

Financial Report for the year ended 31 March 2007

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Explanatory Foreword

Introduction

Belfast City Council is the largest of the 26 District Councils in Northern Ireland. The Council has 51 elected Councillors representing nine electoral areas across Belfast with a total population of 267,999. 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 2007 is set out on pages 11 to 41 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) 2006 and the Department of the Environment Accounts Direction, Circular LG 2/07 dated 29 March 2007. 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 2006/07 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts. These accounts are supported by the Statement of Accounting Policies and various notes to the accounts.

Financial Report

As shown by the Statement of Movement on the District Fund Balance on Page 12 the Council decreased its District Fund surplus by £2,206,323. This decreased the credit balance on the District Fund Reserves to £13,174,623 and this sum represents on average 9.3% of annual gross expenditure. The Council aims to maintain the level of District Fund Reserves in the region of 10% of annual gross expenditure.

The net costs of the main services for the year have increased by 17% over the previous year and are as follows:

Service	2006/2007	2005/2006 (restated)
Leisure & Recreational Services	45,706,415	46,873,603
Environmental Services	40,981,581	29,116,349
DRM and Corporate Management	11,697,292	9,920,272
Other	5,979,269	3,557,541
	104,364,557	89,467,765

The Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2006 removed the requirement to make a capital financing charge (notional interest). The net cost of the main services in 2005/06 have been adjusted to reflect this change (see page 22).

The following gives a comparison between the budgeted and actual net cost of the Council for the year to March 2007:

	Actual	Estimate	Variance
Net Cost:	104,990,578	102,518,640	(2,471,938)
Income:			
General Grant	4,712,663	5,750,800	(1,038,137)
District Rates	98,071,592	96,767,840	1,303,752
Surplus/(Deficit)	(2,206,323)	0	(2,206,323)

District Rates, the Council's main source of income, were £98,071,592 during the year and this represented an increase in cash terms of £5,465,071 or 5.9% over the previous year.

The Repairs and Renewal Fund, approved by the Department of the Environment, remains unchanged from the previous year with an upper limit of £22,000,000. This is to take into account the major costs that have been incurred in the Repairs and Renewal programme Council buildings and expected to be incurred with the proposed closure of the landfill site at Dargan Road. The balance on the fund at 31 March 2007 was £12,822,011.

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

The Council is now operating a 5 year rolling programme for its revaluation of Land & Buildings with approximately 20% of these assets being revalued each year. This revaluation is carried out by independent Chartered Surveyors, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The revised valuations have been included in the balance sheet on page 13.

During the year the Council repaid external loans of £248,912. At 31 March 2007 the total amount outstanding on external loans was £21,132,574. Of this total £18,434,270 (or 87.2%) 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 £17.31M, the most significant spend being on Grove Leisure Centre - £7M, electric cable installation at Dargan Road- £1.89M and Park Road Recycling Centre- £986K.

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

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

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Belfast City Council
City Hall
Belfast BT1 5GS
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(028) 9027 0248
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salmont@belfastcity.gov.uk

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2007 on pages 11 to 41 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 19 to 24.
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Signature _____


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

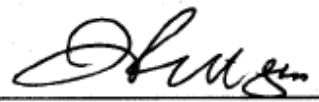
Date _____

14 JUNE 2007

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council/Committee on 15 June 2007.

Signature _____


LORD MAYOR

Date _____

15 JUNE 2007

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 15th June 2007.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

Statement on the System of Internal Financial Control

This statement is given in respect of the Financial Report for Belfast City Council. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that the assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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

- Standing Orders
- Financial Regulations
- Scheme of Delegation
- Accounting Manual
- Codes of Conduct for officers and Members
- Corporate and budgetary planning
- The preparation of regular financial reports which indicate actual expenditure against forecasts
- Regular reviews of periodic and annual financial reports which indicate financial performance
- A programme of capital expenditure with clearly defined guidelines
- Formal project management disciplines based on the PRINCE2 methodology.

Belfast City Council has an Audit, Governance and Risk Services Section which operates to standards defined in the CIPFA Code of Practice. The work of Audit, Governance and Risk Services is informed by an analysis of the risk to which the Council is exposed and annual internal audit plans are based on this analysis. The analysis of risk and Audit, Governance and Risk Services plans are endorsed by the Council's Assurance Board and approved by the Audit Panel and myself. The Head of Audit, Governance and Risk Services provides the Assurance Board, Audit Panel and myself with a report on the adequacy, effectiveness and reliability of the Council's system of internal control.

My reviews of the effectiveness of the system of financial control is informed by the work of the Audit, Governance and Risk Services Section, the Audit Panel which oversees the work of Audit, Governance and Risk Services, the Assurance Board which monitors and reviews the risk, control and governance processes which have been established by the Council and the assurance processes. It is also informed by the work of officers within the Council and comments made by the Local Government Auditor in his management letter and other reports.

The Council's Financial Regulations and Accounting Manual are continually under review to ensure they reflect current best practice and address the key financial risks facing the Council. I have also established a Risk Management Steering Group which has been charged with the responsibility of promoting understanding and awareness of risk management and to facilitate the embedding of risk management into the culture of the Council.

Implementation of a Statement of Internal Control

As Chief Financial Officer, I am aware of the recommendation for Departments to produce a statement of internal control and am taking reasonable steps to comply with the Department of Finance and Personnel's (DFP) requirement for this statement to be prepared for the year ended 31 March 2008, in accordance with guidance issues by DFP.

I am satisfied that the system of internal financial control is operating satisfactorily without significant identified weaknesses.

