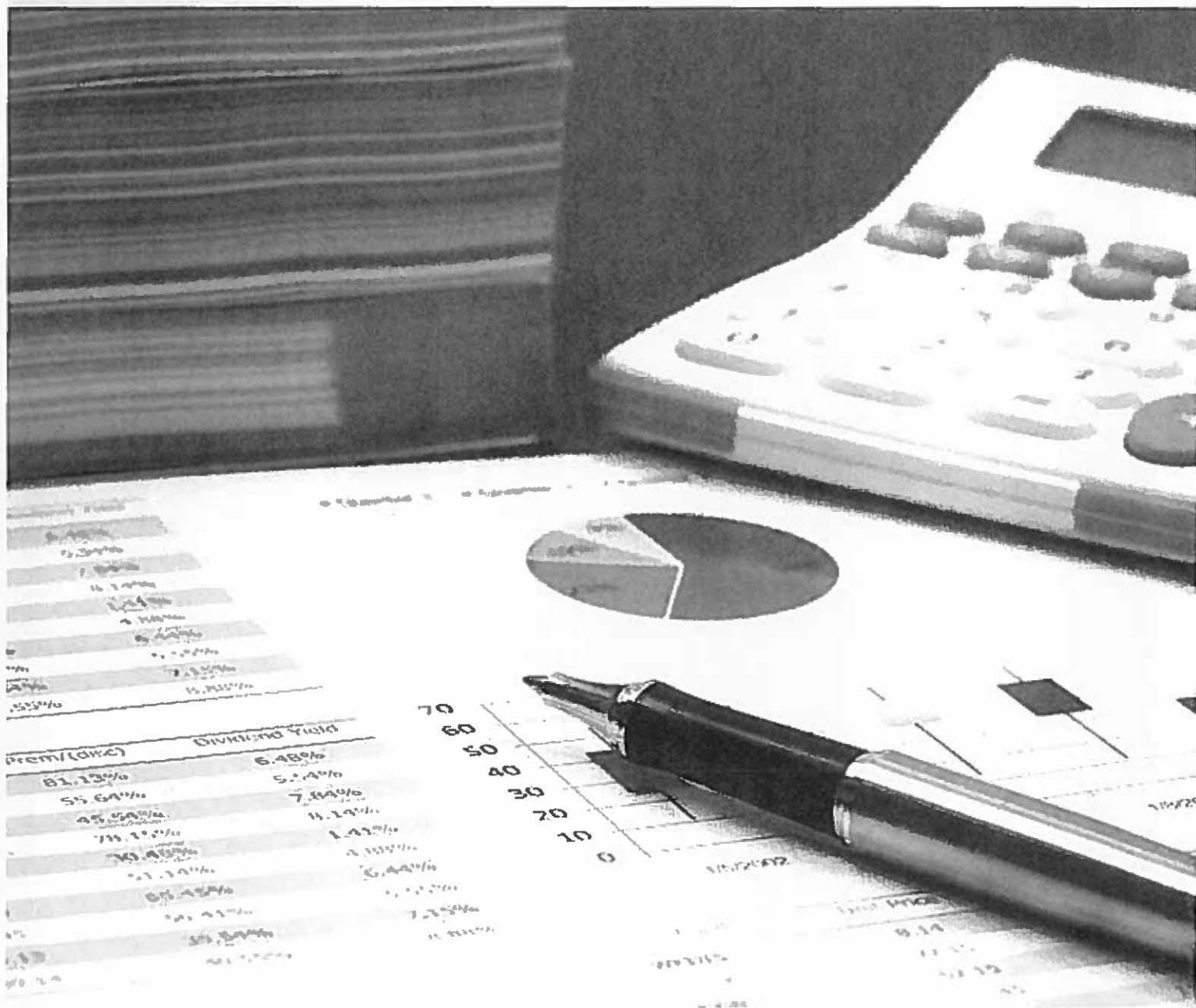


Belfast City Council

Statement of Accounts 2018



Belfast
City Council

BELFAST CITY COUNCIL
Statement of Accounts
For the year ended 31 March 2018

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Narrative Report

Introduction

Organisational overview and external environment

Belfast City Council remains the largest of Northern Ireland's 11 local authorities, serving a population of 339,579 residents, as well as the thousands of people who travel to the city to work, study and visit each day.



With a gross budgeted expenditure of £192.4m million in 2017/18, Belfast City Council's 2,384 employees, led by 60 councillors across 10 electoral areas, carry out six principal roles:

- a civic leadership role to ensure a better quality of life for our citizens;
- provision of a number of services and facilities including planning, parks and leisure, refuse and recycling and community services;
- promoting the arts, tourism, community and economic development;
- regulating and licensing activities relating to environmental health, consumer protection, building and public safety;
- a representative role on a number of bodies and boards, including education and health; and
- a consultative role in relation to functions conducted by other government bodies and agencies on issues such as planning, water, roads and housing.

With our role in leading community planning in Belfast we have published the Belfast Agenda 2017-2035, outlining our priorities for the City which will require collaboration with key partners to ensure delivery of these ambitions for the City.

The key services delivered by the Council are outlined below under our Operational Model and the key objectives of the Council are outlined below under Strategic Performance. The key deliverables for year ended 31 March 2018 reflect the priorities articulated by local people and relate to the council's functions as both a civic leader and service provider.

Operational Model

Each year, the Council must ensure it has the resources it needs to deliver services to the standard expected by its ratepayers. Budget plans are submitted to the relevant committees for approval regarding what the Council hopes to do and how much it will cost. This helps the Council understand how much money is required and, taking account of other sources of income, what 'rate' needs to be set for the city to raise the required money.

The Council's budgeted sources of income for the year ended 31 March 2018 were as follows:

| | |
|--|---------|
| District rate from householders and businesses | £149.5m |
| Fees and charges from services we deliver such as leisure, planning, waste disposal and building control | £19.2m |
| Grants from central government | £10.6m |
| Other | £13.1m |
| Total | £192.4 |

This budgeted income went towards the delivery of the following in the year ended 31 March 2018:

| | |
|--|---------|
| Bins and recycling | £31.8m |
| Community Services | £4.6m |
| Council Management | £39m |
| Councillors | £2.9m |
| Culture and Heritage | £8.7m |
| Economic Development | £8.3m |
| Environmental Health | £13.5m |
| Parks and Leisure | £35.2m |
| Maintenance of properties | £8.4m |
| Services that generate income | £7.6m |
| Planning and Building Control | £7.3m |
| Street cleaning and public toilets | £12m |
| Tourism | £5.1m |
| Urban regeneration and community development | £8m |
| Total | £192.4m |

Governance

The work of Belfast City Council is overseen by the committee structure outlined below and detailed further in our Governance Statement on pages 12- 24. This Annual Governance Statement for 2017/18 highlights the Council's governance arrangements during the year and how significant governance issues are being addressed and actions implemented. A programme management framework is in place to manage both revenue and capital streams of activity for the Council. Directors and Members have oversight in accordance with the terms of reference for the relevant Committee as well as finance reports covering all aspects of Council expenditure being presented to Committee on a quarterly basis. The committee structure is as follows and in addition a Brexit Committee has been established and is responsible for researching, monitoring and reviewing the financial, resource or operational impact upon the Council and the district as a result of the UK's leaving the European Union and for making recommendations to Council on such issues (or to the relevant Standing Committee where appropriate). The first meeting took place in August 2018:



Strategic Performance

The strategic performance of the Council is incorporated in the Belfast City Council's Corporate Plan 2017-21, which includes the Improvement Plan. The Belfast Agenda is published on the Council's website and outlines the Council's ambitions for the City by 2035 as well as the immediate priorities for:

- Growing the economy
- Living here
- City Development
- Working and learning

The Council outlines its priorities within the Corporate Plan 2017-21. These priorities cascade from the longer term outcomes identified in the Council's Community Plan (Belfast Agenda). These priorities are based upon extensive external and internal analysis, including key socio-economic data, analysis of the plans and strategies impacting the city and its communities, performance information and political engagement.

The Council has also incorporated six key improvement objectives included within the Improvement Plan to ensure continuous improvement in the exercise of the Council's functions and alignment with the work the Council is doing to formulate the priorities of the Belfast Agenda.

These six key objectives are:

- Build the city's position as a magnet for Foreign Direct Investment
- Make Belfast a great place to do business by supporting entrepreneurs and business starts
- Deliver an integrated approach to employment and skills
- Design and deliver programmes to address health inequalities in the city
- Deliver the integrated tourism strategy to increase numbers of leisure and business tourists
- Deliver city centre regeneration and investment projects

An annual performance assessment of progress against these objectives is contained within the Corporate Performance Assessment Report to include details of the Council's performance against statutory performance indicators set by the Department.

Financial Statements

The Council's financial performance for the year ended 31st March 2018 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2018 (the Code) and the Department for Communities Accounts Direction, Circular LG 05/2018. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Statement of Accounts explains Belfast City Council's finances during the financial year 2017/18 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

Group Accounts

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Belfast City Council have prepared group financial statements for the financial year 17/18 to include Belfast Waterfront and Ulster Hall Limited (BWUH) and Belfast City Council's contribution to Beltel LLP in relation to the redevelopment of the Belfast Telegraph Building. The results of Beltel LLP are included in the group financial statements and the accounting period of Beltel LLP is now aligned with that of Belfast City Council, 31 March. During the year a wholly owned company, Belfast Gasworks Management Co Ltd was created on 27 October 2017 for the management of the letting of an area within the Ormeau Gasworks site. As the results of this company are not deemed material to Belfast City Council accounts they are not included in the group financial statements.

The Movement in Reserves Statement

This Statement, as set out on page 35, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (Deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net Increase/Decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The group movement in reserves statement on page 111 includes the reserves of BWUH limited, contributing to a decrease of £3.7k on the Group General Fund.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 36, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The group comprehensive income and expenditure statement on page 112 includes the consolidated income and expenditure of BWUH Ltd.

The Balance Sheet

The Balance Sheet, as set out on page 37, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use

(for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council. The group cashflow statement on page 114 includes the cash and cash equivalents of BWUH Ltd, Gas pension Fund and the Council's interests in Beltel LLP.

Expenditure and Funding Analysis

The resourcing of the Council's activities is outlined in the Annual Report, demonstrating the funding available and what services this funding provided for 2017/18.

There have been changes to the way we report our financial performance on the delivery of these services in our financial statements. This change is mainly due to the requirement for Councils to now report financial performance in line with their decision making structure and the introduction of the Expenditure and Funding analysis, as set out in Note 2.

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the Council (i.e. government grants, rates, fees and charges) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Financial performance

For the year ended 31 March 2018, the Council increased its General Fund by £3.4m. The movement in the General Fund is mainly due to the under spend in the year ended 31 March 2018. The Budget plans form part of the Revenue Estimates and in 2017/18 the total net expenditure budget for the Council was set at £154.8m.

The Council's budget was increased by £0.7m of prior year finalisation of district rates. The Council reported £0.4m under spend on service delivery at the year end. Performance against budget for each of the Committees is continuously monitored throughout the year.

This performance is reported to the Strategic Policy and Resources Committee on a quarterly basis. The overall position for the year ended 31 March 2018 is mainly due to additional unbudgeted income being received during the year e.g. government supported scheme, fluctuating waste disposal costs and underspends in employee costs due to pending structural reviews and ongoing organisational development.

The Cost of Services on Continuing Operations of £166.8m, as reported in the Comprehensive Income and Expenditure Statement, also includes the accounting cost of providing services in

addition to the amount to be funded from taxation. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £17.6m. This net expenditure is reported under our Committee structure and our Comprehensive and Expenditure Statement for 2016/17 has been restated accordingly.

Borrowings

For the 2017/18 year the Council has an authorised borrowing limit of £174m. This is based on the Council's forecast capital expenditure plans over the medium to long term. In conjunction with the Council's Capital Financing Requirement of £94.3m, this ensures that the Council only borrows for capital purposes. During the year, the Council repaid external loans of £4.84m. The Council borrowed £5m to fund ongoing capital projects. At 31 March 2018, the total amount outstanding on external loans was £36.8m, of this total £0.4m 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.

Capital Expenditure

The total net expenditure reported in the Comprehensive Income and Expenditure Statement includes allocations of £5.5m to fund capital expenditure. Expenditure on capital projects during the year amounted to £22m, the most significant spend was on Andersonstown Regeneration £4m, Olympia/Windsor Regeneration £4m, Robinson Centre £2.8m, Pitches Strategy £2.3m, Fleet Replacement Programme £1.8m and Tropical Ravine £1.7m.

There were significant impairments during the year, as detailed on page 81. These impairments have arisen due firstly to a reduction in value of the Gasworks Site by £4.4m. This is due to a large repairs expenditure in 2017/18 which impacted the discounted cash flow model used to value this investment property. In addition, expenditure during the year of £563k for the Connswater Community Greenway has been re-measured to £1 as it is accounted for as a Community Asset following the annual valuation as at March 2018 by Land and Property Services.

The former Andersonstown Leisure Centre (net book value £5.18m), Clonduff Drive Community Centre and Playing Fields (combined net book value £194k) were demolished to enable the construction of new sports facilities.

Strategy and Resource allocation

When setting the district rate for 2017/18 consideration was given to the following key financial factors for the Council:

- The main uncontrollable cost risk to the Council in the medium term, is the impact of externally imposed increases to the Council's pay bill, such as the nationally negotiated pay awards, the introduction of the apprenticeship levy and the effect of the national living wage. These combined with inflation levels at 3% exert financial pressure on the District Rate which are beyond the Council's control
- The Council will face significant year on year increases in costs in several areas such as waste disposal costs where the arc21 residual waste contract and interim arrangements become operational, increased resources to deliver priorities under the Belfast Agenda and continued investment in large scale capital projects such as the Leisure Transformation Programme
- The Council's income streams are under risk with the uncertain political environment which could have an impact on both EU and Central Government funding. Work is ongoing with Land and Property Services (LPS) and the Institute of Revenues Ratings and Valuations (IRRV) to provide assurances on the rates base in this challenging economic landscape

- The Council continues to develop its Efficiency Programme through a targeted work stream of activities delivering savings of £2m in 17/18 and savings of £3m in 2018/19 which have already been factored into the budget setting process and should help minimise the burden on the ratepayer of the cost pressures highlighted above.

Outlook

The Council is fully aware that it is operating in an increasingly challenging economical and political environment to deliver business as usual as well as our ambitions for the City under the Belfast Agenda. The Council strives to deliver at the highest of standards and these efforts have been recognised in the many awards achieved by the Council in the year ended 31 March 2018, including:

- Northern Ireland Local Government Association (NILGA) Award for Best Local Authority Elected Member Initiative for its joint member-officer Women's Leaders Programme
- Winner of the Good Governance category at the inaugural Public Finance Innovation Awards hosted by the Chartered Institute of Public Finance and Accountancy (CIPFA) for Belfast City Council's leadership in spearheading the city's digital reboot programme, Super Connected
- The Council was awarded the Overall NI Family Friendly Employer of the Year 2017 for its staff support
- Chief Executive Suzanne Wylie awarded the 'Public Sector Director of the Year' accolade at the prestigious Institute of Directors (IoD) NI First Trust Bank Director of the Year Awards.
- Belfast Waterfront rose above stiff competition to be named the UK's Best Event Space 2017 as the only venue in Northern Ireland with the size and flexibility to host large scale international events accommodating up to 5,000 delegates.

The Council seeks out opportunities to pursue additional funding streams for the City, adopting innovative approaches to delivering services and working in partnership to ensure the City optimises its resources to deliver on its six key objectives. A few of the current initiatives the Council is currently developing are outlined below:

- Smart City Framework – the Council adopt a leadership role to establishing a City Data Platform, a Smart Belfast portal which is a critical resource for a modern Belfast to stage challenges, promote and share learning and attract investment. This will be the foundation for the rates forecasting model and Planning Growth tool to encourage innovative solutions for increasing economic growth for the City.
- 100RC - Belfast is the only city in Ireland, and one of only five in the UK to have been selected from over 1,000 applicant cities to participate in the 100 Resilient Cities Network- pioneered by The Rockefeller Foundation (100RC). The aim of this network is to partner with cities to build resilience to the shocks and stresses of the 21st Century, share international challenges and lessons learned, and to build a global community of urban resilience experts. The funding available has allowed Belfast to recently appoint a Commissioner for Resilience who reports directly to the Chief Executive and will work with our council and our partners to build our city's ability to plan for and manage any threats and vulnerabilities that we have as a city, such as weaknesses in our economy, segregation, poor infrastructure, risks of flooding and cyber attack.

- City Deal- the City deal model is the UK Government's innovative strategy for building stronger urban and regional growth via smarter, more localised and growth focused investment decision-making. It is an exciting initiative collaborating with our neighbouring councils, NI Executive and UK Government to deliver an integrated economic growth programme. An initial proposal has been developed which sets out an ambition for up to £1bn investment in the city-region through a 10-year programme which could act as catalyst to lever substantial private sector investment across the region and to support economic resilience.

- The PEACE IV Programme - is a cross-border initiative designed to support peace and reconciliation in Northern Ireland and the border region. Funding of £8.79m has been awarded from the European Union PEACE IV Programme managed by the Special EU Programmes Body (SEUPB) and also includes funding from the Executive Office in Northern Ireland and the Department of Rural and Community Development in Ireland and will be used by Belfast City Council to improve the lives of children and young people, build positive relations and shared spaces across the city.

These initiatives enhance the Council's opportunities to develop services, deliver on our key objectives for the City and grow the City to make it a leading destination to live, work, visit and invest.

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

The Council's Responsibilities

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a council shall make arrangements for the proper administration of its financial affairs. A council shall designate an officer of the council as its chief financial officer and these arrangements shall be carried out under the supervision of its chief financial officer.

Under Regulation 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 the Council, or a Committee, is required by resolution, to approve the accounts.

These accounts were approved by the Chief Financial Officer on 29 June 2018.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

Annual Governance Statement 2017/2018

The Council's Annual Governance Statement (AGS) follows DfC accounts directions and where applicable, the factsheet on governance statements issued by the NIAO in 2013, and comprises the following sections:

- Scope of responsibility
- The purpose of the governance framework
- The governance framework
- Review of effectiveness
- Update on the significant governance issues that were declared at the year-end 2017
- Significant governance issues for the year-end 2018

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 and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under Part 12 of the Local Government Act (Northern Ireland) 2014 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

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 new CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016 edition)*. This statement explains how the Council has complied with the code and meets the requirements of the Local Government (Accounts and Audit) Regulations (Northern Ireland 2015) in relation to the publication of an annual governance statement.

The purpose of the governance framework

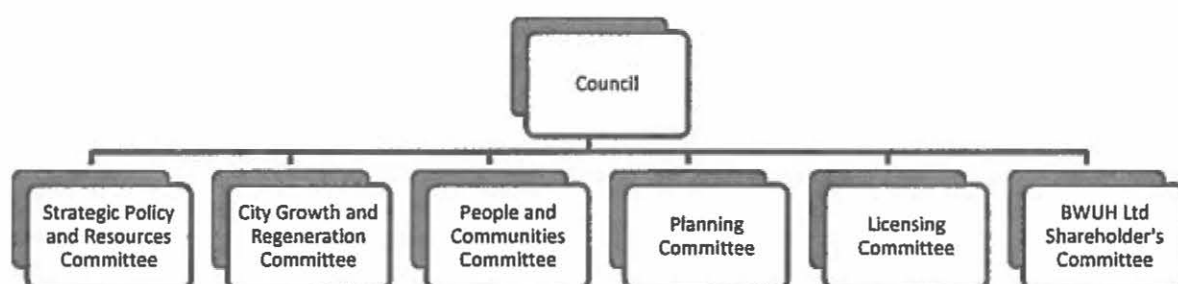
The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives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

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

The governance framework continues to be in place at Belfast City Council for the year ending 31st March 2018 and up to the date of approval of the Annual Governance Statement and statement of accounts. The following section sets out the key elements of the governance framework.

The governance framework

Our committee structure, which is based on the full council and six standing committees is illustrated and described below.



Through the work of committees, our Members oversee the work of the council. All committee decisions need to be ratified by the full council except where committees have been granted delegated authority to make decisions.

The full council, which consists of all 60 elected representatives, is the overarching decision-making body.

The Strategic Policy and Resources Committee is responsible for setting the strategic direction of the Council through the development of its corporate plan and other key corporate and cross cutting strategies and policies. It will also ensure effective use of resources and value for money for ratepayers, and oversee the Council's relationship with a number of key agencies and partners.

The City Growth and Regeneration Committee is responsible for the development and implementation of strategies, policies, programmes and projects directed to the

regeneration and growth of the city in the context of the outcomes agreed in the community and corporate plans and other corporate strategy.

The People and Communities Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at improving life at a local level in the context of the outcomes agreed in the community and corporate plans and other corporate strategy.

The Planning Committee is responsible for all of the Council's planning functions, except those matters, which are delegated to officers or reserved to full Council.

The Licensing Committee is responsible for the consideration of all matters pertaining to policy and legislation in relation to licensing issues.

The Belfast Waterfront and Ulster Hall Ltd Shareholders' Committee is responsible for making the decisions required by the Shareholders' Agreement and ensure that the company complies with the contract for the operation of the venues.

In addition to the Committees listed in the diagrams above there are ten Working Groups established which include the Audit & Risk Panel, the Budget and Transformation Panel and four Area Working Groups.

In June 2018, the Council appointed a Commissioner for Resilience, fully funded by the organisation '100 Resilient Cities'. The Commissioner who reports directly to the Chief Executive, will work with Council officers and city partners to design and implement a resilience strategy for Belfast, focusing on economic resilience.

The Audit & Risk 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, which is relied upon by the Council, to the extent that it exposes it to risk and weakens the control environment. The Audit & Risk Panel met four times during 2017/18.

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

A: Behaving with integrity

- Shared values communicated via corporate plan, community plan and key strategies
- Codes of conduct for Members & staff
- PDP / appraisal process for Members & staff
- Gifts and hospitality and conflicts of interest policies & registers in place
- Fraud & whistleblowing policies and investigations
- Good Relations Unit
- Equality & Diversity Framework
- Council constitution, standing orders & scheme of delegation
- Expert professional advice
- Partners and contractors required to comply with relevant policies

B: Ensuring openness

- Council / committee meetings open to the public and agendas / minutes on website with a process in place for time bound restrictions
- Belfast Agenda developed via extensive consultation and engagement with public "Belfast Conversation" events as well as statutory and other key partners
- Statement of Community Involvement for production of the Local Development Plan
- Ongoing consultation and engagement with staff & trade unions
- Corporate communications
- Annual financial report and annual report to Equality Commission published on BCC website
- Partnership / legal agreements with GLL, Active Belfast, arc21, BWUH Ltd, Visit Belfast, Bel Tel LLP and Belfast Gasworks Management Company Limited
- "Your Say" consultation hub on BCC website

C: Defining outcomes

- Belfast Agenda outlines long term economic, social and environmental benefits
- Preferred Options Paper for the Local Development Plan sets out how strategic aims align to Belfast Agenda
- Corporate plan aligned to the Belfast Agenda
- City centre regeneration & investment strategy
- Physical Investment Programme
- Leisure transformation programme
- Grant funding processes
- Equality Impact Assessments

D: Optimising the achievement of outcomes

- Corporate plan aligned to delivery of Belfast Agenda
- Consultation and engagement processes
- Strategic financial management framework in place, including quarterly challenge process.
- Performance management framework
- Regular reports on progress of our performance improvement plan (corporate plan) to CMT and SP&R
- Risk management strategy & framework
- Commercial Panel aims to ensure that commercial activity places an emphasis on outcomes

E: Developing capacity & capability

- Creation of Strategic Hub
- Benchmarking activity
- Efficiency programme
- Regular performance monitoring of the delivery of improvement objectives
- Learning and development policy
- Health and wellbeing strategy
- Appraisal scheme in place for Chief Officers, Heads of Service and Senior Managers
- PDPs for officers and Members
- Member capacity building plan in place for 2017/18
- Continuing Development Programme in place for the Planning Committee
- Party group briefings
- Commercial Panel to lead on the development of commercial skills

F: Finance, performance and risk management

- Strategic financial management framework in place
- Efficiency programme
- Performance management framework
- Corporate performance management (CorVu) system in place
- Financial resilience review
- Risk management strategy
- Corporate risk management system (MKinsight) and processes / procedures in place
- Regular reporting of finance, risk & performance
- Audit and Risk Panel
- Internal audit function / annual internal audit strategy & plan in place
- Recommendations Monitor process
- Data protection policy and procedures

G: Transparency, reporting & effective accountability

- BCC website regularly updated
- Publication of key reports including the annual financial report; annual governance statement; performance improvement report and annual report to Equality Commission
- Committee support framework to approve papers prior to submission to Members
- AGRS (internal audit) annual assurance statement within the annual governance statement
- Internal Audit effectiveness annually reviewed against public sector internal audit standards, with an independent external review every five years
- Internal / external audit recommendations followed up as part of recommendations monitoring process every six months

The Deputy Chief Executive and Director of Finance and Resources is the Council's designated Chief Financial Officer under the Local Government Finance Act (Northern Ireland) 2011, responsible for the proper administration of the Council's financial affairs.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), subject to the implementation of the Fraud Action Plan, the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

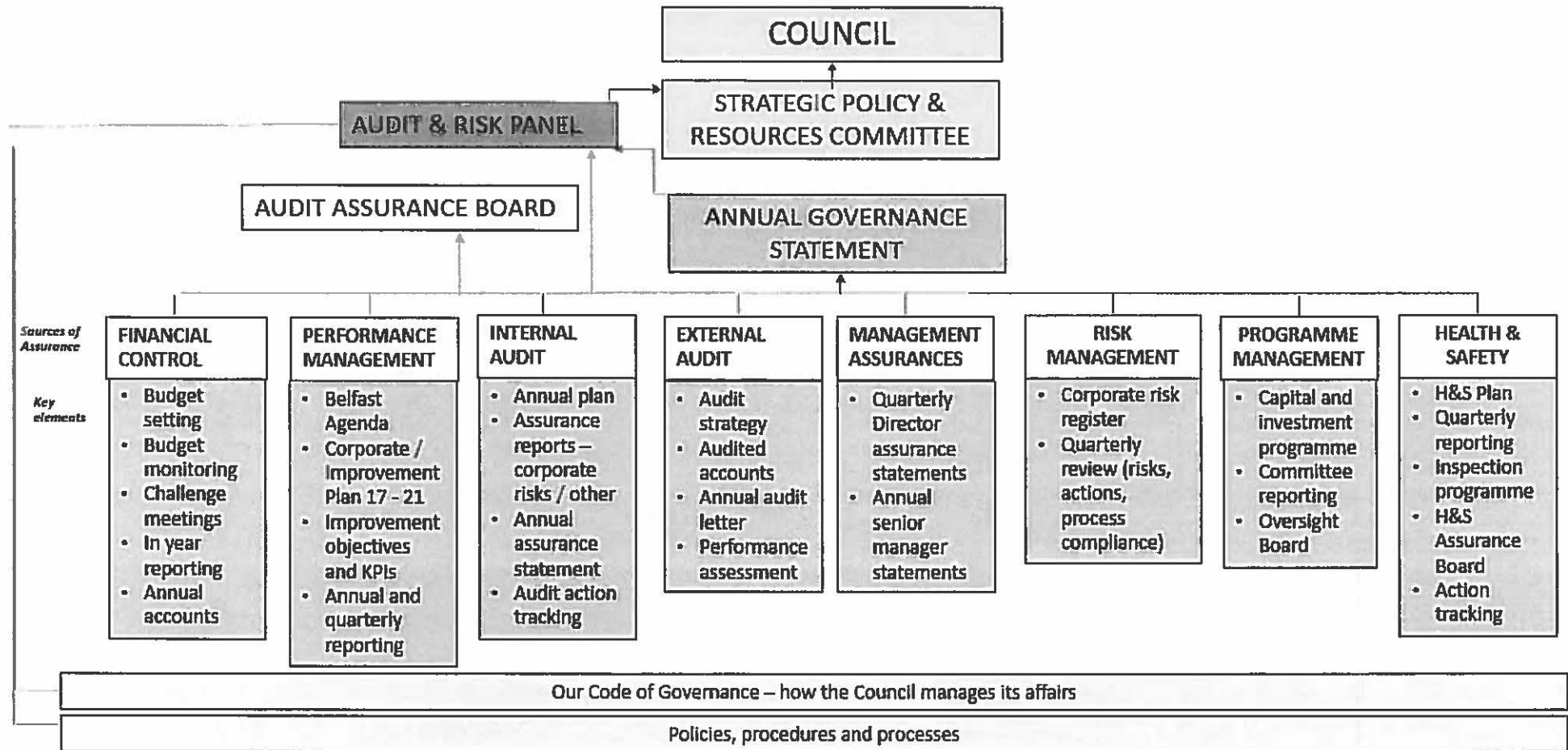
The CIPFA Statement on the Role of the Head of Internal Audit (2010) sets out the five principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit (HIA) in public service organisations and the organisational arrangements needed to support them.

