



Oadby and Wigston Borough Council

Financial Report

For The Year

2013/2014

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INTRODUCTION

As the Council's Chief Financial Officer, it is my pleasure to write this introduction to Oadby & Wigston's Statement of Accounts for 2013/14. I hope it helps to tell the story of how the Council's money became the services you received. It summarises what money has been spent in 2013/14 and highlights specific issues regarding the Council's financial position at 31 March 2014. It goes without saying that 2013/14 continued to be set against a challenging economic background. The Council continues to feel the effects of the Government's plan to further reduce public expenditure with further losses of income. Whilst these events have had a significant impact on the Council and the residents of the Borough, the strength of the Council's financial standing and our active budget management has assured a strong financial out-turn for the year without disruption to services or impact on council tax levels.

During 2010/11 the Government announced the results of its' comprehensive spending review which has led to a grant reduction of 10% for 2012/13 and a further 8% in 2013/14. These reductions combined with the income reductions has resulted in the Council having to significantly downsize the organisation and look for alternative service delivery models such as shared services.

The Accounts of Oadby & Wigston Borough Council for the year ending 31 March 2014 are set out on the following pages. The various statements include where relevant, comparative figures relating to the previous financial year and supporting notes. These Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting 2013/14.

The Council spends over £23m each year on your behalf providing services for people in the Borough. Some 40% of the money used to pay for these services comes directly from you, in the council tax you pay to us, in the rents for housing and the charges we make for some of our services. Each year the Council is required to give the residents of Oadby and Wigston clear information about its' activities and financial management and this is what this document sets out to show in the main Statement of Accounts section and in the Explanatory Foreword.

Sound financial management is essential for the Council's wellbeing and this Statement of Accounts outlines how the Council's finances have been managed on your behalf. Up until 2010 the Council underwent various inspections such as the Comprehensive Area Assessment and Use of Resources. The Council performed well in these inspections. Following the Government's decision to abolish the Audit Commission these inspections no longer take place, but are instead replaced with more local arrangements to confirm strong governance, financial management and the organisation's performance. The latest Annual Governance Statement is presented within these pages in support of the Statement of Accounts.

The Council's overall financial position and strategies are continually revised and updated. The inter-relationships between the Council's revenue and

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capital accounts have become increasingly complex and the Council has developed an overall Medium Term Financial Strategy integrating the General Fund, HRA and Capital Accounts which seeks to strike a balance between limited resources and growing expenditure pressures.

The Council is committed to developing the strategy, alongside meeting the continuing demands of the Government's expanding efficiency agenda to ensure a sustainable financial position, whilst addressing a range of spend pressures and continual service improvements.

As well as striking a balance between the needs of the Housing Revenue Account and the General Fund, in both areas the Council has sought to achieve savings and maximise resource deployment opportunities. To assist this, the Council continues to prioritise services in order to determine future resource allocations and growth. Following this exercise the Council has identified over £1.7m of savings over the last six years that has been used to help bridge the Council's budget gap and also to ensure the Council's budget remains in balance supported by a prudent level of reserves.

Revenue balances are planned to continue to be used in a phased way to bridge the gap between net expenditure and core resources over the medium term. During 2013/14 the Council spent £0.5m on the Decent Homes Programme for the Council's housing stock. In terms of General Fund capital investment the Council continues to face a turbulent period to identify sufficient funding to invest in the Borough's assets. However, in March 2014 the Council approved a £10m scheme for new leisure facilities in partnership with a private contractor. The Council is working hard to be able to support a prudent level of borrowing whilst the outcome from review of assets progresses. In addition to borrowing, the Council also continues to work hard securing external funding to deliver schemes. 2012/13 saw the implementation of self-financing for the Housing Revenue Account. Following a one-off payment to the Treasury and debt taken on of £18m the Council will now keep the entire rent yield which will not only maintain existing houses to sustainable standard, but will also allow the building of new Council homes for the Borough. The 2013/14 outturn ensured the sustainability of the Housing Revenue Account

This Statement of Accounts is one of a number of publications giving information on the Council's finance and other activities. The Corporate Plan is currently being updated in light of the changing environment that the Council needs to operate in.

We also produce a wide range of other publications available from the Council offices. You may also visit our website at www.oadby-wigston.gov.uk and specific financial publications and reports can be found on the Council's website.

