asset has been achieved through legal rights that have been granted for a finite period, the economic life does not extend beyond that period unless the legal rights are renewable and renewal is assured. The useful economic lives of intangible assets are reviewed at the end of each reporting period and revised where necessary. In amortising an intangible asset, a residual value has been assigned to the asset only where such residual value can be reliably measured. A straight-line amortisation method has been used as it is deemed to be the most appropriate in the circumstances for the Council.

With any gain or loss on disposal of intangible assets, the disposal proceeds are credited to the District Fund Income and Expenditure Account and the net book value credited to fixed assets and debited to the District Fund Income and Expenditure Account. In order to comply with statutory/proper practices restrictions on the use of capital receipts, if the asset disposed of was carried at historical cost, it is necessary to reverse out the gain or loss credited or debited to the District Fund Income and Expenditure Account. The Statement of

Movement on the District Fund – Income and Expenditure Account should then be debited or credited with an amount equal to the gain or loss on disposal of the fixed asset, as follows:

- credit the Capital Receipts Reserve of an amount equal to the disposal proceeds
- debit the Capital Adjustment Account of an amount equal to the carrying amount of the fixed asset disposal.

The gain or loss on disposal of the intangible asset is a reconciling item in the Statement of Movement on the District Fund – Income and Expenditure Account Balance. If, in exceptional circumstances the intangible asset disposed of was carried at current value, in addition to the entries mentioned above the balance on the Revaluation Reserve in respect of the asset disposal should be written off to the Capital Adjustment Account.

ii) Tangible Assets

All expenditure on the acquisition, creation or enhancement of tangible 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. Tangible fixed assets are classified into the groupings required by the SORP and valued as follows:

- 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 rolling programme for its revaluation of Land & Buildings with approximately 25% of these assets being revalued each year and the remainder of the assets are indexed in line with construction costs and land value inflation indices. This revaluation was also carried out by independent Chartered Surveyors. Surpluses arising from the revaluation of land and buildings are taken directly to the revaluation reserve, 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.
- vi) 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 assets that were previously recognised in the District Fund Income and Expenditure Account, in which case it should be recognised in the District Fund – Income and Expenditure Account. 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 – Income and Expenditure Account. 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 – Income and Expenditure Account.

In accordance with Financial Reporting Standard 11 Impairment of Fixed Assets and Goodwill (FRS 11), the Independent Chartered Surveyor 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.

A review for impairment of a fixed asset whether carried at historical cost or valuation should be carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If no such events or changes in circumstances are identified, and there are no other indications that a tangible fixed asset has become impaired, there is no requirement for an impairment review. Impairment will therefore be a relatively infrequent addition to depreciation. Tangible fixed assets other than non-depreciable land should be reviewed at the end of each reporting period for impairment when either:

- no depreciation charge is made on the grounds that it would be immaterial (either because of the length of the estimated remaining useful life or because the estimated residual value of the fixed asset is not materially different from the carrying amount of the asset), or

- the estimated remaining useful life of the fixed asset exceeds 50 years.

If an impairment loss on a tangible fixed asset carried at historical cost caused by a clear consumption of economic benefit occurs, it will be written down for the impairment and the impairment loss should be recognised in the District Fund – Income and Expenditure Account.

With any gain or loss on disposal of tangible assets, the disposal proceeds are credited to the District Fund - Income and Expenditure Account and the net book value credited to fixed assets and debited to the District Fund - Income and Expenditure Account. In order to comply with statutory/proper practices restrictions on the use of capital receipts, if the asset disposed of was carried at historical cost, it is necessary to:

reverse out the gain or loss credited or debited to the District Fund - Income and Expenditure Account with an amount equal to the gain or loss on disposal of the tangible fixed asset, as follows:

- credit the Capital Receipts Reserve with an amount equal to the disposal proceeds
- debit the Capital Adjustment Account with an amount equal to the carrying amount of the fixed asset disposal.

The gain or loss on disposal of the tangible asset should be a reconciling item in the Statement of Movement on the General Fund Balance. If, in exceptional circumstances the tangible asset disposed of was carried at current value, in addition to the entries mentioned above the balance on the Revaluation Reserve in respect of the asset disposal should be written off to the Capital Adjustment Account.

