Public Document Pack

RYEDALE DISTRICT COUNCIL

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OVERVIEW AND SCRUTINY COMMITTEE

Wednesday 24 September 2014 at 6.30 pm

Council Chamber, Ryedale House, Malton

Agenda

1 **Emergency Evacuation Procedure.**

The Chairman to inform Members of the Public of the emergency evacuation procedure.

2 **Apologies for absence**

3 **Minutes of the meeting held on 31 July 2014** (Pages 3 - 4)

4 **Urgent Business**

To receive notice of any urgent business which the Chairman considers should be dealt with at the meeting as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972.

5 **Declarations of Interest**

Members to indicate whether they will be declaring any interests under the Code of Conduct.

Members making a declaration of interest at a meeting of a Committee or Council are required to disclose the existence and nature of that interest. This requirement is not discharged by merely declaring a personal interest without further explanation.

6 **External Audit Report 2014** (Pages 5 - 30)

7 **Statement of Accounts 2013 - 14** (Pages 31 - 124)

8 **Letter of Representation - Audit of the annual accounts for the year ended 31 March 2014** (Pages 125 - 128)

9 **External Audit quarterly update report September 2014** (Pages 129 - 132)

10 **Any other business that the Chairman decides is urgent.**

Overview and Scrutiny Committee

Held at Council Chamber, Ryedale House, Malton
on Thursday 31 July 2014

Present

Councillors Acomb, P J Andrews, Raper and Wainwright (Chairman)

In Attendance

Audrey Adnitt, Stuart Cutts and Peter Johnson
Stuart Cutts (on behalf of Veritau)

Minutes

12 **Apologies for absence**

Apologies for absence were received from Councillor Ward.

13 **Minutes of the meeting held on the 26 June 2014**

Decision

That the minutes of the meeting of the Overview and Scrutiny Committee held on the 26 June 2014, be approved and signed by the Chairman as a correct record.

14 **Urgent Business**

There were no items of urgent business.

15 **Declarations of Interest**

There were no declarations of interest.

16 **Annual Internal Audit report 2013/14**

Considered the report of the Finance Manager (s151).

Decision

That the Annual Internal Audit Report for 2013/14 be approved.

17 **Internal Audit - Progress Report**

Considered – Report of the Finance Manager (s151)

Decision

That the results of audit and fraud work undertaken during 2014/15 be noted.

18 **Annual Governance Statement 2013/14**

Considered the report of the Finance Manager (s151).

Decision

That the Annual Governance Statement be approved for inclusion in the Statement of Accounts.

19 **Treasury Management Annual Report 2013/14**

Considered the report of the Finance Manager (s151).

Decision

That the following recommendations be made to Full Council:

a. Note the Annual Treasury Management Report for 2013/14; and
b. Approve the actual prudential and treasury indicators in the report.

20 **Any other business that the Chairman decides is urgent.**

There being no items of urgent business the meeting closed at 7.35pm.

RYEDALE DISTRICT COUNCIL

Ryedale District Council

Final Report to the Overview and Scrutiny Committee on the 2014 Audit

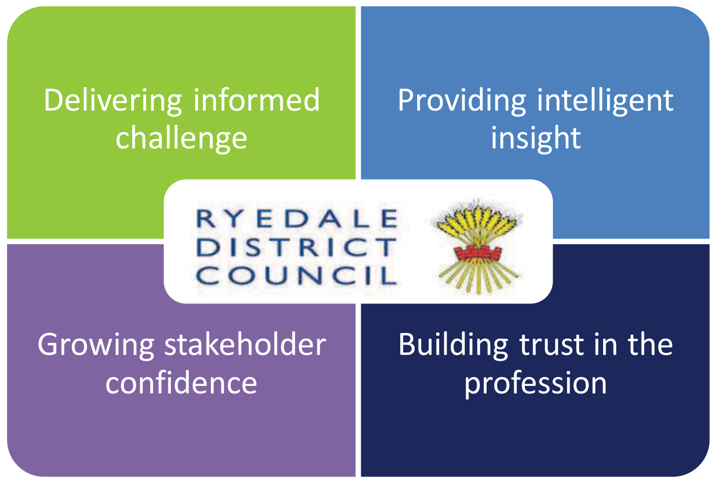
24 September 2014

the Distinctive audit

Contents

A reminder of our audit plan:

