

**DUNGANNON & SOUTH
TYRONE BOROUGH
COUNCIL**

STATEMENT

OF

ACCOUNTS

**YEAR ENDED
31 MARCH 2010**

DUNGANNON AND SOUTH TYRONE BOROUGH COUNCIL

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Explanatory Foreword

Introduction

The Council's financial performance for the year ended 31 March 2010 is as set out in the District Fund - Income and Expenditure Account and Balance Sheet.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) and the Department of the Environment Accounts Direction, Circular LG 10/10 dated 23rd April 2010. It is the purpose of this foreword to explain the financial facts in relation to the Council. Comparative figures have been re-stated to take account of changes in accounting treatment as a result of the SORP.

This Statement of Accounts explains Dungannon & South Tyrone Borough Council's finances during the financial year 2009/10 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

Group Accounts

The SORP requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Dungannon & South Tyrone Borough Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

Financial Report

For the year ended 31 March 2010 the Council increased its District Fund - Income and Expenditure Account reserve by 937k to £2,168k. The Council's budget was further supplemented by an estimate of £338k for 2009/10 finalisation payment of district rates net of the repayment associated with the MOD and BT revaluations, £81k re 2009/10 general grant finalisation and vat reclaim of £170k re the period 1990 to 1994. The total net expenditure reported in the District Fund - Income and Expenditure Account is £1,095k and excludes allocations of £396k to the Repairs and Renewals Fund and £125k to fund capital expenditure.

	Actual	Estimated	Variance
	£	£	£
Expenditure	14,174,899	14,540,476	(365,577)
Income from services	2,768,675	2,472,767	295,908
Net operating expenditure	11,406,224	12,067,709	(661,485)
Financed by:-			
General grant	2,531,243	2,450,244	80,999
District rates	9,969,898	9,617,465	352,433
Adjustment - see note 3	(158,158)		(158,158)
Surplus / (Deficit)	936,759	0	936,759

DUNGANNON AND SOUTH TYRONE BOROUGH COUNCIL

The total net cost of services for the year is £11.4m and is split over the main services as follows:-

	2009/10	2008/09
	£	£
Leisure	3,977,714	4,424,744
Environmental	6,134,290	6,237,810
Other Services	<u>1,245,828</u>	<u>1,437,916</u>
	<u>11,357,832</u>	<u>12,100,470</u>

Expenditure on capital projects during the year amounted to £248k the most significant spend was on completion of the Leisure Centre extension £60k, Castlecaulfield Pavilion £58k and playground equipment £86k. At the year end no capital expenditure remained unfinanced.

During the year no material assets were acquired or liabilities incurred of an unusual nature having regard to the normal activities of the Council.

The total of short-term and long-term borrowings as at 31st March 2010 were £4,013k (2008/09 £4,326k). No new borrowings were entered into during the year.

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

The Council's Responsibilities

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

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Council, or a Committee, is required by resolution, to approve the accounts.

These accounts were approved by Corporate Services on 28th June 2010

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

ANNUAL GOVERNANCE STATEMENT 2009/2010

Scope of Responsibility

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

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

The Council is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Council meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at the Council for the year ended 31 March 2010 and up to the date of approval of the financial statement.

The Governance Framework

The following paragraphs set out the key elements of the systems and processes that comprise the Council's governance arrangements including arrangements for:-

- **Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.**

Council has recently completed its new Corporate Plan 2009 - 2011. As part of the development of this plan, consultation was held with a range of stakeholders and citizens across the Borough. The Corporate Plan has been promoted widely to all across the Borough and is available in hardcopy or on the Council website. It clearly states Council's vision and intended outcomes for the period 2009 to 2011. Regular reviews of the Plan will be undertaken.

- **Reviewing the Council's vision and its implications for the Council's governance arrangements.**

Council undertakes an annual review and this is currently being completed. A copy of the most recent review is publically available on the website.

- **Measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources.**

A citizens' satisfaction survey is completed annually for Building Control and Environmental Health. As part of the development of the Corporate Plan 2009 - 2011 a satisfaction survey was completed of Councils regulatory services (Technical Services, Building Control, Leisure Provision, and Environmental Health) and a prioritisation analysis completed for its other services, e.g. good relations, economic development (January 2009). Council also works in partnership to deliver a number of its services, a list of partnerships is noted within the Corporate Plan. Regular reviews of the corporate plan also take place through consultation with local stakeholders.

- **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

All policy development is decided through Council and SMT have responsibility for ensuring that these are adhered to. Key direction for Council is set in the Corporate Plan and complementary Divisional Plans all of which are agreed through Council alongside allocated budgets. SMT are again responsible for ensuring delivery of the Plans and regular update reports to members. All community grant expenditure decisions are ratified by Council and all other expenditure over the value of £15,000 goes to the respective Committee and Council for decision. The internal auditor sets an annual audit and scrutiny plan for Council and this is managed through the audit and risk committee. There is no set policy on delegation arrangements, just a clear structure in terms of decision making of members on policy and strategic direction (Plans & budgets) and operational delivery by SMT, with regular updates to members. Financial procedures for signing off finance are in place.

- **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.**

A code of conduct exists within Council for all staff. A protocol exists for relations between Members and Staff. These are held on a central network folder for access by all staff. HR are currently providing an update of terms and conditions of employment to all staff which will reference code of conduct. Standing orders provides for clear direction to members for conduct in meetings and governance of Council. DoE code of conduct for members also provides guidance on standards and behaviour.

- **Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.**

Standing orders have been reviewed in 2008. A clear structure of how decisions are taken within Council exists and this is clearly stated in the Corporate Plan. A risk management policy is in place and a clear procedure for risk management also exists. A new process for Divisional heads to sign annual assurance statements has been introduced for 2009.

- **Undertaking the core functions of an Audit Committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.**

An audit and risk committee is in place, which meets quarterly. The audit and risk committee is facilitated by the Director of Finance and receives audit support and guidance from internal audit. A review of the Committee was recently completed and improvements agreed and implemented in October 2009. Updated audit training was completed in March 2010 with all members. An audit induction pack is available for new or changing members.

- **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.**

A policy development/review process is in place across Council. All policies are centrally held on a shared network location across Council for everyone to access. When policies are being reviewed compliance with laws and regulations are taken into consideration. All expenditure is through the Finance Division and through Committee and Council to ensure it is lawful, clear policies and procedures govern this.