Members of the public are welcome to attend Council and committee meetings. You may also raise local issues at the various Forums and

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consultation events held across the Borough. Information about meetings, agendas and copies of Council minutes are available from Council offices or by telephoning 0116 288 8961.

We will promote equality and equal opportunity access and participation for everyone, whatever their personal circumstances. We will allocate and spend money on services as fairly as possible according to the needs of the community. We will set out clear standards of services so that everyone knows what to expect.



John Dickson CPFA
Interim Chief Financial Officer

Date: 23 September 2014

THE EXPLANATORY FOREWORD

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts.

Financial Statements 2013/14

This Statement of Accounts (the accounts) summarises the financial position of Oadby and Wigston Borough Council for the year ended 31st March 2014. These accounts have been produced for the Council as a single entity. No group accounts are required.

The principles adopted in compiling the Statement of Accounts are those recommended by The Chartered Institute of Public Finance and Accountancy (CIPFA) namely:

- The Code of Practice on Local Authority Accounting in the United Kingdom (the Code);
- International Financial Reporting Standards (IFRS); and
- The Service Reporting Code of Practice (SeRCOP)

The pages, which follow, are the Council's Statement of Accounts for 2013/14 and comprise:-

- **Statement of Responsibilities**

This sets out the respective responsibilities of the Council and the Chief Financial Officer in respect of preparation of the Statement of Accounts.

- **Accounting Policies Statement**

This explains the basis of the figures included in the accounts. The accounts can be properly appreciated only if the policies, accounting estimates and judgements, which have been followed in dealing with material items, are explained.

- **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Council, analysed into "Useable Reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The "Net Increase/Decrease before Transfers to or from Earmarked Reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.

THE EXPLANATORY FOREWORD

- **Comprehensive Income and Expenditure Statement**

This statement shows the accounting cost in the year of providing services in accordance with International Finance Reporting Standards (IFRS), rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

- **Cash Flow Statement**

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

- **The Housing Revenue Account**

This reflects a statutory obligation to account separately for housing provision. It shows the major elements of housing revenue expenditure - maintenance, administration and capital financing costs and how these are met from rents, subsidy and other income. This account is reported using two statements – the Housing Revenue Account

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Income and Expenditure Statement and the Movement on the Housing Revenue Account Statement.

- **The Collection Fund**

Oadby and Wigston Borough Council acts as an agent in the collection of Council Tax and non domestic rates on behalf of other precepting authorities in Leicestershire and as such the Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers and ratepayers and distribution to local authorities and the Government of council tax and non-domestic rates.

- **The Annual Governance Statement**

This statement summarises the systems and processes, cultures and values by which this Council is directed and controlled and through which it accounts to, engages with and where appropriate leads the community. It identifies any gaps or weaknesses and implements responding action plans.

Financial Commentary

During 2013/14 the General Fund revenue account has been subject to regular monitoring through budget monitoring processes and reporting to committees. The year end net outturn position compared to budget is set out below:

	Original Budget 2013/14	Revised Budget 2013/14	Actual 2013/14	Variance Under /(Over) Spend 2013/14
	£000's	£000's	£000's	£000's
Policy, Finance and Development	2,423	2,445	2,253	192
Service Delivery	3,571	3,458	3,474	(16)
Development Control	587	515	435	80
Youth	14	19	8	11
Licensing and Regulatory	16	23	22	1
Net Committee Expenditure	6,611	6,460	6,192	268
Capital Financing	263	255	250	5
Transfer to/(from) Reserves	(54)	46	290	(244)
Net Expenditure	6,820	6,761	6,732	29
Financing	6,820	6,820	6,893	(73)
Transfer (from)/to Balances	0	59	161	102

The actual position for the year saw a contribution to the General Fund Balance of £161,000. This was an increase of £102,000 from the budgeted

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transfer of £59,000. A further £200,000 was transferred from the General Fund Reserve to a new earmarked Budget Equilibrium Reserve. A full report on the outturn position was presented to Policy, Finance and Development Committee on 22 July 2014.

The figures given above are reported on the same basis as the management accounts. These do not consider pure accounting entries that would have equal contra entries such as "Non Distributed Costs" that occur at year end and are part of the Comprehensive Income and Expenditure Statement. Additionally, the above statement only applies to the General Fund position. A full reconciliation of management information to the Statement of Accounts is included in note 30 (Amounts Reported for Resource Allocation Decisions).