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. The useful lives of assets are estimated on a realistic basis, reviewed regularly and if necessary, revised. If the useful life of a fixed asset is revised, the carrying amount of the fixed asset will be depreciated over the revised remaining useful life. Freehold land (both operational and non-operational) is not depreciated. Depreciation is based on the amount at which the asset is included in the Balance Sheet, whether at net current replacement cost or historical cost. 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 Independent Chartered Surveyor. 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.

District Fund – Income and Expenditure Account service revenue accounts, as defined in CIPFA’s Best Value Accounting Code of Practice, central support services and trading accounts are charged with depreciation and where required, any related impairment loss (due to a clear consumption of economic benefits), for all fixed assets used in the provision of the service. This includes surplus assets held for disposal.

- 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) 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 10% of commercial outstanding debts over 90 days. 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 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 61 to 62.

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.

The financial statements may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the financial statements and is usually the date the Local Government Auditor issues his certificate and opinion. Where material adjustments are made in this period they will be disclosed.

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.

In these disclosure notes, financial instruments are required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

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 2009/10 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 £113,924 relating to expenditure committed at year-end.

3. Analysis of the Movement on the District Fund Balance

	Notes	2009/10 £	2009/10 £	2008/09 £	2008/09 £
Surplus/(Deficit) for the year on the District Fund – Income and Expenditure Account			(39,757,824)		(30,113,556)
<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 Adjustment Account:					
Direct revenue financing of Capital Expenditure	10/24	(2,702,150)		(2,678,310)	
Deferred grants amortised in the year	24	(367,581)		(175,197)	
Loans fund principal/depreciation adjustment:					
Impairment charged in the year	24	33,238,481		24,429,393	
Depreciation charged in the year	9,24	10,239,511		9,869,744	
Loans fund principal repayments during the year	24	(557,600)		(557,600)	
			39,850,661		30,888,030
Transfers (to)/from earmarked reserves:					
City Investment Fund	24		212,745	(1,000,000)	
Renewal and Repairs Fund			0		0
Pension Reserve	24		(864,327)	(834,122)	
Rates Claw-Back Reserve			0	191,279	
(Gain)/loss on disposal of fixed assets	22,24		(188,169)		(126,932)
Net adjustments to Income & Expenditure Account			39,010,910		29,118,255
Movement on the District Fund Balance for the year	24		(746,914)		(995,301)
District Fund Balance Brought Forward	24		5,349,516		6,344,817
District Fund Balance Carried Forward	24		4,602,602		5,349,516

Corporate Management costs include pension payments and revaluation increases in the year, hence revaluation is reversed out in note 3.

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 0.00082p in the pound on the rateable value of domestic hereditaments, equivalent to £306,579 in 2009/10 (£303,173 in 2008/09), 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 £37,299 in 2009/10 (2008/09 £18,562), namely:

	2009/10
	£
Fuel Stamp Scheme	19,561
Staff Travel Smartcard	6,000
Mary Peters Trust	5,000
Be Your Best Foundation	3,000
Ashfield Girls	2,000
Gaelic Football Match – Dublin City Council	1,738
Total	37,299

- 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:

	2009/10	2008/09
	£	£
Promoting tourism	47,399	29,076
Promoting leisure facilities	67,282	88,097
Community Relations	7,314	13,733
Refuse collection	770	13,438
Other advertising	571,312	980,810
Total	694,077	1,125,154

- 4c) **External Audit Fees**

	2009/10	2008/09
	£	£
External Audit Fees estimated	120,750	
External Audit Fees actual		95,522
Grant Claim Certification Fees		3,104
Other Fees		1,191
	120,750	99,817

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2008/09 £NIL).