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

Date 14 JUNE 2007

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

I have audited the Statement of Accounts of Belfast City Council for the year ended 31 March 2007 under the Local Government (Northern Ireland) Order 2005, which comprise the District Fund Income and Expenditure Account, the Statement of Movement on the District Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes. The Statement of Accounts has been prepared under the accounting policies set out within them.

Respective responsibilities of Chief Financial Officer and Local Government Auditor

The Chief Financial Officer's responsibilities for preparing the Statement of Accounts in accordance with the form directed by the Department of the Environment, including compliance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, are set out in the Statement of Responsibilities.

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

I report to you my opinion as to whether the Statement of Accounts presents fairly the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 and has been properly prepared in accordance with the Local Government (Northern Ireland) Order 2005.

I review whether the Statement on the System on Internal Financial Control reflects compliance with the requirements of the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006. I report if it does not comply with these requirements or if the statement is misleading or inconsistent with other information I am aware of from my audit of the Statement of Accounts. I am not required to consider, nor have I considered, whether the Statement on the System on Internal Financial Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

Basis of Opinion

I conducted my audit in accordance with the Local Government (Northern Ireland) Order 2005, the Code of Audit Practice issued by the Chief Local Government Auditor and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Statement of Accounts. It also includes an assessment of the significant estimates and judgments made by the Chief Financial Officer in the preparation of the Statement of Accounts, and of whether the accounting policies are appropriate to Belfast City Council circumstances, consistently applied and adequately disclosed.

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

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

Opinion

In my opinion the Statement of Accounts presents fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of Belfast City Council at 31 March 2007 and its income and expenditure for the year then ended, and have been properly prepared in accordance with the Local Government (Northern Ireland) Order 2005.

Audit Certificate

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



John Buchanan

Chief Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT9 1EU

29 October 2007

District Fund - Income and Expenditure Account for the year ended 31 March 2007

	<i>Notes</i>	Gross Expenditure	2006/07 Gross Income	Net Expenditure/ (Income)	2005/06 Net Expenditure/ (Income) Re-stated *
		£	£	£	£
Services Expenditure					
Leisure and Recreational Services		55,441,166	9,734,751	45,706,415	46,873,603
Environmental Services		55,928,210	14,946,629	40,981,581	29,116,349
DRM and Corporate Management		12,258,957	561,665	11,697,292	9,920,272
Other Services		17,918,966	11,939,697	5,979,269	3,557,541
Continuing operations		141,547,299	37,182,742	104,364,557	89,467,765
Acquired operations					
Discontinued operations					
Exceptional items not included in cost of specific services					3,000,000
Net cost of services		141,547,299	37,182,742	104,364,557	92,467,765
Gain or loss on disposal of fixed assets		76,026	0	76,026	101,981
(Surplus)/Deficit of trading or other operations					
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings					
Interest and Investment Income	6	0	931,240	(931,240)	(1,191,404)
Pensions interest cost and expected return on pensions assets					
Extraordinary Items					
Net Operating Expenditure		141,623,325	38,113,982	103,509,343	91,378,342
Income from General Grant and District Rates					
General Grant		0	4,712,663	(4,712,663)	(6,409,131)
District Rates	8	0	98,071,592	(98,071,592)	(92,606,521)
(Surplus)/Deficit for the year		141,623,325	140,898,237	725,088	(7,637,310)

The comparative figures have been re-stated to reflect the removal of the capital financing charge and government grants deferred— see note 1 c) (ix) to the Financial Statements.

Statement of Movement on the District Fund Balance for the year ended 31 March 2007

		2006/07	2005/06
	Notes	£	£
Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account	3	(725,088)	7,637,310
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the City Fund Balance for the year	3	(1,481,235)	(2,636,754)
Movement on the District Fund Balance for the year	3/21	(2,206,323)	5,000,556
District Fund Balance Brought Forward	21	15,380,946	10,380,390
District Fund Balance Carried Forward	21	13,174,623	15,380,946

Statement of Total Recognised Gains and Losses for the year ended 31 March 2007

	Notes	2006/07	2005/06
		£	£
Surplus/(Deficit) on the District Fund - Income and Expenditure Account for the year	3	(725,088)	7,637,310
Surplus/(Deficit) arising on revaluation of fixed assets		73,992,454	30,590,492
Revaluation of pension reserve/provision	17/21	669,637	664,546
Any other gains and losses required to be included in the Statement of Total Recognised Gains and Losses			
Other		(2,852,934)	(3,723,818)
Total recognised gains and losses for the year (Change in Net Worth)		71,084,069	35,168,530
Prior period adjustments made during the year (as explained in note X)			
Total gains and losses recognised since last annual report (Change in Net Worth)		71,084,069	35,168,530