- We determined materiality as £400k and a reporting threshold of £13k
- We identified 5 significant risks in our Audit Plan and have not made any changes from the scope set out in the Audit Plan.
- We have taken a fully substantive approach to testing the financial statements.



The big picture

The big picture

We anticipate issuing an unmodified audit opinion upon completion of our work.

Audit work

- We have discussed our initial comments on the draft financial statements with management.
- From our audit work on the financial statements we have not identified any material misstatements or significant deficiencies in internal controls at the Council, a small number of minor disclosure deficiencies have been identified which were corrected by management.
- We have undertaken a risk assessment in line with the Audit Commission guidance on assessing the delivery of Value for Money and have concluded that there are no specific risks to the delivery of Value for Money.
- A representation letter will be circulated separately for consideration by management.
- From our work undertaken so far we expect to issue an unmodified opinion in line with your specified deadlines.

We have the following principal matters to complete:

- Report from Pension Scheme auditors to support the valuation of Pension Scheme Assets
- Final review and close down procedures;
- Subsequent events review; and
- Receipt of signed letter of representation.

Significant audit risks

This section explains the nature of significant risks, how these risks have been addressed by our audit work and our conclusions. We also explain related presentational and/ or disclosure matters within the financial statements.

Summary of significant audit risks

Key areas of judgement focused upon during the audit

Description of the risk		←					Acceptable Range						→		Findings
Revenue Recognition	Overly cautious and/or likely to future credit						✓							Overly optimistic and/or likely to future debit	G
Management Override of Controls							✓								G
Valuation of PPE							✓								G
Bad Debt Provisioning						✓									G
NNDR Appeals Provision							✓								G

✓ Current Year Assessment

G	No issues noted	A	Adjustment identified
R	Material unresolved matter		

Preparing financial statements requires management to exercise significant judgement and make reasonable and supported estimates. In many of these areas there is inevitably a range of possible judgements and estimates for management to consider, and we set out above our assessment of where in that range the key judgements lies for the group financial statements. The table above shows, on a range of acceptable outcomes from less conservative to more conservative, where management's key assumptions and valuations relating to significant estimates lie.

Our independent assessment of these judgements is outlined in this section.

1. Revenue Recognition

Revenue recognition is consistent with the Code

Nature of risk

ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition; evaluate which types of revenue, revenue transaction or assertions give rise to such risks.

Our focus for the risk of revenue recognition is the risk of incorrect cut-off between accounting periods.

The key judgement areas and their potential impact on the financial statements

Key controls are required to ensure income is recorded in the correct period and in the correct category. The key judgement is the date of the supply of service which in turn drives the point of revenue recognition.

Audit work completed to address the significant risk

We have performed testing by selecting a sample of cash receipts, both before and after the balance sheet date, and confirming that all income received was correctly recognised as income in the financial statements in the appropriate accounting period.

In addition, an area of judgement is grant income, and we have performed detailed testing on a sample of grants to ensure recognition is in line with the provisions of the Code of Practice on Local Authority Accounting based on IFRS.

Deloitte view

We do not consider there to be evidence of management bias in the revenue recognition policies adopted.

The revenue recognition policies are in line with other Local Government entities and the CIPFA Code.

2. Management override of controls

Management estimates appear reasonable and free from bias

Nature of risk

International Standards on Auditing requires auditors to identify a presumed risk of management override of control. This presumed risk cannot be rebutted by the auditor. This recognises that management may be able to override controls that are in place to present inaccurate or even fraudulent financial reports.