4d) Leases

Expenditure during the year on finance lease rentals was £NIL (2008/09 £NIL). Outstanding operating lease rentals at 31 March 2010 are as follows:

	2009/10	2008/09
	£	£
2009/10	19,087	1,782
2010/11	20,931	580
2011/12	9,419	435
2012/13	8,623	0
2013/14	8,366	0
2014/15	2,789	
Total	69,216	2,797

5. Employee Costs and Members' Allowances**5a) Staff Costs**

	2009/10	2008/09
	£	£
Salaries and wages	64,619,818	61,584,910
Employers National Insurance	4,600,521	4,439,955
Employers pension costs	8,652,188	7,749,176
	77,872,527	73,774,041

In addition, agency costs during the year amounted to £3,799,623 (2008/09 £5,548,007).

The Council's current contribution rate to the NILGOSC scheme is 16%. At the last actuarial valuation, dated 31 March 2007, the Fund's assets as a whole were sufficient to meet 89% (2004: 85%) of the liabilities accrued up to that date. A new valuation is being carried out in 2010.

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

	2009/10	2008/09
	FTE	FTE
Environmental services	867	823
Leisure services	647	643
Other	930	939
	2444	2,405
	<u>Actual Numbers</u>	<u>Actual Numbers</u>
Full-time numbers employed	2,268	2,269
Part-time numbers employed	316	295
	2,584	2,564

5c) Senior Employees' Remuneration

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

	2009/10	2008/09
	Number	Number
£50,001 to £60,000	15	30
£60,001 to £70,000	12	4
£70,001 to £80,000	3	8
£80,001 to £90,000	4	2
£90,001 to £100,000	1	5
£100,001 to £110,000	0	1
£110,001 to £120,000	1	1
	36	51

5d) Members' Allowances

During the year Members' allowances (section 36), including Employer's costs, totalled £705,829 (2008/09 £789,504) and are as follows:

	2009/10	2008/09
	£	£
Basic Allowance	484,999	484,131
Mayor's and Deputy Mayor's allowance	10,617	54,983
Special Responsibility Allowances	81,774	80,000
Dependents' Carers Allowance	0	0
Miscellaneous	0	0
Mileage	15,067	16,659
Conferences and Courses	30,823	58,731
Travel Costs	17,421	0
Subsistence	8,122	0
Employer Costs	57,006	95,000
	705,829	789,504

6. Interest and Investment Income

6a) Interest Payable and Similar Charges

	2009/10	2008/09
	£	£
Lease/Hire Purchase Interest	-	-
Bank Interest		
Loan Interest	960,322	1,410,040
Other Interest		
	960,322	1,410,040

6b) Interest and Investment Income

The amount of bank interest and investment income earned in the year to 31 March 2010 was as follows:

	2009/10	2008/09
	£	£
Current account interest	-	-
Short-term deposit interest	122,172	1,562,740
	122,172	1,562,740

Interest of £177,076 (2008/09 £605,538) was also credited to the Renewals and Repairs 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 2009/10 financial year the Council commissioned £1,405,824 (2008/09 £1,574,951) of works and services from Belfast Visitor & Convention Bureau and Groundwork Northern Ireland in which Councillors had an interest. The Council also paid grants of £1,342,043 (2008/09 £1,834,071) to a number of organizations in which Councillors and Council officers had an interest. These payments were made with proper consideration of declaration of interests. A breakdown is shown in 7.C below.

During 2009/10 the Council had expenditure of £22,012 (2008/09 £97,365) to other Councils and income received of £545,131 (2008/09 £1,202,710) from other Councils, of which £250,990 (note 13) (2008/09 £296,502) was outstanding at 31 March 2010. 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	2009/2010	2008/2009
		£	£
East Belfast Partnership Board	4	100,552	120,528
North Belfast Partnership Board	8	39,485	118,889
South Belfast Partnership Board	8	45,657	31,262
West Belfast Partnership Board	8	4,000	86,032
Total		189,694	356,711

B: Joint Committees

Belfast City Council made payments to the following Joint Committees:

	Councillors	2009/2010	2008/2009
		£	£
ARC-21	4	13,114,626	10,843,764
		13,114,626	10,843,764