Balance Sheet as at 31 March 2007

	Notes	2006/07 £	Restated 2005/06 £
FIXED ASSETS			
Intangible Assets	9	0	5,200,000
Tangible Fixed Assets			
<i>Operational Assets:</i>			
Land & Buildings	9	349,466,717	300,382,323
Infrastructure Assets	9	167,032	148,352
Community Assets	9	190	190
Vehicles, Plant, Furniture and Equipment	9	10,133,190	10,012,792
<i>Non-Operational Assets:</i>			
Investment Properties			
Assets under Construction	9	119,473,171	86,306,090
Surplus Assets held for Disposal			
TOTAL FIXED ASSETS	9	479,240,300	402,049,747
Long Term Investments			
Long Term Debtors	12a	18,434,270	19,561,040
Deferred Premiums on early repayment of debt			
TOTAL LONG TERM ASSETS		497,674,570	421,610,787
CURRENT ASSETS			
Stocks	1e	281,595	319,272
Debtors	12b	12,161,217	13,519,539
Short Term Investments	13/20a	32,470,687	30,673,863
Cash and Bank	20a	4,737,829	2,651,873
		49,651,328	47,164,547
TOTAL ASSETS		547,325,898	468,775,334
CURRENT LIABILITIES			
Borrowing repayable on demand or within 12 months	14	(257,144)	(248,913)
Creditors	14	(10,481,603)	(10,786,732)
Bank Overdraft	20a	(8,363,236)	(5,694,137)
		(19,101,983)	(16,729,782)
NET CURRENT ASSETS		30,549,345	30,434,765
TOTAL ASSETS LESS CURRENT LIABILITIES		528,223,915	452,045,552
LONG TERM LIABILITIES			
Borrowing repayable within a period in excess of 12 months	15	(20,875,429)	(21,132,573)
Deferred Liabilities	16		
Government Grants – deferred	18/21	(9,281,229)	(4,210,765)
Provisions	17	(27,772,529)	(27,491,554)
		(57,929,187)	(52,834,892)
TOTAL ASSETS LESS LIABILITIES		470,294,728	399,210,660
RESERVES:			
Fixed Asset Restatement Account	21	434,061,623	360,562,766
Capital Financing Account	21	19,205,633	21,300,510
Useable Capital Receipts Reserve	21	52,506	140,648
Pensions Reserve	21	(9,418,580)	(8,743,554)
Capital Fund	21		
Renewal and Repairs Fund	21	12,822,010	10,252,243
Other Balances and Reserves	21	396,913	317,101
District Fund	21	13,174,623	15,380,946
Net Worth		470,294,728	399,210,660

Cash Flow Statement as at 31 March 2007

	<i>Notes</i>	2006/07 £	2005/06 £
REVENUE ACTIVITIES *			
Net Cash Inflow from Operating Activities	<i>19</i>	10,401,500	11,959,191
Returns on Investments and Servicing of Finance			
Cash Outflows			
Interest paid			
Interest element of finance lease payments			
Cash Inflows			
Interest received		931,240	1,191,404
Net Cash Outflow from Returns on Investments and Servicing of Finance		931,240	1,191,404
CAPITAL ACTIVITIES			
Cash Outflows			
Purchase of fixed assets		(16,600,712)	(9,924,424)
Purchase of long term investments			
Other capital cash payments			
Cash Inflows			
Sale of fixed assets		437,554	748,057
Other grants	<i>20d</i>		
Other capital cash receipts		5,166,240	2,492,836
Net Cash Outflow from Capital Expenditure before Financing		(1,462,593)	7,525,054
Management of Liquid Resources			
Net increase/decrease in short term deposits		(1,796,824)	(6,500,000)
Net increase/decrease in other liquid resources			
		(1,796,824)	(6,500,000)
FINANCING			
Cash Outflows			
Repayment of amounts borrowed	<i>20c</i>	(248,913)	(1,245,558)
Capital element of finance lease rental payments	<i>20c</i>		
Cash Inflows			
New loans raised	<i>20c</i>		
Capital element of loans repaid to council		1,126,771	1,057,990
New short term loans			
		877,858	(187,568)
Increase/(Decrease) in Cash and Cash Equivalent	<i>20b</i>	(583,144)	(220,504)

Loan Pool

Loans Pool - Revenue Account

Year ended 31 March 2007

EXPENDITURE

<i>Interest</i>	£
1. Paid to outside sources:-	
Government Loans Fund	1,530,795
Other Mortgages	225,385
Bonds	-
Temporary Loans	-
Bank Overdraft	5,917
2. Credited to internal Sources	1,523,486

Financing Transactions

Loss on realisation of investments	-
Cost of raising loans	84,084
Other items	-

INCOME

<i>Interest</i>	£	£
1. From Investments		1,718,787
OTHER INTEREST RECEIVED		
2. From Bank		-
3. Charged to borrowing A/C's :-		
(Average rate =8.98%)		
1. External Services:-		
NI HOUSING EXECUTIVE		1,756,190
2. District Services:-		
POLICY & RESOURCES		-
CLIENT SERVICES		-
HEALTH & ENVIRON.		-
DEVELOPMENT		-

Financing Transactions

Profit on sale of investments	-	
Sundry items	-	
Charged to borrowing A/C's :-		
(Average rate =0.43%)		
1. External Services:-		
NI HOUSING EXECUTIVE		84,113
2. District Services:-		
POLICY & RESOURCES		-
CLIENT SERVICES		-
HEALTH & ENVIRON.		-
DEVELOPMENT		-

