

Strabane
District Council
Comhairle Ceantair
an tSratha Báin
Stràbane Destrìck Cooncil

FINANCIAL STATEMENTS

YEAR ENDED

31ST MARCH 2010

Explanatory Foreword

Introduction

The Council's financial performance for the year ended 31 March 2010 and financial position as at that date are 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 23 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 arising from the revaluation of Council properties at 1 April 2008 which was not reflected in the accounts for the year ending 31 March 2009.

This Statement of Accounts explains Strabane District 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. Strabane District 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 £511,352 to £1,432,442. The Council's budget of £9,345,426 was supplemented by £330,00 estimated finalisation of district rates. The total net expenditure reported in the District Fund - Income and Expenditure Account is £8,793,702 and includes allocations to fund capital expenditure.

A summary of actual income and expenditure with a comparason to the Estimates for the year can be seen below:

	Actual	Estimated	Variance
	£'000s	£'000s	£'000s
Expenditure	11,463	11,354	109
Income from Services	2,669	2,009	660
Net Cost	8,794	9,345	(551)
Financed By:			
General Grant	2,300	2,274	(26)
District Rates	7,005	6,673	(332)
(Surplus)/Deficit	(511)	398	(909)

Expenditure on capital projects during the year amounted to £826,239. The most significant spend was on vehicles and equipment, Newtownstewart Civic Amenity site, Castlederg changing rooms, Melvin Track and play areas.

Grants to the value of £411,241 were receivable to fund certain items of capital expenditure.

Council can finance capital expenditure using:

- Loan Finance (Loan or lease)
- Grant Aid
- Capital Receipts i.e. proceeds from sale of fixed assets
- Renewal & Repairs/Depot Capital Fund
- Transfer of funds from revenue resources

Details of the financing of capital expenditure for the year are shown in Note 11.

Exceptional income in the year ended 31 March 2010 arises from claims made to HMRC for Vat refunds arising from the Fleming judgement. The charge in the restated prior year figures is in relation to impairment charges arising on certain Council properties revalued at 1 April 2008.

The total amount outstanding on long-term loans at 31 March 2010 was £2,408,505. The cost of servicing these long-term loans during the year was £269,637.

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

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

- observe the Accounts Direction issued by the Department of the Environment including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom: 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

1.0 SCOPE OF RESPONSIBILITY

Strabane District 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. Strabane District Council also has a duty under the 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, Strabane District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Strabane District 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" and which is in full compliance with the framework for the year commencing 1st April 2009. This statement explains how Strabane District Council meets these requirements and also 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.

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework has been in place at Strabane District Council for the year ended 31st March 2010 and up to the date of approval of the financial statements. The governance framework comprises the systems and processes and culture and values, by which Strabane District 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 risks to the achievement of Strabane District 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.

3.0 THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise Strabane District Council's governance arrangements are detailed below:

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

Strabane District Council's Corporate Strategy 2007 to 2011 sets out the Council's mission, ambitions and clarity of purpose for this period. The Corporate Strategy identifies four objectives that form the backbone for Council activity.

The Corporate Strategy establishes three corporate values which define how the Council does business:

- Professionalism - all citizens deserve to be served in a competent and professional manner.
- Customer focused - the Council values its community and is committed to meeting its needs.
- Team work - the Council is committed to working as a team with individuals and agencies, internally and externally.

The Council's mission is:

' Strabane District Council will provide high quality services and strong civic leadership, and will work with others to strenuously promote Strabane district as an excellent place to live, work, invest and visit.'

To deliver this mission Strabane District Council focuses on four key objectives, to:

- Provide better, high quality services
- Promote sustainable development
- Position, protect and promote the interests of the people of Strabane district
- Acknowledge and enhance the legacy of Strabane District Council

For each of these objectives, a number of actions have been identified. Performance against these actions is measured through a performance management model called the "Balanced Scorecard".

The corporate objectives were developed following consultation with councillors, senior council officers and open sessions with Strabane district's voluntary and community sector.

The corporate strategy was publicly launched in October 2007 and distributed to all households in the Strabane District Council area. The contents of the strategy were also highlighted in the Council's magazine "Snapshot".

On an ongoing basis Council communicates its vision through other additional means: The Council's Snapshot magazine, issue 12 was published in Autumn 2009; ongoing dissemination of press releases and consultation and news updates on the Council's website www.strabanedc.com.

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

Strabane District Council's Corporate Strategy 2007 to 2011 sets out the key corporate objectives to deliver on the Council's mission. Flowing from this Strategy is the Council's Corporate Balanced Scorecard which specifies actions required to fulfil each objective. The corporate Balanced Scorecard is reviewed on an annual basis.

Within the Corporate Balanced Scorecard, there are targets in relation to the development and improvement of the corporate governance arrangements for risk management, health and safety, emergency planning, business continuity, budget management and other statutory and corporate obligations.

A system of annual departmental business plans flows from the Corporate Balanced Scorecard. Annual departmental business plans are developed in the balanced scorecard format and identifies measures, targets and actions at a departmental level to deliver on each of the Council's objectives. Targets and actions in departmental business plans are in turn reflected in personal development plans for senior officers and all staff.