C: Other Organisations

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

	Councillors	2009/2010	2008/2009
		£	£
Belfast Education and Library Board	13	1,000	0
Belfast Hills Partnership	1	28,752	27,135
SS.Nomadic Charitable Trust	2	50,000	100,000
N.I. Local Government Association	15	131,254	149,282
Belfast City Centre Management Company	3	271,342	311,144
Ulster Orchestra	1	33,325	143,500
Groundwork Northern Ireland	1	275,259	335,895
Grand Opera House	1	34,917	33,395
Greater Shankill Partnership	6	7,088	67,985
Belfast Visitor & Convention Bureau incorporating Belfast Welcome Centre	8	1,702,691	2,056,488
Belfast Harbour Commissioners	4	126,568	131,121
South City Resource and Development Centre	2	36,568	28,323
PLACE	1	17,250	500
Somme Association Ltd	2	8,671	3,351
Dee Street Community Group	7	1,000	0
N.I. Amenity Council	1	750	750
Northern Ireland Housing Council	1	200	0
Inverary Community Centre Committee	5	5,100	1,249
Sandy Row Community Centre Committee	5	2,750	5,100
Morton Community Centre Committee	4	2,300	1,100
Donegall Pass Community Centre Committee	5	2,099	2,322
Knocknagoney Community Centre Committee	5	913	600
Glen Road Community Centre Committee	2	870	3,032
Ardoyne Community Centre Committee	1	600	-
Avoniel Play Centre Committee	6	600	600

Concorde Community Centre Committee	2	600	600
Divis Community Centre Committee	1	600	600
Duncairn Community Centre Committee	2	600	1,350
Highfield Community Centre Committee	2	600	600
Horn Drive Community Centre Committee	2	600	600
North Queen St. Community Centre Committee	3	600	600
Olympia Community Centre Committee	3	600	600
Suffolk Community Centre Committee	2	600	-
Whiterock Community Centre Committee	2	600	600
Woodvale Community Centre Committee	2	600	600
		2,747,867	3,409,022

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 2010 was £130,327. At 31 March 2009 the amount outstanding was £123,761.

8. District Rates

	2009/10	2008/09
	£	£
Current Year	114,867,620	106,767,347
Prior year finalisation (estimate/actual)		
Clawback charged to I&E in-year		
	114,867,620	106,767,347

The Council received notification of a reduction in the District Council rate income for the year to 31 March 2009 of £191,279. The Minister for Finance has made provision in the accounts directive for Councils to defer the reduction over a period of four years.

9 Fixed Assets

	Note	Operational Assets					Non-Operational Assets				Total
		Intangible Assets	Land	Buildings	Infrastructure Assets	Community Assets	Vehicles & Equipment	Investment Properties	Assets Under Construction	Surplus Assets	
		£	£	£	£	£	£	£	£	£	
Cost or Valuation											
At 1 April 2009		16,700,000	177,580,924	228,319,347		37,000,197	24,768,026	98,425,360	52,622,728	37,295,599	672,712,181
Revaluation			5,309,191	6,080,990				395,000	0		11,785,181
Impairments			-36,760,696	-18,291,170		-6,235,809		-5,680,862	-10,480,488	-8,947,600	-86,396,625
Additions	10		30,577	8,266,577		65,451	2,387,371	625	1,385,069	0	12,135,670
Transfers			16,000	614,728		7,870,360	2,557,616		-11,058,704		0
Reclassification/Adjustments			862,311	41,417,354		-38,700,002		140,502	-516,149	-3,205,157	-1,141
Disposals	24					-2	-1,773,949		-647,000		-2,420,951
At 31 March 2010		16,700,000	147,038,307	266,407,826	0	195	27,939,064	93,280,625	31,305,456	25,142,842	607,814,315
Depreciation											
At 1 April 2009		16,700,000	0	6,482,076	0	0	11,850,707	0	0	365,373	35,398,156
Reclassification/Adjustments				-26,101				10,216		15,885	0
Revaluation				-6,456,344				-10,216		-365,373	-6,831,933
Disposals	24						-1,742,434				-1,742,434
Transfers											0
Provided for year				6,567,004			3,672,507				10,239,511
At 31 March 2010		16,700,000	0	6,566,635	0	0	13,780,780	0	0	15,885	37,063,300
Net Book Value											
At 31 March 2010		0	147,038,307	259,841,191	0	195	14,158,284	93,280,625	31,305,456	25,126,957	570,751,015
At 31 March 2009		0	177,580,924	221,837,271	0	37,000,197	12,917,319	98,425,360	52,622,728	36,930,226	637,314,025