- **Whistle-blowing and for receiving and investigating complaints from the public.**

A whistle - blowing policy is in place and was reviewed in 2009, amendments have been made and clarification provided. A customer complaints procedure is in place within Council which is clearly promoted to all customers in all buildings and within the Corporate Plan.

- **Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.**

Corporate induction is embedded in the organisation. Ongoing needs assessment of staff takes place across divisions. A learning and development policy is in place. An employee development process is in place. Training was provided to all staff and this is currently being embedded. Members training takes place as required e.g. equality training, risk management etc.

- **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.**

A corporate communications strategy and action plan are in place which includes all mediums of communicating with the ratepayer from PR, consultation to information newsletters. Promotion of the citizens right to attend Council meetings, see corporate plan. The Council also embraces Freedom of Information.

Review of Effectiveness

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

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework, and the roles of the groups below, is as follows:-

- the Members

A review of decision making was taken across Council and the committee structure streamlined into 4 main committees (one sub committee) and Council. Regular meetings are also held with party leaders. Strategic planning linked to budgets takes place led by members with monitoring and review a key element of the planning process.

- the Senior Officers

Senior officers meet twice a month as a team to ensure strategic direction and good governance across Council. There is clear decision making in terms of the role of Council as policy makers, strategic planning and budget management and control and the role of SMT to implement, monitor and feedback as required. Each director / head of division provides the Chief Executive with an assurance statement covering risk management processes and internal control framework within their area of responsibility. Following the departure of the previous Chief Executive in 2007/08 and with RPA and May 2011 in mind, the Council has been rotating Acting Chief Executive cover by the Directors of Development and Environmental Health.

- the Audit and Risk Committee

The audit and risk committee is operational, and a review of its effectiveness completed, and a report with a number of development recommendations has been presented to committee. Members received up to date training on their responsibilities in respect of audit and risk in March 2010. An audit and risk induction has been developed to deal with new or changing members on the committee. A process exists to carry out follow up reviews of all recommendations.

- Internal Audit

Internal audit support and guidance is contracted out to a provider who has comprehensive quality control and assurance processes in place to confirm compliance with the CIPFA standards. A plan of audit and scrutiny is provided to members annually. Reviews and development of this plan are managed through Audit and Risk.

- other explicit review/assurance mechanisms

Policies exist on good governance for example fraud, whistleblowing, these are held on a central policies network for access by all staff. Freedom of Information is adhered to across Council with a dedicated resource to ensure compliance. A business continuity plan has been developed for Council.

The Council has carried out a review of the effectiveness of its governance frame work re the year ended 31st March 2010 and the result of this review were reported to its audit and risk committee on the 17th June 2010. The review found that the internal audit system is working effectively – areas for development have been identified and a plan to implement these will be brought to the next audit and risk meeting. Other governance arrangements were found to be working effectively and any significant governance issues are highlighted below.

Significant Governance Issues

The internal audit provided an Annual Assurance Statement.

The following significant governance issues have been identified:-

- **Review Fraud & Corruption Policy**

An anti fraud health check to be completed by internal audit followed by a review of the existing policy. Training and awareness to take place.

- **Information /Data Handling Policy**

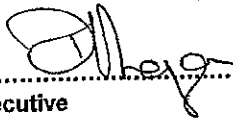
In light of the focus by Government on data handling and recent examples of data handling abuse, a robust governance system is required of Council regarding this, which will be developed as a Council Policy. Internal audit have carried out a review of this area and have highlighted the key areas to be addressed


- **Improved Contract Management**

Council has committed to a number of large capital projects across the Borough. To ensure contracts meet budget and time lines a robust governance system is being developed in partnership with internal audit, to include: New Contract Management processes in place to deal with different size contracts including clear lines of responsibility and management.

DUNGANNON AND SOUTH TYRONE BOROUGH COUNCIL

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed  Date 28/6/10

Chief Executive


Vice Signed  Date 28 June 2010

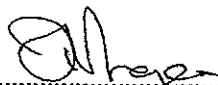
Chairman of the Corporate Services Committee

On behalf of the Corporate Services committee of the Council and by the Chief Executive

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2010 on pages 15 to 54 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 19 to 27.
- (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.



.....
Chief Financial Officer

28/6/10

.....
Date

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Corporate Services Committee on 28th June 2010.



.....
Vice Chairman

28 June 2010

.....
Date

Independent Auditor's Report to the Members of Dungannon and South Tyrone

I have audited the statement of accounts of Dungannon and South Tyrone Borough Council for the year ended 31 March 2010 under the Local Government (Northern Ireland) Order 2005. The statement of accounts comprises the Income and Expenditure Account, Statement of Movement on Borough Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, and Cash Flow Statement. The statement of accounts has been prepared under the accounting policies set out within them.

This report is made solely to the Members of Dungannon and South Tyrone Borough Council in accordance with Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.

Respective responsibilities of the Chief Financial Officer and the independent auditor

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 statement of accounts and for being satisfied that it 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. My responsibility is to audit the statement of accounts in accordance with applicable law, the Local Government Code of Audit Practice issued by the Chief Local Government Auditor and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Statement of Accounts

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the statement of accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Dungannon and South Tyrone Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Dungannon and South Tyrone Borough Council; and the overall presentation of the statement of accounts.

Opinion

In my opinion the statement of accounts gives a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, the financial position of Dungannon and South Tyrone Borough Council as at 31 March 2010 and its income and expenditure for the year then ended.

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 2009,
 - does not comply with proper practices specified by the Department of the Environment,
 - is misleading or inconsistent with other information I am aware of from my audit, or

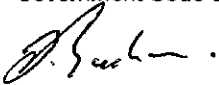
- adequate accounting records have not been kept; or

- the statement of accounts is not in agreement with the accounting records; or

- I have not received all of the information and explanations I require for my audit.

Certificate

I certify that I have completed the audit of the accounts of Dungannon and South Tyrone Borough Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.