The Council has developed a corporate risk register set against the corporate objectives as identified in the Corporate Balanced Scorecard. The Risk Register sets out the key corporate risks facing the Council together with a risk coordinator and actions necessary to address the risks. These risks are further aligned to each Departmental Balanced Scorecard. The risk register is reviewed by a risk management group comprising the Senior Management Team (SMT) on a monthly basis. This group discusses each risk in turn and reviews the risk

score and actions in relation to each risk. The Corporate Risk Register is also reviewed by the Council's Audit Committee at quarterly meetings.

Additionally, some Departments have also compiled their own specific Departmental Risk Registers which identify departmental risks which are not of sufficient scale to warrant inclusion in the Corporate Risk Register.

Council also procures the services of an independent Internal Auditor to provide assurance on its governance arrangements.

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

The Council's performance management system links the four objectives identified in the Corporate Strategy to the Corporate Balanced Scorecard, departmental balanced scorecards and individual personal development plans for Staff. Corporate performance is reviewed throughout the year and a six monthly report detailing performance against targets is produced. In relation to the 2009/2010 financial year, six monthly progress against balanced scorecard objectives was reported to Council in December 2009 and end of year performance to Council will be reported in July 2010. Monitoring of departmental performance against balanced score card targets takes place at departmental team meetings. Individual performance is monitored through the reviews of personal development plans. These take place every six months. Council performance against these targets is reviewed on an ongoing basis via reports produced for the appropriate Council Committees.

The Council also completed a Public Perception Survey in December 2009 which assessed customer satisfaction with Council services. The results of this survey were discussed at the SMT meeting in April 2010. Feedback from the public was also requested via the Snapshot issue 12; the results of which were reported to the SMT. Various Departments also completed customer surveys to ascertain the satisfaction with the level of service provided e.g. Alley Theatre, Environmental Health, Registration, Councillors and Building Control.

As with other Councils in Northern Ireland, Strabane District Council have measured and reported on Council's performance against the Department of the Environment's Performance Indicators. The 08/09 results were presented to the SMT and such details are reported in the 6 monthly and end of year performance reports to Council.

Through reviews by Local Government Audit, external agencies, internal audit and where appropriate, internal review teams; the Council constantly seeks ways of ensuring the economical, effective, and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised.

A specific officer reporting directly to the Chief Executive is responsible for co-ordinating performance improvement issues.

The Council has achieved Investor in People and Employer of Choice accreditation. The Building Control Department has been awarded a Charter mark for demonstrating the achievement of the National Standard for Excellence in Customer Service. The Environmental Health, Technical Services and Culture, Arts and Leisure Departments have each achieved ISO 9001 registration, certifying that the quality management systems in these Departments meet international standards. The Alley Theatre and Melvin Sports Complex have also received Quest accreditation in 2009.

- ***Defining and documenting the roles and responsibilities of members and officers with clear delegation arrangements and protocols for effective communication***

The main decision making body is the full Council. Council meetings are open to the public except where personal or confidential matters are being discussed. The full Council is supported by a range of committees. All Council meetings and committee meetings are normally held monthly. All officer recommendations must be approved by the relevant Council Committee, unless an officer has been delegated responsibility for a particular activity. The Council's Standing Orders provide for the delegation of functions to these committees. In addition, senior and other officers of the Council can make decisions under delegated authority. Levels of delegated authority for these decisions are agreed and approved by the Council and documented in the relevant minutes. Each member of the Council's SMT has a specific portfolio of responsibilities requiring them to work closely with senior and other employees so as to achieve the Council's objectives. Following each Council meeting, an action list is prepared and distributed to each relevant officer for actioning, as per the direction of Council.

The Council's SMT meets regularly to develop policy issues commensurate with the Council's aims, objectives and priorities. The SMT also considers other internal control issues including; risk management, performance management, compliances, efficiency and value for money and financial management. The Chief Executive meets individually with Heads of Department on a six monthly basis to review progress in achieving the Council's objectives by each Department.

- ***Developing, communicating and embedding Codes of Conduct, defining the standards of behaviour for members and staff***

The roles and responsibilities of members are set out in the Local Government Handbook produced collectively by Nilga, the Local Government Training Group and the NAC. Additionally a code of conduct has also been produced by the

Department of the Environment. Councillors are provided with both these documents at their induction.

The Local Government Staff Commission (NI) Code of Conduct for Local Government Employees, specifies the minimum standards of conduct required of all employees. Staff are provided with a copy of this Code at their induction. This code builds on and is in keeping with the seven principles of public life, articulated by the Nolan Committee on Standards in Public Life. This Code sets out standards of behaviour expected of Council officers and also deals with the disclosure of information, political neutrality and potential conflicts of interest. The Code also addresses appointments and other employment matters, outside commitments, personal interests and equality issues. Finally, the Code emphasises the importance of the separation of roles during tendering and the use of financial resources in a responsible and lawful manner and addresses corruption, hospitality, sponsorship and whistle blowing. Additionally, the specific tasks and responsibilities pertinent to each job are outlined in individual Job Descriptions, which are updated as deemed necessary.

The roles and responsibilities of staff are also specified in the various Council Policies governing the day to day business practices of Council. Staff are asked to sign a policy declaration in relation to any policy which governs an activity which they are involved in. Chief Officers and Heads of Departments are responsible for monitoring and ensuring adherence to all policies. The Council has developed a number of policies which define the standards of behaviour for members and staff in relation to specific areas. These include policies relating to:

- Procurement
- Use of the internet
- Use of hand held communication devices
- Fraud and corruption
- Declaration of interests
- Use of the Council Credit Card
- Flexi; Absence; Harassment; Alcohol and Drugs

Failure to comply with any of the above policies or any behaviour contrary to the Employee Code of Conduct, is dealt with through the Council's Disciplinary procedure, which all staff are made aware of during their induction.