TOTAL 3,369,667

Balance against at Commencement of year -

Balance in favour at Y/E 189,523

3,559,190

TOTAL 3,559,090

Balance in favour at Commencement of year 100

Balance against at Y/E -

3,559,190

Loans Pool - Capital Cash Account Year ended 31 March 2007

RECEIPTS		PAYMENTS			
<i>Loans Raised</i>	£	£	<i>Loans Repaid</i>	£	£
1. From External sources:-			1. To External sources:-		
Government Loans Fund		-	Government Loans Fund		248,912
Other Mortgages		-	Other Mortgages		-
Bonds - 1. Negotiable		-	Bonds – 1. Negotiable		-
2. Other			2. Other		-
Temporary Loans		-	Temporary Loans		-
2. From internal Sources		20,591,478	2. To internal Sources		20,361,807
<i>Advances Repaid by</i>			<i>Advances Made to-</i>		
<u>Borrowing A/cs</u>					
-					
1. External Services:-			District Services:-		
NI HOUSING EXECUTIVE		1,126,770	POLICY & RESOURCES	-	
2. District Services:-			CLIENT SERVICES	-	
POLICY & RESOURCES	-		HEALTH & ENVIRON.	-	
CLIENT SERVICES	-		DEVELOPMENT	-	-
HEALTH & ENVIRON.	-				
DEVELOPMENT	-	-			
	-				
RESERVE FUND			RESERVE FUND		-
<u>Investments Sold</u>		268,500,000	<u>Investments Purchased</u>		270,300,000
TOTAL		290,218,248	TOTAL		290,910,719
Cash in hand at commencement of year		-	Cash overdrawn at commencement of year		1,739,523
Cash overdrawn at end of year		2,431,994	Cash in hand at end of year		-
		<u>292,650,242</u>			<u>292,650,242</u>

Loans Pool - Balance Sheet As At 31 March 2007

LIABILITIES		ASSETS	
<i>Capital</i>	£	<i>Capital</i>	£
Loans Outstanding :-			
1. From External sources:-		Advances to borrowing Services:	
		-	
Government Loans Fund	18,132,574	1. External Services:-	
Other Mortgages	3,000,000	NI HOUSING EXECUTIVE	18,434,270
Bonds - 1. Negotiable	-	2. District Services:-	
2. Other	-	POLICY & RESOURCES	-
Temporary Loans	-	CLIENT SERVICES	-
		HEALTH & ENVIRON.	-
		DEVELOPMENT	-
		TOTAL ADVANCES	18,434,270
2. From internal Sources			
	27,459,678		
Reserve Fund	110,024	Investments	32,700,000
Cash Overdrawn	2,431,994	Cash at bank	-
	51,134,270		51,134,270
<u>Revenue</u>		<u>Revenue</u>	
Creditors	189,523	Debtors	-
Cash Overdrawn		Cash at Bank	189,523
	<u>51,323,793</u>		<u>51,323,793</u>

Loans Pool - Loans Sanctions Exercised Year ended 31 March 2007

	£	£
1. Sanctions exercised before start of year (and repayment period still unexpired)		
EXTERNAL SERVICES	19,561,040	
DISTRICT SERVICES	<u>1,247,230</u>	
	20,808,270	
2. Sanctions exercised during year	0	
		20,808,270
LESS (1) Repayments received in respect of above before start of year	(1,247,230)	
(2) Normal Repayments received during year		
	DISTRICT SERVICES 0	
	EXTERNAL SERVICES (1,126,770)	
(3) Additional repayments received during year		
	DISTRICT SERVICES 0	
		(2,374,000)
<i>Net total of advances outstanding (as shown in Loans Pool Balance Sheet)</i>		<u>18,434,270</u>

Loan Sanctions Unexercised

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

Notes to the Financial Statements

1. Accounting Policies

1a) General Principles

The financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and are in accordance with directions and guidance contained in the 'Code of Practice on Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice' (SORP) and in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The general principles adopted in compiling and presenting the financial statements are those specified within the 2006 SORP. The 2006 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 1 April 2006. 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 11 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

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

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

- iii) non-operational assets (including investment properties and assets that are surplus to requirements) are included in the Balance Sheet at the lower of net current replacement cost and net realisable value - in the case of investment properties, this is normally open market value.
- iv) other non-operational assets (including assets under construction) are included in the Balance Sheet at historical cost.
- v) land, buildings, installations, and fittings are valued at cost for their existing use, except land and buildings that are surplus to requirements which are valued at open market value for their alternative use. The Council is now operating a 5 year rolling programme for its revaluation of Land & Buildings with approximately 20% of these assets being revalued each year. This revaluation was also carried out by independent Chartered Surveyors. Surpluses arising from the revaluation of land and buildings are taken directly to the fixed asset restatement account, which is an account that cannot be used to support spending. Community assets are included at historical cost less depreciation or, where historical cost is unavailable, a nominal £1 valuation. Equipment is valued at historic cost. Assets in the course of construction are valued at cost.
- vi) in accordance with Financial Reporting Standard 11 Impairment of Fixed Assets and Goodwill (FRS 11), the valuer also reviews assets for impairment due to one or more of the following events:
 - a significant decline in a fixed asset's market value
 - evidence of obsolescence or physical damage
 - significant adverse change in the statutory or other regulatory environment in which the Council operates
 - a commitment by the Council to undertake significant re-organisation.

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

- vii) in accordance with FRS 15, depreciation has been provided on all fixed assets with the exception of freehold land, assets in the course of construction and non-operational assets. Depreciation is charged on a straight-line basis on each main class of tangible asset as follows:
 - buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the Valuation and Lands Agency. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 15 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
 - a full year's depreciation is charged in the year of acquisition and none in the year of disposal.
- viii) income from the disposal of fixed assets is credited to the useable capital receipts reserve and the net book value is written off against the fixed asset restatement account, in the Balance Sheet. Whilst this is contrary to the requirements of Financial Reporting Standard 3 Reporting Financial Performance (FRS 3) it is consistent with the SORP.
- ix) assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised under deferred liabilities in the Balance Sheet. The asset is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Rentals under operating leases are charged to the District Fund - Income and Expenditure Account in the year in which they arise.
- x) in previous years capital charges were made to the District Fund - Income and Expenditure Account. These capital charges were equal to the sum of depreciation plus a notional interest charge, where the interest rate was prescribed by CIPFA and applied to all operational assets employed by the Council. From 1 April 2006, this notional interest charge is no longer required to be made to the District Fund - Income and Expenditure Account. Instead, actual interest is charged to the District Fund - Income and Expenditure Account.