J S Buchanan
Local Government Auditor
106 University Street
Belfast
BT7 1EU

Date 25 October 2010

DUNGANNON AND SOUTH TYRONE BOROUGH COUNCIL

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

	Notes	Gross Expenditure £	2009/10 Gross Income £	Net Cost £	2008/09 Net Cost £
Services Expenditure					
Leisure and Recreational Services		4,964,690	986,976	3,977,714	4,424,744
Environmental Services		6,991,734	857,444	6,134,290	6,237,810
DRM and Corporate Management		784,513	0	784,513	843,057
Other Services		1,168,477	707,162	461,315	594,859
Continuing operations		13,909,414	2,551,582	11,357,832	12,100,470
Acquired operations		0	0	0	0
Discontinued operations		0	0	0	0
Exceptional items not included in cost of specific services	27	0	170,807	(170,807)	0
Net cost of services		13,909,414	2,722,389	11,187,025	12,100,470
Gain or loss on disposal of fixed assets	25	20,293	0	20,293	(16,224)
Surplus/(Deficit) on trading or other operations		0	0	0	0
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a)	245,192	0	245,192	206,562
Interest and Investment Income	6b)	0	46,286	(46,286)	(69,752)
Pensions interest cost and expected return on pensions assets		0	0	0	0
Extraordinary Items			0	0	0
Net Operating Expenditure		14,174,899	2,768,675	11,406,224	12,221,056
Income from General Grant and District Rates					
General Grant		0	2,531,243	(2,531,243)	(2,475,016)
District Rates	8	0	9,969,898	(9,969,898)	(9,120,894)
Surplus/(Deficit) for the year		14,174,899	15,269,816	1,094,917	(625,146)

DUNGANNON AND SOUTH TYRONE BOROUGH COUNCIL

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

	Notes	2009/10 £	2008/09 £
Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account		1,094,917	(625,146)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year	3	(158,158)	451,903
Movement on the District Fund Balance for the year	3/25	936,759	(173,243)
District Fund Balance Brought Forward		1,231,423	1,404,666
District Fund Balance Carried Forward		2,168,182	1,231,423

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

	Notes	2009/10 £	2009/10 £	2008/09 £	2008/09 £
Surplus/(Deficit) on the District Fund - Income and Expenditure Account for the year			1,094,917		(625,146)
Surplus/(Deficit) arising on revaluation of fixed assets	10		0		8,255,930
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets			0		0
Revaluation of pension reserve/provision	20a/25		(168,374)		(14,546)
Any other gains and losses required to be included in the Statement of Total Recognised Gains and Losses					
Interest on Capital/Repair and Renewal Funds			3,022		0
Other: Tullyvar Investment			(83,611)		1,868,025
Total recognised gains and losses for the year (Change in Net Worth)			845,954		9,484,263
Prior period adjustments made during the year (as explained in note) *			0		0
Total gains and losses recognised since last annual report (Change in Net Worth)			845,954		9,484,263
Change in Net Worth (per Balance Sheet)			845,954		

DUNGANNON AND SOUTH TYRONE BOROUGH COUNCIL

Balance Sheet As At 31 March 2010

	Notes	2009/10 £	2008/09 £
FIXED ASSETS			
Intangible Assets		0	0
Tangible Fixed Assets			
<i>Operational Assets:</i>			
Land & Buildings	10	29,752,970	30,038,344
Infrastructure Assets	10	463,655	534,651
Community Assets	10	173,041	173,041
Vehicles, Plant, Furniture and Equipment	10	408,817	673,136
<i>Non-Operational Assets:</i>			
Investment Properties	10	0	0
Assets under Construction	10	346,741	432,641
Surplus Assets held for Disposal	10	0	0
TOTAL FIXED ASSETS	10	31,145,224	31,851,813
Long Term Investments	15a/26	3,456,004	3,539,615
Long Term Debtors	14a	4,718	8,216
TOTAL LONG TERM ASSETS		34,605,946	35,399,644
CURRENT ASSETS			
Stocks	13	108,097	122,800
Debtors	14b	1,412,718	1,000,358
Short Term Investments	15b/24a	2,575,062	2,295,743
Cash and Bank		105,229	4,442
		4,201,106	3,423,343
CURRENT LIABILITIES			
Borrowing repayable on demand or within 12 months	16a	388,778	426,792
Creditors	16a	1,402,397	1,789,125
Bank Overdraft		0	185,453
		1,791,175	2,401,370
TOTAL ASSETS LESS CURRENT LIABILITIES		37,015,877	36,421,617
LONG TERM LIABILITIES			
Borrowing repayable in excess of 12 months	17a	3,624,289	3,899,652
Other Long Term Creditors	17b	29,455	44,182
Pension Liabilities	20a	409,000	263,582
Deferred Liabilities	18	214,256	323,054
Government Grants – deferred	21	1,969,915	1,968,139
Other Provisions	20b	0	0
		6,246,915	6,498,609
NET ASSETS		30,768,962	29,923,008
RESERVES:			
Capital Adjustment Account	25	17,307,108	17,339,957
Financial Instruments Adjustment Account	25	0	0
Revaluation Reserve	25	7,770,576	8,013,253
Available for Sale Financial instruments Reserve	25	0	0
Pensions Reserve	25	(409,000)	(263,582)
Rates Claw-Back Reserve	25	(44,182)	(58,910)
Capital Receipts Reserve	25	0	0
Capital Fund	25	0	0
Renewal and Repairs Fund	25	520,274	121,252
Other Balances and Reserves	25	3,456,004	3,539,615
District Fund	25	2,168,182	1,231,423
NET WORTH		30,768,962	29,923,008

DUNGANNON AND SOUTH TYRONE BOROUGH COUNCIL

Cash Flow Statement as at 31 March 2010

	Notes	2009/10 £	2008/09 £
REVENUE ACTIVITIES			
Net Cash Inflow from Operating Activities	23	1,366,313	1,100,924
Returns on Investments and Servicing of Finance			
Cash Outflows			
Interest paid		(220,316)	(159,217)
Interest element of finance lease payments		(26,977)	(32,335)
Cash Inflows			
Interest received		48,219	81,190
Net Cash Outflow from Returns on Investments and Servicing of Finance		(199,074)	(110,362)
CAPITAL ACTIVITIES			
Cash Outflows			
Purchase of fixed assets		(396,649)	(2,744,003)
Purchase of long-term investments		0	0
Other capital cash payments		0	0
Cash Inflows			
Sale of fixed assets		0	16,224
Other grants	24d(i)	217,145	178,469
Other capital cash receipts		0	0
Net Cash Outflow from Capital Expenditure before Financing		(179,504)	(2,549,310)
Management of Liquid Resources			
Net increase/decrease in short-term deposits		0	0
Net increase/decrease in other liquid resources		0	0
FINANCING			
Cash Outflows			
Repayment of amounts borrowed	24c	(260,588)	(158,578)
Capital element of lease rental/hire purchase payments	24c	(161,588)	(197,290)
Cash Inflows			
New loans raised	24c	0	2,287,865
New short-term loans		0	0
		(422,176)	1,931,997
Increase/(Decrease) in Cash	24a	565,559	373,249

Notes to the Financial Statements

1 Accounting Policies

1a) General Principles

The financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and are in accordance with directions and guidance contained in the 'Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice' (SORP) and in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The general principles adopted in compiling and presenting the financial statements are those specified within the 2009 SORP. The 2009 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 1 April 2009. These financial statements comply with accounting standards issued or adopted by the Accounting Standards Board insofar as these are applicable to local government.