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

The Council's standing orders define how decisions are taken within the Council and provide for the delegation of functions to Council Committees. The Standing

Orders of Council are updated on an ad hoc basis. As a result of the Review of Public Administration, a new Council covering the current Derry City and Strabane District Council areas, will be established. As part of the process to establish the governance arrangements for this new Council, a comprehensive review of standing orders will be carried out in conjunction with Derry City Council. Additionally, standing orders have been developed for the Statutory Transition Committee.

The Council has developed financial procedures in relation to:

- Purchasing
- Payroll
- Income
- Stores

All these procedures are stipulated in the Finance Handbook, which is updated in line with Internal Audit recommendations.

The Council's procurement policy sets out limits and procedures on all aspects of procuring goods and services. In addition, the policy sets out the controls in place and the responsibilities of Council officers in each area including purchasing limits for each Authorised Procurement Officer.

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

On 25 February 2009, Strabane District Council held the first meeting of its Audit Committee. Terms of reference have been developed which comply with the CIPFA guidance and membership is in line with this guidance.

The Chief Executive, Head of Finance, Business Manager, Internal Auditor and Independent Member attend all Audit Committee Meetings whilst the Local Government Auditor is invited to attend specific Audit Committee Meetings. Quarterly meetings have been held in this financial year.

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

Each Head of Department is responsible for ensuring compliance with relevant laws, regulations, internal policies and procedures within their Department, with the Council Chief Executive having ultimate responsibility for ensuring compliance within the Council. The Chief Executive has been provided with Departmental Assurance Statements from each Chief Officer/Head of Department for 2009/2010. Within these assurance statements, each Chief Officer/Head of Department has provided assurance to the Council's Chief

Executive on compliance with relevant laws, regulations, internal policies and procedures within their Department.

The Head of Finance plays a key role in ensuring that all Council expenditure is lawful. Authority for the monthly payments to be made by the Council has been delegated to the Finance and Staff Committee, however the payment of all grants, requires the approval of the Corporate and Regulatory Services (CARS) Committee.

The Council has developed a number of policies and procedures to ensure compliance with relevant laws and regulations e.g. a Grant Aid Policy and associated checklists; a credit card policy, a procurement policy, and a hospitality policy. Additionally, Council staff has been trained on all legislation pertinent to their roles.

Serious breaches of laws, regulations, policies and procedures by Council employees, are dealt with through the Council's disciplinary procedure and if deemed necessary reported to the full Council.

As part of its programme of work, internal audit reviews compliance with Council policies and procedures. Additionally, when Council requires clarification on whether or not a particular course of action is legal, it will either seek legal advice or guidance from external audit.

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

The Council has a whistle blowing policy which has been discussed with the relevant Trade Unions and professional organisations and has their support. The policy is intended to encourage and enable employees to raise serious concerns within the Council and applies to all employees of the Council and those contractors working for the Council on Council premises.

The policy details its aims and scope, and the safeguards applying to employees who follow the policy. The policy also sets out how employees should raise a concern and how the Council will respond. The Chief Executive has overall responsibility for the maintenance and operation of the whistle blowing policy and matters may also be reported directly to the Local Government Auditor, the Police Service of Northern Ireland, the Northern Ireland Ombudsman or Trade Union representatives.

The Council's complaints procedure is set out in a leaflet "Satisfied? Not Satisfied? - Tell us what you think?". The Council encourages customer feedback in order to improve corporate learning. All employees are provided at induction with a 'Customer Service – Employee Guidance Manual' and there are defined standards of Service stipulated for each Department.

All complaints and compliments are logged onto a specialist customer feedback computer system. The results of feedback are provided to the SMT on an annual basis.

The Council also operates a Grant Aid and FOI Appeals procedure. All applicants are informed of these procedures.

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

Each year, Council members partake in an annual survey, through which they have the opportunity to highlight any training and development needs. Appropriate training is then sourced to meet these needs and this is identified in the annual councillor training plan. Additionally, ad hoc training is secured as the need arises e.g. following the introduction of new legislation/systems.

The training and development needs of Council officers are identified through the personal development plan process and departmental balanced scorecards. Appropriate training to address these needs is then sourced both internally and externally by Council management.

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

Council members are in constant communication with their constituents and are encouraged to bring all issues raised to the Council for resolution. The majority of Council and committee meetings are open to the public; with the exception of confidential business being discussed 'in committee'. Minutes of all meetings open to the public, are available on the Council website following ratification at each month's Full Council meeting. Additionally, members of the public have the facility to request to make a presentation to Council on any issue.

All local community groups, sporting groups etc. receive a letter from the newly appointed chairperson following the Annual General Meeting stating that he/she is willing to meet with them to discuss any issue. All members contact details are available on the Council's website, in the Council's Snapshot magazine and provided in hard copy or verbally on request.

In addition to this, officers utilise a number of formal communication channels with key stakeholders these include:

Internal

- A series of team briefing meetings is used to cascade information throughout the organisation.