In order to prepare comparative figures the service expenditure accounts for District Fund - Income and Expenditure Account for the year ended 31 March 2006 were adjusted as follows-

Services Expenditure	Gross Expenditure	Notional Interest added Back	Government Grants Deferred added back	Gross Expenditure Restated
	£	£	£	£
Leisure and Recreational Services	66,815,808	9,698,763	38,005	76,552,576
Environmental Services	46,952,712	1,224,431	26,695	48,203,838
Other Services	26,504,554	2,568,779	3,428	29,076,761
Continuing Operations	141,683,074	13,491,973	68,128	153,833,175

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

1d) Debtors and Creditors

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

A general provision for doubtful debts is included in the financial statements at 5% of commercial outstanding debts. This is in addition to the specific provision for those debts that are identifiable as potentially not fully collectable. Provisions in respect of bad debts have been estimated in accordance with recommended practice and past experience. Uncollectable debts are only written-

off to the District Fund - Income and Expenditure Account after all recovery avenues open to the Council have been exhausted and the Council has formally approved the write off.

1e) Stocks

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

1f) Value Added Tax

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

1g) Provisions

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

1h) Overheads

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

1i) Pensions

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

Councils in Northern Ireland contribute to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. It is a multi-employer defined benefit scheme, which is treated as a defined contribution scheme under Financial Reporting Standard 17 Retirement Benefits (FRS17). This scheme provides the relevant information within its own accounts. The Council provides further information on discretionary benefits awarded to employees. The Council's contribution rate is determined by NILGOSC's actuary every three years and is set to maintain the solvency of the fund. The Council's current contribution is 11%. At the last actuarial valuation, dated 31 March 2004, the fund stood at 85%.

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

In addition, the Council manages a Gas Pension Fund on behalf of the former Gas undertaking. Details can be found on pages 40 to 41.

1j) Post Balance Sheet Events

The Council complies with the requirements of Financial Reporting Standard 21 Events After the Balance Sheet Date (FRS21). Changes are made to the financial statements where a material post balance sheet event occurs that either provides additional evidence relating to conditions existing

at the balance sheet date or indicates that the application of the going concern concept to a material part of the Council is not appropriate.

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

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 £2,499,957 relating to expenditure committed at year-end.

3 Analysis of the Movement on the District Fund Balance

	Notes	2006/07 £	2006/07 £	2005/06 £	2005/06 £
Surplus for the year on the District Fund - Income and Expenditure Account			(725,088)		7,637,310
<i>Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year:</i>					
Transfer to Capital Financing Account:					
Direct revenue financing of Capital Expenditure	10/21	(10,920,891)		(6,683,531)	
Deferred grants amortised in the year	21	(95,776)		(68,128)	
Loans fund principal/depreciation adjustment:					
Depreciation charged in the year	9	13,625,124		10,211,584	
Loans fund principal repayments during the year	21		2,608,457		3,459,925
Transfers to/from earmarked reserves:					
Renewal and Repairs Fund	21		(5,510,381)		(7,035,192)
Pension Reserve	21		1,344,663		836,532
Gain/loss on disposal of fixed assets	21		76,026		101,981
Net adjustments to Income & Expenditure Account			(1,481,235)		(2,636,754)
Movement on the District Fund Balance for the year	21		(2,206,323)		5,000,556
District Fund Balance Brought Forward	21		15,380,946		10,380,390
District Fund Balance Carried Forward	21		13,174,623		15,380,946

4. Operating Expenses

- 4a) **Section 115** of the Local Government Act (Northern Ireland) 1972 enables Councils to spend up to the aggregate of the product of 0.0596p in the pound on the rateable value of non-domestic hereditaments; and the product of a rate of 0.5p in the pound on the rateable value of domestic hereditaments equivalent to £278,849 in 2006/07 for the benefit of all the inhabitants in their City, or part of their City on activities not specifically authorised by other powers.

Expenditure amounted to £NIL in 2006/07 (2005/06 £17,856).

- 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:

	2006/07 £	2005/06 £
Promoting tourism	8,174	4,399
Promoting leisure facilities	88,752	51,030
Community relations	6,046	17,611
Refuse collection	5,894	5,484
Other advertising	966,901	855,393
Total	1,075,766	933,917

4c) External Audit Fees

	2006/07	2005/06
	£	£
Estimated cost	133,000	130,000
Actual cost		99,222
Over/(under) Estimate		30,778

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2005/06 £NIL).

4d) Leases

Expenditure during the year on finance lease rentals was £NIL (2005/06 £NIL). Outstanding operating lease rentals at 31 March 2006/07 are as follows:

	2006/07
	£
2006/07	6,115
2007/08	4,691
2008/09	2,404
2009/10	0
2010/11	1,202
	14,412

5. Employee Costs and Members' Allowances

5a) Staff Costs

	2006/07	2005/06
	£	£
Salaries and wages	55,067,611	52,576,060
Employers National Insurance	4,129,718	3,939,184
Employers pension costs	5,083,880	3,730,561
	64,281,209	60,245,805

In addition, agency costs during the year amounted to £ 3,159,494 (2005/06 £3,698,581).