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

The District Fund - Income and Expenditure Account on page 15 has been prepared using the requirements of the Best Value Accounting Code of Practice.

1b) Accounting Concepts

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

Relevance

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

Reliability

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

Comparability

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

Understandability

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

Materiality

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

Accruals

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

1c) Fixed Assets

i) Intangible Assets

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

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

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

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

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

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

ii) Tangible Assets

All expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis in accordance with Financial Reporting Standard 15 Tangible Fixed Assets (FRS 15). The Council applies a de-minimis level of £1,000 to all fixed assets (on an individual asset basis), meaning only assets over £1,000 are capitalised. Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, is capitalised and classified as a tangible fixed asset, provided that it yields benefits to the Council and the services it provides are for a period of more than one year. Assets acquired on terms meeting the definition of a finance lease are capitalised and included together with a liability to pay future rentals. If a fixed asset is acquired for other than a cash consideration or if payment is deferred, the asset is recognised and included in the Balance Sheet at fair value.

All fixed assets are initially capitalised at cost, but only those costs that are directly attributable to bringing the asset into working condition for its intended use. Fixed assets are included in the Balance Sheet as follows:

- Operational land and properties and other operational assets are included at the lower of net current replacement cost or net realisable value in existing use
- Infrastructure assets and community assets are included in the Balance Sheet at historical cost, net of depreciation, where appropriate, and if the information on cost is available
- Investment properties and assets that are surplus to requirements and held for disposal are included at the lower of net current replacement cost or net realisable value. In the case of investment properties, net realisable value will normally be market value
- Other non-operational assets, such as assets under construction, are included at historical cost

If an asset is included at current value, it will formally be revalued, by either a qualified external or internal valuer, at intervals of not more than five years. The revised amount will then be included in the Balance Sheet.

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

If a fixed asset is acquired under a finance lease, at the inception of the lease the amount to be recorded both as an asset and as a liability will be the present value of the minimum lease payments derived by discounting them at the interest rate implicit in the lease (minimum lease payments and the interest rate implicit in the lease are defined in paragraphs 20 and 24 of SSAP 21).

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

- no depreciation charge is made on the grounds that it would be immaterial (either because of the length of the estimated remaining useful life or because the estimated residual value of the fixed asset is not materially different from the carrying amount of the asset), or
- the estimated remaining useful life of the fixed asset exceeds 50 years.

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

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

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

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

In accordance with FRS 15, depreciation has been provided for on all tangible fixed assets with a finite useful life, which can be determined at the time of acquisition or revaluation. Assets under construction are not depreciated until completed but they may nevertheless suffer impairment. Surplus assets held for sale are depreciated under FRS 15. Provision for depreciation has been calculated using the straight line method by allocating the cost (or revalued amount) less estimated residual value of the assets evenly to the periods expected to benefit from their use.

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

Depreciation is charged on a straight-line basis on each main class of tangible asset as follows:

- buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the valuer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 15 to 50 years
- plant, vehicles and equipment (excluding I.T. equipment) are depreciated on historic cost using a standard life of 5 years. I.T. equipment is depreciated using a standard life of 3 years
- intangible assets are amortised over the estimated lives of the assets
- a full year's depreciation is charged in the year of acquisition and none in the year of disposal.

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

In respect of all gains and losses resulting from revaluations, the Statement of Total Recognised Gains and Losses and therefore Revaluation Reserve should be:

- credited with revaluation gains, except to the extent that they reverse previous revaluation losses (after allowing for depreciation) on the same asset that were charged to the District Fund - Income and Expenditure Account
- debited with revaluation losses not associated with an impairment related to a clear consumption of economic benefit up to the balance on the Revaluation Reserve in respect of that asset

The District Fund - Income and Expenditure Account should be:

- credited with any revaluation gains that reverse revaluation losses (after allowing for depreciation) on the same asset that were charged to services
- debited with revaluation losses associated with an impairment related to a clear consumption of economic benefit
- debited with revaluation losses not associated with a clear consumption of economic benefit in excess of the balance on the Revaluation Reserve in respect of that asset (i.e. in excess of the amount allowed to be debited to the Statement of Total Recognised Gains and Losses).

Assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised under deferred liabilities in the Balance Sheet. The asset is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Rentals under operating leases are charged to the District Fund - Income and Expenditure Account in the year in which they arise.

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

1d) Debtors and Creditors

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

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

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

1e) Stocks

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

1f) Value Added Tax

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

1g) Provisions

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

1h) Overheads

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

1i) Pensions

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

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

1j) Post Balance Sheet Events

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

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

1k) Foreign Currency Translation

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

1l) Financial Instruments

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

Most financial instruments held by Local Authorities 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 in the balance sheet under amortised cost using the effective interest rate method. Financing costs and the gain or loss on de-recognition are both taken to the District Fund - Income and Expenditure Account.

The accounting treatment of Financial Assets is summarised as follows:

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

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

Where instruments are actively traded rather than held for the long term or are in a portfolio of instruments, some of which are actively traded, it is necessary to consider whether they should be classified as at fair value through profit or loss. Local Authorities often do not hold financial assets or liabilities that FRS 26 would require to be classified at fair value through profit or loss. This matter is covered in Annex 2 of the 2009 SORP.

Further information on the recognition, initial measurement and accounting treatment in respect of Financial Instruments is contained in Chapter Four of the 2009 SORP.

1m) Landfill Allowances

The Landfill Allowances Scheme operates under the Landfill Allowances Scheme (Northern Ireland) Regulations 2005. Local Authorities are allocated annual target figures for the maximum amount of biodegradable municipal waste that can be sent to landfill but there are no tradeable 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.