9a) Fixed Assets (continued)

LEASED ASSETS (included within vehicles & equipment)

	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2009	0	0	0
Additions	0	0	0
Disposals	0	0	0
At 31 March 2010	0	0	0
Depreciation			
At 1 April 2009	0	0	0
Disposals	0	0	0
Provided for year	0	0	0
At 31 March 2010	0	0	0
Net Book Value			
At 31 March 2010	0	0	0
At 31 March 2009	0	0	0

10. Capital Expenditure

	Note	2009/10 £	2008/09 £
Expenditure			
Land and buildings		8,362,605	5,632,185
Major works		1,385,694	9,976,172
Vehicles, plant, equipment and other		2,387,371	5,798,313
	9	12,135,670	21,406,670
Financed By			
Borrowings:			
Advance from Loans Pool		21,984,266	0
Leases/Hire Purchase		0	0
Grants receivable	20,23d	364,847	5,157,810
Capital receipts	24	116,686	491,366
Revenue contributions to capital	3,24	2,702,150	2,678,310
		25,167,949	8,327,486
Surplus/(Deficit)		13,032,279	(13,079,184)
Opening balance at 1 April 2009		(12,371,364)	707,820
Closing balance at 31 March 2010		660,915	(12,371,364)

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	85,507,993	18,384,230	67,123,763
Other Commitments	26,829,000	9,475,000	17,354,000
Total	112,336,993	27,859,230	84,477,763

12. Stock

	2009/10	2008/09
	£	£
Central Stores	183,823	231,109
Other	0	0
Total	183,823	231,109

13. Debtors

	2009/10	2008/09
	£	£
		Restated
a) Long Term Debtors: amounts falling due in more than one year		
Car Loans to Officers	74,215	65,357
Trade Debtors	1,553,432	1,009,115
Northern Ireland Housing Executive	14,618,620	15,968,270
	16,246,267	17,042,742
b) Debtors: amounts falling due in less than one year		
Government Departments	1,908,292	3,443,828
Other Councils (note 7)	250,990	296,502
Value Added Tax	699,858	1,736,645
Car Loans to Officers	56,112	58,404
Payments in advance		
Other	11,178,960	6,781,749
Less: provision for doubtful debts	(417,717)	(266,133)
	13,676,495	12,050,995
Total debtors	29,922,762	29,093,737

A general provision for doubtful debts is included in the financial statements at 10% of commercial outstanding debts over 90 days.

14. Short-term Investments

	2009/10	2008/09
	£	£
Bank Deposits - general	21,889,771	17,189,771

15a. Creditors due within one year

	2009/10	2008/09
	£	£
Amounts falling due in less than one year		
Remuneration due to Employees	473,189	
Government Departments	155,946	222,340
Other Councils	1,287	2,121
Receipts in advance	2,157,507	820,799
Other	15,070,120	15,124,013
	17,858,049	16,169,273
Borrowing re-payable within one year	42,394	1,538,166
Total creditors	17,900,443	17,707,439

15b. Creditors due after more than one year

	2009/10	2008/09
	£	£
Other creditors falling due after more than one year		
Rates Clawback	143,459	191,279
Other	0	0
Total creditors	143,459	191,279

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

Note	2009/10	2008/09
	£	£
Maturing between 1 and 2 years	0	97,537
Maturing between 2 and 5 years	3,187,163	3,250,062
Maturing between 5 and 10 years	11,631,292	11,730,315
Maturing in more than 10 years	15,152,000	4,000,000
Government Loans Fund and Mortgages	29,970,455	19,077,914

Interest rates on Government Loans range between 3% and 11.125%.

17. Deferred Liabilities

	2009/10	2008/09
	£	£
Between 1 and 5 years	-	-
In more than 5 years	-	-
	-	-

This represents the principal outstanding for assets acquired under finance leases which are repayable after more than one year. At present, the Council has not acquired any finance leases.