Major Changes in the Council's Assets and Liabilities

During 2013/14 the Council expended £1.796m (2012/13 £1.890m) on capital projects as shown below.

	<u>2013/14</u>	<u>2012/13</u>
	£000's	£000's
Capital Expenditure		
Service Delivery (Housing Related)		
Housing Revenue Account	646	518
General Fund	460	338
	<u>1,106</u>	<u>856</u>
Service Delivery	590	36
Policy Finance and Development	100	998
Total	<u><u>1,796</u></u>	<u><u>1,890</u></u>
Financed By		
Capital Receipts	36	23
Government Grants	203	172
Loans	133	124
External Funding	274	789
Revenue & Reserves	512	264
Major Repairs Allowance	638	518
Total	<u><u>1,796</u></u>	<u><u>1,890</u></u>

In addition, the value of the Council's assets has been assessed at year end through an external valuation. The closing value of the Revaluation Reserve as at 31 March 2014 is £11.246m (£8.062m 2012/13).

Material Charges

Any material items impacting the Comprehensive Income and Expenditure Statement and the Housing Revenue Account are separately disclosed to ensure transparency. For 2013/14 there are no material charges other than those disclosed in the Notes to the Core Financial Statements.

THE EXPLANATORY FOREWORD

Pensions Liability

The Council participates in the Local Government Pension Scheme administered by Leicestershire County Council – this is a defined benefit funded scheme, meaning the Council and employees pay contributions into a fund. Under IAS 19 the Council is required to account for its share of the schemes total liability. In this respect, the Council's liability to the fund has been included in the accounts in the sum of £20.426m as at 31 March 2014. This liability is matched by a corresponding reserve in the Balance Sheet which means it has no impact on the net worth of the Council. The value of the liability is assessed at each year end by an independent actuary to establish any changes in the market or the membership of the scheme that may impact the balance. The total liability has increased by £3.505m since the prior year due to these changes.

Further detail on the pension scheme is set out in note 36.

Accounting Policies

Changes to IAS19, Defined benefits Scheme, have come into effect for the financial year to 31 March 2014. The changes have been adopted retrospectively for the prior year, in accordance with IAS 8. The effects of this changes are detailed in note 47 to the accounts.

Statutory Functions and Planned Future Developments

There have been no changes in the statutory functions of the Council. The Council has undergone a staffing restructure in year though no core services have been amended through this process.

The Council will continue to provide services on the basis of the following approved priorities:

- Protect the good quality, consistent, value for money front line services provided to residents, particularly weekly refuse and recycling collections.
- Enhance the green environment of the Borough so that residents are able to take full advantage of it.
- Revitalise the town centres through development and by retaining free shoppers parking.
- Work with the Police to create a safer Borough where people feel comfortable and at ease.
- Listen to and delegate more issues to the three town forums.
- Work smarter to deliver the efficiency savings required to meet the continuing budget cuts.
- Work with others to try and improve the health and wellbeing of the residents of the Borough.

The Council has approved a net General Fund revenue budget for 2014/15 of £6.602m and a Capital Programme of £14.118m. The Housing Revenue

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Account budget has been budgeted to achieve a £0.109m deficit in the forthcoming year.

Borrowing Facilities

The Council is able to raise finance for capital expenditure and operational requirements from a number of approved borrowing instruments. As part of its prudential indicators and treasury strategy the Council sets limitations on borrowing and sets strategic objectives, including the minimisation of the value and cost of external borrowing.

The Prudential Code sets the following indicators for external debt:

- The Authorised Limit - This represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the expected maximum borrowing need with some head room for unexpected movements. This is the statutory limit under Section 3 (1) of the Local Government Act 2003.
- The Operational Boundary - This indicator is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around the boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

The following table illustrates the limits and levels of borrowing as at 31 March 2014 as compared to the preceding year end.

	<u>2013/14</u> <u>£000's</u>	<u>2012/13</u> <u>£000's</u>
Borrowing Limits		
Authorised	<u>37,500</u>	<u>27,000</u>
Operational	<u>35,500</u>	<u>25,000</u>
Other Resources		
Long-term	19,117	19,129
Short-term	0	2,500
Bank Overdraft	<u>356</u>	<u>62</u>
	<u><u>19,473</u></u>	<u><u>21,691</u></u>

The Council has in place an overdraft facility with its bankers in the sum of £1.0m (2012/13 £1.0m).