The Head of AGRS, and the supporting operational arrangements in place, conform to the five principles set out in the CIPFA Statement. This is demonstrated through a self-assessment exercise undertaken by AGRS. While the principles state that the HIA should not be responsible for preparing the annual governance report, the arrangements within the Council, involve AGRS co-coordinating the preparation of the Annual Governance Statement which is then reviewed and approved by the Corporate Management Team, Assurance Board and Audit and Risk Panel, before being signed by the Chair of Strategic Policy & Resources, the Chief Executive and the Deputy Chief Executive and Director of Finance and Resources.

Review of Effectiveness

The following diagram illustrates the Assurance Framework in place that provides information on compliance with the various elements of the Council's Governance Framework, including performance reports, health and safety reports, finance reports, internal audit reports and risk management reports.

Key Components of the Council's Assurance Framework



The various in year and year-end reports arising from the Assurance Framework are reviewed and approved by the Audit and Risk Panel and Strategic Policy and Resources Committee annually.

In addition, the review of the effectiveness of the Governance Framework is also informed by:

- the annual review and update of the Code of Governance;
- comments or recommendations made by the external auditors during their annual audit; and
- the Head of Audit Governance and Risk Services (AGRS) annual assurance statement for the period ending 2017/18, which gives an opinion on the Council's risk and control environment.

An extract from the Head of AGRS Annual Assurance Statement for the period ending 2017/18 is given below:

"As Head of Audit, Governance and Risk Services (AGRS), on the basis of work carried out, I can provide a reasonable assurance regarding the adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is based on the following:

- *evidence from audit assignments that areas subject to detailed internal audit during 2017/18, in that AGRS has been able to provide positive statements of assurance with the majority of audits falling into the 'some improvement needed' category - the 2nd tier of assurance in the 4 tier model (see Table 2 at section 3 of this report)*
- *application of risk management and management assurance processes and our review of the management of key corporate risks*
- *the evidence set out in the review of the Council's Code of Governance and Annual Governance Statement regarding the range of key assurance and governance arrangements that the Council has in place to direct / oversee its activities.*

However, some weaknesses and areas for improvement have been identified through audit work. These have been reported in detail to the Council's Assurance Board and Audit and Risk Panel during 2017/18 through quarterly progress reports. In addition, I have highlighted, where appropriate, where further action is required to implement agreed audit actions.

In comparison with previous years, there are more assurance audits falling into the 'major improvement needed' category. This is a concern. I have highlighted to senior management through the Assurance Board (and related reporting to the Corporate Management Team), that while no 'red' audit reports have been issued, it is important that some of the recurring themes arising in these audits are addressed. These include ensuring that:

- *roles and responsibilities for the management and maintenance of key policies are clear. This includes ensuring clear ownership and accountability. In this regard, the proposed policy management process, which is due to be implemented by Legal Services during 2018/19, has the potential to secure improvements;*
- *there is effective management of change, whilst also ensuring ongoing management of risks and performance of 'business as usual'. In this regard, management has proposed a new taskforce approach to oversee organisational change;*

- *appropriate programme / project management arrangements are in place to deliver changes and improvements. This applies in particular to revenue spend programmes / projects. The establishment of the new Strategic Hub presents an opportunity to implement improvements in this regard;*
- *there are robust management, oversight and assurance mechanisms in relation to key risk areas and functions, supported by appropriate management information. AGRS will continue to emphasise the importance of this through its audit and risk management (facilitation) work.*

With regard to risk management, during 2017/18 AGRS has undertaken independent 'assurance' reviews of the management of a number of the key corporate risks. While these reviews have confirmed the focus of management on these key risks, our work has identified that further action is required to implement risk action plans and reduce risk exposure to target levels. These include the development and effective operation of 'oversight' arrangements as well as operational controls."

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

- a process whereby senior managers are required to sign annual assurance statements;
- a process whereby Directors are required to sign quarterly assurance statements;
- embedding risk management and developing the arrangements for oversight of the management of these risks;
- business planning and related performance reporting arrangements;
- an Audit and Risk Panel;
- a professional internal audit function, which has been reviewed for effectiveness against the CIPFA Code of Practice for Internal Audit in Local Government; and
- a Health & Safety Assurance Board.

Update on the Significant Governance Issues that were declared at the year-end 2017

Six issues were declared last year and three of these continue to be declared as issues in this year's statement (waste management, digital information security and procurement). An update on the action that was taken regarding the remaining three issues that were declared last year (agreement and delivery of the Community Plan / Belfast Agenda, the organisation's transformation programme and external fraud) is provided below.

Agreement and delivery of the Community Plan / Belfast Agenda

We undertook the following actions to manage the risk:

- Held an inaugural Community Planning Partnership meeting in February 2018 to engage partners on the ambition of the Belfast Agenda and the work required to deliver the 2017-2021 priorities
- Commenced work with partners on detailed action planning to identify progress against Stretch Goal targets any opportunities or gaps in Stretch Goal delivery

Currently staff are working towards the next stage of engagement with partners in parallel with the following:

- Finalising the appropriate governance structures and reporting regime for the Belfast Agenda
- Agreeing and implement performance management arrangements, with reference to the agreed outcomes framework
- Agreeing the Inclusive Growth Framework for the Belfast Agenda
- Implementing a pilot of the City Dashboard
- Continuing to put resources in place to support the ambition of the Strategic Hub.

Organisation's Transformation Programme

We undertook the following actions to manage this risk:

- Designing and establishing a new organisational functional blue print.
- Recruiting a range of Strategic & Operational Directors job roles including designing appropriate organisational structures and delivering leadership development.
- Driving a range of priority projects including City & Neighbourhood Services, Place & Economy, Legal & Civic Services, Property & Projects and HR/Payroll system.
- Continuing to implement the agreed Member Development Framework and Health & Wellbeing Strategy.

The Council is now developing the next phase of the transformation or continuous improvement programme. At present the activities are focused on the following:

- Agreeing the detailed priorities for the Continuous Improvement programme plan, which will finalise the structure changes across Council and implement further efficiency and effectiveness improvements.
- Identify a suite of enabling activities that will underpin the Continuous Improvement programme and wider organisational performance.
- Agree the resourcing strategy for the next phase of the Continuous Improvement programme.
- Develop a communications strategy for Members and Staff.
- Continue to put resources in place to support the ambition of the Strategic Hub.

External fraud

Following the fraudulent change of bank details of one of the Council's main vendors, revised control procedures in the Central Transactions Unit (CTU) were implemented in 2013. In a recent report, Audit Governance and Risk Services highlighted that during a period of management / supervisory change in CTU, there had been delays in completion of some of the supervisory checks over the critical change process. A new CTU Manager has been appointed and has taken up post and management / supervisory checks are being completed within designated timescales. The control procedures have also been reviewed to ensure resources are targeted at key risk actions.

Significant Governance Issues for the year-end 2018

The significant governance issues for 2017/18 were identified through the review of the risks in the Corporate Risk Register for the year ending 31 March 2018, consideration of significant events / issues and review of the Directors' Annual Assurance Statements.

The most significant issues for the Council are in relation to:

1. Waste management
2. Digital Information Security
3. Procurement and Contract Management
4. Bonfire management
5. Change management
6. Belfast Region City Deal

More information on these significant governance issues is provided on the following pages.

1. Waste Management

The impact of the failure to manage the City's waste targets in an affordable manner is significant in relation to the financial penalties that can be imposed. Key actions have been undertaken to mitigate against the likelihood of this with the draft Waste Framework that is currently out to public consultation and the commitment of Capital investment for key elements of the service. The monitoring of our existing waste contracts is ongoing. In addition we will continue to monitor the position of the proposed arc21 Residual Waste Treatment Project following the Court of Appeal's judgment in July 2018 in relation to planning permission, and the subsequent decision by the Department for Infrastructure not to appeal this ruling.

2. Digital Information Security

Security of our information assets remains a concern. Digital Services uses its resources to deliver a securely designed infrastructure, continually improve the maturity of security processes and to ensure security controls are in place to detect threats to the ICT environment. The delivery of a secure ICT Infrastructure aligns security activities with business need in order to optimise security budgets and resources.

Additional actions that will be carried out to mitigate this key corporate risk in 18-19 include:

- Establishing a Security Oversight Group within Digital Services to oversee:
 - Security strategy and policy (aligned with the Information Governance Unit)
 - Security Architecture
 - Current state assessment
 - Security Programme of work (including implementation of audit actions from the recent IT Infrastructure, Security and Business Continuity Audit)
 - Measuring performance
- Revising ICT security strategy against business impact assessment
- Investigation of tools to detect approved and non-approved use of cloud-based services

3. Procurement and Contract Management

Procurement and contract management was identified as a new corporate risk last year. It continues to be a challenge due to the increasingly complex nature of the Council's procurement requirements, current capacity issues and issues in relation to compliance with policies and

procedures. Following a recent management review and audit, Council has agreed to a new staffing structure for the Procurement Service, following recruitment, a priority will be to develop and deliver an improvement plan to address these issues.

4. Bonfire Management


Bonfires are a very complex legacy issue and a framework for managing them needs to be agreed at a regional level and the Council has a role to play in this process. Given the issues that arose in the summer of 2017, Council commissioned an independent review of bonfire management, with the report issued in April 2018. The Council is committed to fully implementing the recommendations in the report and new governance arrangements have been put in place for taking these forward.

5. Change management

An overarching issue for the Council is the management of change. The Council is going through a period of significant change arising from; the need to deliver the Belfast Agenda and the related Corporate Plan; the recruitment of Strategic and Operational Directors and; the way we operate in an increasingly complex and uncertain environment. A new Director of City and Organisational Strategy has been appointed to lead a Strategic Hub to support the organisation during this period of change and enable delivery of the Belfast Agenda.

6. Belfast Region City Deal

In November 2017 the UK Government announced that they would open negotiations on the Belfast Region City Deal. This creates the opportunity for the delivery of a transformative programme of investment across the six Council areas that have formed a partnership to negotiate the Deal with the UK and Northern Ireland Governments. Delivery of the deal may require the establishment of new financing and governance arrangements involving a range of partners. The Deputy Chief Executive, and SRO for the City Deal project, will lead a working group on Finance and Governance to develop governance proposals relating to the implementation of the City Deal for agreement by Councils and other partners.

Signed: 
Chair Strategic Policy and Resources Committee

Signed: 
Chief Executive Officer

Signed: 
Chief Financial Officer

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2018

INTRODUCTION

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a remuneration report as part of the statement of accounts.

ALLOWANCE AND REMUNERATION ARRANGEMENTS

COUNCILLORS

Allowances are payable by councils to councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and The Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012, which came into operation on 1 April 2012.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2017 were issued by the Department for Communities in February 2017 (Circular LG 03/2017). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Belfast City Council had 60 councillors in 2017/18.

SENIOR EMPLOYEES

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the National Joint Council (NJC) for Local Government Services. Senior staff are those staff who are members of the Corporate Management Team, namely Chief Executive and Directors.

Council appointments of employees are made in accordance with the Local Government Staff Commissions' Code of Procedures on Recruitment and Selection, which requires appointment to be on merit and on the basis of fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended.

ALLOWANCES PAID TO COUNCILLORS

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

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

| Allowance | 2017/18 | | 2016/17 | |
|--|-----------------------|--|-----------------------|---|
| | Total Allowances £ | Number of Councillors receiving the Allowance | Total Allowances £ | Number of Councillors receiving the Allowance |
| Basic Allowance | 849,435 | 60 | 848,445 | 60 |
| Special Responsibility Allowance | 107,580 | 41 | 107,661 | 35 |
| Lord Mayor Allowance | 34,800 | 1 | 34,800 | 1 |
| Deputy Lord Mayor Allowance | 6,250 | 1 | 6,250 | 1 |
| PCSP Allowance | 13,620 | 27 | 14,940 | 24 |
| High Sheriff's Allowance | 6,250 | 1 | 6,249 | 1 |
| Subsistence | 7,812 | 38 | 5,273 | 22 |
| Mileage Allowance | 11,410 | 38 | 15,640 | 36 |
| Courses/ Conferences Visits (registration & joining fees) | 25,345 | 38 | 13,699 | 39 |
| Telephone rental | 4,261 | 18 | 3,914 | 16 |
| Miscellaneous costs | 2,834 | 15 | 908 | 2 |
| Other travel allowance | 27,076 | 44 | 14,323 | 21 |
| TOTAL ALLOWANCES | 1,096,673 | - | 1,072,102 | - |

Details of the allowances paid to individual councillors in 2017/18 are published on the council website at www.belfastcity.gov.uk/council/freedomofinformation/councillorexpenditures.aspx. The above table provides further information and details on the allowances paid to councillors to that published on the council website.

The following is a summary of resignation and appointments of councillors during 2017/18:

Mervyn Jones passed away on 1 June 2017 and Councillor Peter McReynolds was co-opted on 28 June 2017.

Janice Austin resigned on 18 October 2017 and was replaced by Councillor Orla Nic Biorna on 19 October 2017

David Bell resigned on 5 December 2017 and was replaced by Councillor Danny Baker on 8 December 2017

Gareth McKee resigned on 28 December 2017 and was replaced by Councillor Dale Pankhurst on 30 January 2018

Gerard McCabe resigned on 15 January 2018 and was replaced by Councillor Ryan Murphy on 23 January 2018

James McVeigh resigned on 2 February 2018 and was replaced by Councillor Claire Canavan on 5 February 2018

REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees covers the Corporate Management Team. The following table provides details of the remuneration paid to senior employees in 2017/18:

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

| Officers | 2017/18 | | | | 2016/17 | | | |
|--|--|----------------------|------------------|--------------------|--|----------------------|------------------|--------------------|
| | Salary (Full year equivalent in brackets where applicable) £'000 | Bonus Payments £'000 | Benefits in kind | Total £'000 | Salary (Full year equivalent in brackets where applicable) £'000 | Bonus Payments £'000 | Benefits in kind | Total £'000 |
| Chief Executive- Suzanne Wylie | 135-140 | - | - | 135-140 | 130-135 | - | - | 130-135 |
| Director of Finance & Resources - Ronan Cregan | 105-110 | - | - | 105-110 | 105-110 | - | - | 105-110 |
| Director of Property & Projects - Gerry Millar | 100-105 | - | - | 100-105 | 100-105 | - | - | 100-105 |
| Director of City & Neighbourhood Services - Nigel Grimshaw | 95-100 | - | - | 95-100 | 95-100 | - | - | 95-100 |
| Director of City Centre Development- Nuala Gallagher | 95-100 | - | - | 95-100 | 75-80 (95-100 FYE) | - | - | 75-80 (95-100 FYE) |
| City Solicitor - John Walsh | 95-100 | - | - | 95-100 | 90-95 | - | - | 90-95 |
| Director of Organisational Development - Jill Minne* | 5-10 (95-100 FYE) | - | - | 5-10 (95-100 FYE) | 95-100 | - | - | 95-100 |
| Director of Planning & Place - Phil Williams* | 70-75 (90-95 FYE) | - | - | 70-75 (90-95 FYE) | 90-95 | - | - | 90-95 |
| **Director of Economic Development - John Greer | 0-5 (80-85FYE) | - | - | 0-5 (80-85FYE) | - | - | - | - |
| **Director of City & Organisational Strategy - John Tully | 5-10 (100-105 FYE) | - | - | 5-10 (100-105 FYE) | - | - | - | - |

*Two directors left the Council in the 2017-18 year. Director of Organisational Development Jill Minne left in April 2017, and the Director of Planning & Place Phil Williams left in December 2017.

**Two directors joined the Council in the 2017-18 year, John Greer (Director of Economic Development) and John Tully (Director of City and Organisational Strategy) both joined in March 2018.

Councils are required to disclose the relationship between the remuneration of the highest paid member of the Corporate Management Team and the median remuneration of the Councils workforce.

The banded remuneration of the highest paid member of the Corporate Management Team in the financial year 2017/18 was £135k - £140k. This was 6.1 times the median remuneration of the workforce, which was £22,658.

Table 3: Relationship between the remuneration of the highest paid member of the Corporate Management Team and the median remuneration of the Councils workforce (audited information)

| | 2017/18 £'000 | 2016/17 £'000 |
|--|------------------|------------------|
| Salary Band of Highest Paid member of the Corporate Management | 135-140 | 130-135 |
| Median Total Remuneration | 22.7 | 22.4 |
| Ratio | 6.1 | 5.9 |

In 2017/18, no employees received remuneration in excess of the highest paid member of the Corporate Management Team.

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

Salary

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

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Exit Packages for staff

The number of exit packages provided to staff by the Council during 2017/18, together with total cost per band and total cost of the voluntary redundancies, as agreed under the Council's voluntary redundancy scheme, are set out in the table below:

Table 4: Exit Packages In 2017/18 (audited information)

| Severance Package Cost Band | 2017/18 | | | | 2016/17 | | | |
|-----------------------------|-----------------------------------|-----------------------------------|---|--|-----------------------------------|-----------------------------------|---|--|
| | Number of Compulsory Redundancies | Number of Other departures agreed | Total Number of Exit Packages In each Cost Band | Total Cost of Packages in each Cost Band £'000 | Number of Compulsory Redundancies | Number of Other departures agreed | Total Number of Exit Packages In each Cost Band | Total Cost of Packages in each Cost Band £'000 |
| £0 - £20,000 | - | 7 | 7 | 67 | - | 1 | 1 | 17 |
| £20,001 - £40,000 | - | 4 | 4 | 135 | - | 9 | 9 | 246 |
| £40,001 - £60,000 | - | 6 | 6 | 278 | - | 6 | 6 | 315 |
| £60,001 - £80,000 | - | 2 | 2 | 156 | - | 5 | 5 | 341 |
| £80,001 - £100,000 | - | 4 | 4 | 370 | - | - | - | - |
| £100,001 - £150,000 | - | 3 | 3 | 360 | - | 2 | 2 | 200 |
| £150,001 - £200,000 | - | 2 | 2 | 312 | - | - | - | - |
| £200,001 - £250,000 | - | 1 | 1 | 209 | - | - | - | - |
| Total | - | 29 | 29 | 1,887 | - | 23 | 23 | 1119 |

Pension Benefits

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

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

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

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

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2017, were as follows:

Table 5: Employee Contribution Rates

| Band | Range | Employee Contribution Rate |
|------|-------------------|----------------------------|
| 1 | £0 - £14,100 | 5.5% |
| 2 | £14,101 - £21,500 | 5.8% |
| 3 | £21,501 - £35,900 | 6.5% |
| 4 | £35,901 - £43,400 | 6.8% |
| 5 | £43,401 - £85,800 | 8.5% |
| 6 | More than £85,800 | 10.5% |

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

Table 6: Employer Contribution Rates

| Year | Employer Contribution Rate |
|------------------------------|--|
| 1 April 2017 - 31 March 2018 | 18% + 2% deficit recovery contribution |
| 1 April 2018 - 31 March 2019 | 19% + 2% deficit recovery contribution |
| 1 April 2019 - 31 March 2020 | 20% + 2% deficit recovery contribution |

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2017/18 was £154,733.

The value of pension benefits of the most senior management of the Council accrued during the year was as follows:

Table 7: Pension Benefits of senior staff in 2017/18 (audited information)

| Officers | Accrued Pension at pension age as at 31/03/18 and related lump sum (LS) £'000 | Real increase in pension and related lump sum at pension age £'000 | CETV at 31/3/18 £'000 | CETV at 31/3/17 £'000 | Real increase in CETV £'000 |
|-----------------|---|--|-----------------------|-----------------------|-----------------------------|
| Suzanne Wylie | 50-55 | (0-2.5) | 862 | 796 | 35 |
| | 105-110 (LS) | 0-2.5 (LS) | | | |
| Ronan Cregan | 45-50 | 0-2.5 | 776 | 728 | 14 |
| | 80-85 (LS) | (0-2.5) (LS) | | | |
| Gerry Millar | 45-50 | (0-2.5) | 1,032 | 1,038 | (37) |
| | 105-110 (LS) | (0-2.5) (LS) | | | |
| Nigel Grimshaw | 0-5 | 0-2.5 | 47 | 25 | 12 |
| | 0 (LS) | 0 (LS) | | | |
| Nuala Gallagher | 0-5 | 0-2.5 | 33 | 14 | 8 |
| | 0 (LS) | 0 (LS) | | | |
| John Walsh | 30-35 | 0-2.5 | 558 | 517 | 16 |
| | 55-60 (LS) | (0-2.5) (LS) | | | |

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Chief Financial Officer



Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2018 on pages 35 to 126 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 39 to 62 and page 115.
- (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 ending 31st March 2018.

