



# Cookstown

## DISTRICT COUNCIL

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*COMHAIRLE CHEANTAR NA COIRRE CRÍOCHAÍ*  
*DISTRICK COONCIL O COOKESTOUN*

COOKSTOWN DISTRICT COUNCIL

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

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# Explanatory Foreword

## Introduction

The Council's financial performance for the year ended 31 March 2008 is as set out in the District Fund - Income and Expenditure Account and Balance Sheet.

These financial statements have been prepared under the Local Government (Northern Ireland) Order 2005 and 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 05/08 dated 6 March 2008. 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 Cookstown District Council's finances during the financial year 2007/08 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The statement of accounts for the year ended 31 March 2008 comprises the following:-

- Statement of Accounting Policies – this statement applies to the accounting statements and sets the basis of the figures in the accounts. Only those accounting policies that are significant to the understanding of the Statement of Accounts are disclosed.
- Accounting Statements:
  - District Fund – Income and Expenditure Account: This statement reports the net cost for the year of the functions performed by Cookstown District Council, and demonstrates how that cost has been financed from the General Exchequer Grant and Rates income from local ratepayers.

The District Fund Income and Expenditure Account is supported by the Statement of Movement on the District Fund Balance, Statement of Total Recognised Gains and Losses and an Analysis of the Movement on the District Fund Balance.
  - Consolidated Balance Sheet – This statement shows the Council's financial position at the year end. It shows the balances and reserves at the Council's disposal and its long term indebtedness, and the fixed and net current assets employed in its operation, together with summarised information on the fixed assets held.
  - Cash Flow Statement – This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
  - Statement of Total Movement in Reserves – This statement brings together all the recognised gains and losses of the Council during the period and identifies

those which have not been in the District Fund Income and Expenditure Account .

A summary of long-term borrowing is included at note 17 on page 38.

The Council has not entered into any PFI Initiatives during the 2007/2008 financial year.

## **Financial Report**

For the year ended 31 March 2008, the Council increased its District Fund reserve by £268,174 to £2,746,144. The Council's budget of £7,804,487 was supplemented by £119,367 for prior year finalisation payment of district rates. The total net expenditure reported in the District Fund - Income and Expenditure Account is £7,013,483 and includes allocations of £240,601 to the Repairs and Renewals Fund, and £606,056 to fund capital expenditure.

A summary of the income and expenditure reported by the Council with a comparison to the estimates for the year can be seen in the table below.

	<b>Actual (£)</b>	<b>Estimated (£)</b>	<b>Variance (£)</b>
<b>Net Cost of Services:</b>	<b>7,013,483</b>	<b>7,804,487</b>	<b>(791,004)</b>
<b>Financed By:</b>			
<b>General Grant</b>	<b>(1,660,586)</b>	<b>(1,490,433)</b>	<b>(170,153)</b>
<b>District Rates</b>	<b>(5,621,071)</b>	<b>(5,714,054)</b>	<b>92,983</b>
<b>(Surplus)/Deficit</b>	<b>(268,174)</b>	<b>600,000</b>	<b>(868,174)</b>

The main reason why the variance exists between actual and estimated expenditure is due to higher income than estimated being received at some of the Council's larger sites. When estimating income it is prudent to be conservative and to not overstate income. In the case of Magheraglass Landfill Site, it is normal that income is higher than that estimated due to receiving large volumes of waste from another local authority for a temporary period during the year. These factors are generally unknown at time of estimation.

The income reported by the Council was supplemented by prior year finalisation payments for district rates as outlined in note 8 to the accounts.

### **Capital Expenditure (cash basis)**

The Council incurred an expenditure of £1,539,024 during the year. The breakdown of this spend is shown in note 1 (fixed assets schedule) to the accounts. The major items of land and buildings expenditure, including work in progress, were as follows:

- Mid Ulster Sports Arena - £255,011
- Cookstown Amenity Site - £347,482
- Ballyronan Marina - £228,458
- Leisure Centre: Soft play area - £ 99,140
- Biomass Boiler - £214,518
- Battery Harbour - £ 72,242
- Magheraglass Landfill Site - £144,685

Grants to the value of £807,865 were received / due to fund certain items of capital expenditure.

The Council can finance capital expenditure using:

- Loan finance (loan or lease)
- Grant aid
- Capital receipts – proceeds from sale of capital assets
- Repairs and renewals/capital funds
- Transfer of funds from revenue resources

The total amount outstanding on long-term loans (greater than one year) as at 31 March 2008 was £1,668,056. The interest cost of servicing these long-term loans during the year was £104,465

### **Acquisition/Disposal of Fixed Assets**

There was no additional land or buildings purchased. Land was sold at the Old Railway Site, Pomeroy at a value of £655,000.

## Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2008 on pages 17 to 45 have been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 21 to 29.
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

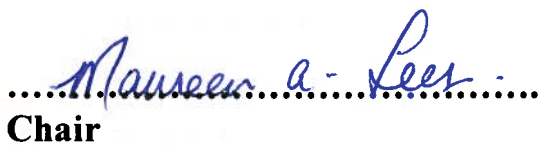
  
.....  
**Chief Financial Officer**

25 June 2008

**Date**

## Council Approval of Statement of Accounts

These accounts were approved by resolution of the Audit & Risk Committee on 25 June 2008.

  
.....  
**Chair**

25 June 2008

## **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 and Risk Committee on *25 June 2008*.

### **The Chief Financial Officer's Responsibilities**

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

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

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

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

The Chief Financial Officer is also required to:

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

# **COOKSTOWN DISTRICT COUNCIL**

## **ANNUAL GOVERNANCE STATEMENT 2007-2008**

### **Scope of responsibility**

Cookstown District 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 local government body is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council will 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 1 April 2009*. This statement explains how the local government body is progressing towards this and also meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

### **The purpose of the governance framework**

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority 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.