18. Financial Instruments

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

Credit Risk

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

Trade Debtors, inclusive of VAT, can be analysed by age as follows:

	£
Less than three months	2,930,827
Three to six months	170,471
Six Months to one year	336,984
More than one year	1,553,432

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

Liquidity Risk

As the council has ready access to borrowings from the Department of Finance and Personnel Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its

commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 14 to 16. All trade and other payables are due for payment within one year.

Market Risk

Interest rate risk

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

Foreign exchange risk

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

Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance and Personnel and market loans that differ from the prevailing market rates. The fair value of these loans is £36,488,541, analysed as follows:

	£
Government Loans	32,942,311
Market Loans	3,546,230
Total	36,488,541

19. 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.

19a) Pension Liability

The Council's pension provision is an estimated liability in respect of discretionary payments awarded to employees granted early retirement. This pension provision is offset in the balance sheet by a reserve of the same amount. However the pension reserve is not funded.

The current best estimate of the capitalized cost of pension payments to a number of former employees at 31st March 2010 is £10,042,649. Movements on this provision are as follows:

	Note	2009/10 £	2008/09 £
Opening balance		9,978,170	9,948,031
Less: payments to NILGOSC	24	(864,327)	(834,122)
Add:			
Revaluation	24	928,806	864,261
Closing Balance		10,042,649	9,978,170

19b) Other Provisions

A provision has been created in respect of the closure of the landfill site at an initial value of £14,700,000. The Council has reviewed the capping, gas extraction and infrastructure costs and discounted these accordingly which has resulted in a valuation of £8,567,415. The Council plans to keep its provision under review.

A provision of £1,680,862 (2008/09 £1,500,000) 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 31 March 2010 the total liability for legal cases notified but not processed amounted to an estimated maximum liability of £3.3m.

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

	Landfill Closure	Legal	Total
	£	£	£
Opening balance	11,805,061	1,500,000	13,305,061
Payments during year	0	(92,356)	(92,356)
Reduction in provision after discounting	0	0	0
Increase/(Decrease) to Reserve	(3,237,646)	273,218	(2,964,428)
Closing Balance	8,567,415	1,680,862	10,248,277

20. Deferred Grants

	Note	2009/10	2008/09
		£	£
Opening balance		13,991,783	8,839,163
Adjustment to the opening balance		0	170,007
Add: new grants received	23d	364,847	5,157,810
Less: amounts released to the District Fund - Income and Expenditure Account	3,24	(367,581)	(175,197)
		13,989,049	13,991,783

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.

21. Contingencies

There are no contingencies over and above the provisions already reflected in note 19.

22. Reconciliation of Surplus/(Deficit) to Net Cash Inflow/(Outflow) from Operating Activities

	Note	2009/10 £	2009/10 £	2008/09 £	2008/09 £ Re-stated *
Surplus/(Deficit) for year	3		(39,757,824)		(30,113,556)
<u>Non-cash transactions</u>					
Depreciation and impairment charged in year	3,9	43,477,992		34,299,137	
Deferred Grants amortised in year	3,20,23d	(367,581)		(175,197)	
City Investment Fund	24	212,745		(118,775)	
Contributions to other provisions/reserves		(2,300,081)		(4,286,653)	
			41,023,075		29,718,512
<u>Adjustment for items reported separately on Cash flow</u>					
Interest and Investment Income	6b		(122,172)		(1,562,740)
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a		960,322		1,410,040
Gain or loss on disposal of fixed assets	3,24		(188,169)		(126,932)
<u>Items on an accruals basis</u>					
(Increase)/Decrease in stock	12		47,286		83,716
(Increase)/Decrease in debtors	13		(829,026)		4,092,264
Increase/(Decrease) in creditors	15a,15b		1,601,098		(4,161,226)
Net Cash Inflow/(Outflow) from Operating Activities			2,734,590		(659,922)

23a) Analysis of Changes in Cash and Liquid Resources During the Year

	Notes	2009/10 £	2008/09 £	Change in the year £
Temporary Investments	14	21,889,771	17,189,771	4,700,000
Cash		16,509,310	41,829,976	(25,320,666)
Bank Overdraft		(32,059,524)	(55,222,508)	23,162,984
Total		6,339,557	3,797,239	2,542,318