The key judgement areas and their potential impact on the financial statements

Management is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Management may override controls through:

- recording fictitious journal entries;
- applying inappropriate judgment;
- omitting, advancing, or delaying recognition of events and transactions;
- engaging in complex transactions that are structured to misrepresent financial position or financial performance;
- omitting disclosure of related parties and transactions; and
- altering records related to significant and unusual transactions.

Management's key judgements involve instances where estimates are required in the absence of definitive evidence, for example the NNDR appeals provision covered elsewhere in this report.

Audit work completed to address the significant risk

We have performed the following audit procedures:

- reviewed the processes and performed design and implementation work on the controls management have in place;
- used our 'Audit Analytics' software to test a risk focused sample of journals to ensure the appropriateness of journal entries;
- reviewed accounting estimates for evidence of bias;
- reviewed Committee minutes; and
- stayed alert to the possibility of significant transactions that are outside the normal course of business for the Council.

Deloitte view

From our testing we do not consider management's estimates to be unreasonable and nor have we identified any evidence of bias and significant transactions outside the normal course of business.

3. Valuation of PPE and Investment Property

PPE and Investment Property appear to be valued appropriately

Nature of risk

There has been a clarification of the Code of Practice for 2013/14, the Council is required to revalue property, plant and equipment with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Investment properties are required to be carried at fair value at each balance sheet date.

The key judgement areas and their potential impact on the financial statements

The Council engaged Roger Barnsley (RICS Qualified) to undertake a valuation exercise of land and buildings as at 31 March 2014 on an Existing Use Value, Market Value and Depreciated Replacement Cost value basis in accordance with the Code of Practice.

The key judgements made by management are the adoption of the assumptions made by the valuer.

Audit work completed to address the significant risk

We have obtained a copy of the latest in-house valuation report and considered whether there is indication of any impairment from the valuations and whether any noted impairment should be applied more widely to other assets that have not been valued in the current year.

The valuation resulted in a reduction to investment properties of £527,000 and a reduction in operational assets of £195,000 to the extent that enhancements in the year added less value to the assets for the two major projects in the year. We challenged the assumptions and basis of valuation used by the valuer and have no comments to make. We reviewed the accounting policies in respect of componentisation and consider that these continue to be appropriate

We have tested the design and implementation of controls management has put in place to ensure Land and Buildings are materially fairly stated in the balance sheet and we have tested the disclosure of PPE balances in the accounts, particularly with reference to the disclosures of valuation methodologies and the date of valuation.

Deloitte view

Our work in relation to the valuation of non-current assets has been completed. The results of our testing were satisfactory with the valuation exercise being completed in line with the Code of Practice.

4. Calculation of bad debt provision against debtors

The bad debt provision appears reasonable

Nature of risk

In the current climate there is likely to be more pressure on the Council's rate-payers' financial resources. Therefore, it follows that there is likely to be a higher level of unpaid debts at the balance sheet date and, potentially, more bad and/or doubtful debts occurring.

The key judgement areas and their potential impact on the financial statements

The following provisions are included in the financial statements:

Sundry debtors	£164,000	47% of balance * (2013 46%)
Housing benefit	£255,000	57% of balance (2013 56%)
Council tax/NNDR arrears	£ 68,000	
Total	£487,000	25% of total short-term debtors *

(* debtors have been adjusted to exclude a one-off large balance fully paid post year end.)

Audit work completed to address the significant risk

We have challenged management's methodologies and assumptions used to calculate the bad debt provision and the evidence to support the approach.

We have considered whether provisions appropriately reflect the impact of the changing economic conditions and welfare reforms by reference to recent collection performance and trends.

We have tested the integrity of the ageing data which the Council uses to profile debtors by age, to confirm that the base data which is provided against is accurate.

Deloitte view

From our testing we do not consider management's provisions against bad debt to be unreasonable and have not identified any non-compliance with the Code.