In 2007 CIPFA withdrew its guidance relating to Statements on Internal Control with the publication of the joint CIPFA/SOLACE "Delivering Good Governance: Framework". This requires the publication of an Annual Governance Statement rather than a Statement on Internal Control. Local authorities in England have been preparing the less comprehensive Statement on Internal Control for several years. The Department recognises that local government bodies had been preparing to include with their accounts, for the first time in 2007-2008, a Statement on Internal Control. As a result of the revised proper practice requirements, local government bodies are required to prepare an Annual Governance Statement in 2007-2008, without having previously completed a Statement on Internal Control.

Some aspects of the Statement on Internal Control are carried forward to the Annual Governance Statement. Where this is the case local government bodies will have undertaken the necessary preparatory work.

**Cookstown District Council intends to comply as far as reasonably practicable with the requirements of Annual Governance Statement for 2007-2008. It is the Council's intention to fully comply by 1 April 2009.**

## The governance framework

The following describe the key elements of the systems and processes that comprise the Council's governance arrangements including comments on the following headings:

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

The function of governance is to ensure that the Council fulfils its purposes and achieves its intended outcomes for ratepayers and service users. The Council has a Corporate Plan (2005-2009). This sets out the Corporate Objectives and the Council priorities and was developed with significant engagement with Members, ratepayers, officers and partners. Additionally the Council produces the Outlook Magazine annually. Both publications are circulated to the ratepayers.

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

The Council regards the completion of this statement as a formal review of its vision and implications for its governance arrangements.

The Corporate Plan (2005-2009) helps the Council focus on the future. It sets out the key issues that the Council intends to focus on over the next four years. In doing this, the Corporate Plan provides a sense of direction for the Council.

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

The Council strives to achieve its goals and objectives to ratepayers and service users in an effective, efficient, economic and ethical manner. Departments, through their Directors prepare annual reports to Council on their services both as review of performance from the previous year and to identify targets for the incoming year. The Council submits performance indicators to the Department of the

Environment which enables the Council to benchmark individual costs of service delivery against other Councils. Furthermore the Council monitors any complaints it receives.

- **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**

Each of the five department of the Council has a documented organisational structure. This reflects clear delegation arrangements. The Council ensures that all staff members have clear understanding of job descriptions.

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

The Council has taken a pro active role in reviewing, developing and communicating to staff on all Council policies. These have included Procurement, Whistleblowing, Gifts/Hospitality, Attendance Management and Training/Development. The Council employs a Part time Equality Officer who delivers to all Council staff equality and good relations training. The Council ensures through its induction and communication processes that staff are aware of all its policies and procedures.

- **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**

The Council has a Corporate Risk Management Committee in place which meets quarterly (or earlier where an 'extreme' risk has been identified.) The Committee sets down actions to be taken to deal with risk, identifies the owner of the risk and monitors progress on previous agreed actions. The Corporate Risk Register is presented to the Council's Audit & Risk Committee.

Decision making is appropriately delegated and reflected in the Council's Organisational structure.

- **undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities***

The Council has a fully functioning Audit and Risk Committee in place from April 2007. This Committee meets quarterly and has a Terms of Reference. The Local Government Auditor has attended the Committee on a number of occasions. The Audit Committee agrees the plan of work to be undertaken by the internal auditor.

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

Directors and Service Managers are responsible for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. Additionally Internal Audit has a role here in providing assurance to management that the above are followed. The Council will take legal advice when required.

- **whistle-blowing and for receiving and investigating complaints from the public**

The Council did not have a formal whistleblowing policy in place for 2007-2008. A policy was adopted by Council from 1 April 2008.

The Council has a formal complaints (from the public) procedure in place. Additionally public concerns are addressed through the elected representatives.

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

The Council is supportive in the development needs of members and staff. This is especially prevalent in the light of RPA (2011). It was recognised that the Councils Training & Development Policy should be reviewed and updated.

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

The Council has ensured that clear channels of communication with the public are in place. The Council welcomes feedback from its ratepayers and service users. The minutes of Council's Statutory meetings are made available to the public.

### **Review of effectiveness**

The local government body 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 authority 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

### **Review of effectiveness of the Council's governance framework**

- The Council, normally following recommendation from senior management are ultimately responsible for the Council's Governance Arrangements.
- Monthly Management Team meetings take place (Chief Executive & 5 Heads of Department).
- The Council has a Policy Resources and Services Committee, a Development Committee and a Leisure Services Committee in place for 2007-2008 as well as numerous other sub committees.
- For 2007-2008 the Council additionally put an Audit & Risk Committee in place. This Committee meets at least quarterly and consists of 4 elected members. The Council's Director of Corporate Services, Head of Finance, Internal Auditor and Health and Safety Officer report to this committee. Senior Management are also encouraged to attend.
- The Council has in place for 2007-2008 an effective Corporate Risk Management Committee (consisting of senior Officers from each Department). This Committee meets formally four times per year.
- The Council has an Internal Audit function in place for 2007-2008. This initially

consisted of half of one officer but through the year was extended to one full time officer.

- Local Government Auditor provides a further assurance function to the Council; this includes certifying the Council's Statement of Accounts for 2007-2008.
- Departments have during 2007-2008 used other independent review and assurance agencies.
- Each Head of Department has provided the Chief Executive with an Assurance Summary of the Services for which they were managerially responsible in 2007-2008. These have evidenced from Assurance Statements from the Service Mangers in each department. This method of Management providing formal assurance to the Chief Executive was not carried out before 2007-2008.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Management, Corporate Risk Committee, Internal Audit and we plan to address weaknesses and ensure continuous improvement of the system is in place.

### **Significant governance issues**

#### **Sickness Absence**

The Councils Corporate Risk register identified that poor attendance was a significant risk in terms of cost, staff morale and reputation.

The Council has in 2007-2008;

- Continued with employee support services – bought in employees counselling and occupational health services, and an employee's health benefit plan.
- Reviewed its sickness absence policy.
- Taken steps to put in place an improved, electronic Council wide method for recording absence form work.

The Council will in 2008 – 2009;

- Train management on consistent application of the revised Attendance Management Policy.
- Ensure staff are aware of their requirements with the policy.
- Ensure that all aspects of the policy are implemented fully.
- Provide management with timely and accurate monthly sickness absence records.
- Continue to provide support services to management and staff.
- Highlight to all staff the support services available to them.