2 Significance of the Statement of Movement on the District Fund - Income and Expenditure Account Balance

The movement on the District Fund - Income and Expenditure Account balance adjusts the surplus or deficit generated by the Council in accordance with Generally Accepted Accounting Principles (GAAP). The closing balance is available to fund Council services.

3 Analysis of the Movement on the District Fund Balance

	Notes	2009/10 £	2009/10 £	2008/09 £	2008/09 £
Surplus (Deficit) for the year on the District Fund - Income and Expenditure Account			1,094,917		(625,146)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year:					
Transfer to Capital Adjustment Account:					
Direct revenue financing of Capital Expenditure	11,25		(124,993)		(226,163)
Deferred grants amortised in the year	21,23,25		(132,328)		(146,460)
Loans/lease principal/depreciation/impairment adjustment:					134,685
Impairments	10	0		0	
Depreciation charged in the year	10,23	934,729		1,036,070	
Loans/Lease principal repayments during the year		(422,175)		(355,867)	
	25		512,554		680,203
Transfers (to)/from earmarked reserves:					
Capital Fund	25		0		0
Renewal and Repairs Fund	25		(396,000)		(10,889)
Pension Reserve	25		(22,956)		(22,159)
Rates Claw-Back Reserve	25		(14,728)		58,910
Other Funds	25		0		0
(Gain)/loss on disposal of fixed assets	23,25		20,293		(16,224)
Difference in finance costs			0		0
Difference in pension costs			0		0
Net adjustments to Income & Expenditure Account			(158,158)		451,903
Movement on the District Fund Balance for the year	25		936,759		(173,243)
District Fund Balance Brought Forward	25		1,231,423		1,404,666
District Fund Balance Carried Forward	25		2,168,182		1,231,423

4 Operating Expenses

- 4a) **Section 115** of the Local Government Act (Northern Ireland) 1972 enables District Councils to spend up to the aggregate of the product of 0.0596p in the pound on the rateable value of non-domestic hereditaments, and the product of a rate of 0.00082p in the pound on the rateable value of domestic hereditaments for the benefit of all the inhabitants in their district, or part of their district, on activities not specifically authorised by other powers. This would allow for £29,478 in 2009/10 (£30,224 in 2008/09). The actual expenditure during 2009/10 amounted to £Nil (£Nil in 2008/09)

4b) External Audit Fees

	2009/10	2008/09
	£	£
External Audit Fees	30,108	26,746
Grant Claim Certification Fees	0	0
Other Fees	0	0
	30,108	26,746

The external audit fee consists of an under accrual for 2008/09 of £7,338 and an estimate of £22,770 for the 2009/10 audit. There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2008/09 £NIL).

4c) Leases

Expenditure during the year on finance lease rentals was £Nil (2008/09 £18,686) and there no outstanding finance lease rentals at 31 March 2010.

Expenditure during the year on significant operating lease rentals was £32,063 (2008/09 £23,883) and the outstanding operating lease rentals continues at this level of annual payments until 2023.

4d) Hire Purchase

Expenditure during the year on hire purchase rentals was £188,566 (2008/09 £213,685) and outstanding operating lease rentals at 31 March 2009/10 are as follows:

	2009/10	2008/09
	£	£
2009/10	0	188,566
2010/11	131,915	131,915
2011/12	112,182	105,373
2012/13	65,397	58,908
2013/14	72,631	72,630
	382,125	557,392

5 Employee Costs and Members' Allowances

5a) Staff Costs

	2009/10	2008/09
	£	£
Salaries and wages	6,215,121	6,447,441
Employers National Insurance	402,557	420,236
Employers pension costs	794,983	731,401
	7,412,661	7,599,078

Included in the above costs in £160,394 (2008/09 £165,229) in respect of staff who work for Tullyvar Waste Joint Committee and £28,855 (2008/09 £26,428) for SWAMP. In addition, agency costs during the year amounted to £3,281 (2008/09 £27,540).

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

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

	2009/10	2008/09
	FTE	FTE
Environmental services	137	163
Leisure services	86	68
Other	44	42
	267	273
	Actual Numbers	Actual Numbers
Full-time numbers employed	222	243
Part-time numbers employed	73	58
	295	301

Included in the Environmental services category are 7 (2008/09 6) employees who work for Tullyvar Waste Joint Committee, 2 employees who works for SWAMP (2008/09 1) and 2 employees who works for Blackwater Regional P'ship (2008/09 2) on a full time basis.

5c) Senior Employees' Remuneration

	2009/10	2008/09
	£	£
£50,001 to £60,000	3	4
£60,001 to £70,000	1	0
£70,001 to £80,000	2	2
£80,001 to £90,000	0	0
	6	6

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5d) **Members' Allowances**

During the year Members' allowances (section 36), including Employer's costs, totalled £281,578 (2008/09 £286,009) and are as follows:

	2009/10	2008/09
	£	£
Basic allowance	213,424	208,998
Mayor's & Deputy Mayor's Allowance	6,150	6,428
Dependents' carers allowance	0	0
Employer costs	17,427	17,111
Mileage	20,166	21,707
Conferences and Courses	4,905	7,248
Travel Costs	0	0
Subsistence	0	60
Special responsibility allowances	18,935	20,269
Miscellaneous	571	4,188
Travel	0	0
	281,578	286,009

Additionally £15,530 in allowances and expenses was paid to members who participated in the Voluntary Transition Committee. These costs are fully reimbursed by funding provided by the Department of the Environment. Details of the costs associated with this Committee are shown in Note 28.

6 **Interest Payable and Receivable**

6a) **Interest Payable and Similar Charges**

	2009/10	2008/09
	£	£
Lease/hire purchase interest	26,977	32,333
Bank interest	0	0
Loan Interest	218,215	174,229
Other interest (please specify)	0	0
	245,192	206,562

6b) **Interest and Investment Income**

	2009/10	2008/09
	£	£
Bank interest	1,048	27,913
Investment income	45,238	41,839
	46,286	69,752

7 Related Party Transactions

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

Councillors have direct control over the Council's financial and operating policies. In the 2009/10 financial year the Council commissioned no works and services from companies in which Councillors had registered an interest.

The Council also paid grants of £229,991 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.

The Council paid £1,508,686 to Tullyvar Waste Joint Committee in respect of Landfill charges, of which £226,273 was outstanding at the year end and received £11,000 in respect of a management fee.