Chief Financial Officer



Date 21/9/18

These accounts were approved by resolution of the Strategic Policy & Resource Committee on 21 September 2018

Chairperson



Date

21/09/18

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELFAST CITY COUNCIL

Opinion on financial statements

I have audited the financial statements of Belfast City Council and its group for the year ended 31 March 2018 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, together with the Group Accounts and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18, of the financial position of Belfast City Council and its group as at 31 March 2018 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis of opinions

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

Other Information

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

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

Opinion on other matters

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and

- the information given in the Narrative Report for the financial year ended 31 March 2018 is consistent with the financial statements.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the year end.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Matters on which I report by exception

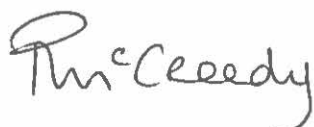
I have nothing to report in respect of the following matters which I report to you if:

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or
 - adequate accounting records have not been kept; or
 - the Statement of Accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
 - I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or

- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Certificate

I certify that I have completed the audit of accounts of Belfast City Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



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

27 September 2018

Belfast City Council
Movement in Reserves Statement for the year ended 31 March 2018

| | General Fund Summary | Other Fund Balances and Reserves £ | Capital Receipts Reserve £ | Total Usable Reserves £ | Total Unusable Reserves £ | Total Council Reserves £ |
|--|-------------------------|---|-------------------------------------|-------------------------------|---------------------------------|--------------------------------|
| Balance as at 1 April 2016 | 19,181,234 | 27,679,322 | 1,263,369 | 48,123,925 | 465,337,854 | 513,461,779 |
| Movement in reserves during the year | | | | | | |
| Surplus/ (Deficit) on the provision of services | (16,988,256) | - | - | (16,988,256) | - | (16,988,256) |
| Other Comprehensive Income and Expenditure | - | - | - | - | (11,265,430) | (11,265,430) |
| Total Comprehensive Income and Expenditure | (16,988,256) | - | - | (16,988,256) | (11,265,430) | (28,253,686) |
| Adjustments between accounting basis & funding under regulations | 20,212,285 | (3,070,139) | 369,088 | 17,511,234 | (17,552,405) | (41,171) |
| Net Increase before transfers to Statutory and Other Reserves | 3,224,029 | (3,070,139) | 369,088 | 522,978 | (28,817,835) | (28,294,857) |
| Transfers to / from Statutory and Other Reserves | (2,260,540) | 2,260,540 | - | - | - | - |
| Other movements | 844,729 | 283,411 | - | 1,128,140 | 2,603,150 | 3,731,290 |
| Increase/(Decrease) in year | 1,808,218 | (526,188) | 369,088 | 1,651,118 | (26,214,685) | (24,563,567) |
| Balance as at 31 March 2017 | 20,989,452 | 27,153,134 | 1,632,457 | 49,775,043 | 439,123,169 | 488,898,212 |
| Movement in reserves during the year | | | | | | |
| Surplus/ (Deficit) on the provision of services | (17,635,955) | - | - | (17,635,955) | - | (17,635,955) |
| Other Comprehensive Income and Expenditure | - | - | - | - | 23,892,284 | 23,892,284 |
| Total Comprehensive Income and Expenditure | (17,635,955) | - | - | (17,635,955) | 23,892,284 | 6,256,329 |
| Adjustments between accounting basis & funding under regulations | 21,750,500 | (276,792) | 3,107,000 | 24,580,708 | (24,684,708) | (104,000) |
| Net Increase before transfers to Statutory and Other Reserves | 4,114,545 | (276,792) | 3,107,000 | 6,944,753 | (792,424) | 6,152,329 |
| Transfers to / from Statutory and Other Reserves | (1,430,134) | 1,430,134 | - | - | - | - |
| Other movements | 734,733 | (65,170) | - | 669,563 | (247,987) | 421,576 |
| Increase/(Decrease) in year | 3,419,144 | 1,088,172 | 3,107,000 | 7,614,316 | (1,040,411) | 6,573,905 |
| Balance as at 31 March 2018 | 24,408,596 | 28,241,306 | 4,739,457 | 57,389,359 | 438,082,758 | 495,472,117 |

Belfast City Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

| | | 2017/18 | | | Restated 2016/17 | | |
|--|-------|--------------------|----------------------|---------------------|--------------------|----------------------|--------------------|
| | | Gross Expenditure | Gross Income | Net Expenditure | Gross Expenditure | Gross Income | Net Expenditure |
| | Notes | £ | £ | £ | £ | £ | £ |
| Service Expenditure | | | | | | | |
| Strategic Policy & Resources | 2 | 62,655,671 | (9,437,721) | 53,217,950 | 58,601,852 | (9,972,973) | 48,628,879 |
| City Growth & Regeneration | 2 | 31,889,241 | (11,462,686) | 20,426,555 | 29,485,306 | (8,045,319) | 21,439,987 |
| People & Communities | 2 | 106,898,004 | (15,984,609) | 90,913,395 | 126,608,580 | (15,004,163) | 111,604,417 |
| Planning & Licencing | 2 | 7,835,696 | (5,595,361) | 2,240,335 | 7,220,402 | (6,098,230) | 1,122,172 |
| Cost of Services on Continuing Operations | | 209,278,612 | (42,480,377) | 166,798,235 | 221,916,140 | (39,120,685) | 182,795,455 |
| Other Net Operating Expenditure | 8 | 5,166,932 | - | 5,166,932 | 3,710,502 | - | 3,710,502 |
| Financing and Investment Income and Expenditure | 9 | 10,607,076 | (6,894,671) | 3,712,405 | 4,996,832 | (13,970,237) | (8,973,405) |
| (Surplus) or Deficit on Discontinued Operations | | | | - | | | - |
| Share of Operating Results of associates and joint ventures | 30 | - | - | - | - | - | - |
| Net Operating Expenditure | | 225,052,620 | (49,375,048) | 175,677,572 | 230,623,474 | (53,090,922) | 177,532,552 |
| Taxation and Non-Specific Grant Income | 10 | (21,440) | (158,020,177) | (158,041,617) | 1,672,075 | (162,216,371) | (160,544,296) |
| (Surplus)/Deficit on the Provision of Services | | 225,031,180 | (207,395,225) | 17,635,955 | 232,295,549 | (215,307,293) | 16,988,256 |
| (Surplus)/Deficit on revaluation of non-current assets | 11 | | | (24,906,284) | | | (18,228,570) |
| Surplus/(Deficit) arising on revaluation of available-for-sale financial assets | 27 | | | - | | | - |
| Remeasurements of the Net Defined Benefit Liability (Asset) | 20 | | | 1,014,000 | | | 29,494,000 |
| Share of Other Comprehensive Expenditure & Income of associates and joint ventures | 30 | | - | - | | | - |
| Other Comprehensive Income and Expenditure | | | | (23,892,284) | | | 11,265,430 |
| Total Comprehensive Income and Expenditure | | | | (6,256,329) | | | 28,253,686 |

Belfast City Council
Balance Sheet as at 31 March 2018

| | Note | 31st March 2018 | 31st March 2017 |
|---|-------|--------------------|--------------------|
| | | £ | £ |
| Fixed Assets | 11 | 667,564,799 | 646,270,937 |
| Long Term Investments | | - | - |
| Investment in Associates and Joint Ventures | 30 | 3,346,932 | 3,070,140 |
| Long Term Debtors | 15 | 1,137,030 | 1,296,062 |
| LONG TERM ASSETS | | 672,048,761 | 650,637,139 |
| Short Term Investments | | - | - |
| Inventories | 14 | 326,164 | 295,715 |
| Short Term Debtors | 15 | 17,525,840 | 21,920,844 |
| Cash and Cash Equivalents | 25 | 10,418,212 | 7,317,266 |
| Assets Held for Sale | 11 | - | 3,197,000 |
| CURRENT ASSETS | | 28,270,216 | 32,730,825 |
| Bank Overdraft | 25 | - | - |
| Short Term Borrowing | 16 | 4,158,529 | 163,482 |
| Short Term Creditors | 17 | 25,161,702 | 27,011,604 |
| Provisions | 18 | 2,906,973 | 2,584,680 |
| CURRENT LIABILITIES | | 32,227,204 | 29,759,766 |
| Long Term Creditors | 17 | 60,848 | 82,707 |
| Provisions | 18 | 1,749,239 | 1,716,737 |
| Long Term Borrowing | 16 | 32,604,494 | 36,444,276 |
| Other Long Term Liabilities | 20 | 136,947,942 | 125,832,942 |
| Donated Assets Account | 21 | 10,001 | 10,001 |
| Capital Grants & Receipts in Advance | 22,23 | 1,247,132 | 623,323 |
| LONG TERM LIABILITIES | | 172,619,656 | 164,709,986 |
| NET ASSETS | | 495,472,117 | 488,898,212 |
| USABLE RESERVES | | | |
| Capital Receipts Reserve | 26 | 4,739,457 | 1,632,457 |
| Capital Fund | 26 | 25,669,445 | 24,567,205 |
| Leisure Mobilisation Fund | 26 | 1,704,334 | 1,945,000 |
| Other Balances and Reserves | 26 | 867,527 | 640,929 |
| General Fund | 26 | 24,408,596 | 20,989,452 |
| | | 57,389,359 | 49,775,043 |
| UNUSABLE RESERVES | | | |
| Capital Adjustment Account | 27 | 417,064,424 | 427,822,657 |
| Revaluation Reserve | 27 | 159,528,493 | 138,508,289 |
| Pensions Reserve | 27 | (136,947,942) | (125,832,942) |
| Accumulated Absences Account | 27 | (1,344,230) | (1,374,835) |
| Provisions Discount Rate Reserve | 27 | (217,987) | - |
| | | 438,082,758 | 439,123,169 |
| NET WORTH | | 495,472,117 | 488,898,212 |

Belfast City Council
Cash Flow Statement at 31 March 2018

| | Note | 2017/18 | 2016/17 |
|--|-----------|-------------------|---------------------|
| | | £ | £ |
| Net Deficit on the provision of services | | (17,635,955) | (16,988,256) |
| Adjustment for non-cash movements | | 43,284,071 | 45,393,067 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | | (5,709,582) | (6,289,437) |
| Net cash flows from operating activities | 25 | 19,938,534 | 22,115,374 |
| Cash flows from Investing Activities | 25 | (16,992,852) | (48,349,864) |
| Net Cash flows from Financing Activities | 25 | 155,264 | 1,846,249 |
| Net increase or decrease in cash and cash equivalents | | 3,100,946 | (24,388,242) |
| Cash and cash equivalents at the beginning of the reporting period | | 7,317,266 | 31,705,507 |
| Cash and cash equivalents at the end of the reporting period | | 10,418,212 | 7,317,266 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/8 financial year and its position at the year-end of 31 March 2018. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

ii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in six months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iii) Contingent Assets

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

iv) Contingent Liabilities

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

v)

Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis at the earlier of:

- a) when the offer cannot be withdrawn or
- b) when the related restructuring costs are incurred.

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

Post Employment Benefits

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

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.6%. A discount rate is required to be set equal to the current rate of return on an AA rated (or equivalent) corporate bond "of equivalent currency and term to the scheme liabilities". The discount rate is based on the AON Hewitt GBP Select AA Curve using the duration of the Council's liability.

The assets of the Northern Ireland Local Government Officers' pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unitised securities – current bid price

The change in the net pensions liability is analysed into seven components:

Within the Cost of Services

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

Past Service Cost – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan).

Any Gains or Losses on Settlement – (where applicable) arising where a council enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

Within Financing and Investment Income and Expenditure

Net Interest on the Net Defined Benefit Liability (Asset) – the change in the net defined benefit liability (asset) that arises from the passage of time.

Within Other Comprehensive Income and Expenditure (Remeasurements)

The Return on Plan Assets – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). This includes interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Actuarial Gains and Losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

Within the Movement in Reserves Statement Appropriations

Contributions by Scheme Participants – the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future).

Contributions by the Employer – the increase in scheme assets due to payments into the scheme by the employer.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Northern Ireland Local Government Officers' pension fund.

vi) **Events After the Balance Sheet Date**

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

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

The 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.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

vii) **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

viii) **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

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

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

ix) Financial Instruments

Most financial instruments held by Councils would fall to be classified into just one class of financial liability and two classes of financial assets:

Financial Liabilities
Amortised Cost

Financial Assets
Loans and Receivables
Available for Sale

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

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

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

Financial Assets

Financial assets are classified into two types:

- a. loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- b. available-for-sale assets – that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- a. instruments with quoted market prices – the market price
- b. other instruments with fixed and determinable payments – discounted cash flow analysis
- c. equity shares with no quoted market prices – independent appraisal of company valuations.

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

x) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xi) Government Grants and Contributions

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

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

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xii) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the District Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5k) the Capital Receipts Reserve.

xiii) Inventories & Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First In First Out (FIFO) basis as recommended by International Accounting Standard 2 Inventories (IAS2).

Long Term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

xiv) **Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xv) **Landfill Allowance Scheme**

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

xvi) **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee - Finance Lease

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- b. a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise district rates to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

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

The Council as Lessor - Finance Lease

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

Lease rentals receivable are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease asset (long term debtor) together with any premiums received, and
- b. finance income (credited to the Financing and Investment income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset (debtor). At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Council as Lessor - Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvii) **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Held for Sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as Held for Sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be decommissioned i.e. abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts greater than £5k received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against district rates, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xviii) **Overheads and Support Services**

The majority of overheads and support services are included in the expenditure of the Strategic Policy & Resources Committee in the Comprehensive Income and Expenditure Statement.

xix) **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. The Council applies a de-minimis level of £25k to Plant & Machinery, Information Technology equipment, Fixtures & Fittings and Office equipment, meaning only assets over £25k are capitalised.. Subsequent capital expenditure is only capitalised where it provided an enhancement to the economic benefits of the asset in excess of those previously addressed.

Measurement

Assets are initially measured at cost, comprising:

- a. the purchase price
- b. any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- community assets – at a nominal value as advised by the Independent Chartered Surveyor
- short life assets, including road vehicles, plant and equipment, fixtures and fittings, office equipment, and IT and IT equipment – depreciated historic cost as an estimate of fair value
- surplus assets – fair value (at highest and best use)
- investment properties – measured initially at cost and subsequently at fair value as outlined in accounting policy note xiv
- all other assets – service potential (current value)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Valuation

The Council operates a rolling programme for the revaluation of Land and Buildings with approximately 25% of these being revalued by physical inspection each year and the remainder being revalued by a desktop exercise. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- a. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), with any excess charged to the service line in the Comprehensive Income and Expenditure Statement.
- b. where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

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

Depreciation

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

Depreciation is calculated on a straight-line basis on the following classes of tangible asset:

- buildings, installation and fittings are depreciated on their fair value over the estimated remaining lives of those assets as advised by the Independent Chartered Surveyors. Depending on the type of building, installation or fitting the maximum useful life will be a range up to 60 years.
- infrastructure assets, short-life assets, including road vehicles, plant and equipment, fixtures and fittings, office equipment, and IT and IS equipment are depreciated over their estimated useful lives.

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Depreciation is calculated on the following bases:

- straight-line allocation of the estimated useful lives
- depreciation is charged in the month of capitalisation but not in the month of disposal

Componentisation

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

Componentisation is only applicable to larger value land and buildings or equipment assets. The Council applies the following de-minimis levels in relation to componentisation:

- a component should be valued separately if it is greater than or equal to 3% of the total value of the asset and
- the individual component has a valuation of greater than or equal to £300k

Revaluations

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

xx)

Heritage Assets

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

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

The Council's collection of Heritage Assets (Works of Art and Civic Items) is reported in the balance sheet at insurance valuation, which is based on market values, or if it is not possible to obtain a valuation, they are maintained at historical cost less any depreciation, amortisation or impairment losses. These insurance valuations based on market values are updated on a periodic basis. Summary information on Heritage Assets has been provided for transactions in 2016/17 and 2017/18 financial years. Detailed information relating to transactions has not been included for prior years as it would not be practical to do so and there is little value added for the users of the accounts.

xxi) Doubtful debts

A review of debt recoverability is undertaken at year end to determine the level of doubtful debts and an impairment loss is recognised in respect of specific debts where recoverability is uncertain.

xxii) Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

xxiii) **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against District Rates for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxiv) **Charges to Revenue for Non-Current Assets**

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

- a. depreciation attributable to the assets used by the relevant service
- b. revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- c. amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance]. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by minimum revenue provision [MRP] in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxv) Revenue Expenditure Funded from Capital under Statute

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

xxvi) Value Added Tax

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

xxvii) The Carbon Reduction Commitment Scheme (CRC)

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is produced (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption and these costs were £158k for 2017/18.

xxviii) Landfill Exploration and Evaluation

The Council considers the facts and circumstances to determine whether an exploration and evaluation asset should be recognised in respect of the landfill site including assessment of the amount, timing and certainty of future cash flows under IFRS 6. The Council's landfill site produces gas to generate electricity and the income from this electricity generation is reducing year on year due to environmental and other uncontrollable variables. In 2017-18 the costs of production of gas outweighed the income and resulted in a net loss of £63k. The Council does not recognise any asset in respect of this gas production as any forecasting or estimating of future income is uncertain. The Council cannot reliably measure or value such an asset under IAS 38.

xxix) **Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

xxx) **Capital Receipts Unapplied**

This represents capital receipts that are held on the balance sheet to finance future capital expenditure. Income from disposal of fixed assets is posted into the capital receipts unapplied account until such time as it is allocated to finance other capital expenditure.

The amount of £250k in capital receipts unapplied relates to the proceeds from a disposal to the NIHE which will be used to finance a playground.

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

Accounting changes that are introduced in the 2018/19 code are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers
- amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.

c Critical Judgements in Applying Accounting Policies

In applying accounting policies set out from 1a above the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Landfill Provision

The calculation of the necessary financial provision for the capping and aftercare costs for the landfill site depends on a judgement around the appropriate discount rate to be used and the number of years over which these costs need to be provided. The landfill provision figures are sensitive to the assumptions used. The impact of amending the interest rates used to discount this provision has been mitigated through the creation of a Provision Discount Rate Reserve to accommodate fluctuations in the current value of the annual calculation of long term provisions for landfill costs.

d Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Pension Liability

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 and the projected service cost for the year ending 31 March 2019 is set out in Note 20.

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Expenditure and Funding Analysis

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

| | 2017/18 | | | 2016/17 | | |
|---|--|--|--|---|--|--|
| | Net Expenditure Chargable to the General Fund | Adjustments between the Funding and Accounting basis | Net Expenditure in the Comprehensive Income and Expenditure Statement | Net Expenditure Chargable to the General Fund | Adjustments between the Funding and Accounting basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
| | £ | £ | £ | £ | £ | £ |
| Strategic Policy & Resources | 48,981,261 | (4,236,689) | 53,217,950 | 50,211,483 | 1,582,604 | 48,628,879 |
| City Growth & Regeneration | 14,357,901 | (6,068,654) | 20,426,555 | 16,514,004 | (4,925,983) | 21,439,987 |
| People & Communities | 74,330,146 | (16,583,249) | 90,913,395 | 75,046,494 | (36,557,923) | 111,604,417 |
| Planning & Licencing | 1,659,623 | (580,712) | 2,240,335 | 979,558 | (142,614) | 1,122,172 |
| Net Cost of Services | 139,328,931 | (27,469,304) | 166,798,235 | 142,751,539 | (40,043,916) | 182,795,455 |
| Other Income and Expenditure | (142,748,075) | 6,414,205 | (149,162,280) | (144,559,757) | 21,247,442 | (165,807,199) |
| (Surplus) or Deficit | (3,419,144) | (21,055,099) | 17,635,955 | (1,808,218) | (18,796,474) | 16,988,256 |
| Opening General Fund | | | 20,989,452 | | | 19,181,234 |
| Surplus/ (Deficit) on General Fund Balance In Year | | | 3,419,144 | | | 1,808,218 |
| Closing General Fund | | | 24,408,596 | | | 20,989,452 |

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b Note to the Expenditure and Funding Analysis

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

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

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts | Adjustments for Capital Purposes | Net Change for the Pension Adjustments | Other Statutory Adjustments | Other Differences | Total |
|---|----------------------------------|--|-----------------------------|-------------------|--------------|
| | £ | £ | £ | £ | £ |
| Strategic Policy & Resources | (4,190,363) | (3,298,634) | (174,092) | 3,426,400 | (4,236,689) |
| City Growth & Regeneration | (3,807,215) | (498,514) | (7,325) | (1,755,600) | (6,068,654) |
| People & Communities | (12,615,309) | (3,725,416) | (1,858) | (240,666) | (16,583,249) |
| Planning & Licencing | - | (575,722) | (4,990) | - | (580,712) |
| Net Cost of Services | (20,612,887) | (8,098,286) | (188,265) | 1,430,134 | (27,469,304) |
| Other Income and Expenditure from the Expenditure and Funding Analysis | 9,146,929 | (1,972,714) | (25,277) | (734,733) | 6,414,205 |
| Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | (11,465,958) | (10,071,000) | (213,542) | 695,401 | (21,055,099) |

**Adjustments between Funding and Accounting Basis
2016/17**

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts | Adjustments for Capital Purposes | Net Change for the Pension Adjustments | Other Statutory Adjustments | Other Differences | Total |
|---|----------------------------------|--|-----------------------------|-------------------|--------------|
| | £ | £ | £ | £ | £ |
| Strategic Policy & Resources | (2,396,373) | 62,116 | (42,887) | 3,959,748 | 1,582,604 |
| City Growth & Regeneration | (3,156,900) | (120,618) | (4,257) | (1,644,208) | (4,925,983) |
| People & Communities | (35,026,050) | (875,217) | (601,656) | (55,000) | (36,557,923) |
| Planning & Licencing | - | (120,322) | (22,292) | - | (142,614) |
| Net Cost of Services | (40,579,323) | (1,054,041) | (671,092) | 2,260,540 | (40,043,916) |
| Other Income and Expenditure from the Expenditure and Funding Analysis | 24,218,012 | (2,124,959) | (882) | (844,729) | 21,247,442 |
| Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | (16,361,311) | (3,179,000) | (671,974) | 1,415,811 | (18,796,474) |

3 Expenditure and Income Analysed by Nature

| Expenditure | | 2017/18 | 2016/17 |
|--|-------|--------------------|--------------------|
| | Notes | £ | £ |
| Employee Benefits Expenses | 7 | 84,658,091 | 82,950,960 |
| Other Services Expenditure | | 107,809,591 | 110,997,825 |
| Support Service Recharges | | - | - |
| Depreciation, Amortisation, Impairment | 4 | 20,234,636 | 30,051,043 |
| Interest Payments | 9a | 1,749,388 | 1,709,347 |
| Loss (Gain) on the Disposal of Assets | 8a | 5,166,932 | 3,710,502 |
| Other Expenditure | | 5,412,542 | 2,875,872 |
| Total Expenditure | | 225,031,180 | 232,295,549 |

| Income | | 2017/18 | 2016/17 |
|--|-------|----------------------|----------------------|
| | Notes | £ | £ |
| Fees, Charges and other service Income | | (42,480,377) | (39,120,685) |
| Interest and Investment Income | | (6,894,671) | (13,970,237) |
| District rate Income | 10d | (150,540,780) | (148,284,081) |
| Government grants and Contributions | 10d | (7,479,397) | (13,932,290) |
| Support Service Income | | - | - |
| Other Income | | - | - |
| Total Income | | (207,395,225) | (215,307,293) |

| | | | |
|--|--|-------------------|-------------------|
| (Surplus) or Deficit on the Provision of Services | | 17,635,955 | 16,988,256 |
|--|--|-------------------|-------------------|

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

| | | 2017/18 | | 2016/17 | |
|--|-------|-------------|--------------------------|------------|--------------|
| | Notes | £ | £ | £ | £ |
| Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year: | | | | | |
| Impairments (losses & reversals) of non-current assets | | - | | - | |
| Derecognition (other than disposal) of non-current assets | 11 | - | | | |
| Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services | 11 | 4,974,816 | | 16,047,198 | |
| Depreciation charged in the year on non-current assets | 11 | 15,259,820 | 20,234,636 | 14,003,845 | 30,051,043 |
| Net Revenue expenditure funded from capital under statute | 11 | | - | | - |
| Carrying amount of non current assets sold | 8 | 8,612,078 | | 4,122,115 | |
| Proceeds from the sale of PP&E, investment property and intangible assets | 8,25 | (3,445,146) | 5,166,932 | (411,613) | 3,710,502 |
| Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | 23 | | - | | - |
| Net charges made for retirement benefits in accordance with IAS 19 | 20 | | 23,597,000 | | 17,056,000 |
| Direct revenue financing of Capital Expenditure | 12,27 | | (5,518,199) | | (4,296,859) |
| Capital Grants and Donated Assets Receivable and Applied in year | 10b | | (2,541,228) | | (8,947,963) |
| Capital Grants Receivable and Unapplied in year | 10c | | - | | - |
| Rates Claw-Back Reserve | 23 | | - | | - |
| Adjustments in relation to Short-term compensated absences | 27 | | (30,605) | | 72,107 |
| Adjustments in relation to Lessor Arrangements | | | 26,160 | | 599,867 |
| Landfill Regulations Reserve Adjustment | 27 | | - | | - |
| Provisions Discount Rate Reserve Adjustment | 27 | | 217,987 | | - |
| Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year | | | | | |
| Statutory Provision for the financing of Capital Investment | 27 | | (5,876,183) ¹ | | (4,155,412) |
| Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners | 20 | | (13,526,000) | | (13,877,000) |
| | | | 21,750,500 | | 20,212,285 |

| b Net transfers (to)/from statutory and other earmarked reserves: | | | | | |
|---|-------|-------------|-------------|-------------|-------------|
| | | 2017/18 | 2017/18 | 2016/17 | 2016/17 |
| | Notes | £ | £ | £ | £ |
| Capital Fund | | | | | |
| Interest | | - | - | - | - |
| From Capital | | - | - | - | - |
| Other | 26 | (1,514,399) | (1,514,399) | (2,161,588) | (2,161,588) |
| Leisure Mobilisation Fund | | | | | |
| Interest | | - | - | - | - |
| Other | 26 | 240,666 | 240,666 | 55,000 | 55,000 |
| Capital Receipts Reserve | | | | | |
| Interest | | - | - | - | - |
| Other | 26 | - | - | - | - |
| Other Funds and earmarked reserves | | | | | |
| Interest | | (6,401) | - | (3,952) | - |
| From Other funds | | - | - | - | - |
| Other | 26 | (150,000) | (156,401) | (150,000) | (153,952) |
| | | | (1,430,134) | | (2,260,540) |

5 Cost of Services on Continuing Operations

a General power of competence

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

There was no expenditure under the power of competence during 2017/18.

b External Audit Fees

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

| | 2017/18 | 2016/17 |
|---------------------------|---------|---------|
| | £ | £ |
| External Audit Fees | 78,000 | 75,000 |
| National Fraud Initiative | - | 2,161 |
| Performance Audit | 22,200 | 20,298 |
| | 100,200 | 97,459 |

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above.

6 Operating and Finance Leases

Council as Lessor

a Finance Leases (Council as lessor)

The Council had leased out property to a local bank on a finance lease that was surrendered at a cost of £950k in January 2018. This is due to the redevelopment of Anderstown Leisure Centre and the cost of buying out the lease is included in the overall costs of the new centre. The Council leases out a number of land assets by long term leases with lease terms from 250 to 999 years. The leases for 250 years are on a perpetual basis and it is assumed the leases will be renewed so the economic substance is similar to disposal. The rental income is either nil or 5p per annum. Rent is not normally received on these properties and future minimum lease income is assumed to be nil.

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

| Gross receivables from finance leases | 2017/18 | 2016/17 |
|---|---------|---------|
| | £ | £ |
| Long Term Debtors | | |
| Finance leases- gross receivables | - | - |
| Less - Unearned finance income | - | - |
| Less - Unguaranteed residual value of property | - | - |
| Net Present Value | - | - |
| Short Term Debtors | | |
| Finance leases- gross receivables | - | 27,038 |
| Less - Unearned finance income | - | (878) |
| Less - Unguaranteed residual value of property | - | - |
| Net Present Value | - | 26,160 |
| Gross receivables from finance leases | | |
| No later than 1 year | - | 27,038 |
| Later than 1 year and no later than 5 years | - | - |
| Later than 5 years | - | - |
| Total gross receivables | - | 27,038 |
| Less-Unearned future finance income on finance leases | - | (878) |
| Less-Unguaranteed residual value of property | - | - |
| Net investment in finance leases | - | 26,160 |

The net investment in finance leases may be analysed as follows:

| | 2017/18 | 2016/17 |
|---|---------|---------|
| | £ | £ |
| No later than 1 year | - | 26,160 |
| Later than 1 year and no later than 5 years | - | - |
| Later than 5 years | - | - |
| Total gross receivables | - | 26,160 |

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

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

No contingent rents were recognised as receivable by the Council.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average interest rate contracted is approximately Nil% (comparative year 3.35%)

b Operating Leases (Council as lessor)

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £6,714,318 (prior year £6,796,415).