### **Pre tender cost estimates for major capital projects**

The Council identified that the methodology for providing pre tender cost estimates for its major capital projects could be improved to provide a better cost estimate, reflective of true project costs.

The Council will in 2008-2009;

Consider use of consultant/architect/quantity surveyor at the earliest stage of project evaluation to provide more accurate pre tender estimates.

### **Monitoring of Council Contractors**

The Council employ contractors on a rate per hour basis to carry out some functions; it is difficult to have assurance that Council was receiving Value for Money. To compensate this, Management have/will implement the following:

- Technical Assistant to be employed to assist with monitoring of contractors.
- Where applicable, request quotation per job from contractor. Management to evaluate quotation prior to commencement of the works.
- Where possible, monitor contractor hours by electronic swipe system.

### **Secure filing provision**

The physical resources and methods for storage of retainable documents have been identified as a governance issue. The Council has provided / will provide:-

- Additional secure storage facilities
- Installation of fire monitoring system at main Council Offices and the archival storage areas.
- Continue to review storage needs of Departments.

### **Staff resource issues**

Service delivery is reliant upon limited number of competent staff. Loss of individuals restricts Council ability to carry out its functions. This is more pronounced in the light of RPA.

The Council has already looked at policies and procedures to provide clear guidelines and Standard Operating procedures to enable service continuity following critical loss of staff.

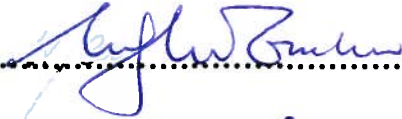
### **Leisure Services provision**

The Council is reviewing part of the current provision of leisure services.

The Council will

- Continue to take legal opinion on the agreement.
- Take open and transparent decisions to enable progression of the project.
- Take all reasonable steps to ensure best resources are available to the service user.

We propose over the coming year to take steps to address any outstanding 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: .....**Chief Executive**

Signed: .....**Chair of Audit & Risk Committee**

On behalf of the committee of the local government body or the members of the body meeting as a whole and by the Chief Executive

## **Independent Auditor's Report to the Members of Cookstown District Council**

I have audited the statement of accounts of Cookstown District Council for the year ended 31 March 2008 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 Cookstown District 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**

The Chief Financial Officer's responsibilities for preparing the statement of accounts in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the statement of accounts present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the local government body and its income and expenditure for the year.

I review whether the Annual Governance Statement reflects compliance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007. I report if it does not comply with proper practices specified by the Department of the Environment or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider, nor have I considered, whether the Annual Governance Statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

I read other information published with the statement of accounts and consider whether it is consistent with the audited statement of accounts. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

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

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

### **Opinion**

In my opinion the statement of accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of Cookstown District Council as at 31 March 2008 and its income and expenditure for the year then ended.

### **Certificate**

I certify that I have completed the audit of the accounts of Cookstown 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.

Stephen Knox  
Local Government Auditor  
106 University Street  
Belfast  
BT7 1EU



20<sup>th</sup> October 2008

## District Fund - Income and Expenditure Account for the year ended 31 March 2008

	<i>Notes</i>	2007/08		2006/07	
		Gross	Gross	Net	Net
		Expenditure	Income	Expenditure/ (Income)	Expenditure/ (Income)
					Re-stated *
		£	£	£	£
<b>Services Expenditure</b>					
Leisure and Recreational Services		5,218,629	1,802,185	3,416,444	3,328,542
Environmental Services		5,415,774	2,546,577	2,869,197	2,951,122
Democratic Representation and Management and Corporate Management		698,219	85,053	613,166	598,497
Other Services		719,566	352,203	367,363	313,494
Continuing operations		12,052,188	4,786,018	7,266,170	7,191,655
Acquired operations		0	0	0	0
Discontinued operations		0	0	0	0
Exceptional items not included in cost of specific services		0	0	0	0
<b>Net cost of services</b>		<b>12,052,188</b>	<b>4,786,018</b>	<b>7,266,170</b>	<b>7,191,655</b>
Gain or loss on disposal of fixed assets	<i>24</i>	0	645,000	-645,000	-5,000
(Surplus)/Deficit of trading or other operations		0	0	0	0
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	<i>6a)</i>	104,465	0	104,465	95,949
Interest and Investment Income	<i>6b)</i>	0	216,370	-216,370	-152,339
Pensions interest cost and expected return on pensions assets		0	0	0	0
Extraordinary Items		0	0	0	0
<b>Net Operating Expenditure</b>		<b>12,156,653</b>	<b>5,647,388</b>	<b>6,509,265</b>	<b>7,130,265</b>
<b>Income from General Grant and District Rates</b>					
General Grant		0	1,660,586	-1,660,586	-1,531,991
District Rates	<i>8</i>	0	5,621,071	-5,621,071	-5,639,873
<b>(Surplus)/Deficit for the year</b>		<b>12,156,653</b>	<b>12,929,045</b>	<b>-772,392</b>	<b>-41,599</b>

### Statement of Movement on the District Fund Balance for the year ended 31 March 2008

		2007/08		2006/07
	<i>Notes</i>	£		£
Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account	3	772,392		41,599
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	-504,218		129,110
<b>Movement on the District Fund Balance for the year</b>	<b>3/24</b>	<b>268,174</b>		<b>170,709</b>
District Fund Balance Brought Forward	24	2,477,970		2,307,261
<b>District Fund Balance Carried Forward</b>	<b>24</b>	<b>2,746,144</b>		<b>2,477,970</b>

### Statement of Total Recognised Gains and Losses for the year ended 31 March 2008

		2007/08	2007/08		2006/07	2006/07
	<i>Notes</i>	£	£		£	£
Surplus/(Deficit) on the District Fund - Income and Expenditure Account for the year	3		772,392			41,599
Surplus/(Deficit) arising on revaluation of fixed assets			-			57,000
Revaluation of pension reserve/provision	20a/24		-3,868			1,599
<b>Total recognised gains and losses for the year (Change in Net Worth)</b>			<b>768,524</b>			<b>100,198</b>
Prior period adjustments made during the year			-			-
<b>Total gains and losses recognised since last annual report (Change in Net Worth)</b>			<b>768,524</b>			<b>100,198</b>