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

	2006/07
	FTE
Technical services	781
Leisure services	763
Other	557
	2,101
Full-time numbers employed	1,919
Part-time numbers employed	182
	2,101

5c) Senior Employees' Remuneration

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

	2006/07	2005/06
	Number	Number
£50,001 to £60,000	13	7
£60,001 to £70,000	11	14
£70,001 to £80,000	4	2
£80,001 to £90,000	3	6
£90,001 to £100,000	4	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
	36	30

5d) Members' Allowances

During the year, Members' allowances (section 36) totalled £343,204 (2005/06 £375,023) and are as follows:

	2006/07	2005/06
	£	£
Basic Allowance	243,594	234,656
Attendance Allowance	96,800	104,351
Special Responsibility Allowances	2,810	36,016
Miscellaneous	-	-
	343,204	375,023

6. Interest and Investment Income

The amount of bank interest and investment income earned in the year to 31 March 2007 was as follows:

	2006/07	2005/06
	£	£
Current account interest	-	-
Short-term deposit interest	931,240	1,191,404
	931,240	1,191,404

Interest of £569,767 was also credited to the Repairs and Renewals Fund.

7. Related Party Transactions

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

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

The Council also paid grants of £2,492,298 to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests. A breakdown is shown in 7.C below.

During 2006/07 the Council had expenditure of £1,037,969 to other Councils and £5,603,827 received from other Councils, of which £123,558 (note 12) was outstanding at 31 March 2007. 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	2006/2007	2005/2006
		£	£
North Belfast Partnership Board	8	0	39,000
East Belfast Partnership Board	4	0	32,620
Total		0	71,620

B: Joint Committees

Belfast City Council made payments to the following Joint Committees:

	2006/2007	2005/2006
	£	£
ARC-21 Set Up	3,035,172	272,204
	3,035,172	274,204

C: Other Organisations

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

	Councillors	2006/2007	2005/2006
		£	£
Belfast Education and Library Board	14	50,000	67,498
Belfast Harbour Commissioners	4	29,138	0
N.I. Local Government Association	17	100,889	125,559
Belfast City Centre Management Company	3	140,000	125,000
Ulster Orchestra	1	133,900	130,000
University of Ulster	2	45,000	0
Belfast First Stop Shop Ltd.	2	0	317,184
Eastern Health and Social Services Board	4	0	26,378
Groundwork Northern Ireland	1	88,196	75,850
Grand Opera Ltd.	1	30,900	30,000
Investment Belfast Ltd.	6	300,000	390,000
Belfast Visitor & Convention Bureau (incorporating Belfast Welcome Centre)	8	1,574,275	1,303,738
		2,492,298	2,591,207

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 2007 was £82,261. At 31 March 2006 the amount outstanding was £100,176.

8. District Rates

	2006/07	2005/06
	£	£
Current Year	96,134,245	88,319,081
Prior year finalisation (estimate/actual)	1,937,347	4,287,440
	98,071,592	92,606,521

9. Fixed Assets

	Intangible Assets £	Land £	Buildings £	Infrastructure Assets £	Community Assets £	Vehicles & Equipment £	Non- Operational £	Work-in- Progress	TOTAL £
Cost or Valuation									
At 1 April 2006	14,700,000	102,765,933	202,997,462	151,400	190	18,167,404	78,482,963	7,823,144	425,088,479
Revaluation		40,046,068	7,397,679	18,900	187,930		21,012,537		68,663,114
Additions (Note 10)						2,618,756		14,698,065	17,316,821
Transfers		580,351	1,130,002			702,361		(2,412,714)	0
Adjustments								(130,806)	(130,806)
Disposals (Note 21)					(187,930)	(2,347,702)			(2,535,632)
At 31 March 2007	14,700,000	143,392,352	211,525,143	170,300	190	19,140,819	99,495,500	19,977,689	508,402,008
Depreciation									
At 1 April 2006	9,500,000	0	5,381,072	3,048	0	8,154,612	0	0	23,038,732
Revaluation			(5,381,072)	(3,048)					(5,384,120)
Disposals (Note 21)						(2,118,061)			(2,118,061)
Provided for year	5,200,000		5,450,778	3,268		2,971,079			13,625,124
At 31 March 2007	14,700,000	0	5,450,778	3,268	0	9,007,629	0	0	29,161,676
Net Book Value									
At 31 March 2007	0	143,392,352	206,074,365	167,032	190	10,133,190	99,495,500	19,977,689	479,240,300
At 31 March 2006	5,200,000	102,765,933	197,616,930	148,352	190	10,012,792	78,482,946	7,823,144	402,049,747

Intangible assets relate solely to landfill closure costs.

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

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

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

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

10. Capital Expenditure

	Note	2006/07 £	2005/06 £
Expenditure			
Land and buildings		0	114,863
Major works		14,698,065	6,366,129
Vehicles, plant, equipment and other		2,618,756	4,033,996
	9	17,316,821	10,514,988
Financed By			
Borrowings:			
Loans	20[c]		
Finance leases	20[c]		
Grants receivable	21	5,166,240	2,492,836
Capital receipts	21		
Sale of fixed assets		513,581	748,057
Revenue contributions to capital	21	10,920,891	6,683,531
		16,600,712	9,924,424
Surplus/(Deficit)		(716,109)	(590,564)
Balance at 1 April 2006		(1,275,706)	(685,142)
At 31 March 2007		(1,991,815)	(1,275,706)

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 are as follows:

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	143,611,500	20,630,770	122,980,730