During 2009/10, the Council facilitated 3 Urban Regeneration Projects. Costs for the year for these projects total £162,815 which was fully funded by the Department of Social Development.

During 2009/10 the Council had expenditure of £309,534 to other Councils, of which £81,131 (see note 16) was outstanding at 31 March 2010, and £173,114 received from other Councils, of which £66,029 (see note 14) was outstanding at 31 March 2010. These amounts mainly related to services provided.

8. District Rates

	2009/10	2008/09
	£	£
Current year	9,955,171	9,161,123
Finalisation - preceding year	0	(40,229)
Transitional Relief	0	0
Finalisation - other years	0	0
Clawback charged to I&E in-year	14,727	0
	9,969,898	9,120,894

9. Significant Trading Operations

The Council does not have any significant trading operations.

10 Tangible Fixed Assets

	Operational Assets				Non-Operational Assets				TOTAL
	Land	Buildings	Infrastructure Assets	Community Assets	Vehicles & Equipment	Investment Properties	Assets Under Construction	Surplus Assets	
	£	£	£	£	£	£	£	£	£
Cost or Valuation									
At 1 April 2009	10,337,469	20,377,150	871,623	173,041	4,544,091	0	432,641	0	36,736,015
Reclassifications	0	97,804	0	0	0	0	(97,804)	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Additions (Note 11)	20,000	210,467	0	0	6,062	0	11,904	0	248,433
Transfers	0	0	0	0	0	0	0	0	0
Disposals (Note 25)	0	(19,753)	0	0	(98,181)	0	0	0	(117,934)
At 31 March 2010	10,357,469	20,665,668	871,623	173,041	4,451,972	0	346,741	0	36,866,514
Depreciation									
At 1 April 2009	0	676,275	336,972	0	3,870,955	0	0	0	4,884,202
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Disposals (Note 25)	0	0	0	0	(97,641)	0	0	0	(97,641)
Provided for year	0	593,892	70,996	0	269,841	0	0	0	934,729
At 31 March 2010	0	1,270,167	407,968	0	4,043,155	0	0	0	5,721,290
Net Book Value									
At 31 March 2010	10,357,469	19,395,501	463,655	173,041	408,817	0	346,741	0	31,145,224
At 31 March 2009	10,337,469	19,700,875	534,651	173,041	673,136	0	432,641	0	31,851,813

The last valuation of freehold and leasehold properties was carried out as at 1 April 2008 by an independent valuer from Land and Property Services. Please refer to note 1(c) for further information on revaluation and depreciation policies.

10a. Fixed Assets (continued)

LEASED ASSETS (included within vehicles and equipment)			
	Vehicles	Equipment	TOTAL
	£	£	£
Cost or Valuation			
At 1 April 2009	1,879,895	682,117	2,562,012
Additions	0	0	0
Disposals	0	(18,422)	(18,422)
At 31 March 2010	1,879,895	663,695	2,543,590
Depreciation			
At 1 April 2009	1,598,968	588,571	2,187,539
Disposals	0	(18,422)	(18,422)
Provided for year	111,415	24,119	135,534
At 31 March 2010	1,710,383	594,268	2,304,651
Net Book Value			
At 31 March 2010	169,512	69,427	238,939
At 31 March 2009	280,927	93,546	374,473

11. Capital Expenditure

	Note	2009/10	2008/09
		£	£
Expenditure			
Capital expenditure	10	248,433	3,078,683
Financed By			
Borrowings:			
Loans		0	2,287,865
Finance leases / hire purchase		0	218,142
Grants receivable	21	134,105	72,444
Capital receipts	25	0	16,224
Transfer from Capital Fund	25	0	0
Transfer from Repairs and Renewals	25	0	500,000
Revenue contributions to capital	3,25	124,993	226,163
		259,098	3,320,838
Surplus/(Deficit)		10,665	242,155
Balance brought forward		(10,665)	(252,820)
Balance carried forward		(0)	(10,665)

12 Future Capital Commitments

The Council has an ongoing programme of capital works and the estimated cost of the schemes is as follows:

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	5,521,659	2,729,096	2,792,563
Other Commitments	0	0	0
Total	5,521,659	2,729,096	2,792,563

13 Stock

	2009/10	2008/09
	£	£
Central Stores	54,951	52,830
Other	53,146	69,970
Total	108,097	122,800

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14. Debtors

	2009/10	2008/09
	£	£
14a) Long Term Debtors: amounts falling due in more than one year		
Employee car loans	4,718	8,216
Grants	0	0
Loans and advances	0	0
Trade debtors	0	0
NIHE Loans	0	0
Other	0	0
	4,718	8,216
less: provision for doubtful debts	0	0
Total Long-Term Debtors	4,718	8,216
14b) Debtors: amounts falling due in less than one year		
Government Departments	911,327	456,543
Other Councils (note 7)	66,029	39,125
Employee car loans	3,884	3,884
Grants	0	0
Value Added Tax	206,698	199,022
Payments in advance	67,397	121,050
Trade debtors	114,939	123,146
Other	66,818	76,382
	1,437,092	1,019,152
less: provision for doubtful debts	(24,374)	(18,794)
Total Short-Term Debtors	1,412,718	1,000,358
Total Debtors	1,417,436	1,008,574

Included in the provision of £24,374 for doubtful debts there is a general provision of £2,500, the balance of the provision is in respect of specific debtors.

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15a Long-Term Investments

	2009/10	2008/09
	£	£
Investments - general	0	0
Investments - repairs and renewals	0	0
Investments - capital fund	0	0
Investments - other	0	0
Total Long-term Investments	0	0

	2009/10	2008/09
	£	£
Money market deposits	0	0
Other deposits	0	0
Total Long-term Investments	0	0

15b Short-Term Investments

	2009/10	2008/09
	£	£
Investments - general	2,054,811	2,174,743
Investments - repairs and renewals	520,251	121,000
Investments - capital fund	0	0
Investments - other	0	0
Total Short-term Investments	2,575,062	2,295,743

	2009/10	2008/09
	£	£
Money market deposits	0	0
Other deposits	2,575,062	2,295,743
Total Short-term Investments	2,575,062	2,295,743
Total Investments	2,575,062	2,295,743

16 a Creditors due within one year

	2009/10	2008/09
	£	£
Amounts falling due in less than one year		
Remuneration due to employees	47,583	143,183
Government Departments	236,418	77,837
Rates clawback	14,727	239,716
Other Councils (note 7)	81,131	71,628
Receipts in advance	1,144	10,188
Trade creditors	964,091	1,189,854
Other	57,303	56,719
	1,402,397	1,789,125
Loans re-payable within one year	275,363	260,588
Finance Lease Principal	113,415	166,204
	388,778	426,792
Total Creditors	1,791,175	2,215,917

Payment of invoices

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

During the year the Council paid 6,006 invoices totalling £6,643,745.