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 1 and 125 years. Future minimum lease income is set out below:

| | 2017/18 | | 2016/17 | |
|---|--------------------|-------------------------------|--------------------|-------------------------------|
| | Land and Buildings | Vehicles, Plant and Equipment | Land and Buildings | Vehicles, Plant and Equipment |
| | £ | £ | £ | £ |
| Minimum lease rentals receivable: | | | | |
| No later than 1 year | 6,298,405 | - | 6,167,975 | - |
| Later than 1 year and no later than 5 years | 21,087,235 | - | 20,273,463 | - |
| Later than 5 years | 422,161,184 | - | 397,641,536 | - |
| | 449,546,824 | - | 424,082,974 | - |

The assets leased by the Council to third parties are included in the following categories of Property, Plant and Equipment with carrying values of:

| | 2017/18 | | 2016/17 | |
|---|--------------------|-------------------------------|--------------------|-------------------------------|
| | Land and Buildings | Vehicles, Plant and Equipment | Land and Buildings | Vehicles, Plant and Equipment |
| | £ | £ | £ | £ |
| Cost | 93,901,169 | - | 86,430,371 | - |
| Accumulated depreciation and impairments at 1 April | - | - | - | - |
| Depreciation charge for the year | - | - | - | - |
| Impairments | (4,600,000) | - | (50,000) | - |
| Revaluations | (396,169) | - | 6,944,629 | - |
| Transfers in and reclassifications | - | - | 575,000 | - |
| | 88,905,000 | - | 93,900,000 | - |

Council as lessee

c Finance Leases (Council as lessee)

The Council has a number of assets of land held by long term leases from 980 to 10,000 years. Rental income is between 1p to £32 per annum, if demanded. Rent is not normally demanded on these properties and therefore future minimum lease payments are assumed to be nil.

d Operating leases (Council as lessee)

The Council is leasing a number of office buildings with lease terms up to 15 years and a vehicle with a lease term up to 4 years. During 2017/18 the Council terminated two office building leases with an estimated reduction in rental charges for future years of £2,677,357.

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

| | 2017/18 | | 2016/17 | |
|------------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|
| | Land and Buildings | Vehicles, Plant and Equipment | Land and Buildings | Vehicles, Plant and Equipment |
| | £ | £ | £ | £ |
| Minimum lease payments | 562,216 | 48,943 | 1,354,162 | 477,530 |
| Contingent rentals | - | - | - | - |
| Less: Sublease payments receivable | - | - | - | - |
| Total | 562,216 | 48,943 | 1,354,162 | 477,530 |

No sub-lease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under operating lease agreements are used exclusively by the Council.

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

| | 2017/18 | | 2016/17 | |
|---|--------------------|-------------------------------|--------------------|-------------------------------|
| | Land and Buildings | Vehicles, Plant and Equipment | Land and Buildings | Vehicles, Plant and Equipment |
| | £ | £ | £ | £ |
| Minimum lease rentals payable: | | | | |
| No later than 1 year | 235,150 | 8,576 | 630,270 | 281,980 |
| Later than 1 year and no later than 5 years | 1,106,055 | 7,118 | 862,345 | 15,695 |
| Later than 5 years | 1,637,161 | - | 1,372,255 | - |
| Total | 2,978,366 | 15,694 | 2,864,870 | 297,675 |

7 Employee Costs and Member Allowances

| a Staff Costs | 2017/18 | 2016/17 |
|--------------------------|-------------------|-------------------|
| | £ | £ |
| Salaries and Wages | 65,511,324 | 64,402,898 |
| Employers NIC | 6,117,551 | 6,059,346 |
| Employers Superannuation | 13,029,216 | 12,488,716 |
| Total staff costs | 84,658,091 | 82,950,960 |

The above staff costs include the costs of the voluntary redundancies in 2017/18. These costs total £1,886,888 and are disclosed separately in Table 4 of the Remuneration Report. In addition, agency costs during the year amounted to £4,649,576 (16/17 £4,470,906)

The Council's current contribution rate to NILGOSC scheme is 18% plus a 2% deficit recovery contribution. At the last actuarial valuation, dated 31 March 2016, the Fund's assets as a whole were sufficient to meet 96% (15/16 91%) of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

| b Average Number of Employees | 2017/18 | 2016/17 |
|--------------------------------------|----------------|----------------|
| | FTE | FTE |
| Strategic Policy & Resources | 661 | 681 |
| City Growth & Regeneration | 179 | 144 |
| People & Communities | 1,239 | 1,259 |
| Planning & Licencing | 147 | 140 |
| Total Number | 2,226 | 2,224 |

| | 2017/18 | 2016/17 |
|----------------------------|----------------|----------------|
| | Actual Numbers | Actual Numbers |
| Full-time numbers employed | 2,033 | 2,044 |
| Part-time numbers employed | 351 | 329 |
| Total Number | 2,384 | 2,373 |

| c Senior Employees' Remuneration | | |
|----------------------------------|-----------|-----------|
| | 2017/18 | 2016/17 |
| | £ | £ |
| £50,001 to £60,000 | 50 | 49 |
| £60,001 to £70,000 | 10 | 4 |
| £70,001 to £80,000 | 11 | 8 |
| £80,001 to £90,000 | 2 | - |
| £90,001 to £100,000 | 4 | 5 |
| £100,001 to £110,000 | 2 | 2 |
| £110,001 to £120,000 | - | - |
| £120,001 to £130,000 | - | - |
| £130,001 to £140,000 | 1 | 1 |
| Total Number | 80 | 69 |

| d Members' Allowances | | |
|---|------------------|------------------|
| | 2017/18 | 2016/17 |
| | £ | £ |
| Salaries | - | - |
| Basic Allowance | 849,435 | 848,445 |
| Mayor's & Deputy Mayor's Allowance | 41,050 | 41,050 |
| Special Responsibility Allowance | 107,452 | 107,661 |
| High Sheriff's Allowance | 6,250 | 6,249 |
| Mileage | 11,410 | 15,640 |
| Conferences & Courses | 25,345 | 13,699 |
| Travel & Subsistence Costs | 34,898 | 19,596 |
| Miscellaneous Costs | 2,834 | 908 |
| Policing & Community Safety Partnership Allowance | 13,620 | 14,940 |
| Telephone Rental | 4,261 | 3,914 |
| Total | 1,076,555 | 1,072,102 |

e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £251,399 were payable to the NICS pension arrangements at one of four rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

8 Other Operating Expenditure

a Surplus/Deficit on Non-Current Assets (excl Investment Properties)

| | 2017/18 | 2016/17 |
|---|-------------|-----------|
| | £ | £ |
| Proceeds from sale | (3,445,146) | (411,613) |
| Carrying amount of non-current assets sold (excl Investment Properties) | 8,612,078 | 4,122,115 |
| | 5,166,932 | 3,710,502 |

b Other Operating Income/Expenditure

| | 2017/18 | 2016/17 |
|-------------|---------|---------|
| | £ | £ |
| Income | - | - |
| Expenditure | - | - |
| | - | - |

| Other Operating Expenditure | 2017/18 | 2016/17 |
|---|-----------|-----------|
| | £ | £ |
| (Surplus) / Deficit on Non Current Assets | 5,166,932 | 3,710,502 |
| Other Operating (Income) / Expenditure | - | - |
| | 5,166,932 | 3,710,502 |

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

| | 2017/18 | 2016/17 |
|---------------------------------|-----------|-----------|
| | £ | £ |
| Lease/hire purchase interest | - | - |
| Bank interest | - | - |
| Government Loan Interest | 1,682,860 | 1,609,816 |
| Commercial Loan Interest | - | - |
| Other interest (please specify) | 66,528 | 99,531 |
| | 1,749,388 | 1,709,347 |

b Interest and Investment Income

| | 2017/18 | 2016/17 |
|------------------------------------|---------|---------|
| | £ | £ |
| Bank interest | 56,769 | 97,374 |
| Employee car loan interest | 1,861 | 6,317 |
| NIHE Loan interest receivable | 115,322 | 171,550 |
| Investment income on Fund Balances | | |
| Capital Fund | - | - |
| Repairs & Renewals Fund | - | - |
| Other Funds | 6,401 | 3,952 |
| Other Investment Income | - | - |
| | 180,353 | 279,193 |

c Pensions interest costs

| | 2017/18 | 2016/17 |
|---|-----------|-----------|
| | £ | £ |
| Net interest on the net defined benefit liability (asset) | 3,047,000 | 2,853,000 |
| | 3,047,000 | 2,853,000 |

d Surplus/(Deficit) on trading operations

| | 2017/18 | 2016/17 |
|--------------------------------|---------|---------|
| | £ | £ |
| Income from trading | - | - |
| Expenditure | - | - |
| (Surplus)/Deficit for the year | - | - |

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

| | 2017/18 | 2016/17 |
|--|--------------------|---------------------|
| | £ | £ |
| Income/Expenditure from Investment Properties: | | |
| Income including rental income | (6,714,318) | (6,796,415) |
| Expenditure | 814,519 | 434,485 |
| De-recognition in relation to amounts written off | - | - |
| Net income from investment properties | (5,899,799) | (6,361,930) |
| Surplus/deficit on sale of Investment Properties | | |
| Proceeds from sale | - | - |
| Carrying amount of investment properties sold | - | - |
| (Surplus)/deficit on sale of Investment Properties: | - | - |
| Changes in Fair Value of Investment Properties | 4,996,169 | (6,894,629) |
| | (903,630) | (13,256,559) |

| Financing and Investment Income and Expenditure | | | | | | |
|---|-------------------|--------------------|------------------|-------------------|---------------------|--------------------|
| | 2017/18 | | | 2016/17 | | |
| | Gross Expenditure | Gross Income | Net Expenditure | Gross Expenditure | Gross Income | Net Expenditure |
| | £ | £ | £ | £ | £ | £ |
| Interest Payable and Similar Charges | 1,749,388 | - | 1,749,388 | 1,709,347 | - | 1,709,347 |
| Interest and Investment Income | - | (180,353) | (180,353) | - | (279,193) | (279,193) |
| Pensions interest cost | 3,047,000 | - | 3,047,000 | 2,853,000 | - | 2,853,000 |
| Surplus/(Deficit) on trading operations | - | - | - | - | - | - |
| Other Investment income | 814,519 | (6,714,318) | (5,899,799) | 434,485 | (6,796,415) | (6,361,930) |
| Changes in Fair Value of Investment Properties | 4,996,169 | - | 4,996,169 | - | (6,894,629) | (6,894,629) |
| | 10,607,076 | (6,894,671) | 3,712,405 | 4,996,832 | (13,970,237) | (8,973,405) |

10 Taxation and Non Specific Grant Income

a Revenue Grants

| | 2017/18 | 2016/17 |
|---------|-------------|-------------|
| | £ | £ |
| General | (4,938,169) | (4,984,327) |
| Other | - | - |
| | (4,938,169) | (4,984,327) |

b Capital Grants and Donated Assets - Applied

| | 2017/18 | 2016/17 |
|--|-------------|-------------|
| | £ | £ |
| Government & Other Grants - Conditions met and applied in year | (2,477,979) | (8,353,473) |
| Government & Other Grants - Transfer from receipts in advance | (63,249) | (194,490) |
| Donated Assets - Conditions met | - | - |
| Donated Assets - Transfer from donated assets creditor | - | (400,000) |
| | (2,541,228) | (8,947,963) |

c Capital Grants - Unapplied

| | 2017/18 | 2016/17 |
|--|---------|---------|
| | £ | £ |
| Government & Other Grants - Conditions met and not applied in year | - | - |
| Other | - | - |
| | - | - |

d District Rates

| | 2017/18 | 2016/17 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Current year | (149,511,780) | (148,284,081) |
| Finalisation - previous year | (1,029,000) | 1,672,500 |
| Transitional Relief | - | - |
| Finalisation - other years | (21,440) | (425) |
| | (150,562,220) | (146,612,006) |

| Taxation and Non Specific Grant Income | 2017/18 | 2016/17 |
|--|---------------|---------------|
| | £ | £ |
| District Rate Income | (150,562,220) | (146,612,006) |
| Revenue Grants | (4,938,169) | (4,984,327) |
| Capital Grants and Contributions | (2,541,228) | (8,947,963) |
| | (158,041,617) | (160,544,296) |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2018

11 a

| Cost or Valuation | Land | Buildings | Infrastructure Assets | Landfill Sites | Vehicles, Plant & Equipment | Community Assets | PP&E Under Construction | Surplus Assets | Total PP&E | Heritage Assets | Investment Properties | Intangible Assets | Assets Held for Sale | TOTAL |
|---|-------------|-------------|-----------------------|----------------|-----------------------------|------------------|-------------------------|----------------|-------------|-----------------|-----------------------|-------------------|----------------------|-------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Balance as at 1 April 2017 | 103,657,851 | 403,227,655 | 5,772,087 | - | 41,911,334 | 257 | 14,810,877 | 3,674,001 | 573,054,062 | 4,681,022 | 93,900,000 | 18,990,754 | - | 690,625,838 |
| Adjustments between cost/value & depreciation/impairment | - | 345 | - | - | - | - | - | - | 345 | - | - | - | - | 345 |
| Prior year purchase | - | - | - | - | - | - | - | - | - | 10,000 | - | - | - | 10,000 |
| Balance as at 1 April 2017 | 103,657,851 | 403,228,000 | 5,772,087 | - | 41,911,334 | 257 | 14,810,877 | 3,674,001 | 573,054,407 | 4,691,022 | 93,900,000 | 18,990,754 | - | 690,636,183 |
| Additions | 1 | 1,850,460 | 2,520 | - | 2,206,244 | 789,413 | 17,102,625 | - | 21,951,263 | 2,210 | 1,169 | 72,650 | - | 22,027,292 |
| Donations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Revaluation increases/ (decreases) to Revaluation Reserve | 219,399 | 13,619,418 | - | - | - | (18,499) | (3,999) | 1,254 | 13,817,573 | (770) | - | - | - | 13,816,803 |
| Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services | 312,250 | 864,777 | - | - | - | (1,501,135) | 269,998 | (527,120) | (581,230) | - | (4,996,169) | - | - | (5,577,399) |
| Impairment to Surplus or Deficit on the Provision of Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Derecognition - Disposals | - | - | - | - | (3,177,753) | - | - | - | (3,177,753) | - | - | - | - | (3,177,753) |
| Derecognition - Other | - | (5,803,680) | - | - | - | - | - | - | (5,803,680) | - | - | - | - | (5,803,680) |
| Reclassifications & Transfers | (3,349,000) | 546,939 | - | - | 981,908 | 730,223 | (6,875,366) | 3,980,866 | (3,984,430) | 3,939,088 | - | 45,342 | - | - |
| Balance as at 31 March 2018 | 100,840,501 | 414,305,914 | 5,774,607 | - | 41,921,733 | 259 | 25,304,135 | 7,129,001 | 595,276,150 | 8,631,550 | 88,905,000 | 19,108,746 | - | 711,921,446 |

| Depreciation and Impairment | Land | Buildings | Infrastructure Assets | Landfill Sites | Vehicles, Plant & Equipment | Community Assets | PP&E Under Construction | Surplus Assets | Total PP&E | Heritage Assets | Investment Properties | Intangible Assets | Assets Held for Resale | TOTAL |
|--|-------------|--------------|-----------------------|----------------|-----------------------------|------------------|-------------------------|----------------|--------------|-----------------|-----------------------|-------------------|------------------------|--------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Balance as at 1 April 2017 | - | - | 128,269 | - | 25,668,486 | - | - | - | 25,796,755 | 27,261 | - | 18,530,885 | - | 44,354,901 |
| Adjustments between cost/value & depreciation/impairment | - | 345 | - | - | - | - | - | - | 345 | - | - | - | - | 345 |
| Balance as at 1 April 2017 | - | 345 | 128,269 | - | 25,668,486 | - | - | - | 25,797,100 | 27,261 | - | 18,530,885 | - | 44,355,246 |
| Depreciation Charge | - | 12,120,981 | 192,410 | - | 2,822,017 | - | - | - | 15,135,408 | 8,206 | - | 116,206 | - | 15,259,820 |
| Depreciation written out on Revaluation Reserve | - | (11,070,037) | - | - | - | - | - | (19,444) | (11,089,481) | - | - | - | - | (11,089,481) |
| Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services | - | (559,230) | - | - | - | (11,461) | - | (31,892) | (602,583) | - | - | - | - | (602,583) |
| Impairment losses/reversals to Revaluation Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Impairment losses/reversals to Surplus or Deficit on the Provision of Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Derecognition - Disposals | - | - | - | - | (3,137,093) | - | - | - | (3,137,093) | - | - | - | - | (3,137,093) |
| Derecognition - Other | - | (429,262) | - | - | - | - | - | - | (429,262) | - | - | - | - | (429,262) |
| Reclassifications & Transfers | - | (62,797) | - | - | - | 11,461 | - | 51,336 | - | - | - | - | - | - |
| Eliminated on reclassification to Held for Sale | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2018 | - | - | 320,679 | - | 25,553,410 | - | - | - | 25,674,089 | 35,467 | - | 18,647,091 | - | 44,356,647 |
| Balance as at 31 March 2018 | 100,840,501 | 414,305,914 | 5,453,928 | - | 16,568,323 | 259 | 25,304,135 | 7,129,001 | 569,602,061 | 8,596,083 | 88,905,000 | 461,655 | - | 667,564,799 |

| Cost or Valuation | Land | Buildings | Infrastructure Assets | Land/III Sites | Vehicles, Plant & Equipment | Community Assets | PP&E Under Construction | Surplus Assets | Total PP&E | Heritage Assets | Investment Properties | Intangible Assets | Assets Held for Resale | TOTAL |
|--|--------------------|--------------------|-----------------------|----------------|-----------------------------|------------------|-------------------------|------------------|---------------------|------------------|-----------------------|-------------------|------------------------|---------------------|
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Balance as at 1 April 2016 | 99,337,353 | 352,058,306 | - | - | 39,317,814 | 253 | 59,301,069 | 2,811,002 | 552,825,797 | 4,141,239 | 84,120,000 | 18,790,942 | 1,675,000 | 661,552,978 |
| Adjustments between cost/value & depreciation/impairment | - | (311) | - | - | 34,776 | - | - | - | 34,465 | 82,154 | - | - | - | 116,619 |
| Balance as at 1 April 2016 | 99,337,353 | 352,057,995 | - | - | 39,352,590 | 253 | 59,301,069 | 2,811,002 | 552,860,262 | 4,223,393 | 84,120,000 | 18,790,942 | 1,675,000 | 661,669,597 |
| Additions (Note 11) | 3 | 519,689 | - | - | 2,802,427 | 447,450 | 41,671,524 | - | 45,441,093 | - | - | 10,500 | - | 45,451,593 |
| Donations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Revaluation Increases/decreases to Revaluation Reserve | 1,461,120 | 6,504,295 | - | - | - | - | - | - | 7,965,415 | (3,310) | - | - | - | 7,962,105 |
| Revaluation Increases/decreases to Surplus or Deficit on the Provision of Services | 542,777 | (435,384) | - | - | - | (24,108,798) | 399,999 | (13,001) | (23,614,407) | - | 6,894,629 | - | - | (16,719,778) |
| Impairment to Surplus or Deficit on the Provision of Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Derecognition - Disposals | (33,000) | (255,980) | - | - | (1,748,255) | - | - | - | (2,037,235) | - | - | - | - | (2,037,235) |
| Derecognition - Other | - | (3,913,530) | - | - | - | - | (89,914) | - | (4,003,444) | - | - | - | - | (4,003,444) |
| Reclassifications & Transfers | 2,349,598 | 48,750,570 | 5,772,087 | - | 1,504,572 | 23,661,352 | (86,471,801) | 898,000 | (3,535,622) | 460,939 | 2,885,371 | 189,312 | - | - |
| Reclassified to(-) / from(+) Held for Sale | - | - | - | - | - | - | - | (22,000) | (22,000) | - | - | - | (1,675,000) | (1,697,000) |
| Balance as at 31 March 2017 | 103,657,851 | 403,227,655 | 5,772,087 | - | 41,911,334 | 257 | 14,810,877 | 3,674,001 | 573,054,062 | 4,681,022 | 93,900,000 | 18,990,754 | - | 690,625,838 |

| Depreciation and Impairment | Land | Buildings | Infrastructure Assets | Landfill Sites | Vehicles, Plant & Equipment | Community Assets | PP&E Under Construction | Surplus Assets | Total PP&E | Heritage Assets | Investment Properties | Intangible Assets | Assets Held for Sale | TOTAL |
|--|-------------|--------------|-----------------------|----------------|-----------------------------|------------------|-------------------------|----------------|--------------|-----------------|-----------------------|-------------------|----------------------|--------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Balance as at 1 April 2016 | - | - | - | - | 24,670,570 | - | - | - | 24,670,570 | 27,261 | - | 18,420,920 | - | 43,118,751 |
| Adjustments between cost/value & depreciation/impairment | | | | | | | | | - | | | | | - |
| Balance as at 1 April 2016 | - | - | - | - | 24,670,570 | - | - | - | 24,670,570 | 27,261 | - | 18,420,920 | - | 43,118,751 |
| Depreciation Charge | - | 11,229,448 | 128,269 | - | 2,536,163 | - | - | - | 13,893,880 | - | - | 109,965 | - | 14,003,845 |
| Depreciation written out on Revaluation Reserve | - | (10,266,465) | - | - | - | - | - | - | (10,266,465) | - | - | - | - | (10,266,465) |
| Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services | - | (672,580) | - | - | - | - | - | - | (672,580) | - | - | - | - | (672,580) |
| Impairment losses/reversals to Revaluation Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Derecognition - Disposals | - | (10,202) | - | - | (1,538,247) | - | - | - | (1,548,449) | - | - | - | - | (1,548,449) |
| Derecognition - Other | - | (280,201) | - | - | - | - | - | - | (280,201) | - | - | - | - | (280,201) |
| Reclassifications & Transfers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Eliminated on reclassification to Held for Sale | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2017 | - | - | 128,269 | - | 25,668,486 | - | - | - | 25,796,755 | 27,261 | - | 18,530,885 | - | 44,354,901 |
| Net Book Values | | | | | | | | | | | | | | |
| Balance as at 31 March 2017 | 103,657,851 | 403,227,655 | 5,443,818 | - | 16,242,848 | 257 | 14,810,877 | 3,474,001 | 547,257,307 | 4,653,761 | 93,900,000 | 459,869 | - | 646,270,937 |
| Balance as at 31 March 2018 | 100,840,501 | 414,305,914 | 5,453,928 | - | 16,568,323 | 259 | 25,304,135 | 7,129,001 | 549,602,061 | 8,596,083 | 88,905,000 | 461,655 | - | 667,564,799 |

Valuations

The Council is not aware of any material changes in freehold and leasehold properties. The land and buildings assets held by the Council were originally valued 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 Council operates a rolling programme for its revaluation of land and buildings with approximately 25% of these being discretely revalued by physical inspection each year and the remainder being revalued by desktop exercise.

In the 2017/18 year all assets have been valued as at 31 March 2018. The revaluation was carried out by Land and Property Services Agency part of the Department of Finance.

Capital Commitments

A total of eight capital contracts were entered into during the period:

| Project Name | Capital Commitment £000's |
|--|---------------------------------|
| ICT for Templemore Baths Restoration Project | 180,000 |
| Cherryvale Playing Pitches Upgrade | 1,600,000 |
| Installation & Fabrication of Alleygates | 700,000 |
| Cliftonville Playing Fields New Ballstop Fencing | 200,000 |
| Skegoniel Park Improvement Works | 280,000 |
| Falls Park Open Space Enhancement | 1,200,000 |
| Construction of 3G Pitch at Clarendon Playing Fields | 330,000 |
| Cenotaph Enhancement Scheme | 320,000 |
| Total | 4,810,000 |

Effects of Changes in Estimates

There were no material changes in accounting estimates for property, plant and equipment during the period.

Surplus Assets

Surplus assets are non-current assets that are not being used to deliver services but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale. Assets held for sale are assets which are not being used to deliver services and whose economic value will be realised by disposal, are being actively marketed, and ordinarily are expected to be disposed of within 12 months of the balance sheet date.

Impairment

There were material impairments to property and investment property during the period. Impairments over £500,000 are detailed in the table below:

| Asset | Amount of impairment £ | Asset class | Reason |
|--|---------------------------|---------------------|-------------------------|
| Gasworks Site | (4,400,000) | Investment Property | Valuation at 31.03.2018 |
| Connswater Community Greenway | (563,280) | Community asset | Valuation at 31.03.2018 |
| Sum of material impairments over £500,000 | (4,963,280) | | |

The Gasworks Site is an investment property under the Council's accounting policy, in line with the requirements of the Code of Practice on Local Government Accounting in the UK. The reduction in value is due to a large expenditure in 2017/18 which impacts upon the discounted cash flow and reduces the investment property value. Connswater Community Greenway is a community asset and in 2017/18 £563k expenditure was added to the carrying value of the existing asset which was re-measured to £1 in the annual valuation at 31 March 2018 by the Land and Property Services valuer. The carrying value was written down to £1 and the expenditure treated as an impairment in the Comprehensive Income and Expenditure Statement.

The former Andersonstown Leisure Centre with a net book value of £5.18m has been demolished to enable construction of a new leisure facility at Andersonstown. Clonduff Drive Community Centre and Playing Fields with a net book value of £194k were demolished to facilitate the construction of a new sports centre at the site of the former Robinsons Centre. These are represented within Note 11a "Buildings derecognition other".