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

23b) 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 2009	(13,392,532)	17,189,771	3,797,240	(1,538,166)	(19,077,914)	0	(16,818,841)
Change in Year	(2,157,682)	4,700,000	2,542,318	1,495,772	(10,892,541)	0	(6,854,451)
Other non cash changes - new finance leases	0	0	0	0	0	0	0
Balance at 31 March 2010	(15,550,214)	21,889,771	6,339,558	(42,394)	(29,970,455)	0	(23,673,292)

23c) Reconciliation of Changes in Cash to Movements in Net Debt

	2009/10 £	2008/09 £
Increase/ (Decrease) in cash in year	(2,157,682)	(35,273,968)
Cash inflow from new loans raised	(11,152,000)	0
Cash outflow from:		
Loans repaid	1,755,230	259,348
Increase/(Decrease) in temporary investments	4,700,000	16,319,083
	6,455,230	16,578,431
Change in net debt resulting from cash flows	(6,854,452)	(18,695,537)
New finance leases	0	0
Net funds b/fwd	(16,818,841)	1,876,696
Net debt c/fwd	(23,673,292)	(16,818,841)

23d) Analysis of Government Grants shown in the Cash Flow Statement

	2009/10	2008/09
	£	£
CAPITAL GRANTS	364,847	5,157,810
Sub-total	364,847	5,157,810
REVENUE GRANTS		
Community Services	656,612	1,468,523
Environmental Health	2,051,962	1,784,921
Economic Development	2,248,703	1,393,908
Community Relations	0	0
Recreation Grounds	6,647	363,247
Sports Development	30,050	15,463
Tourism	1,550	657,187
Arts development	305,224	93,513
Waste Management		0
District Policing Partnership	349,563	408,562
Cemeteries, Crematorium and Mortuary	0	0
Corporate Management	624,842	1,021,645
Miscellaneous	238,967	405,085
Government Grants Deferred	(367,581)	(175,197)
Sub-total	6,146,539	7,436,857
Total Grants	6,511,386	12,594,667

Revenue grants are included within in the 'Net Cash Inflow from Operating Activities' figure in the Cash Flow Statement.

24. Movement on Reserves

	Note	Capital Adjustment Account £	Revaluation Reserve £	Pensions Reserve £	Rates Claw- Back Reserve £	Capital Receipts Reserve £	Renewal & Repairs Fund £	Election Reserve £	City Investment Fund £	Sinking Fund £	District Fund £	TOTAL £
		25a	25c	20,25e		25f	25h	25i	25g		3	
At 1 April 2009 as previously reported		413,514,897	167,718,144	(9,978,170)	(191,279)	860,000	11,805,061	515,778	4,385,110	2,205,407	5,349,516	596,184,464
Prior Year Adjustment												
Balance at 1 April 2009 as restated		413,514,897	167,718,144	(9,978,170)	(191,279)	860,000	11,805,061	515,778	4,385,110	2,205,407	5,349,516	596,184,464
Movements on reserves during the year:												
Capital Grants Released	3,20,23d	367,581										367,581
Interest Received							177,076	8,570				185,646
Direct Revenue Financing	3,10	2,702,150						70,000	3,300,000			6,072,150
Loans fund principal/depreciation adjustment	3	(9,681,911)										(9,681,911)
Impairment of fixed assets	3	(33,238,481)	(53,158,144)									(86,396,625)
I & E Surplus/Deficit	3										(746,914)	(746,914)
Payments to NILGOSC	19a			864,327								864,327
Disposal of Fixed Assets/Capital Sales	3,9	(678,518)				116,686			750,000			188,168
Other Capital Receipts									581,891			581,891
Sinking Fund for Loan Repayments		(557,600)								557,600		0
Capital Receipts used to finance capital expenditure	10	116,686				(116,686)						0
Revaluation	9,19a,19b	130,820	18,486,294	(928,806)			(3,414,722)					14,273,586
Other Movements		4,243,685	(1,006,040)					(14,438)	(212,745)			3,010,462
Total movements on reserves during the year:												
(Change in Net Worth)		(36,595,588)	(35,677,890)	(64,479)	0	0	(3,237,646)	64,131	4,419,146	557,600	(746,914)	(71,281,639)
Closing Balance at 31 March 2010		376,919,309	132,040,254	(10,042,649)	(191,279)	860,000	8,567,415	579,910	8,804,256	2,763,007	4,602,602	524,902,825

25a) Capital Adjustment Account

The purpose of this 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.