The Council also utilises operating leases primarily in respect of operational vehicles and finance leasing relating to photocopying equipment. Leasing obligations are shown in note 29 to the core financial statements.

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Reserves and Balances

The following table sets out the resources available to the Council to meet its capital expenditure plans and other financial commitments as at 31 March each year.

	<u>2013/14</u>	<u>2012/13</u>
	<u>£000's</u>	<u>£000's</u>
Revenue Reserves		
General Fund	891	730
Housing Revenue Account	1,897	1,027
Other Resources		
Useable Capital Receipts	705	455
Earmarked Reserves	5,551	3,874

Impact of the Current Economic Climate

2013/14 saw a continuation of the Government's austerity programme and with it a reduction in central government grants to fund Council services. Interest rates remained at an all time low throughout the financial year, which once again reduced income streams from investing the Council's cash balances.

There were signs of an economic upturn as some services such as Development Control and Local Land Charges saw an increase in income. However, demand lead services such as Housing Benefits also saw a rise in the amounts paid out to claimants. This year also saw an upturn in the sale of council houses through the Right Buy Scheme, increasing the amount of capital receipts received within the financial year.

2014/15 will see a further continuation of the current government policy with major reductions in future funding for 2015/16.

- Interest rates continue at a low level, however the current bank base rate of 0.5% is forecast to rise slightly in the last quarter of 2014. This may see a slight increase in income to the Council through its Treasury Management function.
- Services that reflect the improving economic outlook such as planning application and building control services should continue to generate income similar to 2013/14
- Council house sales through the Right to Buy Scheme should continue at a similar level to 2013/14.



John Dickson CPFA
Interim Section 151 Officer

Date: 23 September 2014

THE STATEMENT OF ACCOUNTING POLICIES

1. General

The Statement of Accounts (the accounts) summarise the Council's transactions for the 2013/14 financial year and its position at 31st March 2014. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code), supported by International Financial Reporting Standards (IFRS). It also complies with guidance notes issued by CIPFA on the application of accounting standards to local Council accounts.

Because the Statement of Accounts is prepared under the Code this means that the relevant accounting policies adopted have been reviewed to ensure that the Statement of Accounts can be relied upon to give a true and fair view of the Council's financial performance and position. It also ensures that all legislative requirements have been correctly applied and that finally, the accounts have been prepared on a going concern basis. That is, the Council will continue in operational existence for the foreseeable future.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets, and the Statement of Accounts have been prepared with reference to the following qualitative characteristics:

- Understandability;
- Relevance;
- Materiality;
- Reliability; and
- Comparability

These accounts are presented in Sterling (£) as this is the most representative currency of the Council's operations, and rounded to the nearest thousand.

The preparation of accounts in accordance with the Code requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in note 2.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about

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future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Code gives strict criteria for assets held as Investment Properties. For the Council, those assets which are held for rental, are classified as investment properties.
- All leases held by the Council have been reviewed in detail using the finance lease flowchart to determine whether they should be classified as a finance or operating lease. The results of this exercise has been reviewed to establish the substance of the transaction and its appropriate treatment.

3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policy are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

4. Revenue Recognition

Revenue, which excludes discounts, value added tax and similar sales taxes, represents the amount receivable in respect of services provided to customers. Revenue is recognised only when payment is probable.

Revenue from services is recognised as the services are provided.

The total consideration on arrangements with multiple revenue generating activities is allocated to those components that are capable of operating

THE STATEMENT OF ACCOUNTING POLICIES

independently based on the estimated fair value of the components. When the fair value of components can not be assessed the revenue is spread over the term of the service.

Revenue arising from the provision of other services is recognised evenly over the periods in which the service is provided.

5. Segmental Reporting

The Council's operating segments are organised into four committee areas; Service Delivery, Finance, Policy and Development, Development Control and Licensing and Children and Young Persons Services. The Council's operating segments were determined to be by committee because the chief operating decision-maker (deemed as the Management Team) primarily uses information on committees in order to make decisions about allocating resources and assessing performance.

Measurement of segmental income and expenses is in accordance with the Council's accounting policies. Shared costs are included in segments on the basis of the actual recharges made.

The Council does not report on segmental asset and liability internally, therefore it is not required to report segmental information on assets and liabilities.

6. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- When income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. Exceptions to this are:-

THE STATEMENT OF ACCOUNTING POLICIES

- Telephone accounts are being charged to that year which has the majority of the quarter to which the rental or the charge relates as appropriate. This is rather than apportioning them between the financial years and as this policy is consistently applied each year it does not have a material effect on the year's accounts.
- Insurance premiums are due on the 30 September each year and are charged to the year that the payment is made and not adjusted between the years.
- Rentals and maintenance agreements are consistently charged to the year where the period starts and are not apportioned between the years.

Exceptions to the accruals principal are consistently applied each year and, therefore, do not have a material effect on the year's accounts.

7. Interest Income and Expenses

Interest income and expenses are accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

Interest expenses on a qualifying asset is capitalised.

8. Exceptional Items

Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Council that are identified as exceptional items by virtue of their size, nature or incidence. Where these occur, they are separately disclosed in the accounts.

9. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP) The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

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These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

An appropriate charge has been made from the General Fund to the Housing Revenue Account for Corporate and Democratic Core costs. This has been based on the proportion of committee time spent on Housing Revenue Account business.

10. Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments, and
- The grants or contribution will be received

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

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

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

11. Revenue Expenditure Funded From Capital Under Statute

Previously known as deferred charges, revenue expenditure funded from capital under statute results from expenditure of a capital nature where no fixed asset is created for the Council. They include private sector renewal grants and advances to other parties to finance capital investments.

THE STATEMENT OF ACCOUNTING POLICIES

This also includes exceptional revenue expenditure for which a capitalisation direction can be granted to allow this expenditure to be funded from capital. Capitalisation direction gives the Council the flexibility to treat specified revenue expenditure as capital expenditure, the Council has to meet strict criteria and should only be sought for costs which are due largely to factors beyond the control of the Council and are unavoidable.

The Council generally writes off revenue expenditure funded from capital under statute to revenue in the year in which it is created.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

12. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

13. Investment Properties

An investment property is one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

Investment properties are measured at fair value, with gains and losses recognised in surplus or deficit within the Comprehensive Income and Expenditure Statement rather than through the Revaluation Reserve. Investment properties held at fair value are not depreciated.

Fair value is to be interpreted as the amount that would be paid for the asset in its highest and best use which is market value. The fair value of investment property held under a lease is the lease interest.

14. Charges to Revenue for Non-current Assets

Service revenue accounts, support services and trading accounts are debited with the following charges to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on non-current assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off

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- amortisation of intangible fixed assets attributable to the services

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. For this year, in respect of debt that is supported by Revenue Support Grant (RSG), the provision is calculated using the Capital Financing Requirement (CFR) method. For new borrowing for which no Government support has been given and is therefore self-financed, the asset life method has been used.

The CFR method calculates the provision as 4% of the non-housing CFR at the end of the preceding financial year (4% of the capital expenditure funded by supported borrowing).

The asset life method requires MRP to be made in equal annual instalments over the estimated life of the asset for which the unsupported borrowing is undertaken.

Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

15. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

16. Property, Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance and are held for use in the provision of services or for administration purposes on a continuing basis.

Recognition: Expenditure equal to or in excess of £3,000 (De minimis level) on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it yields benefits to the Council for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working

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condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- Council Dwellings - Existing Use Value (Social Housing)
- Property, Plant and Equipment (Includes Other Land and Buildings, Vehicles, Plant and Equipment) – Depreciated Replacement Cost (As an approximation to Fair Value)
- Infrastructure Assets – Depreciated Historical Cost
- Community Assets – Historic Cost
- Investment Properties – Market Value (As an approximation to Fair Value)
- Assets Held for Sale – Market Value (As an approximation to Fair Value)

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment: the values of each category of assets and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

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

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

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the

THE STATEMENT OF ACCOUNTING POLICIES

carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account

A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of deductions and allowances) is payable into a Government pool. The Council also retains an amount relating to the building of new houses in the One-for-One replacement agreement the Council has signed up to as well as Council House Buy-Back should these occur.

The balance of receipts received from disposals are credited to the Useable Capital Receipts Reserve, which can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the Movement in Reserves Statement.