11 c Intangible Assets

Intangible assets relate to landfill closure costs with a net book value of £nil (2016/17: £nil) and a gross cost before amortisation of £16,700k (2016/17: £16,700k); and purchased licensed software and related implementation costs with a net book value of £462k (2016/17: £460k), and a gross costs before amortisation of £2,409k (2016/17: £2,291k).

d Investment Properties

There were no additions, transfers to or from, or disposals from investment properties during the year.

| Investment Properties | 31/03/2018 | 31/03/2017 |
|--|------------------|------------------|
| | £ | £ |
| Rental Income from Investment Activities | 6,714,318 | 6,796,415 |
| Direct Operating expenses arising from investment properties | (814,519) | (434,485) |
| Net gain/(loss) | 5,899,799 | 6,361,930 |

e Heritage Assets

The Council's collection of Heritage Assets (Works of Art and Civic Items) is reported in the Balance Sheet at either insurance valuation, which is based on market values, or if it is not possible to obtain a valuation, they are measured at historic cost less depreciation, amortisation or impairment losses. Insurance valuations are updated on a periodic basis. On the occasion that no cost can be measured accurately for an item, it is held on the balance sheet at a notional value of £1 for stewardship purposes: there are currently 164 of these items recorded by Belfast City Council.

| Heritage assets - additions | 31/03/2018 | 31/03/2017 |
|--|------------------|----------------|
| | £ | £ |
| Boxer Statue - Buoy's Park, Cathedral Gardens | - | 4,099 |
| Hollywood Arches Artwork (Connswater Community Greenway) | 2,210 | 316,612 |
| John Caldwell Boxer Statue - Dunville Park | - | 68,142 |
| Boxer Statue - Woodvale Park | - | 72,086 |
| Tropical Ravine | 3,939,088 | - |
| Total | 3,941,298 | 460,939 |

A total of £3,939,088 was transferred from property, plant and equipment under construction to heritage assets during the year.

There were no disposals of heritage assets during 2017/18.

f Assets Held for Sale

| Assets Held for Sale | Current | Non Current | Total |
|--|-------------|-------------|-------------|
| | £ | £ | £ |
| Cost or Valuation | | | |
| Balance as at 1 April 2017 | 3,197,000 | - | 3,197,000 |
| Adjustments between cost/value & depreciation/impairment | - | - | - |
| Transferred from Non-Current Assets during year | - | - | - |
| Assets Held for Sale Donations | - | - | - |
| Assets Held for Sale Revaluation increases/decreases to Revaluation Reserve | - | - | - |
| Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services | - | - | - |
| Assets Held for Sale Impairment @ Cost to Provision of Services | - | - | - |
| Derecognition - Disposals | (3,197,000) | - | (3,197,000) |
| Derecognition - Other | - | - | - |
| Reclassified from Current Assets Held for Sale to non current Assets Held for Sale | - | - | - |
| Transferred to Property, Plant & Equipment during year | - | - | - |
| Balance as at 31 March 2018 | - | - | - |
| Impairment | | | |
| Balance as at 1 April 2017 | - | - | - |
| Adjustments between cost/value & depreciation/impairment | - | - | - |
| Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services | - | - | - |
| Derecognition - Disposals | - | - | - |
| Derecognition - Other | - | - | - |
| Reclassified from Current Assets Held for Sale to non current Assets | - | - | - |
| Transferred to Property, Plant & Equipment during year | - | - | - |
| Balance as at 31 March 2018 | - | - | - |
| Net Book Value | | | |
| Balance as at 31 March 2018 | - | - | - |
| Balance as at 31 March 2017 | 3,197,000 | - | 3,197,000 |

| Assets Held for Sale | Current | Non Current | Total |
|--|-----------|-------------|-----------|
| | £ | £ | £ |
| Cost or Valuation | | | |
| Balance as at 1 April 2016 | 1,500,000 | 1,675,000 | 3,175,000 |
| Adjustments between cost/value & depreciation/impairment | - | - | - |
| Transferred from Non-Current Assets during year | 1,697,000 | (1,675,000) | 22,000 |
| Assets Held for Sale Donations | - | - | - |
| Assets Held for Sale Revaluation increases/decreases to Revaluation Reserve | - | - | - |
| Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services | - | - | - |
| Assets Held for Sale Impairment @ Cost to Provision of Services | - | - | - |
| Derecognition - Disposals | - | - | - |
| Derecognition - Other | - | - | - |
| Reclassified from Current Assets Held for Sale to non current Assets | - | - | - |
| Transferred to Property, Plant & Equipment during year | - | - | - |
| Balance as at 31 March 2017 | 3,197,000 | - | 3,197,000 |
| Impairment | | | |
| Balance as at 1 April 2016 | - | - | - |
| Adjustments between cost/value & depreciation/impairment | - | - | - |
| Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services | - | - | - |
| Derecognition - Disposals | - | - | - |
| Derecognition - Other | - | - | - |
| Reclassified from Current Assets Held for Sale to non current Assets | - | - | - |
| Transferred to Property, Plant & Equipment during year | - | - | - |
| Balance as at 31 March 2017 | - | - | - |

Three non-current assets held for sale were disposed of during 2017/18, including sites at Maysfield and Primrose Street.

The gain on assets classified to held for sale and sold during the year was £83k.

h Fair Value Hierarchy for Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows:

| 2017/18 Recurring fair value measurements using: | Quoted Prices in active markets for identical assets (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Fair value as at 31st March 2018 |
|--|--|---|---|----------------------------------|
| £ | £ | £ | £ | £ |
| Land | - | 2,584,001 | - | 2,584,001 |
| Buildings | - | 380,000 | - | 380,000 |
| Land and Buildings Combined | - | 4,165,000 | - | 4,165,000 |
| Total | - | 7,129,001 | - | 7,129,001 |

| 2016/17 Recurring fair value measurements using: | Quoted Prices in active markets for identical assets (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Fair value as at 31st March 2017 |
|--|--|---|---|----------------------------------|
| £ | £ | £ | £ | £ |
| Land | - | 2,584,001 | - | 2,584,001 |
| Buildings | - | 380,000 | - | 380,000 |
| Land and Buildings Combined | - | 710,000 | - | 710,000 |
| Total | - | 3,674,001 | - | 3,674,001 |

Surplus Assets are considered to have enough uniqueness that they no longer can be compared to similar items that are used for reference in an active market, and are valued using inputs other than quoted prices that are observable. As such, they are valued using Level 2 inputs.

Significant observable inputs – Level 2

In 2017/18, all Surplus Assets were measured using the same methodology as in 2016/17. The inputs used to value these properties have been classified as Level 2, other significant observable inputs.

Consideration of the observable inputs used to value these Surplus Assets has led to the conclusion that the inputs used in 2016/17 should have been classified as Level 2 using other significant observable inputs. Accordingly, the comparatives as at 31 March 2017 used in the 2017/18 financial statements have been restated to the corrected classification of Level 2 inputs.

Highest and best use of surplus assets

In estimating the fair value of the Council's surplus assets, the highest and best use of the assets is their current use, reflecting best estimates of fair value given by current prices on a market for similar property in similar locations.

I Fair Value Hierarchy for Investment Properties

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows

| 2017/18 Recurring fair value measurements using: | Quoted Prices in active markets for identical assets (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Fair value as at 31st March 2018 |
|--|--|---|---|----------------------------------|
| £ | £ | £ | £ | £ |
| Residential (Market Rental) Properties | - | - | - | - |
| Office Units | - | - | - | - |
| Commercial Units | - | 88,905,000 | - | 88,905,000 |
| Total | - | 88,905,000 | - | 88,905,000 |

| 2016/17 Recurring fair value measurements using: | Quoted Prices in active markets for identical assets (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs | Fair value as at 31st March 2017 |
|--|--|---|---------------------------------|----------------------------------|
| £ | £ | £ | £ | £ |
| Commercial Units | - | 93,900,000 | - | 93,900,000 |
| Total | - | 93,900,000 | - | 93,900,000 |

Investment Properties are considered to have enough uniqueness so they no longer can be compared to similar items that are used for reference in an active market, and are valued using inputs other than quoted prices that are observable. As such, they are valued using Level 2 inputs.

Significant observable inputs – Level 2

In 2017/18, all Investment Properties were measured using the same methodology as in 2016/17. The inputs used to value these properties have been classified as Level 2, other significant observable inputs.

Consideration of the observable inputs used to value these properties has led to the conclusion that the inputs used in 2016/17 should have been classified as Level 2 using other significant observable inputs. Accordingly, the comparatives as at 31 March 2017 used in the 2017/18 financial statements have been restated to the corrected classification of Level 2 inputs.

Highest and best use of Investment Properties

In estimating the fair value of the Council's Investment Properties, the highest and best use of the assets is their current use, reflecting best estimates of fair value given by current prices on a market for similar property in similar locations.

12 Capital Expenditure and Capital Financing

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

| Capital Expenditure | | 2017/18 | 2016/17 |
|---|----|-------------|-------------|
| | | £ | £ |
| Opening Capital Financing Requirement | | 86,207,120 | 62,193,703 |
| Capital Investment | | | |
| Property, Plant and Equipment | 11 | 21,963,473 | 45,350,882 |
| Investment Properties | | 1,169 | - |
| Intangible Assets | | 72,650 | 10,500 |
| Revenue Expenditure Funded from Capital under Statute | | - | - |
| Investments | | 276,792 | 3,070,139 |
| Sources of Finance | | | |
| Capital Receipts | | - | - |
| Government Grants and Other Contributions | 10 | (2,541,228) | (8,947,963) |
| Transfers from Earmarked Reserves | | (276,792) | (7,017,860) |
| Sums set aside from Revenue: | | | |
| Direct Revenue Contributions | | (5,518,199) | (4,296,859) |
| Minimum Revenue Provision | | (5,876,183) | (4,155,412) |
| Closing Capital Financing Requirement | | 94,308,802 | 86,207,130 |
| Explanation of Movements in Year | | 2017/18 | 2016/17 |
| | | £ | £ |
| Increase in underlying need to borrow | | 8,101,672 | 24,013,417 |
| Assets acquired under finance leases | | - | - |
| Assets acquired under PFI/PPP contracts | | - | - |
| Increase/(decrease) in Capital Financing Requirement | | 8,101,672 | 24,013,417 |

13 Future Capital Commitments

| | Gross Cost | Grant Aid | Net Cost |
|-------------------|--------------------|-------------------|--------------------|
| | £ | £ | £ |
| Schemes underway | 137,266,815 | 38,096,372 | 99,170,443 |
| Other Commitments | 62,248,910 | - | 62,248,910 |
| Total | 199,515,725 | 38,096,372 | 161,419,353 |

Total net expenditure of £15,111,047 has been incurred against these projects in the year ended 31 March 2018.

| | | | |
|----|----------------|---------|---------|
| 14 | Inventories | 2017/18 | 2016/17 |
| | | £ | £ |
| | Central Stores | 326,164 | 295,715 |
| | Total | 326,164 | 295,715 |

The cost of inventories recognised as an expense and included in 'services' amounted to £669,780 (2016/17 £663,863)

| | | | |
|----|---------------------------------------|-----------|-----------|
| 15 | Debtors | 2017/18 | 2016/17 |
| a | Long Term Debtors | £ | £ |
| | Government Departments | - | - |
| | Other Councils | - | - |
| | Public corporations and trading funds | - | - |
| | Bodies external to general government | - | - |
| | Employee car loans | 59,587 | 88,920 |
| | Revenue Grants | - | - |
| | Capital Grants | - | - |
| | Interest Receivable | - | - |
| | Capital Debtors | - | - |
| | Loans and advances | - | - |
| | Finance lease debtors | - | - |
| | Trade debtors | 736,633 | 789,382 |
| | NIHE Loans | 340,810 | 417,760 |
| | Other | - | - |
| | Impairment of loans and receivables | - | - |
| | Total Long-Term Debtors | 1,137,030 | 1,296,062 |

| | | | |
|---|---------------------------------------|------------|------------|
| b | Short Term Debtors | 2017/18 | 2016/17 |
| | | £ | £ |
| | Government Departments | 320,271 | 1,641,010 |
| | Other Councils | 159,488 | 238,856 |
| | Public corporations and trading funds | - | - |
| | Bodies external to general government | - | - |
| | NIHE loans | 76,950 | 1,950,250 |
| | Employee car loans | 58,110 | 66,471 |
| | Revenue Grants | 3,825,967 | 3,687,187 |
| | Capital Grants | 1,411,696 | 5,104,875 |
| | Interest Receivable | - | - |
| | Capital Debtors | - | - |
| | Value Added Tax | 1,978,620 | 2,063,521 |
| | Prepayments | 4,480,065 | 2,990,028 |
| | Finance lease debtors | - | 26,160 |
| | Other | 3,134,625 | 3,032,301 |
| | Trade receivables | 2,534,300 | 1,537,660 |
| | Impairment loss - Trade receivables | (454,252) | (417,475) |
| | Total Short-Term Debtors | 17,525,840 | 21,920,844 |
| | Total Debtors | 18,662,870 | 23,216,906 |

| | | | |
|---|--|-------------------|-------------------|
| 16 Borrowings | | | |
| a Short Term Borrowing | | 2017/18 | 2016/17 |
| | | £ | £ |
| Loans re-payable within one year | | 4,158,529 | 163,482 |
| Finance Lease Principal | | - | - |
| Total Short Term Borrowing | | 4,158,529 | 163,482 |
| b Long Term Borrowing | | 2017/18 | 2016/17 |
| | | £ | £ |
| Between 1 and 2 years | | 4,000,000 | 4,158,529 |
| Between 2 and 5 years | | 15,591,983 | 22,923,350 |
| Between 5 and 10 years | | 10,459,399 | 6,754,732 |
| In more than 10 years | | 2,553,112 | 2,607,665 |
| Government Loans Fund | | 32,604,494 | 36,444,276 |
| Total Borrowing | | 36,763,023 | 36,607,758 |
| 17 Creditors | | | |
| a Short Term Creditors | | 2017/18 | 2016/17 |
| | | £ | £ |
| Government Departments | | 1,673,415 | 1,635,116 |
| Other Councils | | 17,826 | 14,290 |
| Public corporations and trading funds | | - | - |
| Bodies external to general government | | - | - |
| Rates clawback | | 350,000 | 1,917,292 |
| VAT | | - | - |
| Remuneration due to employees | | 331,117 | 524,621 |
| Accumulated Absences | | 1,344,230 | 1,374,835 |
| Loan Interest Payable | | - | - |
| Capital Creditors | | - | - |
| Receipts in advance | | 4,440,803 | 6,413,375 |
| Trade creditors | | 2,902,153 | 1,203,960 |
| Other | | 14,102,158 | 13,928,115 |
| Total Short Term Creditors | | 25,161,702 | 27,011,604 |
| b Long Term Creditors | | 2017/18 | 2016/17 |
| <i>Other creditors falling due after more than one year</i> | | £ | £ |
| Government Departments | | - | - |
| Other Councils | | - | - |
| Public corporations and trading funds | | - | - |
| Bodies external to general government | | - | - |
| Rates clawback | | - | - |
| Remuneration due to employees | | - | - |
| Accumulated Absences | | - | - |
| Receipts in advance | | - | - |
| Trade creditors | | - | - |
| Other | | 60,848 | 82,707 |
| Total Long Term Creditors | | 60,848 | 82,707 |
| Total Creditors | | 25,222,550 | 27,094,311 |

c Payment of Invoices

The council has a target of paying supplier invoices, where no other terms are agreed, is 30 days (It is assumed that 30 days will be 30 calendar days and 10 days will be 10 working days). During the year the Council paid 58,319 invoices totalling £142,055,044.27 (2016/17 61,092 invoices totalling £185,282,726).

The Council paid:

51,403 invoices with 30 day target;

39,355 invoices within 10 day target; and

6,916 invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was 21 days.

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| Provisions | Balance as at 1 April 2017 £ | Increase in provision during year £ | Utilised during year £ | Unused amounts reversed £ | Interest cost and/or discount rate changes £ | Balance as at 31 March 2018 £ |
|-------------------|---------------------------------|--|---------------------------|------------------------------|---|----------------------------------|
| Landfill closure | 3,151,343 | 168,070 | (39,642) | - | 250,489 | 3,530,260 |
| Claims management | 1,150,074 | - | (24,122) | - | - | 1,125,952 |
| Reorganisation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total | 4,301,417 | 168,070 | (63,764) | - | 250,489 | 4,656,212 |

| | | | | | | |
|----------------------|------------------|----------------|-----------------|----------|----------------|------------------|
| Current Provisions | 2,584,680 | 168,070 | (63,764) | - | 217,987 | 2,906,973 |
| Long Term Provisions | 1,716,737 | - | - | - | 32,502 | 1,749,239 |
| Total | 4,301,417 | 168,070 | (63,764) | - | 250,489 | 4,656,212 |

Comparative Year

| Provisions | Balance as at 1 April 2016 £ | Increase in provision during year £ | Utilised during year £ | Unused amounts reversed £ | Interest cost and/or discount rate changes £ | Restated Balance as at 31 March 2017 £ |
|-------------------|---------------------------------|--|---------------------------|------------------------------|---|---|
| Landfill closure | 7,669,733 | - | (46,039) | (4,546,220) | 73,869 | 3,151,343 |
| Claims management | 1,597,809 | - | (447,735) | - | - | 1,150,074 |
| Reorganisation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total | 9,267,542 | - | (493,774) | (4,546,220) | 73,869 | 4,301,417 |

| | | | | | | |
|----------------------|------------------|----------|------------------|--------------------|---------------|------------------|
| Current Provisions | 6,303,800 | - | (447,735) | (3,271,385) | - | 2,584,680 |
| Long Term Provisions | 2,963,742 | - | (46,039) | (1,274,835) | 73,869 | 1,716,737 |
| Total | 9,267,542 | - | (493,774) | (4,546,220) | 73,869 | 4,301,417 |

Landfill closure

The financial provision for the capping and annual monitoring costs required to meet the Council's environmental obligations under the NIEA licence has been agreed on a Local Authority Deed. The discount rates applied on the provision are based on National Loans Fund borrowing rates which has resulted in a valuation of £3,530,260.

Claims Management

A provision of £1,125,952 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 2018, the total liability for legal cases notified but not processed amounted to an estimated maximum liability of £2,164,052.

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:

| Trade debtors, inclusive of VAT, can be analysed by age as follows: | | | £ |
|---|--|--|-----------|
| Less than three months | | | 2,859,979 |
| Three months to one year | | | 154,081 |
| More than one year | | | 736,633 |
| | | | 3,750,693 |

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's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in note 16. All trade and other payables are due for payment within one year.

Market Risk

Interest rate risk

The Council is not exposed to significant risk in terms of its exposure to interest rate movements on its borrowings as the majority of its borrowings are at fixed rates for the life of the loans. Rates on investments are subject to market movements.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has 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 at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £41,315,170 broken down as follows:

| | £ |
|------------------|-------------------|
| Government Loans | 41,315,170 |
| Total | 41,315,170 |

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

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

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

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

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

| | Note | 2017/18 £ | 2016/17 £ |
|---|------|---------------------|--------------------|
| Net cost of services: | | | |
| Current service cost | | 19,951,000 | 14,903,000 |
| Past service cost/(gain) | | 599,000 | 119,000 |
| Gains and losses on settlements or curtailments | | - | (819,000) |
| Net operating expenditure: | | | |
| Net interest on net defined benefit liability (asset) | | 3,047,000 | 2,853,000 |
| the Provision of Services | | 23,597,000 | 17,056,000 |
| Movement in Reserves Statement: | | | |
| Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code | | (23,597,000) | (17,056,000) |
| Actual amount charged against the general fund balance for pensions in the year: | | | |
| Employers' contributions payable to scheme | | 13,526,000 | 13,877,000 |
| Net adjustment to General Fund | | (10,071,000) | (3,179,000) |

The service cost figures include an allowance for administration expenses of £248k (16/17 £244k).

| Remeasurements recognised in Other Comprehensive Income and Expenditure | Note | 2017/18 £ | 2016/17 £ |
|--|------|--------------------|---------------------|
| Liability gains/(losses) due to change in assumptions | | (11,937,000) | (116,490,000) |
| Liability gains/(losses) due to demographic changes | | - | 2,381,000 |
| Liability experience gains/(losses) arising in the year | | (2,574,000) | 25,042,000 |
| Actuarial gains/(losses) on plan assets | | 13,497,000 | 59,573,000 |
| Other | | - | - |
| Total gains/(losses) recognised in Other Comprehensive Income and Expenditure | | (1,014,000) | (29,494,000) |

| Assets and liabilities in relation to retirement benefits | | | |
|--|--|--------------|--------------|
| Reconciliation of present value of the scheme liabilities: | | Note | |
| | | 2017/18 £ | 2016/17 £ |
| Balance as at 1 April | | 656,080,000 | 548,410,000 |
| Current service cost | | 19,951,000 | 14,903,000 |
| Interest cost | | 16,919,000 | 18,340,000 |
| Contributions by members | | 4,166,000 | 4,120,000 |
| Remeasurement (gains) and losses: | | | |
| Actuarial gains/losses arising from changes in financial assumptions | | 11,937,000 | 116,490,000 |
| Actuarial gains/losses arising from demographic changes | | - | (2,381,000) |
| Actuarial gains/losses arising on liabilities from experience | | 2,574,000 | (25,042,000) |
| Other (if applicable) | | - | - |
| Past service costs/(gains) | | 599,000 | 119,000 |
| Losses/(gains) on curtailments | | - | - |
| Liabilities extinguished on settlements | | - | (3,766,000) |
| Estimated unfunded benefits paid | | (786,000) | (795,000) |
| Estimated benefits paid | | (14,464,000) | (14,318,000) |
| Balance as at 31 March | | 696,976,000 | 656,080,000 |

| Reconciliation of present value of the scheme assets: | | | |
|---|------|--------------|--------------|
| | Note | 2017/18 £ | 2016/17 £ |
| Balance as at 1 April | | 532,216,058 | 457,219,058 |
| Interest Income | | 13,872,000 | 15,487,000 |
| Contributions by members | | 4,166,000 | 4,120,000 |
| Contributions by employer | | 12,740,000 | 13,082,000 |
| Contributions in respect of unfunded benefits | | 786,000 | 795,000 |
| Remeasurement gain/(loss) | | 13,497,000 | 59,573,000 |
| Assets distributed on settlements | | - | (2,947,000) |
| Unfunded benefits paid | | (786,000) | (795,000) |
| Benefits paid | | (14,464,000) | (14,318,000) |
| Balance as at 31 March | | 562,027,058 | 532,216,058 |

Belfast City Council employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is calculated and the overall expected rate of return on assets so derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2018.

The actual return on scheme assets in the year was a gain of £27,369k (2016/17 gain of £75,060k).

| Fair Value of Plan Assets | 31/03/2018 £ | 31/03/2017 £ |
|---------------------------|-----------------|-----------------|
| Equity investments | 401,287,278 | 396,500,920 |
| Bonds | 69,691,348 | 61,204,840 |
| Property | 56,202,700 | 55,882,680 |
| Cash | 25,291,215 | 13,837,616 |
| Other | 9,554,459 | 4,789,944 |
| | 562,027,000 | 532,216,000 |

The Council's share of the Net Pension Liability (Included in the Balance Sheet):

| | 31/03/2018 £ | 31/03/2017 £ |
|--|----------------------|----------------------|
| Fair Value of Employer Assets | 562,027,058 | 532,216,058 |
| Present value of funded defined benefit obligation | (684,457,000) | (643,399,000) |
| Pension asset/(liability) of Funded Scheme | (122,429,942) | (111,182,942) |
| Present Value of unfunded defined benefit obligation | (12,519,000) | (12,681,000) |
| Other movement in the liability (asset) (if applicable) | - | - |
| Net asset/(liability) arising from the defined benefit obligation | (134,948,942) | (123,863,942) |
| Amount in the Balance sheet: | | |
| Liabilities | (696,976,000) | (656,080,000) |
| Assets | 562,027,058 | 532,216,058 |
| Net Asset/(Liability) | (134,948,942) | (123,863,942) |

| Scheme History | | |
|---|---------------|---------------|
| Analysis of scheme assets and liabilities | | |
| | 31/03/2018 | 31/03/2017 |
| | £ | £ |
| Fair Value of Assets in pension scheme | 562,027,058 | 532,216,058 |
| Present Value of Defined Benefit Obligation | (696,976,000) | (656,080,000) |

| | | |
|---------------------------------|---------------|---------------|
| Surplus/(deficit) in the Scheme | (134,948,942) | (123,863,942) |
|---------------------------------|---------------|---------------|

| Amount recognised in Other Comprehensive Income and Expenditure: | | |
|---|--------------|--------------|
| | 31/03/2018 | 31/03/2017 |
| | £ | £ |
| Actuarial gains/(losses) | (1,014,000) | (29,494,000) |
| Expected Return on Plan Assets | - | - |
| Increase/(decrease) in irrecoverable surplus from membership fall and other factors | - | - |
| Remeasurements recognised in Other Comprehensive Income and Expenditure | (1,014,000) | (29,494,000) |
| Cumulative actuarial gains and losses | (52,486,000) | (51,472,000) |
| History of experience gains and losses: | | |
| Experience gains and (losses) on assets | 13,497,000 | 59,573,000 |
| Experience gains and (losses) on liabilities | (2,574,000) | 25,042,000 |

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £134,948,942 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a reduction of net worth of 27%.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Northern Ireland Local Government Officers' Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2019

| | 31/03/2019 | 31/03/2019 |
|---|------------|------------|
| | £ | £ |
| Projected current cost | 21,252,000 | 86.5% |
| Net Interest on the net defined benefit liability (asset) | 3,326,000 | 13.5% |
| | 24,578,000 | 100.0% |

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2019 is £14,112k.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2017/18 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2018.

| | 31/03/2018 | 31/03/2017 |
|--|------------|------------|
| | % | % |
| Experience (gains and (losses) on Assets | 2.40% | 11.19% |
| Experience gains and (losses) on Liabilities | 0.37% | -3.82% |

e Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2016.

| Long-term expected rate of return on assets in the scheme: | 2017/18 | 2016/17 |
|--|---------|---------|
| Mortality assumptions: | | |
| Longevity at 65 current pensioners: | Years | Years |
| Men | 23.3 | 23.2 |
| Women | 25.9 | 25.8 |
| Longevity at 65 for future pensioners: | | |
| Men | 25.5 | 25.4 |
| Women | 28.2 | 28.1 |
| Inflation/Pension Increase Rate | 2.10% | 2.00% |
| Salary Increase Rate | 3.60% | 3.50% |
| Discount Rate | 2.60% | 2.60% |
| Pension accounts revaluation rate | 2.10% | 2.00% |
| Take-up of option to convert annual pension into retirement lump sum: | | |
| Service to April 2009 | 75% | 75% |
| Service post April 2009 | 75% | 75% |

Pension Assumptions Sensitivity Analysis

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 is set out below.