12. Debtors

	2006/07 £	2005/06 £
a) Long Term Debtors: amounts falling due in more than one year		
Housing Executive	18,434,270	19,561,040
b) Debtors: amounts falling due in less than one year		
Government Departments	5,613,946	7,312,685
Other Councils (note 6)	123,558	1,603,063
Value Added Tax	1,769,507	853,563
Car Loans to Officers	82,261	100,176
Payments in advance		
Other	4,626,788	3,709,763
less: provision for doubtful debts	(54,842)	(59,709)
Total debtors	30,595,488	33,080,579

13. Short-term Investments

	2006/07	2005/06
	£	£
Bank Deposits	32,470,687	30,673,863

14. Creditors

	2006/07	2005/06
	£	£
Amounts falling due in less than one year		
Government Departments	1,792,462	1,854,938
Other Councils	11,156	15,656
Receipts in advance	222,406	-
Other	8,455,579	8,916,137
	10,481,603	10,786,732
Borrowing re-payable within one year	257,144	248,913
Total creditors	10,738,747	11,035,645

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

	2006/07	2005/06
	£	£
Maturing between 1 and 2 years	259,353	257,145
Maturing between 2 and 5 years	2,141,575	2,225,507
Maturing between 5 and 10 years	6,474,501	4,649,921
Maturing in more than 10 years	12,000,000	14,000,000
	20,875,429	21,132,573
<i>Analysis of Total Debt-</i>		
Government Loans Fund	18,132,573	18,381,486
Less Amounts due in 12 months	(257,144)	(248,913)
Mortgages	3,000,000	3,000,000
	20,875,429	21,132,573

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

16. Deferred Liabilities

	2006/07	2005/06
	£	£
Between 1 and 5 years	-	-
In more than 5 years	-	-
	-	-

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

17. Provisions

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

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

The current best estimate of the capitalized cost of pension payments to a number of former employees at 31st March 2007 is £9,418,580. Movements on this provision are as follows:

	2006/07	2005/06
	£	£
Opening balance	8,743,554	8,571,568
Less: payments to NILGOSC	(669,637)	(664,546)
Add:		
Revaluation (note 21)		
amounts arising during the year	1,344,663	836,532
	9,418,580	8,743,554

A provision has been created in respect of the closure of the landfill site at an initial value of £14,700,000. The Consultants WD & RT Taggart have provided an updated estimate of the cost of closure at the Dargan Road Landfill Site based on the current capping specification. This estimate is being reviewed and validated by the Health and Environmental Services Department and it is anticipated that this validation exercise will be completed in 2007/08, after which an agreed revised figure, including after-care costs, will be available. The council plans to increase its provision in keeping with any updated valuation and over the next four years to build up its repairs and renewals fund to match the provision.

A Provision was created in respect of Single Status amounting to £3,000,000 in 2005/06. £435,051 of this was used during 2006/07 leaving a balance of £2,564,949.

A provision of £1,089,000 (2005/06 £1,048,000) has been made in respect of public liability, employer's liability and other claims/legal cases notified but not processed. Adequate insurance arrangements are in place covering the Council's activities as recommended by the Council's Insurance Brokers. The related insurance premiums paid are accounted for in the financial statements. At March 2007 the total liability for legal cases notified but not processed amounted to an estimated potential liability of £2.41m.

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

	Landfill Closure	Single Status	Legal
	£	£	£
Opening balance	14,700,000	3,000,000	1,048,000
amounts arising during the year		(435,051)	
Contributions to Reserve			41,000
Closing Balance	14,700,000	2,564,949	1,089,000

18. Deferred Grants

	2006/07	2005/06
	£	£
Opening balance	4,210,765	1,786,058
Add: new grants received (note 21)	5,166,240	2,492,835
Less: amounts released to the City Fund - Income and Expenditure Account (note 19)	(95,776)	(68,128)
	9,281,229	4,210,765

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.

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

	2006/07	2006/07	2005/06	2005/06
	Note	£	£	£
Surplus/Deficit for year	3	(725,088)		7,637,310
<u>Non-cash transactions</u>				
Contributions to other reserves		3,277,694		567,053
Depreciation	3,9	8,425,124		8,211,584
Deferred Grants amortised in year	3,18,21	(95,776)	11,607,042	(68,128)
<u>Adjustment for items reported separately on Cashflow</u>				
Interest and Investment Income			(931,241)	(1,191,404)
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a)			
Gain or loss on disposal of fixed assets	3		76,026	101,981
<u>Items on an accruals basis</u>				
(Increase)/Decrease in stock			37,676	(127,632)
(Increase)/Decrease in debtors			1,358,323	(4,011,496)
Increase/(Decrease) in creditors			(1,021,238)	941,904
Net Cash Inflow/(Outflow) from Operating Activities		10,401,500		11,959,191

20a) Analysis of Changes in Cash and Cash Equivalents During the Year

	2006/07	2005/06	Change in the year
Notes	£	£	£
Temporary Investments	32,470,687	30,673,863	1,796,824
Cash	4,737,829	2,651,873	2,085,956
Bank Overdraft	(8,363,236)	(5,694,137)	(2,669,099)
Total	28,845,280	27,631,599	1,213,681

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

20b) 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 2006	(3,042,264)	30,673,863	27,631,599	(248,913)	(21,132,573)		6,250,113
Change in Year	(583,144)	1,796,824	1,213,681	(8,231)	257,144		1,462,594
Other non cash changes - new finance leases							
Balance at 31 March 2007	(3,625,408)	32,470,687	28,845,280	(257,144)	(20,875,429)		7,712,707