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

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Council dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer. Council dwellings are depreciated over a useful life of between 45 and 50 years.
- Vehicles, plant and equipment – straight line allocation over the life of the asset as advised by a suitably qualified officer. The useful life of the plant, equipment and vehicles has fallen into a range of between 5 and 10 years.
- Although, in some cases, the useful life of the Council's operational buildings is likely to be greater than 20 years a prudent view has been adopted, depreciating the buildings over a period of between 5 and 20 years.
- Newly acquired or operational assets are depreciated for a full year in the first year, although assets in the course of construction are not depreciated until they are brought into use
- No depreciation is provided on assets in the year of disposal
- Depreciation is not charged on freehold land or investment properties.

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Where an asset has major components with different estimated useful lives, these are depreciated separately.

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

Componentisation: A component is a part of an asset, which has to be separately identified for the purposes of assisting more accurate financial reporting and asset management.

A component must have the following factors:

- A significantly different useful life from the parent asset
- A significantly different cost to the parent asset
- Provide an economic or service benefit to the Council's services, which is materially different to the rest of the asset.

Componentisation must take place at valuation, acquisition and enhancement of the parent asset. Under the Code, componentisation is not retrospective and was effective from 1 April 2010.

The following assets have been componentised

- Wigston Swimming Pool
- Oadby Swimming Pool
- Brocks Hill Visitors Centre
- Council Offices, Wigston Road, Wigston
- Blaby Road Park

Currently Council Dwellings are not componentised as the last full valuation was prior to 1 April 2010 and the components, individually, do not form a significant part of the value. However where components are replaced the Council derecognises the replaced components in the accounts.

17. Heritage Assets

Heritage assets are defined as those tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities and are held with for their contribution to knowledge and culture.

Heritage assets are recognised where they meet this criteria and are valued in excess of the de-minimus threshold of £3,000. Heritage assets are measured in the Balance Sheet at insurance value which is based on market value. An impairment review will be carried out each year to assess any physical depletion of the assets. All heritage assets held by the Council are

THE STATEMENT OF ACCOUNTING POLICIES

deemed to have indefinite lives and therefore are not depreciated. Any disposal of assets will be treated in the same manner as other Property, Plant and Equipment.

18. Inventories and Work in Progress

Inventories are included in the balance sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

19. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

20. Leases

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the asset (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable) and
- A finance charge (debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

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

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on an accruals basis.

21. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate revenue account when the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

22. Employee Benefits

Payable During Employment

Short-term employee benefits (those that fall wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits such as car loans for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexi-time earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Unuseable Reserve – Accumulated Absence Account in the Movement in Reserves Statement.

Termination Benefits

These are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service(s) within the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount

THE STATEMENT OF ACCOUNTING POLICIES

payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year end.

23. Retirement Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council.

The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme:-

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (A Corporate Bond yield curve is constructed based on the constituents of the iBoxx £ Corporates AA index and using the UBS delta curve fitting methodology. The discount is set based on the employers own weighted average duration).
-
- The assets of pension fund attributable to the Council are included in the Balance Sheet at their fair value:-
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pensions liability is analysed into seven components:-
 - current service cost - the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for whom the employees worked.
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier

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years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Comprehensive Income and Expenditure Statement.
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund.

In relation to retirement benefits statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

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

24. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For all of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

25. Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to employees as part of its assisted car purchase scheme at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from employees, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement on the General Fund Balance.

THE STATEMENT OF ACCOUNTING POLICIES

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Available-for-sale Assets

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

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

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

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Comprehensive Income and Expenditure Statement. Where impairment losses have been incurred – these are also debited to the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses previously recognised.

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

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26. Reserves

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

Certain reserves are kept to manage the accounting processes for Property, Plant and Equipment, retirement benefits and other items that do not represent useable resources for the Council. Full explanations are given within the Notes to the Core Financial Statements of the Capital Adjustment Account (Note 23), the Revaluation Reserve (Note 24) and the Pensions Fund Reserve (Note 25). Other than these the following unuseable reserves apply:

- Financial Instruments Adjustment Account – This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions (See note 43)
- Deferred Capital Receipts Reserve – This holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as useable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Useable Capital Receipts Reserve.
- Collection Fund Adjustment Account – This manages the difference arising from the recognition of council tax and non domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
- Accumulated Absence Account – This absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year such as leave carried forward at 31 March.

27. Contingencies

Where a contingent loss can be accurately estimated and it is probable that a future event will confirm a material loss, it will be accrued in the financial statements. In the case of contingent liabilities that cannot be accurately estimated or where it is not certain that a future event will confirm a material

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loss, no accrual is made but details are set out in a disclosure note. In accordance with the concept of prudence, contingent gains are not allowed in the accounting statements.