- Collective staff update sessions are carried out as required.
- Monthly Management Team Meetings.
- Departmental Team Meetings.
- Council's Intranet.
- Transition Bulletins

External

- The Council continually updates its internet site to provide information to general public
- Press releases are issued on a regular basis on specific subjects
- Advertisements/Notices placed as a minimum in all four local newspapers.
- The Council issues a newsletter –“Snapshot” - to all homes within the District. Council's last edition was in the Autumn 2009
- Public meetings are arranged as and where required to discuss key issues and participants are encouraged to provide feedback following these sessions.
- Customer feedback is encouraged and recorded on the computer system.
- Public Consultations on key services and strategies e.g. Futuresearch, Village Renewal, Play Strategy, Playing Pitch Strategy, Castlederg Site Visioning Project, Review of Community Support Plan, Community Festivals Consultation.
- Council also has external membership on some of its committees e.g. Sports Forum, Community Safety Partnership, District Policing Partnership, Good Relations and Equality Committee, Shared Spaces and the Community Festivals Committee.
- Council's public e-mail address.

4.0 REVIEW OF EFFECTIVENESS

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

During 2009/2010, the process that has been applied in maintaining and reviewing the effectiveness of the governance framework included:

The Council's audit committee met quarterly and monitored and amended the Corporate Governance arrangements within Council.

The Council's SMT, through the monthly meetings, regularly reviewed and assessed the key risks facing the Council, identified and reviewed the actions necessary to address these risks and updated the Risk Register accordingly.

Each head of Department/Chief Officer supplied to the Chief Executive an individual assurance statement covering the governance, control and risk management issues within their respective Departments for 2009/10.

Internal audit is responsible for monitoring the quality and effectiveness of systems of internal control. During 2009/2010 internal audit assignments were carried out in accordance with the annual internal audit plan. The reporting process for internal audit requires a report for each audit assignment to be submitted to the relevant departmental manager and / or the Head of Finance. The report includes recommendations for improvement and responses from management. A process exists to carry out follow up reviews of all recommendations to ensure they are acted upon. All internal audit reports include an overall assurance on the quality and effectiveness of internal control within the areas audited.

The overall assurance ratings used are as follows:

- Substantial Assurance: There is a robust system of risk management, control and governance which should ensure that objectives are fully achieved.
- Satisfactory Assurance: There is some risk that the objectives may be not fully achieved. Some improvements are required to improve the adequacy and/or effectiveness of risk management, control and governance.
- Limited Assurance: There is considerable risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and effectiveness of risk management, control and governance.
- Unacceptable Assurance: The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and effectiveness of risk management, control and governance.

In addition, Internal Audit also produces an annual report containing an overall assurance statement on the quality and effectiveness of the systems of internal control within the Council. In 2009/2010, internal audit carried out a review of the following areas:

- Financial Systems and Controls
- Review of Strategic Partnership Projects
- Contingency Planning
- Corporate Planning

- Human Resources Policies and Procedures
- Waste Management Policy and Performance

Internal audit reported an overall assurance of 'Satisfactory' in the 6 areas identified.

This annual governance statement has been reviewed by the Council's SMT and the Audit Committee. We have been advised on the result of the review of the effectiveness of the governance framework by the Audit Committee and have plans to ensure continuous improvement of the system which is in place.

5.0 SIGNIFICANT GOVERNANCE ISSUES

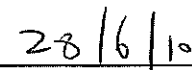
The following was a significant governance issue for Strabane District Council in 2009/10:


- The decision by Council to lease land to a club and the subsequent complaint issued under Schedule 9 Paragraph 10 of the Northern Ireland Act 1998.

6.0 CERTIFICATION

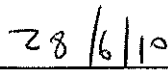


Chair of the Council


Date



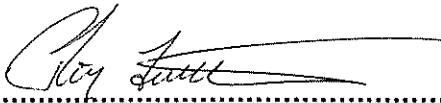
Chief Executive


Date

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2010 on pages 21 to 49 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 25 to 32.
- (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.



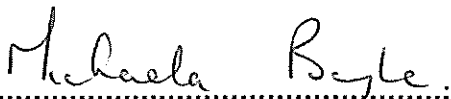
.....
Chief Financial Officer

28/6/10
.....

Date

Council Approval of Statement of Accounts

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



.....
Chairman

28/6/10
.....

Date

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRABANE DISTRICT COUNCIL

I have audited the statement of accounts of Strabane District 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 District 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 Strabane District Council in accordance with the 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 Strabane District Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Strabane District 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, of the financial position of Strabane District Council as at 31 March 2010 and of its income and expenditure for the year then ended.

Matters on which I report by exception

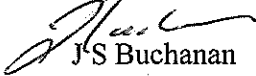
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- 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 Strabane District 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
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Date 21-10-10

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 as restated £
Services Expenditure					
Leisure and Recreational Services		4,498,438	1,650,647	2,847,791	3,066,966
Environmental Services		5,526,962	738,211	4,788,751	4,754,368
DRM and Corporate Management		886,989	-	886,989	867,160
Other Services		572,340	310,366	261,974	297,231
Continuing operations		11,484,729	2,699,224	8,785,505	8,985,725
Exceptional items not included in cost of specific services		-	127,503	(127,503)	718,739
Net cost of services		11,484,729	2,826,727	8,658,002	9,704,464
Gain or loss on disposal of fixed assets	23	-	12,352	(12,352)	(24,880)
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6	269,637	-	269,637	275,722
Interest and Investment Income	7	-	54,843	(54,843)	(158,799)
Net Operating Expenditure		11,754,366	2,893,922	8,860,444	9,796,507
Income from General Grant and District Rates					
General Grant		-	2,300,273	(2,300,273)	(2,261,651)
District Rates	9	-	7,004,781	(7,004,781)	(6,297,263)
Surplus/(Deficit) for the year		11,754,366	12,198,976	444,610	(1,237,593)