25b) Revaluation Reserve

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.

25c) 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.

25d) 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. The fund is built up for Landfill closure costs.

25e) 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.

25f) 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 £4,602,602, £113,924 relates to expenditure committed at year-end.

25g) Rates Claw Back Reserve

The Council received notification of a proposed reduction in the District Council rate income for the year to 31 March 2009 of £191,279. The Minister for Finance has made provision in the accounts directive for Councils to defer the reduction over a period of four years.

25h) City Investment Fund

The City Investment Fund has been created to give a clear demonstration of the Council's propensity to action and wish to contribute to the vibrancy, prosperity, culture and attractiveness of the city.

26) 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

27. Sinking Fund

The Council has set up a sinking fund to provide for the repayment of its loans as they fall due.

28. Payment of Invoices

The Council has a target of paying invoices within 30 days.

During the year the Council paid 53,126 invoices totaling £99,072,469.

The Council has arrangements to calculate the payment interval and for the year it was 28 days

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

The 'number of days' is calculated from when the invoice is received by the council until payment date.

29. Voluntary Transition Committees

Statutory transition Committees will flow from legislation but the Department has provided funding to the lead council for each Voluntary Transition Committee. The Income and Expenditure of the Committee was as follows:

	2009/10
	£
Income	
Funding provided by DOE	106,928
Other Income LGTG	0
Total Income	106,928
Expenditure	
Allowance to Members	54,000
Other Member Expenses	0
Change Management Officer	51,606
Change Management Team	0
Support Costs	1,322
Total Expenditure	106,928

Gas Pension Fund

INCOME AND EXPENDITURE STATEMENT	2009/2010	2008/2009
	£	£
INCOME:		
Investment Income	59,351	111,696
EXPENDITURE:		
Pensions paid	(550,923)	(553,905)
Administration Expenses	(10,633)	(18,735)
Deficit for the year	<u>(502,205)</u>	<u>(460,944)</u>
NET ASSET MOVEMENTS		
Brought forward balance at 01.04.2009	2,557,484	2,051,228
Unrealised gain at 01.04.2009	870,650	888,958
Opening value of fund	3,428,134	2,940,186
Contribution from Belfast City Council		967,200
Add deficit for the year	(502,205)	(460,944)
CHANGE IN MARKET VALUES OF INVESTMENTS		
Realised gain for year	251,312	
Unrealised Gain/(loss) for Year	(104,834)	(18,308)
Closing value of fund	<u>3,072,407</u>	<u>3,428,134</u>
FINANCED BY:		
UK Index linked investments	2,188,597	3,638,129
Cash deposits and at bank	875,509	0
Debtors	8,301	996,542
	3,072,407	4,634,671
Bank balance	0	(1,159,405)
Creditors	0	(47,132)
Closing value of fund	<u>3,072,407</u>	<u>3,428,134</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 2010 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 2010.

Triennial Actuarial Valuation as at 31 March 2010

The date of the latest triennial actuarial valuation was 31 March 2008 and at that date the Fund had a past service deficit of £926,000. In order to fund this deficit the council made a contribution of £967,200 to the Gas Pensions Fund.

The main actuarial assumptions are as follows:

Financial Assumptions:

Rate of return on assets 4.1% p.a.

Rate of pension increases 3.2% on pensions in excess of GMPs.

Demographic Assumptions:

Mortality in retirement Standard tables PA (00) rated up 13%, i.e. men and women aged 80 will live on average for a further 8.4 and 10.3 years, respectively.

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

The market value of the scheme's assets at the valuation date is £2,940,186 and the level of the funding expressed in percentage terms is 76%.

A Statement of Investment Principles has been prepared and is available from the Director of Finance and Resources, City Hall, Belfast, BT1 5GS