28. Related Party Transactions

Material related party relationships and transactions, outstanding balances between the Council and its related parties are disclosed within a note to the Statement of Accounts (note 33).

29. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, which provide evidence of conditions that existed at the end of the reporting but occur between the end of the reporting period and the date when the financial statements are authorised for issue.

An adjustment is made to the Statement of Accounts where events provide evidence of conditions that existed at the end of the reporting. Where events are only indicative of conditions, no adjustment is made but a disclosure is made where the impact is deemed to be material.

30. Collection Fund

The Council acts as an agent collecting council tax on behalf of the major preceptors and itself. Consequently, council tax transactions and balances are allocated to this Council and the other major preceptors. This results in the Comprehensive Income and Expenditure Statement showing the accrued amounts payable with an adjustment in the Movement in Reserves Statement on the General Fund Balance to reflect statutory requirements. The Balance Sheet shows debtors or creditors for the amounts receivable or payable to the major preceptors and this Council.

In the case of National Non-domestic Rates (NNDR), the Council again acts as agents collecting the income for major preceptors including Central Government. This results in the Comprehensive Income and Expenditure Statement showing the accrued amounts payable with an adjustment in the Movement in Reserves Statement on the General Fund Balance to reflect statutory requirements. The Balance Sheet shows debtors or creditors for the amounts receivable or payable to the major preceptors and this Council. "Tariff" expenditure included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued expenditure.

The Movement in Reserves Statement

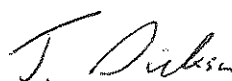
This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase /Decrease before Transfers to/from Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

		General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	Note	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2013		730	3	1,027	3,874	455	30	6,119	21,137	27,256
<u>Movement in Reserves during 2013/14</u>										
Deficit on the provision of services		(165)	0	1,173	0	0	0	1,008	0	1,008
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	1,071	1,071
Total Comprehensive Income and Expenditure		(165)	0	1,173	0	0	0	1,008	1,071	2,079
Adjustments between accounting basis & funding basis under regulations	4	1,940	0	152	(392)	250	0	1,950	(1,950)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		1,775	0	1,325	(392)	250	0	2,958	(879)	2,079
Transfers (to)/from Earmarked Reserves	5	(1,614)	0	(455)	2,069	0	0	0	0	0
Increase/(Decrease) in 2013/14		161	0	870	1,677	250	0	2,958	(879)	2,079
Balance at 31 March 2014 carried forward		891	3	1,897	5,551	705	30	9,077	20,258	29,335

The Movement in Reserves Statement

		General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unuseable Reserves	Total Authority Reserves
2012/13 Restated	Note	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2012		1,080	3	417	2,628	245	30	4,403	23,614	28,017
<u>Movement in Reserves during 2012/13</u>										
Deficit on the provision of services		(1,267)	0	524	0	0	0	(743)	0	(743)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	(18)	(18)
Total Comprehensive Income and Expenditure		(1,267)	0	524	0	0	0	(743)	(18)	(761)
Adjustments between accounting basis & funding basis under regulations	4	1,576	0	719	(46)	210	0	2,459	(2,459)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		309	0	1,243	(46)	210	0	1,716	(2,477)	(761)
Transfers (to)/from Earmarked Reserves	5	(659)	0	(633)	1,292	0	0	0	0	0
Increase/(Decrease) in 2012/13		(350)	0	610	1,246	210	0	1,716	(2,477)	(761)
Balance at 31 March 2013 carried forward		730	3	1,027	3,874	455	30	6,119	21,137	27,256