The Council has arrangements, on a sample basis, to calculate the payment interval and for the year it was 32 days.

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

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

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17 a **Borrowing Re-Payable within a Period in Excess of One Year**

	2009/10	2008/09
	£	£
Between 1 and 2 years	288,608	275,363
Between 2 and 5 years	957,486	910,710
Between 5 and 10 years	1,322,323	1,418,959
In more than 10 years	1,055,872	1,294,620
Government Loans Fund	3,624,289	3,899,652

Interest rates on Government Loans range between 2.99% and 16.25%.

17 b **Creditors due after more than one year**

	2009/10	2008/09
	£	£
Other creditors falling due after more than one year		
Rates clawback	29,455	44,182
Other	0	0
	29,455	44,182

18. **Deferred Liabilities**

	2009/10	2008/09
	£	£
Between 1 and 5 years	214,256	301,113
In more than 5 years	0	21,941
	214,256	323,054

19 Financial Instruments

Dungannon & South Tyrone Borough Council has no material exposure to any of the risk types identified below in its dealings with Financial Instruments.

Credit Risk

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

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

	£
Less than three months	97,093
Three to six months	12,893
Six months to one year	5,873
More than one year	21,132
	136,991

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

Liquidity Risk

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

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Market Risk

Interest rate risk

The Council is not exposed to risk in terms of its exposure to interest rate movements on its borrowings as these are from the Department of Finance and Personnel at fixed rates for the length of the loan.

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 and Personnel that differ from the prevailing market rates. The fair value of these loans is £4,445,951 analysed as follows.

	£
Government Loans	4,445,951
Market Loans	-
Total	4,445,951

20 Provisions**20a Pension Liability**

This is the Council's pension liability, which is an estimated liability in respect of discretionary payments awarded to employees granted early retirement, (unfunded liabilities). The present value of unfunded liabilities as at 31 March 2010 has been provided by Hymana Robertson LLP. No adjustment has been to the opening balance as it is not deemed material. This pension liability is matched in the balance sheet by a reserve of the same amount but is not funded. Movements on this liability are as follows:

	Note	2009/10	2008/09
		£	£
Opening balance		263,582	271,195
Less: payments to NILGOSC	3,25	(22,956)	(22,159)
Add: revaluation	25	168,374	14,546
Add: amounts arising during the year		0	0
		409,000	263,582

20b) Other Provisions

	Opening Balance	Increase in provision during year	Utilised during year	Interest earned	Closing Balance
	£	£	£	£	£
Single status	0	0	0	0	0
Election expenses	0	0	0	0	0
Landfill closure	0	0	0	0	0
Reorganisation	0	0	0	0	0
Claims management	0	0	0	0	0
Other	0	0	0	0	0
	0	0	0	0	0

21. Deferred Grants

	Note	2009/10	2008/09
		£	£
Opening balance		1,968,139	2,042,155
Add: new grants received	11	134,104	72,444
Less: amounts released to the District Fund - Income and Expenditure Account	23,25	(132,328)	(146,460)
		1,969,915	1,968,139

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

22 Contingencies

A contingent liability which exists for the financial provision for landfill capping and aftercare costs at Tullyvar Landfill Site. The details are included in Note 26.

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

	Note	2009/10 £	2009/10 £	2008/09 £	2008/09 £
Surplus/(Deficit) for year	3		1,094,917		(625,146)
Non-cash transactions					
Depreciation	3,10	934,729		1,036,070	
Deferred Grants amortised in year	3,21,25	(132,328)		(146,460)	
Movement in Pension Reserve	25	(22,956)		134,685	
Assets under construction written off		0		0	
Contributions to other reserves/provisions		0	779,445	0	1,024,295
Adjustment for items reported separately on Cashflow					
Interest and Investment Income	6b)		(46,286)		(69,752)
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a)		245,192		206,562
Gain or (loss) on disposal of fixed assets	3,25		20,293		(16,224)
Items on an accruals basis					
(Increase)/decrease in stock			14,703		(25,994)
(Increase)/decrease in debtors			(490,814)		733,627
Increase/(decrease) in creditors			(251,137)		(104,285)
Net Cash Inflow/(Outflow) from Operating Activities			1,366,313		1,100,924

24 Other Cash Flow Disclosures

24a) Analysis of Changes in Cash and Liquid Resources During the Year

	Note	2009/10 £	2008/09 £	Change in the year £	2008/09 £
Temporary Investments		2,575,062	2,295,743	279,319	841,411
Cash		105,229	4,442	100,787	(468,162)
Bank Overdraft		0	(185,453)	185,453	0
Total		2,680,291	2,114,732	565,559	373,249

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

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24b) Analysis of Net Debt

	Cash	Temporary Investments	Cash at Bank and in hand	Loans due within one year	Loans due after more than one year	Finance Leases	Net Debt
	£	£	£	£	£	£	£
At 1 April 2009	(181,013)	2,295,743	2,114,730	(260,588)	(3,899,652)	(489,259)	(2,534,769)
Interest accrued at last year end				0	0	0	0
Change in Year	286,240	279,319	565,559	(14,775)	275,363	161,588	987,735
Other non cash changes - new finance leases				0	0	0	0
At 31 March 2010	105,227	2,575,062	2,680,289	(275,363)	(3,624,289)	(327,671)	(1,547,034)

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24c) Reconciliation of Changes in Cash to Movements in Net Debt

	Note	2009/10		2008/09	
		£	£	£	£
Increase in cash in year			286,240		373,249
Cashflow from Liquid resources			0		0
Cash inflow from new loans raised	11		0		(2,287,865)
Cash outflow from:					
Payment of interest accrued in previous year		0	0		
Loans repaid		260,588		158,578	
Finance lease repayments		161,588	422,176	197,290	355,868
Change in net debt resulting from cash flows			708,416		(1,558,748)
New finance leases	11		0		(218,142)
Loan Interest accrued			0		0
Net debt b/fwd			0		(757,879)
Net debt c/fwd			708,416		(2,534,769)