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

Funded Pension Scheme Benefits

| | | |
|---|-------------|-------------|
| Discount Rate Assumption | | |
| Adjustment to discount rate | +0.1%p.a. | -0.1%p.a. |
| Present value of the total obligation | 671,514,000 | 697,649,000 |
| % change in the present value of the total obligation | -1.90% | 1.90% |
| Projected service cost | 20,644,000 | 21,875,000 |
| Approximate % change in projected service cost | -2.90% | 2.90% |
| Rate of General Increase in Salaries | | |
| Adjustment to salary increase rate | +0.1%p.a. | -0.1%p.a. |
| Present value of the total obligation | 688,251,000 | 680,700 |
| % change in the present value of the total obligation | 0.60% | -0.50% |
| Projected service cost | 21,252,000 | 21,252,000 |
| Approximate % change in projected service cost | 0.00% | 0.00% |
| Rate of Increase to Pensions in Payment and Deferred Pension Assumption and rate of revaluation of pension accounts assumption | | |
| Adjustment to pension increase rate | +0.1%p.a. | -0.1%p.a. |
| Present value of the total obligation | 693,816,000 | 675,232,000 |
| % change in the present value of the total obligation | 1.40% | -1.30% |
| Projected service cost | 21,875,000 | 20,644,000 |
| Approximate % change in projected service cost | 2.90% | -2.90% |
| Post Retirement Mortality Assumption | | |
| Adjustment to mortality age rating assumption* | - 1 Year | + 1 Year |
| Present value of the total obligation | 704,714,000 | 664,310,000 |
| % change in the present value of the total obligation | 3.00% | -2.90% |
| Projected service cost | 22,012,000 | 20,496,000 |
| Approximate % change in projected service cost | 3.60% | -3.60% |

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

f Major categories of plan assets as percentage of total plan assets

| | 31/03/2018 % | 31/03/2017 % |
|--------------------|-----------------|-----------------|
| Equity investments | 71.40% | 74.50% |
| Government Bonds | 5.20% | 5.40% |
| Corporate Bonds | 7.20% | 6.10% |
| Property | 10.00% | 10.50% |
| Cash | 4.50% | 2.60% |
| Other | 1.70% | 0.90% |
| Total | 100.00% | 100.00% |

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2018.

h Assets and liabilities in relation to retirement benefits of the Gas Pension Fund

| Reconciliation of present value of the scheme liabilities: | Note | 2017/18 £ | 2016/17 £ |
|--|------|------------------|------------------|
| Balance as at 1 April | | 1,516,000 | 1,694,000 |
| Current service cost | | - | - |
| Interest cost | | 35,000 | 51,000 |
| Contributions by members | | - | - |
| Remeasurement (gains) and losses: | | | |
| Actuarial gains/losses arising from changes in financial assumptions | | 14,000 | 84,000 |
| Actuarial gains/losses arising from demographic changes | | (9,000) | - |
| Actuarial gains/losses arising on liabilities from experience | | (107,000) | (10,000) |
| Other (if applicable) | | - | - |
| Past service costs/(gains) | | - | - |
| Losses/(gains) on curtailments | | - | - |
| Liabilities extinguished on settlements | | - | - |
| Net benefits paid | | (240,000) | (303,000) |
| Balance as at 31 March | | 1,209,000 | 1,516,000 |

| Reconciliation of present value of the scheme assets: | Note | 2017/18 £ | 2016/17 £ |
|---|------|------------------|------------------|
| Balance as at 1 April | | 1,513,000 | 1,785,000 |
| Interest Income | | 35,000 | 54,000 |
| Contributions by members | | - | - |
| Contributions by employer | | - | - |
| Remeasurement gain/(loss) | | (39,000) | (23,000) |
| Assets distributed on settlements | | - | - |
| Net Benefits paid | | (240,000) | (303,000) |
| Balance as at 31 March | | 1,269,000 | 1,513,000 |

| Analysis of scheme assets and liabilities | Note | 2017/18 £ | 2016/17 £ |
|--|------|---------------|----------------|
| Fair Value of Assets in pension scheme | | 1,269,000 | 1,513,000 |
| Present Value of Defined Benefit Obligation | | 1,209,000 | 1,516,000 |
| Net Asset/(Liability) recognised on the balance sheet | | 60,000 | (3,000) |

Funded Pension Scheme Benefits- Gas Pension Fund Sensitivity Analysis

| Discount Rate Assumption | | |
|--|-------------------|-------------------|
| Adjustment to discount rate | +0.1% p.a. | -0.1% p.a. |
| Present value of the total obligation | 1,203,000 | 1,215,000 |
| % change in the present value of the total obligation | -0.50% | 0.50% |
| | | |
| Rate of Increase to Pensions in Payment accounts assumption | | |
| Adjustment to pension increase rate | +0.1% p.a. | -0.1% p.a. |
| Present value of the total obligation | 1,215,000 | 1,203,000 |
| % change in the present value of the total obligation | 0.50% | -0.50% |
| | | |
| Post Retirement Mortality Assumption | | |
| Adjustment to mortality age rating assumption* | -1yr | +1yr |
| Present value of the total obligation | 1,619,000 | 1,416,000 |
| % change in the present value of the total obligation | 1.80% | -1.50% |

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

| | Note | 2017/18 | 2016/17 |
|------------------|-------------|----------------|----------------|
| | | % | % |
| Government Bonds | | 34.10% | 29.50% |
| Cash | | 65.90% | 70.50% |
| Total | | 100.00% | 100.00% |

| Mortality assumptions: | | |
|------------------------------------|--------------|--------------|
| Members aged 85 at accounting date | Years | Years |
| Men | 6.9 | 6.6 |
| Women | 7.7 | 7.8 |

| | | |
|---------------------------------|-------|-------|
| Inflation/Pension Increase Rate | 2.10% | 2.00% |
| Discount Rate | 2.60% | 2.50% |

Gas Pension Fund

The Gas Pension 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 Belfast City Council.

The current market value of the Fund at 31 March 2018 is assessed by the Council's actuaries, Aon Hewitt and is disclosed above. The Fund's Financial Statements outlined below do not take account of liabilities to pay pensions and other benefits after 31 March 2018.

At 31 March 2018 there were 27 pensioners left in the Gas Pensions Fund and the balances relating to the Gas Pension Fund are fully consolidated in the Group financial statements.

| INCOME AND EXPENDITURE STATEMENT | 31/03/2018 | 31/03/2017 |
|---|------------------|------------------|
| | £ | £ |
| INCOME: | | |
| Investment Income | 9,235 | 15,133 |
| EXPENDITURE | | |
| Pensions Paid | (234,757) | (290,964) |
| Administration Expenses | (5,699) | (11,798) |
| Surplus/(Deficit) for the Year | (231,221) | (287,629) |
| NET ASSET MOVEMENTS | | |
| Brought forward balance at 01.04.2017 | 1,337,519 | 1,404,251 |
| Unrealised gain at 01.04.2017 | 179,028 | 386,179 |
| Opening Value of Fund | 1,516,547 | 1,790,430 |
| Add Contribution from City Council | | |
| Add surplus/(deficit) for the year | (231,221) | (287,629) |
| CHANGE IN MARKET VALUES OF INVESTMENTS | | |
| Realised gain for year | 0 | 222,888 |
| Unrealised gain/(loss) for year | (12,260) | (209,142) |
| Closing value of fund | 1,273,066 | 1,516,547 |
| FINANCED BY: | | |
| UK Index Linked Investments | 433,182 | 445,585 |
| Cash deposits and at bank | 836,071 | 1,067,292 |
| Debtors | 3,813 | 3,670 |
| Bank Balance | - | - |
| Creditors | - | - |
| Closing value of fund | 1,273,066 | 1,516,547 |

| Summary Net Asset/Liability recognised on the Balance Sheet | 31/03/2018 | 31/03/2017 |
|--|----------------------|----------------------|
| Northern Ireland Local Government Officer's Pension Fund | (134,948,942) | (123,863,942) |
| Gas Pension Fund | 60,000 | (3,000) |
| Belfast Waterfront & Ulster Hall Limited | (2,059,000) | (1,966,000) |
| Total Net Asset/Liability recognised on the Balance Sheet | (136,947,942) | (125,832,942) |

The figures above include a pension liability in respect of Belfast Waterfront & Ulster Hall Limited (BWUH Ltd). BWUH Ltd became a participating employer in the NILGOSC scheme on 1 April 2016. Belfast City Council has agreed to include and disclose the net liability under this scheme up to 31 March 2018 within the net liability total for Belfast City Council.

| 21 | Donated Assets Account | Note | 2017/18 £ | 2016/17 £ |
|----|--|------|--------------|--------------|
| | Opening balance | | 10,001 | 410,000 |
| | Add: new donated assets received (condition of use not met) | | - | 1 |
| | Less: amounts released to the District Fund - Comprehensive Income and Expenditure | | - | -400,000 |
| | | | 10,001 | 10,001 |

Analysis of Donated Assets Account

The balance of the Donated Assets Account represents donations received that have yet to be recognised as income, as they have conditions attached to them, which will require the donated assets to be returned, if conditions are not met. The balances at the year end are as follows:

| Donated Assets Account | Note | 2017/18 £ | 2016/17 £ |
|--|------|--------------|--------------|
| Animal Welfare Van | | 10,000 | 10,000 |
| Councillor Samuel Turpin Mercer Portrait | | 1 | 1 |
| | | 10,001 | 10,001 |

| 22 | Capital Receipts Unapplied | Note | 2017/18 £ | 2016/17 £ |
|----|--|------|--------------|--------------|
| | Government & Other Grants - Conditions met and not applied in year | | - | - |
| | Other | | 250,000 | - |
| | | | 250,000 | - |

This amount of £250k in capital receipts unapplied relates to the proceeds from a disposal to the NIHE which will be used to finance a playground.

| 23 | Capital Grants Received in Advance | Note | 2017/18 £ | 2016/17 £ |
|----|--|------|--------------|--------------|
| | Opening balance | | 623,323 | 353,005 |
| | Add: new capital grants received in advance (condition of use not met) | | 437,058 | 464,808 |
| | Less: amounts released to the Comprehensive Income and Expenditure Statement | | (63,249) | (194,490) |
| | | | 997,132 | 623,323 |

Analysis of Capital Grants Receipts in Advance Balance

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

| Capital Grants Receipts in Advance | Note | 2017/18 £ | 2016/17 £ |
|---------------------------------------|------|--------------|--------------|
| Whiterock Community Garden Allotments | | 483 | 483 |
| BSC 7 Alleygates Lenadoon | | 5,705 | 5,705 |
| BSC Alleygates Divis | | 10,147 | 10,147 |
| BSC Bikes Lower Oldpark | | 14,127 | 27,527 |
| BSC Bikes Lower Falls | | 24,416 | 39,369 |
| BSC Bikes Lower Shankill | | 17,286 | 29,675 |
| BSC 26 Alleygates Lenadoon | | 10,417 | 10,417 |
| Robinson Centre | | 500,000 | 500,000 |
| Springfield Dam | | 414,551 | - |
| | | 997,132 | 623,323 |

24 Contingencies

The arc21 Joint Committee has, with the approval of their Participant Councils, entered into a Contingent Liability Undertaking with the bidding consortium in the procurement for the Residential Waste Treatment Project. Payments made, if any, in accordance with this undertaking will be funded by the Participant Councils.

The financial provision for the capping and annual monitoring cost of the landfill site, required to meet the Council's environmental obligations under the NIEA licence, has been agreed on a Local Authority Deed and disclosed in Note 18. The remaining area not covered by NIEA licence may require specific capping depending on the future use of this land. The impact of any future capping of this area on the liabilities of Belfast City Council is uncertain and therefore no provision for any such costs has been made.

Belfast City Council
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25 Other cash flow disclosures

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

| Adjustment to surplus or deficit on the provision of services for noncash movements | Notes | 2017/18 | 2016/17 |
|---|-------|-------------|-------------|
| | | £ | £ |
| Depreciation | 11 | 15,259,820 | 14,003,845 |
| Impairment & downward revaluations (& non-sale derecognitions) | 11 | 4,974,816 | 16,047,198 |
| Amortisation (included with depreciation above) | | - | - |
| (Increase)/Decrease in Stock | 14 | (30,449) | 789 |
| (Increase)/Decrease in Debtors | 15 | 4,517,259 | 9,781,879 |
| Increase/(decrease) in impairment provision for bad debts | 15 | 36,777 | (68,292) |
| Increase/(Decrease) in Creditors | 16 | (1,841,256) | (8,490,750) |
| Increase/(Decrease) in Interest Creditors | | - | - |
| Payments to NILGOSC | 20 | 10,071,000 | 3,179,000 |
| Carrying amount of non-current assets sold | 8a | 8,612,078 | 4,122,115 |
| AIC/WIP written off to Net Cost of Services | 11 | - | - |
| Contributions to Other Reserves/Provisions | | 1,684,026 | 7,217,283 |
| Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions) | | - | - |
| Amounts posted to CIES from Donated Assets Account | 21 | - | (400,000) |
| | | 43,284,071 | 45,393,067 |

| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing | Notes | 2017/18 | 2016/17 |
|--|-------|-------------|-------------|
| | | £ | £ |
| Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries) | | 276,792 | 3,070,139 |
| Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries) | | - | - |
| Proceeds from the sale of PP&E, investment property and intangible assets | 8a | (3,445,146) | (411,613) |
| Capital grants included in "Taxation & non-specific grant income" | 10d | (2,541,228) | (8,947,963) |
| | | (5,709,582) | (6,289,437) |

b) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

| | 2017/18 | 2016/17 |
|--|------------|-----------|
| | £ | £ |
| Cash and Bank balances | 1,918,212 | 2,317,266 |
| Short Term Deposits (considered to be Cash Equivalents) | 8,500,000 | 5,000,000 |
| Short Term Investments (considered to be Cash Equivalents) | - | - |
| Bank Overdraft | - | - |
| | 10,418,212 | 7,317,266 |

c) Cash Flow Statement: Operating Activities

| | 2017/18 | 2016/17 |
|---|---------|---------|
| | £ | £ |
| The cash flows from operating activities include: | | |
| Interest received | 126,243 | 148,000 |
| Interest paid | - | - |

d) Cash flows from Investing Activities

| | 2017/18 | 2016/17 |
|--|-------------|-------------|
| | £ | £ |
| Purchase of PP&E, investment property and intangible | 21,019,574 | 53,029,485 |
| Purchase of Short Term Investments (not considered to be cash equivalents) | - | - |
| Purchase of Long Term Investments | 276,792 | 3,070,139 |
| Other Payments for Investing Activities | 1,682,860 | 1,609,816 |
| Proceeds from the sale of PP&E, investment property and intangible assets | (3,445,146) | (411,613) |
| Proceeds from Short Term Investments (not considered to be cash equivalents) | - | - |
| Proceeds from Long Term Investments | - | - |
| Capital Grants and Contributions Received | (2,541,228) | (8,947,963) |
| Other Receipts from Investing Activities | - | - |
| Net Cash flows from Investing Activities | 16,992,852 | 48,349,864 |

e) Cash flows from Financing Activities

| | 2017/18 | 2016/17 |
|---|-------------|-------------|
| | £ | £ |
| Cash Receipts from Short and Long Term Borrowing | 5,000,000 | 5,000,000 |
| Other Receipts from Financing Activities | - | - |
| Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts | - | - |
| Repayment of Short and Long Term Borrowing | (4,844,736) | (3,153,751) |
| Other payments for Financing Activities | - | - |
| Net Cash flows from Financing Activities | 155,264 | 1,846,249 |

26 Usable Reserves

a Capital Receipts Reserve

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

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

| Capital Receipts Reserve | Notes | 31/03/2018 | 31/03/2017 |
|--|-------|------------------|------------------|
| | | £ | £ |
| At 1 April | | 1,632,457 | 1,263,369 |
| Movement | | | |
| Transfers between statutory & other reserves & the General Fund | | - | - |
| Disposal of Non Current Assets/ Capital Sales | 4.11 | 3,107,000 | 369,088 |
| Capital Receipts used to finance capital expenditure | 4.12 | - | - |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | | (26,160) | (27,038) |
| Other Movements | | 26,160 | 27,038 |
| At 31 March | | 4,739,457 | 1,632,457 |

b Capital Grants Unapplied account

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

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

| Capital Grants Unapplied account | Notes | 31/03/2018 | 31/03/2017 |
|---|-------|------------|------------|
| | | £ | £ |
| At 1 April | | - | - |
| Movement | | | |
| Unapplied Capital Grants received in year | | - | - |
| Unapplied Capital Grants transferred to CAA in year | | - | - |
| At 31 March | | - | - |

C Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011.

| Capital Fund | Notes | 31/03/2018 | Restated 31/03/2017 |
|---|-------|-------------------|------------------------|
| | | £ | £ |
| At 1 April | | 24,567,205 | 25,475,756 |
| Transfers between statutory & other reserves & the General Fund | | 1,514,399 | 2,161,588 |
| Financing from CCIF | | (135,367) | |
| Transfers between Capital Fund & CAA to finance Capital Expenditure | 12 | (276,792) | (3,070,139) |
| At 31 March | | 25,669,445 | 24,567,205 |
| | | £ | £ |
| Local Investment Fund | | 2,301,028 | 4,056,629 |
| Belfast Investment Fund | | 4,080,715 | 3,810,715 |
| City Centre Investment Fund | | 15,287,702 | 15,699,861 |
| Social Outcomes Fund | | 4,000,000 | 1,000,000 |
| Total | | 25,669,445 | 24,567,205 |

The movement and purpose of these funds is outlined below:

| Local Investment Fund | 31/03/2018 |
|--------------------------------------|------------------|
| | £ |
| Opening balance | 4,056,629 |
| Add: new contributions to fund | - |
| Less: financing drawn down from fund | (1,755,601) |
| At 31 March | 2,301,028 |

Local Investment Fund (LIF) is a key part of the Investment Programme that provides funding for smaller initiatives focusing on physical work on buildings or facilities within communities. The balance on this fund as at 31 March 2018 is £2,301,028.

| Belfast Investment Fund | 31/03/2018 |
|--|------------------|
| | £ |
| Opening balance | 3,810,715 |
| Add: new contributions to fund | 3,270,000 |
| Less: transfer to Social Outcomes fund | (3,000,000) |
| At 31 March | 4,080,715 |

There is a balance of £4,080,715 on the Belfast Investment Fund at year end 31 March 2018. This fund was established to support partnership projects across the City.

| City Centre Investment Fund | Note | 31/03/2018 |
|------------------------------------|------|-------------------|
| | | £ |
| Opening balance | | 15,699,861 |
| Add: new contributions to fund | | - |
| Less: amounts drawn down from fund | | (412,159) |
| At 31 March | | 15,287,702 |

City Centre Investment Fund (CCIF) is a fund to support the Belfast City Centre Regeneration Investment Plans. The proposed investment principles for the CCIF are as follows:

- the project should make a significant impact on the City Centre economy in terms of "gross value added" and job creation
- the project should make positive and net contribution to the business rates income received by Belfast City Council

During the year Belfast City Council used this fund to support ongoing and potential City Centre regeneration projects. The balance on CCIF at year end 31 March 2018 is £15,287,702.

| Social Outcomes Fund | 31/03/2018 |
|--|------------------|
| | £ |
| Opening balance | 1,000,000 |
| Add: transfer from Belfast Investment fund | 3,000,000 |
| Less: amounts drawn down from fund | - |
| At 31 March | 4,000,000 |

Social Outcomes Fund is set up to support City Centre projects which might not generate a direct financial return but which would enhance the overall City Centre offer and support the attraction of investment into the City Centre. The balance on this fund as at 31 March 2018 is £4m, with a £3m contribution in year from Belfast Investment Fund.

d Leisure Mobilisation Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011.

| Leisure Mobilisation Fund | Notes | 31/03/2018 | 31/03/2017 |
|--|-------|------------|------------|
| | | £ | £ |
| At 1 April | | 1,945,000 | 2,000,000 |
| Transfers between statutory & other reserves & the General Fund | | (240,666) | (55,000) |
| Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure | 12 | - | - |
| At 31 March | | 1,704,334 | 1,945,000 |

The Leisure Mobilisation Fund is a fund to support the Leisure Transformation Programme. This fund will cover programme level costs including communications, engagements and procurement costs.

e Other Balances & Reserves

Restated

| Other Balances & Reserves | Notes | 31/03/2018 | 31/03/2017 |
|---|-------|------------|------------|
| | | £ | £ |
| At 1 April | | 640,929 | 203,566 |
| Transfers between statutory & other reserves & the General Fund | 4 | 156,401 | 153,952 |
| Transfer to BWUH Subvention Fund | | 169,638 | |
| Transfer to BWUH Sinking Fund | | (99,441) | 283,411 |
| At 31 March | | 867,527 | 640,929 |

| | | |
|----------------------|---------|---------|
| | £ | £ |
| Election Fund | 513,919 | 357,518 |
| BWUH Subvention Fund | 169,638 | - |
| BWUH Sinking Fund | 183,970 | 283,411 |
| Total | 867,527 | 640,929 |

The movement and purpose of these funds is outlined below:

| Election Fund | 31/03/2018 |
|--------------------------------------|------------|
| | £ |
| Opening balance | 357,518 |
| Add: new contributions to fund | 156,401 |
| Less: financing drawn down from fund | - |
| At 31 March | 513,919 |

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 contributions, as and when required, to the reserve.

| BWUH Subvention Fund | 31/03/2018 |
|------------------------------------|------------|
| | £ |
| Opening balance | - |
| Add: new contributions to fund | 300,903 |
| Less: amounts drawn down from fund | (131,265) |
| At 31 March | 169,638 |

BWUH Subvention Fund was established to support national and international corporate organisations in bringing their conferences to Belfast.

| BWUH Sinking Fund | 31/03/2018 |
|------------------------------------|------------|
| | £ |
| Opening balance | 283,411 |
| Add: new contributions to fund | 57,242 |
| Less: amounts drawn down from fund | (156,683) |
| At 31 March | 183,970 |

BWUH Sinking Fund (renamed from BWUH Subvention Fund in 2016/17) is a fund to support planned maintenance and future capital works of the new exhibition centre at Waterfront Hall.

f General Fund

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

| General Fund | Notes | 31/03/2018 | 31/03/2017 |
|--|-----------|--------------|--------------|
| | | £ | £ |
| At 1 April | | 20,989,452 | 19,181,234 |
| Applied Capital Grants | 10 | (2,541,228) | (8,947,963) |
| Unapplied Capital Grants received in year | | - | - |
| Direct Revenue Financing | 4, 12 | (5,518,199) | (4,296,859) |
| Depreciation and impairment adjustment | 4 | 20,234,636 | 30,051,043 |
| Statutory Provision for financing Capital Investment | 4 | (5,876,183) | (4,155,412) |
| Net Revenue expenditure funded from capital under statute | 4, 12 | - | - |
| Surplus/(Deficit) on the Provision of Services | CIES | (17,635,955) | (16,988,256) |
| Transfers between Statutory and Other Reserves and the General Fund | 4 | (1,430,134) | (2,260,540) |
| Net movements on Pension Reserve | 4, 20 | 10,071,000 | 3,179,000 |
| Disposal of Fixed Assets/Capital Sales | 4, 11, 25 | 5,166,932 | 3,710,502 |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | | 213,542 | 671,974 |
| Other Movements | | 734,733 | 844,729 |
| At 31 March | | 24,408,596 | 20,989,452 |

This fund represents the surplus of income over expenditure. It can be used to supplement income and unexpected expenditure in future years. Of the £24,408k, £10,738k relates to expenditure committed at the year end (16/17 £20,989k, £7,635k committed).

27 Unuseable Reserves

a Capital Adjustment Account

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

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

| Capital Adjustment Account | Notes | 31/03/2018 | 31/03/2017 |
|---|-------|--------------|--------------|
| | | £ | £ |
| At 1 April | | 427,822,657 | 433,923,306 |
| Applied Capital Grants | 10 | 2,541,228 | 8,947,963 |
| Unapplied Capital Grants transferred to CAA in year | | - | - |
| Direct Revenue Financing | 4, 12 | 5,518,199 | 4,296,859 |
| Depreciation & Impairment adjustment | 11 | (20,234,636) | (30,051,043) |
| Statutory Provision for financing Capital Investment | 4, 12 | 5,876,183 | 4,155,412 |
| Net Revenue expenditure funded from Capital under | 4, 12 | - | - |
| Disposal of Fixed Assets/ Capital Sales | 4, 11 | (8,612,078) | (4,122,115) |
| Capital Receipts used to finance capital expenditure | 4, 12 | - | - |
| Other Movements | | 3,876,079 | 7,602,136 |
| Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure | 12 | 276,792 | 3,070,139 |
| At 31 March | | 417,064,424 | 427,822,657 |

b Financial Instruments Adjustment Account

| Financial Instruments Adjustment Account | Notes | 31/03/2018 | 31/03/2017 |
|---|-------|------------|------------|
| | | £ | £ |
| At 1 April | | - | - |
| Difference between finance and other costs and income | 4 | - | - |
| At 31 March | | - | - |

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

c Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2008, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to Surplus/(Deficit) on the Provision of Services are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

| Revaluation Reserve | Notes | 31/03/2018 | 31/03/2017 |
|--|-------|-------------|-------------|
| | | £ | £ |
| At 1 April | | 138,508,289 | 123,817,218 |
| Revaluation & Impairment | 11 | 24,906,284 | 18,228,570 |
| Movements from associates & joint ventures | | - | - |
| Depreciation on revaluation | | (3,886,080) | (3,537,499) |
| At 31 March | | 159,528,493 | 138,508,289 |

d Available for Sale Financial Instruments Reserve

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

e Pension Reserve

| Pension Reserve | Notes | 31/03/2018 | 31/03/2017 |
|----------------------------------|-------|---------------|---------------|
| | | £ | £ |
| At 1 April | | (125,832,942) | (91,099,942) |
| Net Movements on Pension Reserve | 20 | (10,071,000) | (3,179,000) |
| Revaluation & Impairment | 20 | (1,014,000) | (29,494,000) |
| Gas pension & BWUH movement | | (30,000) | (2,060,000) |
| At 31 March | | (136,947,942) | (125,832,942) |

f Deferred Capital Receipts Account

The Deferred Capital Receipts Account records capital advances receivable where an amount equal to the advance is included as a deferred capital receipt. These amounts are written down each year by the amount of capital debt repaid to the Council in that year.

| Capital Receipts Deferred Account | Notes | 31/03/2018 | 31/03/2017 |
|-----------------------------------|-------|------------|------------|
| | | £ | £ |
| At 1 April | | - | - |
| Other Movements | | - | - |
| At 31 March | | - | - |

g Accumulated Absences Account

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

| Accumulated Absences Account | Notes | 31/03/2018 | 31/03/2017 |
|--|-------|-------------|-------------|
| | | £ | £ |
| At 1 April | | (1,374,835) | (1,302,728) |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | | 30,605 | (72,107) |
| At 31 March | | (1,344,230) | (1,374,835) |

h Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see circular LG 05/2018), to accommodate changes in the current value of the annual calculation of long term provisions for landfill costs, which arise as a result of changes to the interest rates used to discount these provisions and landfill cash flows being increased for inflation.

| Provisions Discount Rate Reserve | Notes | 31/03/2018 | 31/03/2017 |
|--|-------|------------|------------|
| | | £ | £ |
| At 1 April | | - | - |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | | (217,987) | - |
| Other Movements | | - | - |
| At 31 March | | (217,987) | - |

28 Significant Trading Operations

The Council considers a trading operation exists where the service it provides is competitive i.e the user always has the choice to use an alternative supplier to the Council and the Council charges the user on a basis other than a straightforward recharge of the Council's costs in supplying the service. The Council uses a variety of charging mechanisms such as quoted lump sums, fixed periodical charges or rates, or a combination of these.