Signature



Date: 23 September 2014

John Dickson CPFA, Interim Chief Financial Officer

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

		2013/14			2012/13	
		Gross	Gross	Net	Gross	Net
		Expend	Income	Expend	Expend	Expend
	Note	£000's	£000's	£000's	£000's	£000's
EXPENDITURE ON SERVICES						
Central Services to the Public		1,111	(547)	564	4,255	(3,491)
Cultural and Related Services		2,479	(355)	2,124	2,957	(386)
Environmental and Regulatory Services		3,136	(2,284)	852	3,179	(1,109)
Planning Services		1,004	(308)	696	1,004	(1,131)
Highways and Transport Services		201	(37)	164	200	(39)
Other Housing Services		10,689	(9,884)	805	10,483	(9,776)
Local Authority Housing (HRA)		3,026	(4,958)	(1,932)	3,371	(4,847)
Corporate and Democratic Core		1,665	(191)	1,474	1,690	(179)
Non Distributed Costs		58	(58)	0	587	(333)
Net Cost of Services		23,369	(18,622)	4,747	27,726	(21,291)
Other Operating Expenditure	7			86		234
Financing and Investment Income	8			1,295		1,190
Taxation and Non-specific Grant Income and Expenditure	9			(7,136)		(7,116)
(Surplus) or Deficit on Provision of Services				(1,008)		743
(Surplus)/Deficit arising on Revaluation of Plant, Property and Equipment Assets	24			(3,827)		(2,189)
Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities	25			2,756		2,207
Other Comprehensive Income and Expenditure				(1,071)		18
Total Comprehensive Income and Expenditure				(2,079)		761

Signature

Date 23 September 2014

John Dickson CPFA, Interim Chief Financial Officer

THE BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between Accounting Basis and Funding Basis under Regulations".

		As At 31/03/2014 £000's	As At 31/03/2013 £000's
	Note		
Property, Plant & Equipment	10	62,615	59,861
Heritage Assets	11	40	40
Investment Property	12	206	206
Intangible Assets	13	127	187
Long Term Debtors	14	31	33
Long Term Investments	15	2	2
Long Term Assets		63,021	60,329
Short Term Debtors	14	1,244	1,452
Short Term Investments	15	6,014	6,512
Inventories	17	63	66
Cash and Cash Equivalents	18	2,170	766
Current Assets		9,491	8,796
Short Term Borrowing		(17)	(2,547)
Bank Overdrawn	18	(356)	(62)
Short Term Creditors	19	(2,296)	(2,062)
Short Term Provisions	20	(52)	(124)
Current Liabilities		(2,721)	(4,795)
Long Term Creditors		(47)	0
Long Term Borrowing		(19,117)	(19,129)
Other Long Term Liabilities	36	(20,426)	(16,921)
Capital Grants Receipts in Advance	21	(866)	(1,024)
Long Term Liabilities		(40,456)	(37,074)
Net Assets		29,335	27,256

THE BALANCE SHEET

		As At 31/03/2014	As At 31/03/2013
	Note	£000's	£000's
Usable Reserves	22	9,077	6,119
Unusable Reserves			
Capital Adjustment Account	23	29,557	30,013
Revaluation Reserve	24	11,246	8,062
Pension Fund Reserve	25	(20,426)	(16,921)
Financial Instrument Adjustment Account		(7)	(10)
Collection Fund Adjustment Account	22	(60)	32
Accumulated Staff Absences Reserve	22	(52)	(39)
Total Reserves		<u>29,335</u>	<u>27,256</u>

Signature



Date 23 September 2014

John Dickson CPFA
Interim Chief Financial Officer

THE CASH FLOW STATEMENT

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

	2013/14	2012/13
	Notes	Restated
	£000's	£000's
Net (Surplus) or Deficit on the Provision of Services	(1,008)	743
Adjustments to the Net Surplus or Deficit of the Provision of Services for Non Cash Movement		
Depreciation and Impairment of Non-current Assets	(2,156)	(2,960)
Increase/(Decrease) in Inventories	(3)	(10)
Increase/(Decrease) in Debtors	(324)	155
(Increase)/Decrease in Creditors	(122)	(837)
Net Charges made for Retirement Benefits	(748)	(670)
Carrying Amount of Non Current Assets Sold	(346)	(244)
Carrying Amount of Non Current Assets De-recognised	(30)	(228)
Increase/(Decrease) in Provisions	71	206
Other Cash and Non Cash Movements	(2)	0
increase/(decrease) in the value of soft loans in year	2	0
	(3,658)	(4,588)
Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	74	644
Interest Received in Year	(57)	(104)
Interest Paid in Year	617	567
Net Cashflows from Operating Activities	(4,032)	(2,738)
Investing Activities	26 358	3,091
Financing Activities	27 2,564	(1,112)
Net Increase or (Decrease) in Cash or Cash Equivalents	(1,110)	(759)
Cash or Cash Equivalents at the Beginning of the Reporting Period	(704)	55
Cash or Cash Equivalents at the End of the Reporting Period	18 (1,814)	(704)
Movement in Cash and Cash Equivalents	(1,110)	(759)