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24d) Analysis of Government Grants

	2009/10	2008/09
	£	£
Capital Grants		
Heritage Lottery Fund	10,000	0
European Capital Grants	0	0
Central Government Grants	207,145	178,469
(i) Sub-total	217,145	178,469
Revenue Grants		
Community Services	345,041	601,439
Environmental Health	19,603	43,115
Economic Development	119,714	648,456
Community Relations	0	0
Recreation Grounds	0	0
Sports Development	0	0
Tourism	1,387	7,800
Arts development	20,725	20,157
Community Safety	34,532	57,604
Waste Management	0	0
District Policing Partnership	106,737	107,289
General Registrar Office	73,100	50,161
Emergency Planning	0	9,000
Other	52,113	21,629
(ii) Sub-total	772,952	1,566,650
Total Grants	990,097	1,745,119

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25 Movement on Reserves

	Note	Capital	Financial	Available for			Capital	Capital	Renewal &	Tullyvar	District	TOTAL
		Adjustment	Instrument	Revaluation	Financial	Pensions	Rates Claw-	Receipts	Capital	Waste Joint	Fund	Fund
		Account	Adjustment	Reserve	Reserve	Back	Reserve	Fund	Committee			
		£	£	£	£	Reserve	£	£	£	£	£	£
		25a)	25b)	25c)	25d)	25e)	25f)	25g)	25h)	25i)	25j)	
At 1 April 2009		17,338,957	0	8,013,253	0	(283,582)	(58,910)	0	121,252	3,539,615	1,231,423	29,928,008
Movements on reserves during the year:												
Capital Grants Released	3,21,23	132,328									(132,328)	0
Direct Revenue Financing	3,11	124,993						0	396,000	0	(520,993)	0
Loans/lease principal/depreciation adjustment	3	(512,554)									512,554	0
I & E Surplus/Deficit											1,094,917	1,094,917
Interest Received									3,022	0		3,022
Payments to NILGOSC	3,20					22,956					(22,956)	0
Disposal of Fixed Assets/Capital Sales	3,10,23	(20,293)									20,293	0
Capital Receipts used to finance capital expenditure	3,11	0										0
Revaluation	10,20			0		(168,374)						(168,374)
Other Movements		242,677		(242,677)		14,728.00				(83,611)	(14,728)	(83,611)
Transfers from Capital Fund / Renewal & Repair Fund to finance capital expenditure	11	0						0	0	0		0
Total movements on reserves during the year:												
(Change in Net Worth)		(32,849)	0	(242,677)	0	(145,418)	14,728	0	399,022	(83,611)	936,759	845,954
At 31 March 2010		17,307,108	0	7,770,576	0	(409,000)	(44,182)	0	520,274	3,456,004	2,168,182	30,768,962

25a) Capital Adjustment Account

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

25b) Financial Instruments Adjustment Account

Dungannon and South Tyrone Borough Council has no transactions that would require use of this account

25c) Revaluation Reserve

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to the District Fund - Income and Expenditure Account) are mirrored in the Statement of Total Recognised Gains and Losses. It is a fundamental principle of this new account that it never becomes negative. If the asset disposed of was held at current value when it is disposed of, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

25d) Available-for-Sale Financial Instruments Adjustment Reserve

Dungannon and South Tyrone Borough Council has no transactions that would require use of this reserve.

25e) Pension Reserve

Refer to note 20(a).

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25f) 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.

	2009/10 £	2008/09 £
Opening Balance	0	0
Capital Receipts	0	18,008
Capital Receipts applied	0	(16,224)
Disposal Costs	0	(1,784)
Closing Balance	0	0

25g) Capital Fund

Dungannon and South Tyrone Borough Council has no transactions that would require use of this reserve.

25h) Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £550,000.

	£
2 Bin Lorries	220,000
Castlehill Project	300,000
General	30,000
Total	550,000

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25i) Election Reserve

Dungannon and South Tyrone Borough Council has no transactions that would require use of this reserve.

25j) District Fund Reserves

This fund represents the surplus of income over expenditure. It can be used to supplement income and unexpected expenditure in future years. Of the £2,168,182, £64,000 relates to expenditure committed at year-end re DETI programme.

26) Investment in Tullyvar Waste Joint Committee

Tullyvar Waste Joint Committee is a landfill site jointly owned and managed by Dungannon and South Tyrone Borough Council and Omagh District Council.

The provision costings were reviewed in the year and discounted in accordance with FRS 12, the net impact was a decrease of £79K. The Northern Ireland Environment Agency will be reviewing the adequacy of Tullyvar's financial provision for landfill capping and aftercare costs in 2010/11 in line with its paper "Financial Provision for waste management activities in NI". As a consequence the current landfill closure provision reflected in the financial statements may change.

The value of Dungannon's investment in Tullyvar is £3,456,004 in 2009/10 (2008/09 £3,539,615) which represents half of Tullyvar's net assets employed and is broken down as follows:-

	2009/10	2008/09
	£	£
Fixed Assets	3,634,503	3,664,858
Current Assets	1,895,946	1,864,012
Liabilities	(305,323)	(259,754)
Provisions	(1,769,122)	(1,729,501)
Net Assets	3,456,004	3,539,615

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27) **Exceptional Item**

The Council made a speculative vat claim, on a no win no fee basis, part of which has been successful. The amount paid by HMRC in respect of Fleming - Sporting Services 1990-94 was £115,031 and statutory interest of £102,852. Under the no win no fee arrangement 20% fees were paid.

28) **Voluntary Transition Committees**

Statutory Transition Committees will flow from legislation but the Department has provided funding to the lead council for each Voluntary Transition Committee. Dungannon and South Tyrone Borough Council have been designated as the lead council for the Mid Ulster Transition Committee. The Income and Expenditure of the Committee, which is not reflected in the District Fund, was as follows:

	2009/10
Income	£
Funding provided by the DOE	116,892
Total Income	116,892
Expenditure	
Members allowances and expenses	50,642
Change Management Officer	43,521
Change Management Team Support Costs	16,929
Other	5,800
Total Expenditure	116,892

Accounts Authorised for the Issue Certificate

In accordance with Financial Reporting Standard 21(FRS 21) this Statement of Accounts which contains a number of minor amendments from the Accounts approved on 28th June 2010 are at today's date hereby authorised for issue.

FRS 21 sets out

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

Signed



Chief Financial Officer

Date

20/10/10