In deciding whether a trading operation is significant the Council takes both financial and non-financial criteria into account.

Financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the magnitude of each individual trading operation's turnover when compared with the Council's net revenue budget
- the risk of financial loss the Council may be exposed to in providing the service to the user.

Non-financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the importance of each individual trading operation to demonstrating the achievement of Council targets and improving performance.
- the exposure of the Council to service reputational loss risk by providing the service
- whether the provision of the service is likely to be of interest to the Council's key stakeholders and their needs.

In applying the aforementioned criteria, the Council considers the letting of industrial estates to be a significant trading operation.

These significant trading operations form part of Note 9e to these financial statements.

29 Agency Services

The Council provides administration services to Belfast One BID Ltd and Destination CQ BID Ltd. Belfast One BID Ltd pay an administration to the Council for these services. This fee amounted to £13k for 2017/18.

30 Joint Arrangements

During 2017/18 Belfast City Council made a financial contribution of £276,792 (16/17 £3,070,139) to Belfast LLP relating to the redevelopment of the Belfast Telegraph Building.

This contribution to LLP is included in the Long term Assets of Belfast City Council. This represents 46% of the net assets of the LLP which is included in Belfast City Council's consolidated balance sheet.

| | £ |
|-----------------------|------------------|
| Long term assets | 3,058,283 |
| Current assets | 188,179 |
| Current liabilities | 100,469 |
| Long term liabilities | - |
| Net Assets | 3,346,931 |

On 1 April 2016, the operations of Waterfront Hall and Ulster Hall were transferred to a company BWUH Limited. Belfast City Council hold the entire share capital of this company, 1 ordinary share at £1 each. Belfast City Council entered into an agreement with BWUH Limited under which the Council pays the company a management fee for the operation of Belfast Waterfront and Ulster Hall. Payments to and from the company are outlined in Note 31.5.

31 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition where the relationship with the Council and the entity is solely that of an Agency (see note 29) these are not deemed to be Related Party Transactions.

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 2017/18 financial year the Council commissioned £2,412,431 (2016/17 £2,582,205) of works and services from Visit Belfast in which Councillors have an interest. The Council entered into these contracts in full compliance with the Council's standing orders and codes of conduct.

The Council also paid grants of £1,096,916 (2016/17 £1,104,891) 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.

During 2017/18 the Council had expenditure of £263,533 (2016/17 £227,746) to other Councils and income received of £980,249 (2016/17 £614,866) from other Councils, of which £159,488 (2016/17 £238,856) was outstanding at 31 March 2018. These amounts mainly related to services provided.

31.1 Payments to Community Groups

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

| | Councillors | 2017/18 | 2016/17 |
|---------------------------------|-------------|---------|---------|
| | | £ | £ |
| East Belfast Partnership Board | 8 | 32,500 | 4,292 |
| North Belfast Partnership Board | | - | 11,473 |
| South Belfast Partnership Board | 5 | 32,937 | 9,565 |
| West Belfast Partnership Board | 7 | 3,872 | - |
| | | 69,309 | 25,330 |

31.2 Joint Committees

Belfast City Council made payments to the following Joint Committees:

| | Councillors | 2017/18 | 2016/17 |
|--------|-------------|-----------|-----------|
| | | £ | £ |
| Arc 21 | 3 | 7,989,377 | 8,475,994 |

The origins of arc21 can be traced back to June 1999, when a small number of Council representatives agreed that a joint approach was the best way to deliver an effective waste management strategy for the region. By 2000, 11 Councils had joined together from the eastern Region Waste Management Group, which was eventually renamed arc21.

At present arc21 has successfully been awarded and is managing waste management contracts on behalf of Councils with a value in the region of £200m.

31.3 Other Organisations

| | Councillors | 2017/18 | 2016/17 |
|---|-------------|------------------|------------------|
| | | £ | £ |
| Association of Port Health Authorities | 1 | 1,248 | 1,200 |
| Belfast City Centre Management Board | 2 | 259,842 | 274,387 |
| Belfast Harbour Commissioners | 3 | 87,892 | 47,216 |
| Belfast Hills P'ship | 1 | 37,601 | 41,388 |
| Board of Ulster Orchestra Society Ltd | 1 | 308,343 | 373,925 |
| Cathedral Quarter Trust | 2 | 62,380 | 32,182 |
| Concorde Community Centre Committee | 1 | 600 | 600 |
| Dee Street Community Centre Committee | 6 | 0 | 1,320 |
| Donegall Pass Community Centre Committee | 3 | 0 | 600 |
| Duncairn Community Centre Committee | 4 | 600 | 600 |
| Finaghy Community Centre Committee | 2 | 600 | 600 |
| Grand Opera House Trust | 1 | 35,000 | 52,500 |
| Greater Shankill Partnership Board | 4 | 34,096 | 29,527 |
| Groundwork NI | | 30,400 | 2,000 |
| Hammer Community Centre Committee | 2 | 0 | 600 |
| Highfield Community Centre Committee | 2 | 600 | 600 |
| Horn Drive Community Centre Committee | 2 | 0 | 600 |
| Knocknagoney Community Centre Committee | 4 | 2,329 | 2,868 |
| Lagan Valley Regional Park Advisory Committee | 2 | 2,360 | 0 |
| Ligoniel Community Centre Committee | 1 | 600 | 600 |
| Linenhall Library Board | 1 | 35,357 | 35,000 |
| Lyric Theatre Education Advisory Panel | 1 | 100,000 | 101,180 |
| Morton Community Centre Committee | 4 | 600 | 600 |
| National Association of Councillors | 6 | 3,560 | 3,560 |
| NI Amenity Council | 1 | 0 | 2,330 |
| NI Local Government Association | 9 | 91,088 | 90,216 |
| Somme Advisory Council | 3 | 1,200 | 8,040 |
| Visit Belfast | 4 | 2,412,431 | 2,258,205 |
| Woodvale Community Centre Committee | 2 | 600 | 652 |
| At 31 March | | 3,509,347 | 3,363,095 |

31.4 Active Belfast Limited

Belfast City Council with Active Belfast Limited entered into an agreement with GLL for the provision of leisure services. These financial statements include expenses of £8,606,329 (2016/17 £7,249,222) for the provision of these services in the year ended 31 March 2018.

31.5 Car Loans to Council Officers

The Council makes car loans available to employees who are designated essential car users. The total amount outstanding in respect of car loans to designated employees as at 31 March 2018 was £117,698 (2016/17 £155,391).

Belfast Waterfront and Ulster Hall Limited

With effect from 1 April 2016 the Council transferred the operations of Belfast Waterfront Hall and Ulster Hall to a new company BWUH Limited with the Council being the sole shareholder in this new company. The Council is represented by one officer out of the total Board of 6 Directors. During 2017/18 the Council invoiced BWUH Ltd for £2,028,453 for expenditure incurred on its behalf and also received invoices from the Company for £3,433,273 mainly for the management fee. At 31 March 2018, £53,613 was owed to the company by the Council and £300,362 receivable from the company.

Belfel LLP

During 2017/18, Belfast City Council made a financial contribution of £276,792 (16/17 £3,070,139) to Belfel LLP relating to the redevelopment of the Belfast Telegraph Building representing 46% of the net assets of the LLP (as outlined in Note 30). The Council is represented by two officers on the Management Board of the LLP and Timec 1523 Limited is also represented by two members on the Management Board.

Belfast City Council
Group Movement in Reserves Statement for the year ended 31 March 2018

| | General Fund Summary £ | Other Fund Balances and Reserves £ | Capital Receipts Reserve £ | Total Usable Reserves £ | Total Unusable Reserves £ | Total Council Reserves £ |
|--|------------------------------|---|----------------------------------|-------------------------------|---------------------------------|--------------------------------|
| Balance as at 1 April 2016 | 19,181,234 | 27,679,322 | 1,263,369 | 48,123,925 | 465,337,854 | 513,461,779 |
| Movement in reserves during the year | | | | | | |
| Surplus/ (Deficit) on the provision of services | (17,067,256) | - | - | (17,067,256) | - | (17,067,256) |
| Other Comprehensive Income and Expenditure | - | - | - | - | (11,265,430) | (11,265,430) |
| Total Comprehensive Income and Expenditure | (17,067,256) | - | - | (17,067,256) | (11,265,430) | (28,332,686) |
| Adjustments between accounting basis & funding under regulations | 20,287,583 | (3,070,139) | 369,088 | 17,586,532 | (17,552,405) | 34,127 |
| Net Increase before transfers to Statutory and Other Reserves | 3,220,327 | (3,070,139) | 369,088 | 519,276 | (28,817,835) | (28,298,559) |
| Transfers to / from Statutory and Other Reserves | (2,260,540) | 2,260,540 | - | - | - | - |
| Other movements | 844,729 | 283,411 | - | 1,128,140 | 2,603,150 | 3,731,290 |
| Increase/ (Decrease) in year | 1,804,516 | (526,188) | 369,088 | 1,647,416 | (26,214,685) | (24,567,269) |
| Balance as at 31 March 2017 | 20,985,750 | 27,153,134 | 1,632,457 | 49,771,341 | 439,123,170 | 488,894,511 |
| Movement in reserves during the year | | | | | | |
| Surplus/ (Deficit) on the provision of services | (18,059,757) | - | - | (18,059,757) | - | (18,059,757) |
| Other Comprehensive Income and Expenditure | - | - | - | - | 23,892,284 | 23,892,284 |
| Total Comprehensive Income and Expenditure | (18,059,757) | - | - | (18,059,757) | 23,892,284 | 5,832,527 |
| Adjustments between accounting basis & funding under regulations | 22,169,302 | (276,792) | 3,107,000 | 24,999,510 | (24,684,708) | 314,802 |
| Net Increase before transfers to Statutory and Other Reserves | 4,109,545 | (276,792) | 3,107,000 | 6,939,753 | (792,424) | 6,147,329 |
| Transfers to / from Statutory and Other Reserves | (1,430,134) | 1,430,134 | - | - | - | - |
| Other movements | 739,734 | (65,170) | - | 674,564 | (247,986) | 426,578 |
| Increase/ (Decrease) in year | 3,419,145 | 1,088,172 | 3,107,000 | 7,614,317 | (1,040,410) | 6,573,907 |
| Balance as at 31 March 2018 | 24,404,895 | 28,241,306 | 4,739,457 | 57,385,658 | 438,082,760 | 495,468,418 |

Belfast City Council
Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

| | | 2017/18 | | | 2016/17 | | |
|---|-------|-------------------|---------------|-----------------|-------------------|---------------|-----------------|
| | | Gross Expenditure | Gross Income | Net Expenditure | Gross Expenditure | Gross Income | Net Expenditure |
| Service Expenditure | Notes | £ | £ | £ | £ | £ | £ |
| Strategic Policy & Resources | 2 | 62,655,671 | (9,437,721) | 53,217,950 | 58,601,852 | (9,972,973) | 48,628,879 |
| City Growth & Regeneration | 2 | 36,703,673 | (15,897,316) | 20,806,357 | 33,664,626 | (12,145,639) | 21,518,987 |
| People & Communities | 2 | 106,898,004 | (15,984,609) | 90,913,395 | 126,608,580 | (15,004,163) | 111,604,417 |
| Planning & Licencing | 2 | 7,835,696 | (5,595,361) | 2,240,335 | 7,220,402 | (6,098,230) | 1,122,172 |
| Cost of Services on Continuing Operations | | 214,093,044 | (46,915,007) | 167,178,037 | 226,095,460 | (43,221,005) | 182,874,455 |
| Other Operating Expenditure | 8 | 5,166,932 | - | 5,166,932 | 3,710,502 | - | 3,710,502 |
| Financing and Investment Income and Expenditure | 9 | 10,651,076 | (6,894,671) | 3,756,405 | 4,996,832 | (13,970,237) | (8,973,405) |
| (Surplus) or Deficit on Discontinued Operations | | | | - | | | - |
| Net Operating Expenditure | | 229,911,052 | (53,809,678) | 176,101,374 | 234,802,794 | (57,191,242) | 177,611,552 |
| Taxation and Non-Specific Grant Income | 10 | (21,440) | (158,020,177) | (158,041,617) | 1,672,075 | (162,216,371) | (160,544,296) |
| Surplus/(Deficit) on the Provision of Services | | 229,889,612 | (211,829,855) | 18,059,757 | 236,474,869 | (219,407,613) | 17,067,256 |
| (Surplus)/Deficit on revaluation of non-current assets | 11 | | | (24,906,284) | | | (18,228,570) |
| Surplus/(Deficit) arising on revaluation of available-for-sale financial assets | 27 | | | - | | | - |
| Remeasurements of the Net Defined Benefit Liability (Asset) | 20 | | | 1,014,000 | | | 29,494,000 |
| Other Comprehensive Income and Expenditure | | | | (23,892,284) | | | 11,265,430 |
| Total Comprehensive Income and Expenditure | | | | (5,832,527) | | | 28,332,686 |

Belfast City Council
Group Balance Sheet as at 31 March 2018

| | Note | 31st March 2018 | 31st March 2017 |
|---|------|--------------------|--------------------|
| | | £ | £ |
| Fixed Assets | | 670,790,673 | 649,232,774 |
| Long Term Investments | | 433,000 | 445,585 |
| Investment in Associates and Joint Ventures | | - | - |
| Long Term Debtors | | 1,137,030 | 1,296,062 |
| LONG TERM ASSETS | | 672,360,703 | 650,974,421 |
| Short Term Investments | | - | - |
| Inventories | | 326,164 | 295,715 |
| Short Term Debtors | | 18,275,761 | 22,830,338 |
| Cash and Cash Equivalents | | 14,490,997 | 11,052,247 |
| Assets Held for Sale | | - | 3,197,000 |
| CURRENT ASSETS | | 33,092,922 | 37,375,300 |
| Bank Overdraft | | - | - |
| Short Term Borrowing | | 4,158,529 | 163,482 |
| Short Term Creditors | | 30,300,049 | 31,997,062 |
| Provisions | | 2,906,973 | 2,584,680 |
| CURRENT LIABILITIES | | 37,365,551 | 34,745,224 |
| Long Term Creditors | | 60,848 | 82,707 |
| Provisions | | 1,749,239 | 1,716,737 |
| Long Term Borrowing | | 32,604,494 | 36,444,276 |
| Other Long Term Liabilities | | 136,947,942 | 125,832,942 |
| Donated Assets Account | | 10,001 | 10,001 |
| Capital Grants and Receipts in Advance | | 1,247,132 | 623,323 |
| LONG TERM LIABILITIES | | 172,619,556 | 164,709,986 |
| NET ASSETS | | 495,468,418 | 488,894,511 |
| USABLE RESERVES | | | |
| Capital Receipts Reserve | | 4,739,457 | 1,632,457 |
| Capital Fund | | 25,669,445 | 24,567,205 |
| Leisure Mobilisation Fund | | 1,704,334 | 1,945,000 |
| Other Balances and Reserves | | 867,527 | 640,929 |
| General Fund | | 24,404,895 | 20,985,750 |
| | | 57,385,658 | 49,771,341 |
| UNUSABLE RESERVES | | | |
| Capital Adjustment Account | | 417,064,426 | 427,822,658 |
| Revaluation Reserve | | 159,528,493 | 138,508,289 |
| Pensions Reserve | | (136,947,942) | (125,832,942) |
| Accumulated Absences Account | | (1,344,230) | (1,374,835) |
| Provisions Discount Rate Reserve | | (217,987) | - |
| | | 438,082,760 | 439,123,170 |
| NET WORTH | | 495,468,418 | 488,894,511 |

Belfast City Council
Group Cash Flow Statement at 31 March 2018

| | Note | 2017/18 | 2016/17 |
|--|------|-------------------|---------------------|
| | | £ | £ |
| Net Deficit on the provision of services | | (18,059,757) | (17,067,256) |
| Adjustment for non-cash movements | | 44,479,723 | 49,544,331 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | | (5,709,582) | (6,289,437) |
| Net cash flows from operating activities | | 20,710,384 | 26,187,638 |
| Cash flows from Investing Activities | | (17,426,898) | (48,687,147) |
| Net Cash flows from Financing Activities | | 155,264 | 1,846,249 |
| Net increase or decrease in cash and cash equivalents | | 3,438,750 | (20,653,260) |
| Cash and cash equivalents at the beginning of the reporting period | | 11,052,247 | 31,705,507 |
| Cash and cash equivalents at the end of the reporting period | | 14,490,997 | 11,052,247 |

Belfast City Council
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2018

G1 Group Accounts

The Group Accounting Policies are the same as the Council policies and have not been repeated again in these Notes. The exception to this is in relation to Retirement Benefits which have been treated in BWUH Limited as a defined contribution scheme as the liabilities of the NLGOSC scheme remain with Belfast City Council and have been disclosed in Belfast City Council's financial statements.

Since there are no significant changes to the Consolidated Group Balance Sheet as compared to the Council's Balance Sheet, the majority of the supporting notes have not been deemed necessary.

G2 Combining Entities
Belfast Waterfront Ulster Hall Limited (BWUH Ltd)

Belfast Waterfront Ulster Hall Limited is a company incorporated under the terms of the Companies Acts to operate the Belfast Waterfront and Ulster Hall. The Authority is the principal shareholder in the company holding 1 ordinary £1 shares and representing 100% of the issued share capital. Under accounting standards, the Authority has a controlling interest in this company. The financial results for the company have been included in the group accounts as a subsidiary.

Net liabilities of the company were £3.7k at 31 March 2018. The profit on ordinary activities before taxation for the period to 31 March 2018 was £1. No dividend payments were due to, or received by, the Authority in respect of its investment.

The latest set of accounts is for the year to 31 March 2018 and has an unqualified audit certificate.

BELTEL LLP

For the purposes of economic regeneration as part of the City Centre Regeneration objectives the Council made a financial contribution in the form of a loan of now totalling £3,346,931 as at year ended 31 March 2018, to Beltel LLP relating to the redevelopment of the Belfast Telegraph building. This contribution represents 46% of the net assets of Beltel LLP which have been included in the Council's group balance sheet and the breakdown of the net assets is included in Note 30 Investments in Associates.

Gas Pension Fund

The asset of £60,000 in respect of the Gas Pension Fund is disclosed and recognised in Belfast City Council's balance sheet and Note 20 Retirement Benefits disclosures. The Group balance sheet has included the assets and liabilities giving rise to this liability:

| | £ |
|-----------------------|---------------|
| Long term assets | 433,182 |
| Current assets | 839,884 |
| Long term liabilities | 1,213,066 |
| Net asset | 60,000 |

The Council has not consolidated its interests in Active Belfast Limited, Belfast Gasworks Management Co Ltd and Arc21 as the Council's share of these balance sheets is not deemed material to the group accounts at this point in time.

Nature of combination

To advance council objectives, the council has established one limited company in the current financial year and made a financial contribution to a LLP, as outlined above.

Financial Impact of combination

The effect of the inclusion of the subsidiaries and associates in 2017/18 was to reduce the Council's reserves and net assets by £3.7k representing the net asset in the consolidating entities.

G3

Adjustments between an Accounting Basis and Funding Basis under Regulations

Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

| Notes | 2017/18 | | 2016/17 | |
|--|-------------|--------------|------------|--------------|
| | £ | £ | £ | £ |
| Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year: | | | | |
| Impairments (losses & reversals) of non-current assets | - | - | - | - |
| Derecognition (other than disposal) of non-current assets | | | | |
| Revaluation | | | | |
| Increases/decreases taken to Surplus/Deficit on the Provision of Services | 4,974,816 | | 16,047,198 | |
| Depreciation charged in the year on non-current assets funded from capital under statute | 15,273,622 | 20,248,438 | 14,003,845 | 30,051,043 |
| Carrying amount of non current assets sold | 8,612,078 | | 4,122,115 | |
| Proceeds from the sale of PP&E, investment property and intangible assets | (3,445,146) | 5,166,932 | (411,613) | 3,710,502 |
| Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | | - | | - |
| Net charges made for retirement benefits in accordance with IAS 19 | | 24,417,000 | | 17,542,000 |
| Direct revenue financing of Capital Expenditure | | (5,518,199) | | (4,296,859) |
| Capital Grants and Donated Assets Receivable and Applied in year | | (2,541,228) | | (8,947,963) |
| Capital Grants Receivable and Unapplied in year | | - | | - |
| Rates Claw-Back Reserve | | - | | - |
| Adjustments in relation to Short-term compensated absences | | (30,605) | | 72,107 |
| Adjustments in relation to Lessor Arrangements | | 26,160 | | 599,867 |
| Landfill Regulations Reserve Adjustment | | - | | - |
| Provisions Discount Rate Reserve Adjustment | | 217,987 | | - |
| Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year | | | | |
| Statutory Provision for the financing of Capital Investment | | (5,876,183) | | (4,155,412) |
| Employers contributions payable to the NIGOSC and retirement benefits payable direct to pensioners | | (13,941,000) | | (14,284,000) |
| | | 22,169,302 | | 20,291,265 |

Ballast City Council
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2018

65 Fixed Assets

| Capital Acquisition | Land | Buildings | Infrastructure Assets | Plant and Equipment | Community Assets | IT Assets | Leasehold Intangible Assets | Investment Properties | Intangible Assets Held for Sale | TOTAL |
|--|-------------|--------------|-----------------------|---------------------|------------------|-------------|-----------------------------|-----------------------|---------------------------------|--------------|
| Balance as at 1 April 2017 | 100,457,851 | 403,227,455 | 5,772,087 | - | 257 | 14,810,877 | 3,674,001 | 94,820,100 | 10,990,754 | 493,587,425 |
| Adjustments between cost/value & depreciation/impairment | - | 345 | - | - | - | - | - | - | - | 345 |
| Prior Period Adjustment | - | - | - | - | - | - | - | - | - | - |
| Balance as at 1 April 2017 | 100,457,851 | 403,227,455 | 5,772,087 | - | 257 | 14,810,877 | 3,674,001 | 94,820,100 | 10,990,754 | 493,587,425 |
| Additions | 1 | 1,830,460 | 2,530 | - | 789,413 | 17,102,425 | - | 131,344 | 172,090 | 22,286,130 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Revaluation increases/ (decreases) to revaluation reserve | - | - | - | - | (18,499) | (3,999) | 1,254 | - | - | 13,811,803 |
| Revaluation increases/ (decreases) to surplus or deficit on the provision of services | 312,250 | 844,777 | - | - | (1,501,133) | 268,998 | (527,120) | 14,994,169 | - | (5,572,299) |
| Impairment to surplus or deficit on the provision of services | - | - | - | - | - | - | - | - | - | - |
| Disposals - Other | - | (5,003,600) | - | (3,177,753) | - | - | - | - | - | (8,177,753) |
| Reclassification & Transfer | (3,349,000) | 546,739 | - | 981,908 | 730,223 | (6,875,344) | 3,980,844 | - | 45,342 | (5,003,600) |
| Reclassified to / from (*) | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2018 | 100,460,101 | 414,265,714 | 5,774,107 | 42,004,495 | 259 | 25,304,135 | 7,119,001 | 91,943,333 | 19,206,176 | 716,181,121 |
| Depreciation and impairment | - | 8,454,090 | 192,410 | 2,831,676 | - | - | - | 16,145,044 | 1,203,449 | 15,273,431 |
| Balance as at 1 April 2017 | - | - | 120,249 | 25,668,406 | - | - | - | - | - | 25,774,754 |
| Adjustment between cost/value & depreciation/impairment | - | 345 | - | - | - | - | - | - | - | 345 |
| Balance as at 1 April 2017 | - | - | 120,249 | 25,668,406 | - | - | - | - | - | 25,774,754 |
| Depreciation Charge | - | 12,120,780 | 192,410 | 2,831,676 | - | - | - | - | - | 15,273,431 |
| Depreciation written out on Revaluation Reserve | - | (11,070,037) | - | - | - | - | (19,444) | - | - | (11,089,481) |
| Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services | - | (159,220) | - | - | (11,461) | - | (31,872) | - | - | (402,843) |
| Impairment losses/reversals to Revaluation Reserve | - | - | - | - | - | - | - | - | - | - |
| Impairment losses/reversals to Surplus or Deficit on the Provision of Services | - | - | - | - | - | - | - | - | - | - |
| Disposals - Other | (497,202) | - | - | (3,137,073) | - | - | - | - | - | (3,634,275) |
| Reclassification & Transfer | (627,977) | - | - | - | 11,461 | - | 51,336 | - | - | - |
| Eliminated on reclassification to Held for Sale | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2018 | - | (1) | 320,479 | 25,343,049 | - | - | (31,872) | - | - | 44,370,448 |