20c) Reconciliation of Changes in Cash to Movements in Net Debt

	2006/07	2005/06
	£	£
Increase/ (Decrease) in cash in year	(583,144)	(220,504)
Cash inflow from new loans raised	-	-
Cash outflow from:		
Loans repaid	248,913	1,245,558
Increase in temporary investments	1,796,824	6,500,000
	<u>2,045,737</u>	<u>7,745,558</u>
Change in net debt resulting from cash flows	1,462,594	7,525,054
New finance leases	0	0
Net debt b/fwd	6,250,113	(1,274,941)
Net debt c/fwd	7,712,707	6,250,113

20d) Analysis of Government Grants shown in the Cash Flow Statement

	2006/07	2005/06
	£	£
CAPITAL GRANTS	5,166,240	2,492,836
Sub-total	5,166,240	2,492,836
REVENUE GRANTS		
Community Services	1,348,655	1,347,000
Environmental Health	1,391,841	1,278,132
Economic Development	2,536,303	3,057,375
Community Relations		
Recreation Grounds	52,314	634
Sports Development	467,103	54,555
Tourism	529,069	473,800
Arts development	57,204	111,629
Waste Management	245,595	2,042,544
District Policing Partnership	289,048	244,262
Cemeteries, Crematorium and Mortuary	107,500	241,501
Corporate Management	559,484	414,373
Miscellaneous	551,188	515,711
Government Grants Deferred	(95,776)	(68,128)
Sub-total	8,039,527	9,713,389
Total Grants	13,205,767	12,206,225

21. Movement on Reserves

	Fixed Asset Restatement Account £ <i>21a)</i>	Capital Financing Account £ <i>21b)</i>	Useable Capital Receipts Reserve £ <i>21c)</i>	Pension Reserve £ <i>17</i>	Capital Fund £	Renewal & Repairs Fund £ <i>21d)</i>	Election Reserve £	District Fund £ <i>21e)</i>	TOTAL £
<i>Note</i>									
At 1 April 2006 as previously reported	360,562,766	21,300,510	140,648	(8,743,554)		11,662,243	317,101	13,970,946	399,210,660
Prior Year Adjustment						(1,410,000)		1,410,000	0
Balance at 1 April 2006 as restated	360,562,766	21,300,510	140,648	(8,743,554)		10,252,243	317,101	15,380,946	399,210,660
Movements on reserves during the year:									
Capital Grants Released	<i>18, 19</i>	95,776							95,776
Direct Revenue Financing	<i>3,10</i>	10,920,891				6,080,148	79,812		17,080,851
Loans fund principal/depreciation adjustment	<i>3</i>	(13,625,125)							(13,625,125)
Receipts Applied						(3,510,381)		(2,206,323)	(5,716,704)
Payments to NILGOSC	<i>17, 19</i>			669,637					669,637
Disposal of Fixed Assets/Capital Sales	<i>9</i>	(417,572)	425,439						7,867
Capital Receipts used to finance capital expenditure		513,581	(513,581)						0
Revaluation	<i>9</i>	73,916,429		(1,344,663)					72,571,766
Total movements on reserves during the year:									
(Change in Net Worth)		73,498,857	(2,094,876)	(88,142)	(675,026)	2,569,767	79,812	(2,206,323)	71,084,068
At 31 March 2007		434,061,623	19,205,633	52,506	(9,418,580)	12,822,010	396,913	13,174,623	470,294,728

21a) Fixed Asset Restatement Account

The Fixed Asset Restatement Account is debited or credited with the deficits or surpluses that arise on the revaluation of fixed assets as well as being written down by the net book value of assets when they are disposed of. This account cannot be used to support spending.

21b) Capital Financing Account

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

21c) Usable Capital Receipts Reserve

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

21d) 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.

21e) 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 £13,174,623, £2,499,957 relates to expenditure committed at year-end.

Trust Funds

The Council administers funds on behalf of the following trusts:

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

Gas Pension Fund

INCOME AND EXPENDITURE STATEMENT	2006/2007	2005/2006
	£	£
INCOME:		
Investment Income	111,645	124,362
EXPENDITURE:		
Pensions paid	(638,483)	(686,811)
Administration Expenses	(12,598)	(17,782)
Deficit for the year	<u>(539,436)</u>	<u>(580,231)</u>
NET ASSET MOVEMENTS		
Brought forward balance at 01.04.2006	2,725,755	3,209,685
Unrealised gain at 01.04.2006	975,782	869,106
Opening value of fund	3,701,537	4,078,791
Contribution from Belfast City Council		96,300
Add deficit for the year	(539,436)	(580,231)
CHANGE IN MARKET VALUES OF INVESTMENTS		
Realised gain for year	353,656	0
Unrealised Gain/(loss) for Year	(343,660)	106,677
Closing value of fund	<u>3,172,097</u>	<u>3,701,537</u>
FINANCED BY:		
UK Index linked investments	3,399,602	4,332,088
Cash deposits and at bank	0	0
Debtors	28,473	32,066
	3,428,075	4,364,154
Bank balance	(255,978)	(662,617)
Closing value of fund	<u>3,172,097</u>	<u>3,701,537</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 2007 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 2007.

Triennial Actuarial Valuation as at 31 March 2005

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

The main actuarial assumptions are as follows:

Financial Assumptions:

Rate of return on assets 4.7% p.a.

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

Demographic Assumptions:

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

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

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

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

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

Accounts Authorised for Issue

In accordance with Financial Reporting Standard 21 (FRS 21) this Statement of Accounts which contains a number of minor and material amendments from the accounts approved on 15 June 2007 are at today's date hereby authorized for issue. Any material amendments will be explained and reported in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

FRS 21 sets out

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

Signature



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

Date

29 OCTOBER 2007