## Balance Sheet as at 31 March 2008

		2007/08	2006/07
	<i>Notes</i>	£	£
<b>FIXED ASSETS</b>			
<b>Intangible Assets</b>	<b>10</b>	<b>1,500,000</b>	<b>1,750,000</b>
<b>Tangible Fixed Assets</b>			
<i>Operational Assets:</i>			
Land & Buildings	<b>10</b>	20,460,862	20,141,402
Community Assets	<b>10</b>	57,000	57,000
Vehicles, Plant, Furniture and Equipment	<b>10</b>	1,072,042	829,458
<i>Non-Operational Assets:</i>			
Assets under Construction	<b>10</b>	745,348	755,348
Surplus Assets held for disposal		-	-
<b>TOTAL FIXED ASSETS</b>	<b>10</b>	<b>22,335,252</b>	<b>21,783,208</b>
Long –term investments		-	-
Long-term debtors		-	-
<b>TOTAL LONG TERM ASSETS</b>		<b>23,835,252</b>	<b>23,533,208</b>
<b>CURRENT ASSETS</b>			
Stocks	<b>13</b>	73,927	77,497
Debtors	<b>14</b>	1,316,759	1,537,196
Short Term Investments	<b>15/23a</b>	2,490,240	2,261,084
Cash and Bank	<b>23a</b>	1,303,608	933,213
		<b>5,184,534</b>	<b>4,808,990</b>
<b>CURRENT LIABILITIES</b>			
Borrowing repayable on demand or within 12 months	<b>16</b>	-51,493	-52,402
Creditors	<b>16</b>	-898,458	-789,139
Bank overdraft		-	-
		<b>-949,951</b>	<b>-841,541</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>28,069,835</b>	<b>27,500,657</b>
<b>LONG TERM LIABILITIES</b>			
Borrowing repayable within a period in excess of 12 months	<b>17</b>	-1,668,056	-1,725,293
Deferred Liabilities	<b>18</b>	0	0
Government Grants – deferred	<b>21</b>	-3,638,091	-3,178,325
Provisions	<b>20</b>	-2,143,634	-2,745,508
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>20,620,054</b>	<b>19,851,531</b>
<b>RESERVES:</b>			
Revaluation Reserve	<b>24b</b>	0	0
Capital Adjustment Account	<b>24a</b>	16,798,787	16,701,321
Pensions Reserve	<b>24c</b>	-45,699	-45,508
Useable Capital Receipts Reserve	<b>24d</b>	651,700	87,162
Renewal and Repairs Fund	<b>24e</b>	469,122	630,586
District Fund	<b>24f</b>	2,746,144	2,477,970
<b>Net Worth</b>		<b>20,620,054</b>	<b>19,851,531</b>

## Cash Flow Statement as at 31 March 2008

		2007/08	2007/08	2006/07	2006/07
	<i>Notes</i>		£		£
<b>REVENUE ACTIVITIES *</b>					
Net Cash Inflow from Operating Activities	22		587,211		1,021,199
<b>Returns on Investments and Servicing of Finance</b>					
<b>Cash Outflows</b>					
Interest paid	6a	-104,768		-94,336	
Interest element of finance lease payments		-		-	
<b>Cash Inflows</b>					
Interest received	6b	250,705		129,058	
Net Cash Outflow from Returns on Investments and Servicing of Finance			145,937		34,722
<b>CAPITAL ACTIVITIES</b>					
<b>Cash Outflows</b>					
Purchase of fixed assets	10	-1,539,025		-2,011,415	
Purchase of long-term investments		-		-	
Other capital cash payments		-		-	
<b>Cash Inflows</b>					
Sale of fixed assets		655,000		15,000	
Capital Grants received	23d	807,860		-	
Other capital cash receipts		-		-	
Other grants		-		851,890	
Net Cash Outflow from Capital Expenditure			-76,165		-1,144,525
Net Cash Inflow/Outflow before Financing			656,983		-88,604
<b>Management of Liquid Resources</b>					
Net increase/decrease in short term deposits	23a	-229,156		-284,370	
Net increase/decrease in other liquid resources		-		-	
			-229,156		-284,370
<b>FINANCING</b>					
<b>Cash Outflows</b>					
Repayment of amounts borrowed	23c	-58,146		-54,643	
Capital element of finance lease rental payments		-		-	
<b>Cash Inflows</b>					
Adjustments to bank and cash		714		311	
New short-term loans		-		-	
New loans raised		-		231,185	
Net Cash Inflow from Financing			-57,432		239,053
(Decrease)/Increase in Cash and Cash Equivalent	23a		370,395		-133,921

## Notes to the Financial Statements

### 1. Accounting Policies

#### 1a) General Principles

The financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and are in accordance with directions and guidance contained in the 'Code of Practice on Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice' (SORP) and in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The general principles adopted in compiling and presenting the financial statements are those specified within the 2007 SORP. The 2007 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 1 April 2007. 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 17 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 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 authority.

With any gain or loss on disposal of intangible assets, the disposal proceeds are credited to the District Fund and the net book value credited to fixed assets and debited to the District fund. 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 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 General Fund 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**

From 1 April 2007 the Fixed Asset Restatement Account and the Capital Financing Account have been replaced by a Revaluation Reserve and a Capital Adjustment Account respectively. This is a change of accounting policy but has not required a prior year adjustment. This new requirement has been applied prospectively, and the 2006/07 comparative figures restated. The Revaluation Reserve at 31 March 2008 is shown as nil. The balance on the Capital Adjustment Account is shown as the combined total of the old Fixed Asset Restatement Account and the old Capital Financing Account.

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 district 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
- 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 asset that were previously recognised in the District Fund, when it should be recognised in the District Fund. 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. 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.