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

	Notes	2009/10 £	2008/09 £ as restated
Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account		444,610	(1,237,593)
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	66,742	1,099,353
Movement on the District Fund Balance for the year	3/23	511,352	(138,240)
District Fund Balance Brought Forward		921,090	1,059,330
District Fund Balance Carried Forward		1,432,442	921,090

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

	Notes	2009/10 £	2009/10 £	2008/09 £	2008/09 £ as restated
Surplus/(Deficit) on the District Fund - Income and Expenditure Account for the year			444,610		(1,237,593)
Surplus/(Deficit) arising on revaluation of fixed assets			-		3,766,382
Revaluation of pension reserve/provision	19/23		(98,316)		(35,690)
Any other gains and losses required to be included in the Statement of Total Recognised Gains and Losses					
Other			-		15,782
Total recognised gains and losses for the year (Change in Net Worth)			346,294		2,508,881
Prior period adjustments made during the year			-		-
Total gains and losses recognised since last annual report (Change in Net Worth)	23		346,294		2,508,881
Change in Net Worth (per Balance Sheet)			346,294		

Balance Sheet As At 31 March 2010

	Notes	2009/10 £	2008/09 as restated £
FIXED ASSETS			
Tangible Fixed Assets			
<i>Operational Assets:</i>			
Land & Buildings	10	15,171,059	15,443,512
Infrastructure Assets	10	10,275	10,613
Community Assets	10	714,972	714,972
Vehicles, Plant, Furniture and Equipment	10	709,427	615,020
<i>Non-Operational Assets:</i>			
Investment Properties	10	428,000	428,000
Assets under Construction	10	405,450	82,742
Surplus Assets held for Disposal	10	550,000	670,000
TOTAL FIXED ASSETS	10	17,989,183	17,964,859
CURRENT ASSETS			
Stocks	13	99,674	92,530
Debtors	14	1,819,817	1,140,684
Short Term Investments	15/22a	3,033,884	2,733,250
Cash and Bank		85,790	671,617
		5,039,165	4,638,081
CURRENT LIABILITIES			
Borrowing repayable on demand or within 12 months	16	66,030	59,345
Creditors	16	1,720,940	1,861,958
		1,786,970	1,921,303
TOTAL ASSETS LESS CURRENT LIABILITIES		21,241,378	20,681,637
LONG TERM LIABILITIES			
Borrowing repayable in excess of 12 months	17	2,342,475	2,408,505
Pension Liabilities	19	361,000	280,000
Government Grants – deferred	20	5,012,018	4,813,541
		7,715,493	7,502,046
NET ASSETS		13,525,885	13,179,591
RESERVES:			
Capital Adjustment Account	23	7,024,947	7,054,059
Financial Instruments Adjustment Account	23	-	-
Revaluation Reserve	23	3,594,990	3,680,686
Available for Sale Financial instruments Reserve	23	-	-
Pensions Reserve	23	(361,000)	(280,000)
Capital Receipts Reserve	23	354,300	344,357
Depot Capital Fund	23	1,259,545	1,239,710
Renewal and Repairs Fund	23	183,242	182,270
Other Balances and Reserves	23	37,419	37,419
District Fund	23	1,432,442	921,090
NET WORTH		13,525,885	13,179,591

Cash Flow Statement as at 31 March 2010

	Notes	2009/10 £	2008/09 £
REVENUE ACTIVITIES			
Net Cash Inflow from Operating Activities	21	333,841	633,344
Returns on Investments and Servicing of Finance			
Cash Outflows			
Interest paid		(270,746)	(276,717)
Cash Inflows			
Interest received		54,843	158,799
Net Cash Outflow from Returns on Investments and Servicing of Finance		(215,903)	(117,918)
CAPITAL ACTIVITIES			
Cash Outflows			
Purchase of fixed assets		(717,515)	(851,697)
Cash Inflows			
Sale of fixed assets		5,645	37,399
Other grants	22d(i)	368,084	504,866
Net Cash Outflow from Capital Expenditure before Financing		(343,786)	(309,732)
Management of Liquid Resources			
Net increase/decrease in short-term deposits		(300,634)	(364,605)
		(300,634)	(364,605)
FINANCING			
Cash Outflows			
Repayment of amounts borrowed	22c	(59,345)	(53,383)
		(59,345)	(53,383)
(Decrease)/Increase in Cash	22a	(585,827)	(212,294)

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 2008: 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 21 has been prepared using the requirements of the Best Value Accounting Code of Practice.

1b) Accounting Concepts

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

Relevance

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

Reliability

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

Comparability

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

Understandability

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

Materiality

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

Accruals

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

1c) Fixed Assets

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 £2,000 to all fixed assets (on an individual asset basis), meaning only assets over £2,000 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 District 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. 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 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 5 to 50 years
- plant, vehicles and equipment (excluding I.T. equipment) are depreciated using a maximum useful life of 10 years. I.T. equipment is depreciated using a standard life of 3 years
- 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 government 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 to match depreciation.