Net Book Value

| | | | | | | | | | | |
|-----------------------------|-------------|-------------|-----------|------------|-----|------------|-----------|------------|------------|-------------|
| Balance as at 31 March 2018 | 100,460,101 | 414,265,714 | 5,774,107 | 42,004,495 | 259 | 25,304,135 | 7,119,001 | 91,943,333 | 19,206,176 | 716,181,121 |
|-----------------------------|-------------|-------------|-----------|------------|-----|------------|-----------|------------|------------|-------------|

| Cost of Valuation | Land | Buildings | Plant & Machinery | Other Assets | Intangible Assets | Goodwill | Deferred Tax Assets | Provisions | Other Assets | Investment Properties | Intangible Assets | Other Assets | TOTAL |
|--|---------------|---------------|-------------------|--------------|-------------------|--------------|---------------------|-------------|--------------|-----------------------|-------------------|--------------|---------------|
| Balance at 1 April 2014 | 19,237,353 | 352,056,306 | - | - | 39,217,814 | 253 | 99,201,049 | 2,811,022 | 532,825,797 | 4,141,239 | 84,123,000 | 18,790,942 | 441,552,778 |
| Adjustment between cost/value & depreciation/impairment | - | (211) | - | - | 34,716 | - | - | - | 34,445 | 82,154 | - | - | 134,419 |
| 2014/15/16/17/18/19/20/21 | (1,171,434) | (542,644,163) | - | - | (3,182,430) | 213 | (7,740,947) | (2,811,022) | (52,810,242) | (4,433,372) | (45,120,000) | (2,719,142) | (461,441,517) |
| Accruals/Provisions | - | 517,609 | - | - | 2,534,136 | 447,450 | 41,371,524 | - | 48,474,829 | - | 2,928,108 | 10,500 | 48,413,426 |
| Revaluation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increases/decreases to revaluation reserve | 1,461,120 | 6,504,295 | - | - | - | - | - | - | 7,945,415 | (3,310) | - | - | 7,942,105 |
| Revaluation increases/decreases to Surplus or Deficit on the Provision of Services | 542,777 | (453,264) | - | - | - | (24,108,798) | 399,999 | (13,001) | (23,414,407) | - | 6,894,629 | - | (10,719,778) |
| Impairment to Surplus or Deficit on the Provision of Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer of 150% - 13000000 | (33,000) | (235,969) | - | - | (1,740,253) | - | (89,914) | - | (2,037,235) | - | - | - | (2,037,235) |
| Transfer of 150% - 13000000 | (33,000) | (3,913,550) | - | - | - | (89,914) | - | - | (4,003,464) | - | - | - | (4,003,464) |
| Reclassification to Other | 2,349,290 | 48,750,570 | 5,772,007 | - | 1,304,572 | 23,481,252 | (86,471,801) | (898,000) | (3,538,425) | 450,939 | 2,885,531 | 189,212 | - |
| Reclassified (Held) / Transferred for Sale | - | - | - | - | - | - | - | (22,000) | (22,000) | - | - | - | (1,417,000) |
| 2017/18/19/20/21 | (102,497,451) | (43,222,435) | 5,772,007 | - | (4,140,510) | 217 | (4,310,807) | (3,074,921) | (57,639,711) | (4,181,022) | (1,024,103) | (10,419,754) | (475,167,415) |

| Depreciation and Impairment | Land | Buildings | Plant & Machinery | Other Assets | Intangible Assets | Goodwill | Deferred Tax Assets | Provisions | Other Assets | Investment Properties | Intangible Assets | Other Assets | TOTAL |
|--|------|--------------|-------------------|--------------|-------------------|----------|---------------------|------------|--------------|-----------------------|-------------------|--------------|--------------|
| Balance at 1 April 2014 | - | - | - | - | 24,470,570 | - | - | - | 24,470,570 | 27,241 | - | 18,420,920 | 43,118,751 |
| Adjustments between cost/value & depreciation/impairment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2014/15/16/17/18/19/20/21 | - | - | - | - | 24,470,570 | - | - | - | 24,470,570 | 27,241 | - | 18,420,920 | 43,118,751 |
| Depreciation Charge | - | 11,229,448 | 126,249 | - | 2,534,143 | - | - | - | 13,893,840 | - | - | 109,945 | 14,003,848 |
| Depreciation written out on revaluation reserve | - | (10,264,443) | - | - | - | - | - | - | (10,264,443) | - | - | - | (10,264,443) |
| Depreciation written out on revaluation taken to Surplus or Deficit on the Provision of Services | - | - | - | - | - | - | - | - | (172,580) | - | - | - | (172,580) |
| Impairment losses/reversals to Revaluation Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Impairment losses/reversals to Surplus or Deficit on the Provision of Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disrecognition - Disposals | - | (10,202) | - | - | (1,538,247) | - | - | - | (1,548,449) | - | - | - | (1,548,449) |
| Disrecognition - Other | - | (280,301) | - | - | - | - | - | - | (280,301) | - | - | - | (280,301) |
| Reclassification & transfers | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Eliminated on reclassification to Held for Sale | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2017/18/19/20/21 | - | 11,229,448 | 126,249 | - | 24,470,570 | - | - | - | 24,470,570 | 27,241 | - | 109,945 | 43,118,751 |

| Net Book Values | | | | | | | | | | | | |
|--------------------------|-------------|------------|-----------|------------|-----|------------|-----------|------------|-----------|------------|-------------|-------------|
| Balance at 1 April 2014 | 101,497,451 | 43,222,435 | 1,481,818 | 16,276,572 | 217 | 14,810,877 | 3,174,901 | 54,021,041 | 4,457,741 | 91,861,108 | 459,847,774 | 449,832,774 |
| Balance at 31 March 2014 | 100,345,501 | 41,802,915 | 5,413,741 | 16,140,491 | 219 | 15,025,135 | 3,127,001 | 54,474,315 | 8,291,033 | 91,169,293 | 450,776,193 | 450,776,193 |

| G6 a | Employee Costs and Member Allowances Staff Costs | 2017/18 | 2016/17 |
|------|---|-------------------|-------------------|
| | | £ | £ |
| | Salaries and Wages | 68,177,410 | 66,877,666 |
| | Employers NIC | 6,321,447 | 6,247,353 |
| | Employers Superannuation | 13,439,009 | 12,908,309 |
| | Total staff costs | 87,937,866 | 86,033,328 |

The above staff costs include the costs of the voluntary redundancies in 2017/18. These costs total £1,886,888 and are disclosed separately in Table 4 of the Remuneration Report. In addition, agency costs during the year amounted to £4,649,576 (16/17 £4,470,906)

The Council's current contribution rate to NIGOSC scheme is 18% plus a 2% deficit recovery contribution. At the last actuarial valuation, dated 31 March 2016, the Fund's assets as a whole were sufficient to meet 96% (15/16 91%) of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

| b | Average Number of Employees | 2017/18 | 2016/17 |
|---|------------------------------|--------------|--------------|
| | | FTE | FTE |
| | Strategic Policy & Resources | 661 | 681 |
| | City Growth & Regeneration | 316 | 283 |
| | People & Communities | 1,239 | 1,259 |
| | Planning & Licencing | 147 | 140 |
| | Total Number | 2,363 | 2,363 |

| c | | 2017/18 | 2016/17 |
|---|----------------------------|----------------|----------------|
| | | Actual Numbers | Actual Numbers |
| | Full-time numbers employed | 2,086 | 2,097 |
| | Part-time numbers employed | 354 | 340 |
| | Total Number | 2,440 | 2,437 |

| d | Senior Employees' Remuneration | 2017/18 | 2016/17 |
|---|--------------------------------|-----------|-----------|
| | | £ | £ |
| | £50,001 to £60,000 | 50 | 49 |
| | £60,001 to £70,000 | 10 | 4 |
| | £70,001 to £80,000 | 11 | 8 |
| | £80,001 to £90,000 | 2 | - |
| | £90,001 to £100,000 | 4 | 5 |
| | £100,001 to £110,000 | 2 | 2 |
| | £110,001 to £120,000 | - | - |
| | £120,001 to £130,000 | - | - |
| | £130,001 to £140,000 | 1 | 1 |
| | Total Number | 80 | 69 |

G7

| Debtors | | 2017/18 | 2016/17 |
|---------------------------------------|--|------------------|------------------|
| a Long Term Debtors | | £ | £ |
| Government Departments | | - | - |
| Other Councils | | - | - |
| Public corporations and trading funds | | - | - |
| Bodies external to general government | | - | - |
| Employee car loans | | 59,587 | 88,920 |
| Revenue Grants | | - | - |
| Capital Grants | | - | - |
| Interest Receivable | | - | - |
| Capital Debtors | | - | - |
| Loans and advances | | - | - |
| Finance lease debtors | | - | - |
| Trade debtors | | 736,633 | 789,382 |
| NIHE Loans | | 340,810 | 417,760 |
| Other | | - | - |
| Impairment of loans and receivables | | - | - |
| Total Long-Term Debtors | | 1,137,030 | 1,296,062 |

| b Short Term Debtors | | 2017/18 | 2016/17 |
|---------------------------------------|--|-------------------|-------------------|
| | | £ | £ |
| Government Departments | | 320,271 | 1,641,010 |
| Other Councils | | 159,488 | 238,856 |
| Public corporations and trading funds | | - | - |
| Bodies external to general government | | - | - |
| NIHE loans | | 76,950 | 1,950,250 |
| Employee car loans | | 58,110 | 66,471 |
| Revenue Grants | | 3,825,967 | 3,687,187 |
| Capital Grants | | 1,411,696 | 5,104,875 |
| Interest Receivable | | - | - |
| Capital Debtors | | - | - |
| Value Added Tax | | 1,978,620 | 2,063,521 |
| Prepayments | | 4,480,065 | 2,990,028 |
| Finance lease debtors | | - | 26,160 |
| Other | | 3,192,000 | 2,924,012 |
| Trade receivables | | 3,226,846 | 2,555,443 |
| Impairment loss - Trade receivables | | (454,252) | (417,475) |
| Total Short-Term Debtors | | 18,275,761 | 22,830,338 |
| Total Debtors | | 19,412,791 | 24,126,400 |

G8

| Creditors | | 2017/18 | 2016/17 |
|---------------------------------------|--|-------------------|-------------------|
| a Short Term Creditors | | £ | £ |
| Government Departments | | 1,673,415 | 1,635,116 |
| Other Councils | | 17,826 | 14,290 |
| Public corporations and trading funds | | - | - |
| Bodies external to general government | | - | - |
| Rates clawback | | - | - |
| VAT | | 350,000 | 1,917,292 |
| Remuneration due to employees | | 331,117 | 524,621 |
| Accumulated Absences | | 1,344,230 | 1,374,835 |
| Receipts in advance | | 4,440,803 | 6,413,375 |
| Trade creditors | | - | - |
| Other | | 22,142,658 | 20,117,533 |
| Total Short-Term Creditors | | 30,300,049 | 31,997,062 |

| b Long Term Creditors | | 2017/18 | 2016/17 |
|---------------------------------------|--|-------------------|-------------------|
| | | £ | £ |
| Government Departments | | - | - |
| Other Councils | | - | - |
| Public corporations and trading funds | | - | - |
| Bodies external to general government | | - | - |
| Rates clawback | | - | - |
| Remuneration due to employees | | - | - |
| Accumulated Absences | | - | - |
| Receipts in advance | | - | - |
| Trade creditors | | - | - |
| Other | | 60,848 | 82,707 |
| Total Long-Term Creditors | | 60,848 | 82,707 |
| Total Creditors | | 30,360,897 | 32,079,769 |

G9 Retirement Benefits

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

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

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

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

The Group recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Group is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

| Note | 2017/18 £ | 2016/17 £ |
|--|---------------------|--------------------|
| Net cost of services: | | |
| Current service cost | 20,727,000 | 15,367,000 |
| Past service cost/(gain) | 599,000 | 119,000 |
| Gains and losses on settlements or curtailments | - | (819,000) |
| Net operating expenditure: | | |
| Net interest on net defined benefit liability (asset) | 3,091,000 | 2,875,000 |
| Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services | 24,417,000 | 17,542,000 |
| Movement in Reserves Statement: | | |
| Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code | (24,417,000) | (17,542,000) |
| Actual amount charged against the general fund balance for pensions in the year: | | |
| Employers' contributions payable to scheme | 13,941,000 | 14,284,000 |
| Net charge to the Comprehensive Income and Expenditure Statement | (10,476,000) | (3,258,000) |

The service cost figures include an allowance for administration expenses of £257,000(16/17 £252,000).

| Note | 2017/18 £ | 2016/17 £ |
|--|--------------------|---------------------|
| Remeasurements recognised in Other Comprehensive Income and Expenditure | | |
| Liability gains/(losses) due to change in assumptions | (11,937,000) | (116,490,000) |
| Liability gains/(losses) due to demographic changes | | 2,381,000 |
| Liability experience gains/(losses) arising in the year | (2,574,000) | 25,042,000 |
| Actuarial gains/(losses) on plan assets | 13,497,000 | 59,573,000 |
| Total gains/(losses) recognised in Other Comprehensive Income and Expenditure | (1,014,000) | (29,494,000) |

c Assets and liabilities in relation to retirement benefits

| | Note | 2017/18 £ | 2016/17 £ |
|--|------|--------------------|--------------------|
| Reconciliation of present value of the scheme liabilities: | | | |
| Balance as at 1 April | | 662,178,000 | 552,175,000 |
| Current service cost | | 20,727,000 | 15,367,000 |
| Interest cost | | 17,073,000 | 18,474,000 |
| Contributions by members | | 4,317,000 | 4,252,000 |
| Remeasurement (gains) and losses: | | | |
| Actuarial gains/losses arising from changes in financial assumptions | | 11,937,000 | 116,490,000 |
| Actuarial gains/losses arising from demographic changes | | - | (2,381,000) |
| Actuarial gains/losses arising on liabilities from experience | | 2,382,000 | (23,427,000) |
| Other (if applicable) | | - | - |
| Past service costs/(gains) | | 599,000 | 119,000 |
| Losses/(gains) on curtailments | | - | - |
| Liabilities extinguished on settlements | | - | (3,766,000) |
| Estimated unfunded benefits paid | | (786,000) | (795,000) |
| Estimated benefits paid | | (14,477,000) | (14,330,000) |
| Balance as at 31 March | | 703,950,000 | 662,178,000 |

| | Note | 2017/18 £ | 2016/17 £ |
|--|------|--------------------|--------------------|
| Reconciliation of present value of the scheme assets: | | | |
| Balance as at 1 April | | 536,348,058 | 460,166,058 |
| Interest income | | 13,982,000 | 15,599,000 |
| Contributions by members | | 4,317,000 | 4,252,000 |
| Contributions by employer | | 13,155,000 | 13,489,000 |
| Contributions in respect of unfunded benefits | | 786,000 | 795,000 |
| Remeasurement gain/(loss) | | 13,617,000 | 60,119,000 |
| Assets distributed on settlements | | - | (2,947,000) |
| Unfunded benefits paid | | (786,000) | (795,000) |
| Benefits paid | | (14,477,000) | (14,330,000) |
| Balance as at 31 March | | 566,942,058 | 536,348,058 |

Belfast City Council employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is calculated and the overall expected rate of return on assets so derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2018.

The actual return on scheme assets in the year was a gain of £27,599k (2016/17 gain of £75,718k).

| | 2017/18 £ | 2016/17 £ |
|----------------------------------|--------------------|--------------------|
| Fair Value of Plan Assets | | |
| Equity Investments | 404,796,629 | 399,579,260 |
| Bonds | 70,300,815 | 61,680,020 |
| Property | 56,694,206 | 56,316,540 |
| Cash | 25,512,393 | 13,945,048 |
| Other | 9,638,015 | 4,827,132 |
| | 566,942,058 | 536,348,058 |

The Council's share of the Net Pension Liability (Included in the Balance Sheet):

| | 2017/18 £ | 2016/17 £ |
|--|----------------------|----------------------|
| Fair Value of Employer Assets | 566,942,058 | 536,348,058 |
| Present value of funded defined benefit obligation | (703,950,000) | (662,178,000) |
| Pension asset/(liability) of Funded Scheme | (137,007,942) | (125,829,942) |
| Fair Value of Assets in gas pension scheme | 1,269,000 | 1,513,000 |
| Present Value of unfunded defined benefit obligation | (1,209,000) | (1,516,000) |
| Other movement in the liability (asset) (if applicable) | - | - |
| Net asset/(liability) arising from the defined benefit obligation | (136,947,942) | (125,832,942) |
| Amount in the Balance sheet: | | |
| Liabilities | (705,159,000) | (663,694,000) |
| Assets | 568,211,058 | 537,861,058 |
| Net Asset/(Liability) | (136,947,942) | (125,832,942) |

d Scheme History

| Analysis of scheme assets and liabilities | | 2017/18 | 2016/17 |
|---|--|---------------|---------------|
| | | £ | £ |
| Fair Value of Assets in pension scheme | | 568,211,058 | 537,861,058 |
| Present Value of Defined Benefit Obligation | | (705,159,000) | (663,694,000) |
| Surplus/(deficit) in the Scheme | | (136,947,942) | (125,832,942) |

| Amount recognised in Other Comprehensive Income and Expenditure | | 2017/18 | 2016/17 |
|---|--|--------------|--------------|
| | | £ | £ |
| Actuarial gains/(losses) | | (1,014,000) | (29,494,000) |
| Expected Return on Plan Assets | | - | - |
| Increase/(decrease) in irrecoverable surplus from membership fall and other factors | | - | - |
| Remeasurements recognised in Other Comprehensive Income and Expenditure | | (1,014,000) | (29,494,000) |
| Cumulative actuarial gains and losses | | (52,486,000) | (51,472,000) |
| History of experience gains and losses: | | | |
| Experience gains and (losses) on assets | | 13,617,000 | 59,573,000 |
| Experience gains and (losses) on liabilities | | (2,382,000) | 25,042,000 |

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £136,947,942 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a reduction of net worth of 28%.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Northern Ireland Local Government Officers' Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2019

| | 31/03/2019 | 31/03/2019 |
|---|------------|------------|
| | £ | % |
| Projected current cost | 21,252,777 | 86.5% |
| Net interest on the net defined benefit liability (asset) | 3,374,000 | 13.53% |
| | 24,626,777 | 100.0% |

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the Group in the year to 31 March 2019 is £14,566k.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2017/18 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2018.

| | 2017/18 | 2016/17 |
|--|---------|---------|
| | % | % |
| Experience (gains and (losses) on Assets | 2.40 | 11.08 |
| Experience gains and (losses) on Liabilities | 0.34 | -3.77 |

e Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Group's Fund liabilities have been assessed by AON Hewitt Ltd, an independent firm of actuaries, estimates for the Group Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2018.

| Long term expected rate of return on assets in the scheme: | | 2017/18 | 2016/17 |
|--|--|---------|---------|
| | | % | % |
| Mortality assumptions: | | | |
| Longevity at 65 current pensioners: | | Years | Years |
| Men | | 23.3 | 23.2 |
| Women | | 25.9 | 25.8 |
| Longevity at 65 for future pensioners: | | | |
| Men | | 25.5 | 25.4 |
| Women | | 28.2 | 28.1 |
| Inflation/Pension increase Rate | | 2.10% | 2.00% |
| Salary increase Rate | | 3.60% | 3.50% |
| Discount Rate | | 2.60% | 2.60% |
| Pension accounts revaluation rate | | 2.10% | 2.00% |
| Take-up of option to convert annual pension into retirement lump sum: | | | |
| Service to April 2009 | | 75% | 75% |
| Service post April 2009 | | 75% | 75% |

Pension Assumptions Sensitivity Analysis

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 is set out below.

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

Funded Pension Scheme Benefits

| Discount Rate Assumption | | |
|---|----------------|-------------|
| Adjustment to discount rate | +0.1%p.a. | -0.1%p.a. |
| Present value of the total obligation | 671,514,000.00 | 697,649,000 |
| % change in the present value of the total obligation | -1.90% | 1.90% |
| Projected service cost | 20,644,000.00 | 21,875,000 |
| Approximate % change in projected service cost | -2.90% | 2.90% |
| Rate of General Increase in Salaries | | |
| Adjustment to salary increase rate | +0.1%p.a. | -0.1%p.a. |
| Present value of the total obligation | 688,251,000 | 680,700 |
| % change in the present value of the total obligation | 0.60% | -0.50% |
| Projected service cost | 21,252,000 | 21,252,000 |
| Approximate % change in projected service cost | 0.00% | 0.00% |
| Rate of Increase to Pensions In Payment and Deferred Pension Assumption | | |
| Adjustment to pension increase rate | +0.1%p.a. | -0.1%p.a. |
| Present value of the total obligation | 693,816,000.00 | 675,232,000 |
| % change in the present value of the total obligation | 1.40% | -1.30% |
| Projected service cost | 21,875,000.00 | 20,644,000 |
| Approximate % change in projected service cost | 2.90% | -2.90% |
| Post Retirement Mortality Assumption | | |
| Adjustment to mortality age rating assumption* | - 1 Year | +1 Year |
| Present value of the total obligation | 704,714,000.00 | 664,310,000 |
| % change in the present value of the total obligation | 3.00% | -2.90% |
| Projected service cost | 22,012,000.00 | 20,496,000 |
| Approximate % change in projected service cost | 3.60% | -3.60% |

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

f Major categories of plan assets as percentage of total plan assets

The Northern Ireland Local Government Officers' Pension Fund's assets consist of the following categories, by proportion of the total assets held:

| | 31/03/2017 | 31/03/2016 |
|--------------------|------------|------------|
| Equity Investments | 71.40% | 74.50% |
| Government Bonds | 5.20% | 5.40% |
| Corporate Bonds | 7.20% | 6.10% |
| Property | 10.00% | 10.50% |
| Cash | 4.50% | 2.60% |
| Other | 1.70% | 0.90% |
| Total | 100.00% | 100.00% |

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2018.

h Assets and liabilities in relation to retirement benefits of the Gas Pension Fund

| Analysis of scheme assets and liabilities | 2017/18 | 2016/17 |
|---|-------------|-------------|
| | £ | £ |
| Fair Value of Assets in pension scheme | 1,269,000 | 1,513,000 |
| Present Value of Defined Benefit Obligation | (1,209,000) | (1,516,000) |
| Net Asset/(Liability) recognised on the balance sheet | 60,000 | (3,000) |

G10 Other cash flow disclosures
a Analysis of Adjustments to Surplus/Deficit on the Provision of Services

| Adjustment to surplus or deficit on the provision of services for non cash movements | | | |
|--|-------|-------------|-------------|
| | Notes | 2017/18 | 2016/17 |
| | | £ | £ |
| Depreciation | | 15,273,621 | 14,003,845 |
| Impairment & downward revaluations (& non-sale derecognitions) | | 4,974,816 | 16,047,198 |
| Amortisation (included with depreciation above) | | - | - |
| (Increase)/Decrease in Stock | | (30,449) | 789 |
| (Increase)/Decrease in Debtors | | 4,677,102 | 8,872,116 |
| Increase/(decrease) in impairment provision for bad | | 36,777 | (68,292) |
| Increase/(Decrease) in Creditors | | (1,688,267) | (3,505,292) |
| Increase/(Decrease) in Interest Creditors | | - | - |
| Payments to NILGOSC | | 10,476,000 | 3,258,000 |
| Carrying amount of non-current assets sold | | 8,612,078 | 4,122,115 |
| AIC/WIP written off to Net Cost of Services | | - | - |
| Contributions to Other Reserves/Provisions | | 2,148,045 | 7,213,852 |
| Movement in value of investment properties included | | - | - |
| Amounts posted to CIES from Donated Assets Account | | - | (400,000) |
| | | 44,479,723 | 49,544,331 |

| Adjust for Items Included in the net surplus or deficit on the provision of services that are investing and financing activities | | | |
|--|-------|-------------|-------------|
| | Notes | 2017/18 | 2016/17 |
| | | £ | £ |
| Purchase of short-term (not considered to be cash) | | 276,792 | 3,070,139 |
| Proceeds from short-term (not considered to be cash) | | - | - |
| Proceeds from the sale of PP&E, investment property and intangible assets | | (3,445,146) | (411,613) |
| Capital grants included in "Taxation & non-specific grant income" | | (2,541,228) | (8,947,963) |
| | | (5,709,582) | (6,289,437) |

b Cash and Cash Equivalents

| | Notes | 2017/18 | 2016/17 |
|--|-------|------------|------------|
| | | £ | £ |
| Cash and Bank balances | | 5,990,997 | 6,052,247 |
| Short Term Deposits (considered to be Cash) | | 8,500,000 | 5,000,000 |
| Short Term Investments (considered to be Cash) | | - | - |
| Bank Overdraft | | - | - |
| | | 14,490,997 | 11,052,247 |

| c Cash Flow Statement: Operating Activities | | | |
|---|-------|---------|---------|
| | Notes | 2017/18 | 2016/17 |
| | | £ | £ |
| The cash flows from operating activities include: | | | |
| Interest received | | 126,243 | 148,000 |
| Interest paid | | - | - |

| d Cash flows from Investing Activities | | | |
|--|--|-------------|-------------|
| | | 2017/18 | 2016/17 |
| | | £ | £ |
| Purchase of PP&E, investment property and intangible | | 21,297,412 | 55,991,322 |
| Purchase of Short Term Investments (not considered to be cash equivalents) | | - | - |
| Purchase of Long Term Investments | | 433,000 | 445,585 |
| Other Payments for Investing Activities | | 1,682,860 | 1,609,816 |
| Proceeds from the sale of PP&E, investment property and intangible assets | | (3,445,146) | (411,613) |
| Proceeds from Short Term Investments (not considered to be cash equivalents) | | - | - |
| Proceeds from Long Term Investments | | - | - |
| Capital Grants and Contributions Received | | (2,541,228) | (8,947,963) |
| Other Receipts from Investing Activities | | - | - |
| Net Cash flows from Investing Activities | | 17,426,898 | 48,687,147 |

| e Cash flows from Financing Activities | | | |
|--|--|-------------|-------------|
| | | 2017/18 | 2016/17 |
| | | £ | £ |
| Cash Receipts from Short and Long Term Borrowing | | 5,000,000 | 5,000,000 |
| Other Receipts from Financing Activities | | - | - |
| Cash payments for the reduction of the outstanding | | - | - |
| Repayment of Short and Long Term Borrowing | | (4,844,736) | (3,153,751) |
| Other payments for Financing Activities | | - | - |
| Net Cash flows from Financing Activities | | 155,264 | 1,846,249 |

Events after the reporting date

After the year end BWUH Limited has commenced legal proceedings against a major supplier. The potential financial impact is uncertain and no estimate can yet be made.

Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 27 September 2018