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.

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

reverse out the gain or loss credited or debited to the District Fund with an amount equal to the gain or loss on disposal of the tangible 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 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 and equipment (excluding IT equipment) are depreciated on historic cost using a standard life of less than eight years. IT equipment is depreciated using a standard life of 3 years. Vehicles are depreciated using a standard life of seven 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 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

- 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 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 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 amounting to £101,809. One of the debts relates to an account at Magheraglass Landfill Site. The Council are in the process of legal action against the customer in order to recover the money and full enforcement has already commenced. The other debt relates to bulky refuse which is currently with the solicitor for legal advice. It is for the hire of two lorries from a company which was to be paid by the company from whom the lorries were initially purchased. 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.

Cookstown District Council has a potential liability relating to the closure and aftercare costs of Magheraglass Landfill Site. The site consists of five phases and individual phases will be capped once they are full. Phase one and two have been capped in 2007/2008. The landfill closure costs have initially been estimated at £2.5 million and the remaining life is estimated at 10 years. Closure costs have remained the same in 2007/08 as the estimates received regarding the closure costs were £472,483. £402,065 has already been incurred in 2007/08. The provision does not include aftercare costs once the site is closed since these cannot be reliably estimated at this stage. Additionally the provision has not been discounted. This information was provided in a study carried out by landfill engineers in 2004. The Council has set up a provision of £2.5 million to account for the estimated closure costs. The funding of the closure costs is via the establishment of a renewals and repairs fund. Approval was sought from the DOE to establish such a fund with an upper limit of £2.5 million, which was subsequently granted. Monies will be transferred to the repairs and renewals fund as required to meet closure costs as they arise.

Cookstown District Council had included a provision of £200,000 in 2006/07 for the implementation of Single Status within the Technical Services department. Staff within Technical Services have had job evaluations carried out and the proposed new grades are APT&C Scales 2-4. Arrears have been paid to the value of £151,480. In addition, arrears have been paid to salaried staff at a cost of £79,023. Although there was a shortfall in the provision of £30,503, the Council had adequate reserves to cover this.

**1h) Overheads**

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

**1i) Pensions**

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

Councils in Northern Ireland contribute to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. It is a multi-employer defined benefit scheme, which is treated as a defined contribution scheme under Financial Reporting Standard 17 Retirement Benefits (FRS17). This scheme provides the relevant information within its own

accounts. The Council provides further information on discretionary benefits awarded to employees. The Council's contribution rate is determined by NILGOSC's actuary every three years and is set to maintain the solvency of the fund. The Council's current contribution is 13%.

#### **1j) Post Balance Sheet Events**

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

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

#### **1k) Foreign Currency Translation**

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

#### **1l) Financial Instruments**

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

Financial liabilities are recognised in the balance sheet under amortised cost using the effective interest rate method and financing costs and the gain or loss on de-recognition are both taken to the District Fund.

There are currently two types of financial assets:

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

Further information on the recognition, initial measurement and accounting treatment in respect of Financial Instruments is contained in Chapter Four of the 2007 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 tradable allowances and there are no financial penalties for 2007/08 on an individual district council for exceeding its target. It is not a 'cap and trade' scheme since landfill allowances are not tradable. For this reason, landfill allowances are not recognised as assets on the Balance Sheet.

## 2 Significance of the Statement of Movement on the District Fund Balance

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

## 3 Analysis of the Movement on the District Fund Balance

		2007/08	2007/08	2006/07	2006/07
	Notes	£	£	£	£
<b>Surplus for the year on the District Fund - Income and Expenditure Account</b>			<b>-772,392</b>		<b>-41,599</b>
<i>Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year:</i>					
<b>Transfer to Capital Financing Account:</b>					
Direct revenue financing of Capital Expenditure	11/24		-606,056		-603,615
Deferred grants amortised in the year	24		-158,524		-112,967
Loans fund principal/depreciation adjustment:					
Depreciation charged in the year	10	1,207,786		1,127,024	
Loans fund principal repayments during the year		-58,146		-54,643	
			1,149,640		1,072,381
<b>Transfers to/from earmarked reserves:</b>					
Capital Fund			-		-
Renewal and Repairs Fund	24		-240,601		-218,139
Pension Reserve	24		-3,677		-3,550
<b>Gain/loss on disposal of fixed assets</b>	24		-645,000		-5,000
<b>Difference in Finance costs</b>			-		-
<b>Difference in Pension costs</b>			-		-
<b>Net adjustments to Income &amp; Expenditure Account</b>			<b>-504,218</b>		<b>-129,110</b>
<b>Movement on the District Fund Balance for the year</b>	24		<b>-268,174</b>		<b>-170,709</b>
District Fund Balance Brought Forward	24		-2,477,970		-2,307,261
<b>District Fund Balance Carried Forward</b>	24		<b>-2,746,144</b>		<b>-2,477,970</b>

#### 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 equivalent to £18,500 in 2007/08 (2006/07:£17,475) for the benefit of all the inhabitants in their district, or part of their district on activities not specifically authorised by other powers.

During 2007/2008 and 2006/2007 no monies were spent under this category.

- 4b) **Section 115c Expenditure** as required by Article 41 of the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 1992 requires Councils to maintain a separate record of its expenditure on publicity. This is analysed as follows:

	2007/08	2006/07
	£	£
Promoting tourism	15,038	6,962
Promoting leisure facilities	11,765	11,708
Community relations	-	0
Refuse collection	4,987	1,448
Other advertising	61,357	38,083
	<b>93,147</b>	<b>58,201</b>

- 4c) **External Audit Fees**

	2007/08	2006/07
	£	£
Local Government Audit	15,000	11,500
Grant Fees		0
Other Fees		0
	<b>15,000</b>	<b>11,500</b>

2006/2007 audit fees were as follows: Financial Audit £11,861 & Grant Claim Certifications £1,086. Creditors were not adjusted for the difference between the estimated & actual.

- 4d) **Leases**

There was no expenditure on finance or operating lease rentals during 2007/2008 or 2006/2007.