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 specific provision for doubtful debts is included in the financial statements 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'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			444,610		as restated (1,237,593)
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	11,23		(407,953)		(229,420)
Deferred grants amortised in the year	20,21,23		(212,764)		(210,710)
Loans/lease principal/depreciation/impairment adjustment:					
Impairments				906,936	
Depreciation charged in the year	10	801,915		795,807	
Loans/Lease principal repayments during the year	22c) 23	(59,345)		(53,383)	
			742,570		1,649,360
Transfers (to)/from earmarked reserves:					
Depot Capital Fund	23		(24,471)		(54,112)
Renewal and Repairs Fund	23		(972)		(9,928)
Pension Reserve	23		(17,316)		(18,500)
Other Funds	23		-		(4,457)
(Gain)/loss on disposal of fixed assets	21,23		(12,352)		(24,880)
Net adjustments to Income & Expenditure Account			66,742		1,099,353
Movement on the District Fund Balance for the year	23		511,352		(138,240)
District Fund Balance Brought Forward	23		921,090		1,059,330
District Fund Balance Carried Forward	23		1,432,442		921,090

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 £16,689 in 2009/10 (£17,752 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	31,370	16,518
Other Fees	-	-
	31,370	16,518

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 operating lease rentals was £nil (2008/9 £nil).

5 Employee Costs and Members' Allowances

5a) Staff Costs

	2009/10	2008/09
	£	£
Salaries and wages	4,805,308	4,555,496
Employers National Insurance	305,987	270,338
Employers pension costs	614,604	533,536
	5,725,899	5,359,370

The above excludes staff costs of £82,782 for employees of Strabane Local Strategy Partnership which are fully recoverable.

In addition, agency costs during the year amounted to £38,029 (2008/09 £105,604).

The Council's contribution rate in the year to 31 March 2010 to the NILGOSC scheme was 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	102	99
Leisure services	57	59
Other	28	27
	187	185
	Actual Numbers	Actual Numbers
Full-time numbers employed	152	148
Part-time numbers employed	54	61
	206	209

5c) Senior Employees' Remuneration

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

5d) Members' Allowances

During the year Members' allowances (section 36), including Employer's costs, totalled £238,183 (2008/09 £229,321) and are as follows:

	2009/10	2008/09
	£	£
Basic allowance	155,808	150,440
Chairman's and Vice Chairman's Allowance	14,400	13,920
Employer costs	15,602	14,679
Conferences Fees	6,805	5,068
Travel Costs	24,506	24,586
Subsistence	562	1,015
Special responsibility allowances	20,500	19,613
	238,183	229,321

6 Interest Payable and Similar Charges

	2009/10	2008/09
	£	£
Loan Interest	269,637	275,722
	269,637	275,722

7 Interest and Investment Income

	2009/10	2008/09
	£	£
Bank interest	54,843	158,799
	54,843	158,799

8 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.

Strabane Local Strategy Partnership (SLSP)

Council is represented by 7 Councillors and the Clerk and Chief Executive (Company Secretary) on the Strabane Local Strategy Partnership Board. The Board's staff work from offices in the Council Offices building and Council provides Finance, IT and Personnel services for the Board. The Company owed Council £41,019 at 31 March 2010 in respect of administrative and other costs (Note 14)

Strabane 2000

Council is represented by 6 Councillors and the Clerk and Chief Executive (Company Secretary) on the Board of Strabane 2000. Council paid £26,682 on behalf of Strabane 2000 in the year 2009/2010.

Sperrin Tourism Limited

Council is represented by 4 Councillors on the Board of Sperrin Tourism Limited. Council paid £21,500 to the company in the year 2009/2010.

Strabane & District Citizens Advice Bureau

Council is represented by 5 Councillors on the Board of Strabane & District Citizens Advice Bureau. Council paid £138,401 to the Bureau in the year 2009/2010.

Newtownstewart Leisure Complex Ltd

Council funded the operations of the Company with grant aid and other payments of £36,198 in the year 2009/2010.

Department of the Environment

Council receives an annual operating grant from the Department of the Environment. During 2009/2010 Council received £2,300,273.

National Association of Councillors

Council is represented by 4 Councillors and the Chair of the Council on the Committee of National Association of Councillors. Council paid £1,530 to the Company in the year 2009/2010.

Sion Mills Building Preservation Trust

Council is represented by 3 Councillors on the Consultative Committee of Sion Mills Building Preservation Trust. Council paid £2,950 to the Company in the year 2009/2010.

Western Group Environmental Health Committee

Council is represented by 2 Councillors on the Board of Western Group Environmental Health Committee. Council paid £61,637 group fees to Omagh District Council in the year 2009/2010.

Western Group Building Control Committee

Council is represented by 2 Councillors on the Board of Western Group Building Control Committee. Council paid £25,597 group fees to Omagh District Council in the year 2009/2010.

Northern Ireland Local Government Association

Council is represented by 4 Councillors on the Board of Northern Ireland Local Government Association. Council paid £8,016 to the Company in the year 2009/2010.

Peace III

Council is represented by 4 Councillors on the Board of 'NW Peace III Partnership' and 'NW Peace III Joint Committee'. Council paid £30,192 programme costs in the year 2009/2010, which were recoverable in full.

Rural Development Programme

Council is represented by 4 Councillors on the Board of 'NW Cluster for the Rural Development Programme'. Council paid £40,615 programme costs in the year 2009/2010, which were recoverable in full.

North West Region Waste Management Group (NWRWMG)

Council is represented by 2 Councillors on the Board of 'North West Region Waste Management Group' (NWRWMG). Council paid £11,333 contributions towards salary and overhead costs in the year 2009/2010.