5. Completeness of NNDR appeal provisions

Provisions for NNDR appeals have a rational basis of calculation

Nature of risk

From our initial inquiries, we understand a number of significant business ratepayers have appealed against the ratings provided by the Valuation Office Agency (VOA).

During the year the collection fund paid out a significant amount (£940,000) relating to a Ministry of Defence appeal, following instruction by the VOA.

We understand the Council entered a risk pooling arrangement for NNDR with a number of North Yorkshire councils from 1 April 2014 however, this is not directly relevant to our audit this year.

The key judgement areas and their potential impact on the financial statements

The full value of the NNDR appeals provision is £1,269,000, of which 40% is the Council's proportion, being £507,600.

The underlying assumption is an appeal success rate of 4.3% based on past experience. Three atypical properties are provided for on specific bases following management's discussions with appeals officers and experts.

Audit work completed to address the significant risk

We have challenged management's methodologies and assumptions used to calculate the appeals provision and the evidence to support the approach, and considered whether provisions appropriately reflect the historical trends for NNDR claims of this nature.

We have reviewed VOA data and trends, in order to formulate a best-estimate of the provision and use this to determine whether Management's approach is reasonable.

Deloitte view

From our testing we do not consider management's provisions against NNDR appeals to be unreasonable and have not identified any non-compliance with the Code.

Value for Money and the Annual Governance Statement

Value for Money Conclusion

Requirement

Under the Audit Commission Code of Audit practice, as appointed auditors, we are required to draw a conclusion regarding the Council's arrangements to secure economy, efficiency and effectiveness of its use of resources (the Value For Money (VFM) conclusion). As was the case in previous years, there are no specific criteria and we will meet our VFM duty by addressing the areas of focus determined by the Commission as set out below.

Area of Focus

In reaching our value for money conclusion our work is focused around:

- reviewing the Annual Governance Statement;
- reviewing the results of the work of other relevant regulatory bodies, to consider whether there is any impact on the auditors responsibilities at the audited body; and
- undertaking other local risk-based work as appropriate, or any work mandated by the Commission.

Audit work completed

We have reviewed the risk assessments for the savings proposals in the 2014/15 budget and arrangements for the on-going management of those risks. Progress in developing the budget for 2015/16 is on-going with the next meeting expected to be in November to discuss planned budget savings. Whilst the Council has coped well with previous government funding cuts, the anticipated future reductions in funding from 2015/16 onwards will be a significant challenge involving difficult decisions around resource prioritisation including whether to use the New Homes Bonus or look for other funding options.

During the course of this work, we have considered the effectiveness of arrangements to assess the implications of savings measures and to manage their impact on the delivery of strategic priorities. We have reviewed the processes for identifying and addressing any costs of implementation.

We completed our risk assessment and concluded that there were no specific risks to the Value for Money conclusion for 2013/14 and, as a consequence, have not undertaken any locally determined risk based work.

We have considered the results of our work on the Annual Governance Statement, the results of our audit work and the findings of internal audit.

Value for Money Conclusion (continued)

The VfM Conclusion

Under the Code, auditors are required to include a positive conclusion in their statutory audit report as to whether they are satisfied that, in all significant respects, the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The conclusion has regard to the criteria specified by the Commission and we do not consider all aspects of the Council's arrangements. This conclusion is given within our audit report on the Council's accounts. We are required to report if, in our judgement, matters come to our attention which are significant enough to prevent us from concluding that proper arrangements are in place in the areas considered. In such a circumstance, we qualify our conclusion in relation to particular criteria, either on an 'except for' basis (i.e. the Council has put in place proper arrangements except for…) or in the form of an 'adverse' conclusion (i.e. the Council has not put in place arrangements in that…).

For 2013/14, as at the time of writing this report, we have assessed the Council for both the financial resilience and the economy, efficiency and effectiveness criteria as having proper arrangements in place. We will update on this verbally at our meeting on 24 September 2014 and confirm whether we will be issuing an unqualified conclusion, as is currently anticipated.

Deloitte view

Based on our findings to date we anticipate providing a positive conclusion on the Council's Value for Money arrangements.