## 5. Employee Costs and Members' Allowances

### 5a) Staff Costs

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Salaries and wages	4,639,303	4,207,519
Employers National Insurance	342,371	314,322
Employers pension costs	464,068	344,172
	<b>5,445,742</b>	<b>4,866,013</b>

In addition, agency costs during the year amounted to £22,951.

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

	<b>2007/08</b>	<b>2006/07</b>
	<b>FTE</b>	<b>FTE</b>
Technical services	65	59
Leisure services	44	43
Other	77	74
	<b>Actual Numbers</b>	<b>Actual Numbers</b>
Full-time numbers employed	186	176
Part-time numbers employed	82	56
	<b>268</b>	<b>232</b>

### 5c) Senior Employees' Remuneration

	<b>2007/08</b>	<b>2006/07</b>
	<b>Number</b>	<b>Number</b>
£50,001 to £60,000	3	4
£60,001 to £70,000	1	-
£70,001 to £80,000	1	1
£80,001 to £90,000	-	-
	<b>5</b>	<b>5</b>

#### 5d) Members' Allowances

During the year, Members' allowances (section 36) totalled £211,532 (2006/07:£145,027) and are as follows:

	2007/08	2006/07
	£	£
Basic Allowance	154,487	80,364
Special Responsibility Allowances	19,100	15,601
Employer's costs	15,265	27,192
Miscellaneous (DPP)	22,680	21,870
	<b>211,532</b>	<b>145,027</b>

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

	2007/08	2006/07
	£	£
Bank/Loan interest charges	104,465	95,949
Other Interest payable	-	-
	<b>104,465</b>	<b>95,949</b>

#### 6b) Interest and Investment Income

	2007/08	2006/07
	£	£
Current account interest	85,149	67,969
Short-term deposit interest	131,221	84,370
	<b>216,370</b>	<b>152,339</b>

### 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 2007/08 financial year the Council did not commission any works and services from companies in which Councillors had an interest. The District Council entered into these contracts in full compliance with its standing orders.

The Council also paid grants of £119,157 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 provides administration support to a number of related organisations. During 2007/08, the Council reported income of £9,215

During 2007/08 the Council had expenditure of £165,008 to other Councils and £868,951 received from other Councils. These amounts mainly related to waste disposal services provided.

## 8. District Rates

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Current Year	5,714,054	5,208,676
Prior year finalisation (estimate/actual)	(92,983)	431,185
	<b>5,621,071</b>	<b>5,639,861</b>

## 9. Significant Trading Operations

The Council did not operate any significant trading operations during 2007/08.

## 10. Fixed Assets

	<b>Intangible</b>	<b>Land</b>	<b>Buildings</b>	<b>Assets under</b>	<b>Community</b>	<b>Vehicles &amp;</b>	<b>Non-</b>	<b>TOTAL</b>
	<b>Assets</b>			<b>Construction</b>	<b>Assets</b>	<b>Equipment</b>	<b>Operational</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or Valuation</b>								
At 1 April 2007	2,500,000	4,094,655	17,744,650	570,080	57,000	2,132,102	755,348	<b>27,853,835</b>
Revaluation	-	-	-	-	-	-	-	-
Additions (Note 11)	-	-	750,783	251,860	-	517,187	-	<b>1,519,830</b>
Transfers	-	-	507,286	(507,286)	-	-	-	<b>0</b>
Disposals (Note 21)	-	-	-	-	-	-	(10,000)	<b>(10,000)</b>
At 31 March 2008	2,500,000	4,094,655	19,002,719	314,654	57,000	2,649,289	745,348	<b>29,363,665</b>
<b>Depreciation</b>								
At 1 April 2007	750,000	-	2,267,983	-	-	1,302,644	-	<b>4,320,627</b>
Revaluation	-	-	-	-	-	-	-	-
Disposals (Note 22)	-	-	-	-	-	-	-	-
Provided for year (Note 22)	250,000	-	683,183	-	-	274,603	-	<b>1,207,786</b>
At 31 March 2008	1,000,000	-	2,951,166	-	-	1,577,247	-	<b>5,528,413</b>
<b>Net Book Value</b>								
<b>At 31 March 2007</b>	<b>1,750,000</b>	<b>4,094,655</b>	<b>15,476,667</b>	<b>570,080</b>	<b>57,000</b>	<b>829,458</b>	<b>755,348</b>	<b>23,533,208</b>
<b>At 31 March 2008</b>	<b>1,500,000</b>	<b>4,094,655</b>	<b>16,051,553</b>	<b>314,654</b>	<b>57,000</b>	<b>1,072,042</b>	<b>745,348</b>	<b>23,835,252</b>
The Council is not aware of any material changes in value of freehold and leasehold properties and therefore the valuations have not been updated.								
The last valuation of freehold and leasehold properties was carried out as at 1 April 2003 by an independent valuer from the Valuation and Lands Agency (VLA). Independent valuers revalued community assets as at 1 April 2006. The next revaluation of freehold and leasehold properties is due to be carried out by Valuation & Lands Agency with effect from 1 April 2008.								

## 11. Capital Expenditure

	Note	2007/08	2006/07
		£	£
<b>Expenditure</b>			
Land and buildings		1,002,643	1,770,146
Major works		-	-
Vehicles, plant, equipment and other		517,187	351,326
		<b>1,519,830</b>	<b>2,121,472</b>
<b>Financed By</b>			
Borrowings:			
Loans		-	293,385
Finance leases		-	-
Grants receivable		618,289	1,189,600
Capital receipts		90,462	-
Sale of fixed assets		-	-
Revenue contributions to capital		606,056	603,614
		<b>1,314,807</b>	<b>2,086,599</b>
(Deficit)/Surplus		-205,023	-34,873
Balance at 1 April 2007		569,107	603,980
At 31 March 2008		<b>364,084</b>	<b>569,107</b>
The financing of capital expenditure has been completed on an accruals basis.			

## 12. Future Capital Commitments

The Council has future capital commitments as described below.