9 District Rates

	2009/10	2008/09
	£	£
Current year	6,673,756	6,591,239
Finalisation - preceeding year	1,025	6,024
Finalisation - estimated current year	330,000	-
Clawback charged to I&E in-year	-	(300,000)
	7,004,781	6,297,263

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	3,818,688	12,111,736	222,689	714,972	4,164,018	428,000	82,742	670,000		22,212,845
Reclassifications	120,000	77,350	-	-	-	-	(77,350)	(120,000)		-
Additions (Note 11)	-	17,168	4,000	-	405,013	-	400,058	-		826,239
Disposals (Note 23)	-	-	-	-	(199,711)	-	-	-		(199,711)
At 31 March 2010	3,938,688	12,206,254	226,689	714,972	4,369,320	428,000	405,450	550,000		22,839,373
Depreciation										
At 1 April 2009	-	486,912	212,076	-	3,548,998	-	-	-		4,247,986
Disposals (Note 23)	-	-	-	-	(199,711)	-	-	-		(199,711)
Provided for year	-	486,971	4,338	-	310,606	-	-	-		801,915
At 31 March 2010	-	973,883	216,414	-	3,659,893	-	-	-		4,850,190
Net Book Value										
At 31 March 2010	3,938,688	11,232,371	10,275	714,972	709,427	428,000	405,450	550,000		17,989,183
At 31 March 2009	3,818,688	11,624,824	10,613	714,972	615,020	428,000	82,742	670,000		17,964,859

The Council is not aware of any material change in the value of freehold and leasehold properties.

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.

11 Capital Expenditure

	Note	2009/10	2008/09
		£	£
Expenditure			
Capital expenditure	10	826,239	502,011
Financed By			
Grants receivable	20	411,241	221,685
Capital receipts	23	2,409	16,539
Transfer from Depot Capital Fund	23	4,636	10,322
Transfer Repairs and Renewals Fund	23	-	24,045
Revenue contributions to capital	3,23	407,953	229,420
		826,239	502,011
Surplus/(Deficit)			
Balance brought forward		-	-
Balance carried forward		-	-

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	47,000	-	47,000
Other Commitments	594,000	104,000	490,000
Total	641,000	104,000	537,000

13 Stock

	2009/10	2008/09
	£	£
Central Stores	49,303	57,641
Other	50,371	34,889
Total	99,674	92,530

14 Debtors

	2009/10	2008/09
	£	£
Debtors: amounts falling due in less than one year		
Government Departments	1,058,158	451,140
SLSP (note 8)	41,019	46,193
Value Added Tax	287,833	187,633
Trade debtors	131,360	71,457
Other	316,317	402,943
	1,834,687	1,159,366
less: provision for doubtful debts	(14,870)	(18,682)
Total Short-Term Debtors	1,819,817	1,140,684
Total Debtors	1,819,817	1,140,684

The increase in debtors reflects rates finalisation due to Council for the year ended 31 March 2010 and funding for capital and other projects due at year-end.

15 Short-Term Investments

	2009/10	2008/09
	£	£
Investments - general	1,591,097	1,305,584
Investments - repairs and renewals	183,242	182,269
Investments - depot capital fund	1,259,545	1,245,397
Total Short-term Investments	3,033,884	2,733,250

	2009/10	2008/09
	£	£
Money market deposits	3,033,884	2,733,250
Total Short-term Investments	3,033,884	2,733,250
Total Investments	3,033,884	2,733,250

16 Creditors due within one year

	2009/10	2008/09
	£	£
Amounts falling due in less than one year		
Rates clawback	-	300,000
Loan interest	44,016	45,124
Receipts in advance	261,429	72,690
Trade creditors	855,174	445,969
Accruals	560,321	998,175
	1,720,940	1,861,958
Loans re-payable within one year	66,030	59,345
	66,030	59,345
Total Creditors	1,786,970	1,921,303

Payment of Invoices

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

During the year, the Council paid supplier invoices totalling £5,847,946.

On a sample basis, Council has calculated the payment interval and for this year it was 24 days. This number of days is calculated from when the invoice is received by Council until payment date.

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 for local government but Council endeavours to process invoices as quickly as possible and will keep its performance under review.

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

	2009/10	2008/09
	£	£
Between 1 and 2 years	67,436	66,030
Between 2 and 5 years	243,197	222,722
Between 5 and 10 years	559,577	519,760
In more than 10 years	1,472,265	1,599,993
Government Loans Fund	2,342,475	2,408,505

Interest rates on Government Loans range between 5.75% and 16.25%.

18 Financial Instruments

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Customers are assessed, taking into account their financial position, past experience and other factors. 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	113,855
Three to six months	9,315
Six months to one year	2,745
More than one year	5,445
	131,360

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 and 17. All trade and other payables are due for payment within one year.

Market Risk

Interest rate risk

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

Foreign exchange risk

Strabane District Council has a euro bank account (balance Euro 43,110) and amounts receivable in euro totaling Euro 162,600 at year-end. There is no material exposure to loss arising from movements in exchange rates.

Fair Value of 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 £4,001,652, analysed as follows.