The Annual Governance Statement

Requirement

In respect of the Annual Governance Statement, we are required to review the statement for compliance with the prescribed format and content and to report where the Statement is inconsistent with our understanding of the Council.

Area of Focus

The Governance Statement covers all significant corporate systems, processes and controls, spanning the whole range of a Council's activities, including in particular those designed to ensure that:

- the Council's policies are implemented in practice;
- high quality services are delivered efficiently and effectively;
- the Council's values and ethical standards are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and other published performance information are accurate and reliable; and
- human, financial, environmental and other resources are managed efficiently and effectively.

Our review is directed at:

- considering the completeness of the disclosures in the Governance Statement and whether it complies with proper practice as specified by CIPFA; and,
- identifying any inconsistencies between the disclosure and the information that we are aware of from our work on the financial statements and other work relating to the Code of Audit Practice.

Audit work completed

We have performed the following work in relation to the Annual Governance Statement:

- ensured that it complies with the requirements as set out in the Code of Practice on Local Council Accounting in the United Kingdom 2013/14; and
- reviewed the Governance Statement to confirm that it is consistent with internal audit reports, Board minutes, the Internal Audit Annual Report and Opinion and our work on the financial statements.

Deloitte view

We are satisfied that the Annual Governance Statement is consistent with the prescribed format and our understanding of the Council.

Insight - Internal control and risk management

In this section we set out our comments regarding your internal control and risk management processes. We communicate any significant deficiencies in the internal control environment to the Overview and Scrutiny Committee.

Internal control and risk management

We highlight one observation from our audit procedures

Area	Observation/Finding	Recommendation	Management Comment
Management do not undertake a regular review of City of York's internal audit reports in relation to Payroll.	It was noted through our testing the Council do not undertake a regular review of the Internal Audit reports at City of York Council (“CYC”) and thus would not be aware if any control deficiencies were identified at the service organization with regard to the operation of Payroll.	Ensure management undertake a regular review of the IA reports issued by Veritau to CYC in relation to the administration of payroll.	Peter Johnson to undertake a discussion with CYC regarding their internal control environment regarding the payroll function going forward.

Responsibility Statement

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Overview and Scrutiny Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Explanatory foreword
- Our views on the effectiveness of your system of internal control relevant to risks that may affect financial reporting.
- Other insights we have identified from our audit

What we don't report

- As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.
- Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements.

The scope of our work

- Our observations are developed in the context of our audit of the financial statements.
- We described the scope of our work in our audit plan dated 26 March 2014 and the supplementary "Briefing on audit matters" which was circulated as an appendix to the Audit Plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Deloitte LLP

Chartered Accountants

Leeds

16 September 2014

This report has been prepared for the Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

Appendices

Appendix 1: Audit adjustments

Unadjusted misstatements detail

Recorded audit adjustments – corrected misstatments

We report all identified recorded audit adjustments in excess of £13,000. There were no audit adjustments arising from our audit work.

Uncorrected misstatements

No uncorrected misstatements (above reportable threshold of £13,000) were identified during the course of our audit.

Appendix 2: Fraud - responsibilities and representations

Required representations	We have asked the Committee to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.
Concerns	No concerns have been identified from whistle blowing procedures from the work noted above and our audit procedures.
Audit work performed	In our planning we identified the risk of fraud in revenue recognition and management override of controls as key audit risks for your organisation. During course of our audit, we have had discussions with management and those charged with governance. We have made direct enquiries in relation to any fraud risk factors and instances of fraud during the year. Our testing of journals provides comfort over the risk of management override of controls which was raised as a fraud risk. In addition, we have reviewed management's own documented procedures regarding the fraud and error in the financial statements.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Appendix 3: Independence and fees

As part of our obligations under International Standards on Auditing (UK and Ireland), we are required to report to you on the matters listed below:

Independence confirmation	We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we are independent and our objectivity is not compromised.
Fees	We have not provided any non-audit services in the period from 1 April 2012 to 31 March 2014. In September 2014 we have performed a certification under the Homes & Communities Agency requirements for a fee of £2,000.
Non-audit services	In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the Council's policy for the supply of non-audit services or of any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	There are no other relationships with Ryedale District Council which would impact on our objectivity and independence.