The lining of Phase 4 at Magheraglass Landfill Site is due to commence at an estimated cost of £1,000,000. Subject to planning approval, work is also expected to commence at the leachate treatment plant at an estimated cost of £550,000

## 13. Stock

	2007/08	2006/07
	£	£
Central Stores	34,820	43,021
Other	39,107	34,476
Total	<b>73,927</b>	<b>77,497</b>

## 14. Debtors

	2007/08	2006/07
	£	£
<i>a) Long Term Debtors: Amounts falling due in more than one year</i>		
Employee car loans	0	0
<i>b) Debtors: Amounts falling due in less than one year</i>		
Government Departments	538,916	935,117
Other Councils	-	5,897
Value Added Tax	128,528	70,302
Payments in advance	-	-
Other	751,124	541,558
less: provision for doubtful debts	(101,809)	(15,678)
<b>Total debtors</b>	<b>1,316,759</b>	<b>1,537,196</b>

## 15. Short-term Investments

	2007/08	2006/07
	£	£
Bank Deposits – Money Market	2,021,118	1,630,498
Bank Deposits – Repairs and Renewals	469,122	630,586
Bank Deposits – Current Account	-	-
<b>Total Short-Term Investments</b>	<b>2,490,240</b>	<b>2,261,084</b>

Within money market accounts are monies to match useable capital receipts balance of £651,700.

## 16. Creditors

	2007/08	2006/07
	£	£
<b>Amounts falling due in less than one year</b>		
Government Departments	190,766	14,900
Other Councils	301	16,544
Receipts in advance	51,093	44,747
Trade Creditors	-	-
Loans interest	17,164	17,467
Other	639,134	695,481
	<b>898,458</b>	<b>789,139</b>
Borrowing re-payable within one year	51,493	52,402
<b>Total creditors</b>	<b>949,951</b>	<b>841,541</b>

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

	2007/08	2006/07
	£	£
Maturing between 1 and 2 years	1,374	1,390
Maturing between 2 and 5 years	12,104	4,027
Maturing between 5 and 10 years	15,615	29,277
Maturing in more than 10 years	1,690,456	1,743,001
Government Loans Fund	<b>1,719,549</b>	<b>1,777,695</b>

Interest rates on Government Loans range between 4% and 15.125%.

## 18. Deferred Liabilities

Nil.

## 19. Financial Instruments

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

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the district 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 district council. The provision for bad and doubtful debts reflects the district 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:

	£
<b>Less than three months</b>	<b>242,567</b>
<b>Three to six months</b>	<b>23,551</b>
<b>Six months to one year</b>	<b>10,023</b>
<b>More than one year</b>	<b>97,578</b>
	<b>373,719</b>

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

## Market Risk

### Interest rate risk

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

### Foreign exchange risk

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

## 20. Provisions

### 20a) Pensions

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

Movements on this provision are as follows:

	Note	2007/08	2006/07
		£	£
Opening balance		(45,508)	(50,657)
Less: payments to NILGOSC	3,24	3,677	3,550
Add:			
Revaluation	24	(3,868)	1,599
Amounts arising during the year		-	-
		<b>(45,699)</b>	<b>(45,508)</b>

Council's best estimate of the capitalizing cost of compensating pensions related to added years of past employees.

**20b) Landfill Site**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Balance b/f at 31 March	2,500,000	2,500,000
Movement during year	(402,065)	-
<b>Balance to Balance Sheet</b>	<b>2,097,935</b>	<b>2,500,000</b>

Cookstown District Council has a potential liability relating to the closure and aftercare costs of Magheraglass Landfill Site. The total landfill capping costs have been estimated at £2.5 million and the remaining life is estimated at ten years. The funding of the closure costs is via the establishment of a renewals and repairs fund. Approval was sought from the DOE to establish such a fund, with an upper limit of £2.5 million, which was subsequently granted. An amount of £200,000 is transferred from Revenue to the Renewals & Repairs fund and will continue for the next ten years. The estimated costs for the capping of Cells 1 & 2 are £472,483 with £402,065 being incurred by the year end. A revised costing of the landfill closure costs including aftercare is to be performed in 2008/09. This is to be discounted in line with FRS 12.

**20c) Single Status**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Balance b/f at 31 March	200,000	65,000
Single Status provision used- Technical Services	(200,000)	(65,000)
Single Status provision – Technical Services	-	200,000
<b>Balance to Balance Sheet</b>	<b>0</b>	<b>200,000</b>

Technical Services and salaries staff arrears have been paid in the year as a result of job evaluations being carried out therefore the provision of £200,000 has been used. The actual cost of Technical Services arrears was £151,480 and salaried staff was £79,023.

**21. Deferred Grants**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Opening balance	3,178,325	2,101,692
Add: grants receivable	618,289	1,189,600
Less: amounts released to the District Fund - Income and Expenditure Account (note 23)	(158,524)	(112,967)
	<b>3,638,090</b>	<b>3,178,325</b>

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

## 22. Reconciliation of Surplus to Net Cash Inflow from Operating Activities

	<i>Note</i>	2007/08 £	2007/08 £	2006/07 £	2006/07 £
Surplus/Deficit for year	<i>3</i>		772,392		41,599
<u>Non-cash transactions</u>					
<b>Depreciation</b>	<i>3,10</i>	<b>1,207,786</b>		1,127,024	
Deferred Grants amortised in year	<i>3,21,24</i>	-158,524	1,049,262	-112,967	1,014,057
<u>Adjustment for items reported separately on Cashflow</u>					
Interest and Investment Income	<i>6b)</i>		-216,370		-152,339
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	<i>6a)</i>		104,465		95,949
Gain or loss on disposal of fixed assets	<i>3,24</i>		-645,000		-5,000
Contributions to other reserves/provisions			-3,677		-3,550
<u>Items on an accruals basis</u>					
Decrease in stock			3,570		-21,454
Decrease in debtors			-3,465		-215,768
Increase in creditors			-473,966		267,704
<b>Net Cash Inflow from Operating Activities</b>			<b>587,211</b>		<b>1,021,199</b>