	£
Government Loans	4,001,652
Market Loans	-
Total	4,001,652

19 Provisions**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. 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
		£	as restated £
Opening balance		280,000	260,810
Less: payments to NILGOSC	3,23	(17,316)	(16,500)
Add: revaluation	23	98,316	35,690
		361,000	280,000

20 Government Grants - deferred

	Note	2009/10	2008/09
		£	£
Opening balance		4,813,541	4,802,566
Add: new grants receivable	11	411,241	221,685
Less: amounts released to the District Fund - Income and Expenditure Account	21,23	(212,764)	(210,710)
		5,012,018	4,813,541

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 to match depreciation.

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

	Note	2009/10 £	2009/10 £	2008/09 £	2008/09 £
Surplus/(Deficit) for year	3		444,610		(1,237,593)
<u>Non-cash transactions</u>					
Depreciation	3,10	801,915		795,807	
Deferred Grants amortised in year	3,20,23	(212,764)		(210,710)	
Movement in Pension Reserve	23	(17,316)		(16,500)	
Impairment in year		-	571,835	906,936	1,475,533
<u>Adjustment for items reported separately on Cashflow</u>					
Interest and Investment Income	7		(54,843)		(158,799)
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6		269,637		275,722
Gain or (loss) on disposal of fixed assets	3,23		(12,352)		(24,880)
<u>Items on an accruals basis</u>					
(Increase)/decrease in stock			(7,144)		(15,418)
(Increase)/decrease in debtors			(656,476)		82,641
(Decrease)/increase in creditors			(221,426)		236,138
Net Cash Inflow/(Outflow) from Operating Activities			333,841		633,344

22 Other Cash Flow Disclosures

22a) Analysis of Changes in Cash and Liquid Resources During the Year

	Note	2009/10 £	2008/09 £	Change in the year £	2008/09 £
Temporary investments		3,033,884	2,733,250	300,634	364,605
Cash and Bank		85,790	671,617	(585,827)	(212,294)
Total		3,119,674	3,404,867	(285,193)	152,311

22b) Analysis of Net Cash

	Cash	Temporary Investments	Cash at Bank and in hand	Loans due within one year	Loans due after more than one year	Finance Leases	Net Cash
	£	£	£	£	£	£	£
At 1 April 2009	671,617	2,733,250	3,404,867	(59,345)	(2,408,505)	0	937,017
Change in Year	(585,827)	300,634	(285,193)	59,345	-	0	(225,848)
Other non cash changes				(66,030)	66,030	0	-
At 31 March 2010	85,790	3,033,884	3,119,674	(66,030)	(2,342,475)	0	711,169

22c) Reconciliation of Changes in Cash to Movements in Net Cash

	Note	2009/10	2008/09
		£	£
(Decrease)/Increase in cash in year		(285,193)	152,311
Cash outflow from:			
Loans repaid		59,345	53,383
		59,345	53,383
Change in net cash resulting from cash flows		(225,848)	205,694
Net cash b/fwd		937,017	731,323
Net cash c/fwd		711,169	937,017

22d) Analysis of Government Grants

	2009/10	2008/09
	£	£
Capital Grants		
European Capital Grants	57,000	180,579
Central Government Grants	311,084	323,987
(i) Sub-total	368,084	504,566
Revenue Grants		
Community Services	313,241	193,754
Environmental Health	26,806	30,022
Economic Development	-	619,360
Good Relations	113,786	57,734
Minor Works	93,140	84,249
Sports Development	5,766	28,686
Tourism	1,163	5,674
Arts development	112,787	91,304
Waste Management	-	5,651
Community Safety Partnership	133,395	90,493
District Policing Partnership	99,053	101,223
General Registrar Office	47,951	36,220
Emergency Planning	21,498	6,162
Environmental Services	859	
Corporate Management	-	1,450
(ii) Sub-total	969,445	1,351,982
Total Grants	1,337,529	1,856,548

23 Movement on Reserves

	Capital Adjustment Account	Revaluation Reserve	Pensions Reserve	Capital Receipts Reserve	Depot Renewal & Capital Repairs Fund	Other Balances and Reserves (Election Reserve)	District Fund	TOTAL
	£	£	£	£	£	£	£	£
	23a)	23b)	19, 23c)	23d)	23e)	23g)	3	
At 1 April 2009	7,054,059	3,680,686	(280,000)	344,357	1,239,710	37,419	923,090	13,179,591
Movements on reserves during the year:								
Capital Grants Released	212,764						(212,764)	
Direct Revenue Financing	407,853				24,471		(433,395)	
Loans/lease principal/depreciation adjustment	(742,570)						742,570	
I & E Surplus/Deficit							444,610	
Payments to NILGOSC			(7,316)				(17,316)	
Disposal of Fixed Assets				12,352			(12,352)	
Capital Receipts used to finance capital expenditure	2,408			(2,408)				
Revaluation								(88,316)
Other Movements	85,696	(85,696)						
Transfers from Depot Capital Fund / Renewal & Repair Fund to finance capital expenditure	4,636				(4,636)			
Total movements on reserves during the year:								
(Change in Net Worth)	(29,112)	(85,696)	(61,000)	9,943	19,835	972	511,352	346,294
At 31 March 2010	7,024,947	3,594,990	(361,000)	354,300	1,259,545	37,418	1,432,442	13,525,865

23a) 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 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.

23b) 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.

23c) Pension Reserve

Refer to note 19.

23d) 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.

23e) Depot Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £3 million.

23f) Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £500,000.

23g) Election Reserve

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

23h) Financial Instruments Adjustment Account

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

23i) Available for Sale Financial instruments Reserve

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

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 28 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 19/10/10