### 23a) Analysis of Changes in Cash and Cash Equivalents during the Year

		2007/08	2006/07	Change in	2006/07
	Notes			the year	
		£	£	£	£
Temporary Investments		2,490,240	2,261,084	<b>229,156</b>	2,261,084
Cash		1,303,608	933,213	<b>370,395</b>	933,213
<b>Total</b>		<b>3,793,848</b>	<b>3,194,297</b>	<b>599,551</b>	<b>3,194,297</b>

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

### 23b) Analysis of Net Debt

	Cash	Temporary Investments	Cash at Bank and in hand	Loans due within one year	Loans due after more than one year	Finance Leases	Net Funds
	£	£	£	£	£	£	£
Balance at 1 April 2007	933,213	2,261,084	3,194,297	-52,402	-1,725,293	-	1,416,602
Change in Year	370,395	229,156	<b>599,551</b>	909	57,237	-	<b>657,697</b>
Other non cash changes - new finance leases	-	-	-	-	-	-	-
<b>Balance at 31 March 2008</b>	<b>1,303,608</b>	<b>2,490,240</b>	<b>3,793,848</b>	<b>-51,493</b>	<b>-1,668,056</b>	<b>-</b>	<b>2,074,299</b>

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

	2007/08	2007/08	2006/07	2006/07
		£		£
Increase in cash in year		<b>370,395</b>		<b>-133,921</b>
Cash inflow from new loans raised		0		-293,385
Cash inflow/outflow from management of liquid resources		229,156		284,370
Cash outflow from:				
Loans repaid		58,146		54,643
Finance lease repayments				
<b>Change in net debt resulting from cash flows</b>		<b>657,697</b>		<b>-88,293</b>
<b>New finance leases</b>		<b>-</b>		<b>-</b>
<b>Net debt b/fwd</b>		<b>1,416,602</b>		<b>1,504,895</b>
<b>Net debt c/fwd</b>		<b>2,074,299</b>		<b>1,416,602</b>

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

	2007/08	2006/07
	£	£
Capital Grants	807,865	851,890
<b>Sub-total</b>	<b>807,865</b>	<b>851,890</b>
<b>REVENUE GRANTS</b>		
Community Services	174,853	52,595
Environmental Health	67,437	50,979
Economic Development	190,563	256,017
Community Relations	44,759	68,720
Recreation Grounds	-	8,240
Sports Development	22,118	25,325
Tourism	19,386	109,559
Arts development	97,604	37,261
Waste Management	19,246	99,051
District Policing Partnership	81,116	82,159
<b>Sub-total</b>	<b>717,082</b>	<b>789,906</b>
<b>Total Grants</b>	<b>1,524,947</b>	<b>1,641,796</b>

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

## 24 Movement on Reserves

	Note	Capital Adjustment Account (£) 24a)	Revaluation Reserve (£) 24b)	Pensions Reserve (£) 24c)	Useable Capital Receipts Reserve (£) 24d)	Renewal and Repairs Fund (£) 24e)	District Fund (£) 24f)	TOTAL (£)
<b>At 1 April 2007</b>		16,701,321	0	-45,508	87,162	630,586	2,477,970	19,851,531
<b>Movement on Reserves during the year</b>								
Capital Grants released		158,524	-	-	-	-	-	158,524
Direct Revenue financing		606,056	-	-	-	200,000	-	806,056
Loans fund/principal Depreciation adjustment		-1,149,640	-	-	-	-	-	-1,149,640
Receipts		-	-	-	-	-	-	-
Interest received		-	-	-	-	40,601	-	40,601
Receipts applied		-	-	-	-	-	268,174	268,174
Payments to NILGOSC		-	-	3,677	-	-	-	3,677
Capitalised cost		-	-	-3,868	-	-	-	-3,868
Disposal of Fixed Assets/ Capital Sales		-10,000	-	-	655,000	-	-	645,000
Capital Receipts used to finance capital expenditure		90,462	-	-	-90,462	-	-	0
Capital Financing		402,065	-	-	-	-402,065	-	0
Revaluation		-	-	-	-	-	-	-
<b>Total movement on reserves during the year. (Change in Net Worth)</b>		<b>97,467</b>	<b>0</b>	<b>-191</b>	<b>564,538</b>	<b>-161,464</b>	<b>268,174</b>	<b>768,524</b>
<b>As at 31 March 2008</b>		<b>16,798,788</b>	<b>0</b>	<b>-45,699</b>	<b>651,700</b>	<b>469,122</b>	<b>2,746,144</b>	<b>20,620,054</b>

## **24a) Capital Adjustment Account**

The Capital Adjustment Account replaced the Capital Financing Account on 1 April 2007. The balance on the former Fixed Asset Restatement Account and the balance on former Capital Financing Account were combined to form this new account. The purpose of this new account is to aggregate the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the District Fund for principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements. The account is also debited with an amount equal to the carrying amount of assets held at historic cost when they are disposed of. If the asset disposed of was held at current value, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

## **24b) Revaluation Reserve**

This new Revaluation Reserve replaced the former Fixed Asset Restatement Account on 1 April 2007 where the balance was transferred to the new Capital Adjustment Account. This account cannot be used to support spending. The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to the District Fund) are mirrored in the Statement of Total Recognised Gains and Losses. It is a fundamental principal 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.

## **24c) Pension Reserve**

Refer to note 20.

## **24d) Capital Receipts Reserve**

This reserve has been renamed the Capital Receipts Reserve, having previously being named the Useable 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.

## **24e) Renewal and Repairs Fund**

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £2,500,000 in order to fund closure costs at Magheraglass Landfill Site.

## **25 Contingent Liabilities**

At the year end, the Council was subject to several legal claims. It is not possible to estimate the financial liabilities, if any, that may be payable.

## Accounts Authorised for Issue Certificate

In accordance with Financial Reporting Standard 21, Events after the Balance Sheet Date (FRS 21) this Statement of Accounts which contains a number of minor amendments from the Accounts approved

on 25 June 2008 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: \_\_\_\_\_

20/10/2008