Appendix 4: Our approach to audit quality

Recognition of and further impetus for our quality agenda

Audit quality is our number one priority. We pride ourselves on our commitment to quality and our quality control procedures. We have an unyielding pursuit of quality in order to deliver consistent, objective and insightful assurance.

The Financial Reporting Council ("FRC") issues an Annual Report on Audit Quality Inspections, providing an overview of the activities of its Audit Quality Review ("AQR") team for the year.

"The firm places considerable emphasis on its overall systems of quality control and, in most areas, has appropriate policies and procedures in place for its size and the nature of its client base. Nevertheless, we have identified certain areas where improvements are required to those policies and procedures…

The firm took a number of steps in response to our prior year findings to achieve improvements in audit quality. This included enhanced guidance, technical communications and audit training on the recurring themes. However, issues continued to arise in some of these areas."

AQR Report on Deloitte for 2013/14

https://www.frc.org.uk/Our-Work/Publications/Audit-Quality-Review/Audit-Quality-Inspection-Report-May-2014-Deloitte.pdf

Deloitte response

- Our strategic objective is to execute high quality, distinctive audits.
- We adopt an open and communicative approach with the regulator and their contribution to audit quality is respected and supported at all levels of our firm.
- We consider that the AQR's report provides a balanced view of the focus and results of its inspections and its recognition of the emphasis we place on our overall systems of quality control is welcome.
- We value the regulator's inspection and comments, and the review performed by the AQR forms an important part of our overall inspection process.
- As part of our agenda of continuous improvement we have given careful consideration to each of the FRC's comments and recommendations. This has included investigation of the root causes of each finding. This has enabled us to develop, in conjunction with findings arising from our own quality review procedures, an effective response to the themes arising.
- Following the AQR review, we have implemented improvements to our audit procedures and our system of quality control.
- Deloitte's Audit Transparency Report provides further information regarding our approach to delivering quality and is available on our website: http://www.deloitte.com/view/en_GB/uk/about/annual-reports/index.htm

Twelve of the audits reviewed by the AQR were performed to a good standard with limited improvements required and four audits required improvements. We were disappointed that one audit was assessed as requiring significant improvements in relation to the testing of the collective and individual loan loss provisions although this did not cause the AQR to doubt the validity of our audit opinion. The overall analysis of the AQR file reviews by grade for the last five years evidences that, among the largest firms, Deloitte remains at the forefront of audit quality with 67% of audits achieving the top grade from the AQR, the highest proportion amongst our peers.

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RYEDALE DISTRICT COUNCIL

Statement of Accounts 2013/2014

Ryedale District Council
working with you to make a difference

STATEMENT OF ACCOUNTS

for the

YEAR ENDED 31 MARCH 2014

T A B L E   O F   C O N T E N T S

EXPLANATORY FOREWORD

1. **Introduction**

This foreword provides a brief explanation of the financial aspects of the Authority's activities and draws attention to the main characteristics of the Authority's financial position.

2. **Council's Accounts**

The Council's accounts for the year ended 31 March 2014 are set out on pages 10 to 72. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2013/14* (the Code). A summary of the statements in the accounts and an explanation of their purpose is shown below:

- the ***Statement of Responsibilities for the Accounts*** - which sets out the Authority's and Chief Finance Officer's legal and professional responsibilities for the accounts.

- the ***Movement in Reserves Statement*** – this statement shows the movement in the year on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services more details of which are shown in the Comprehensive Income and Expenditure Statement. The net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

- the ***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.

- the ***Balance Sheet*** – the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those 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 Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

- the ***Cash Flow Statement*** - which shows the changes 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 Authority 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.

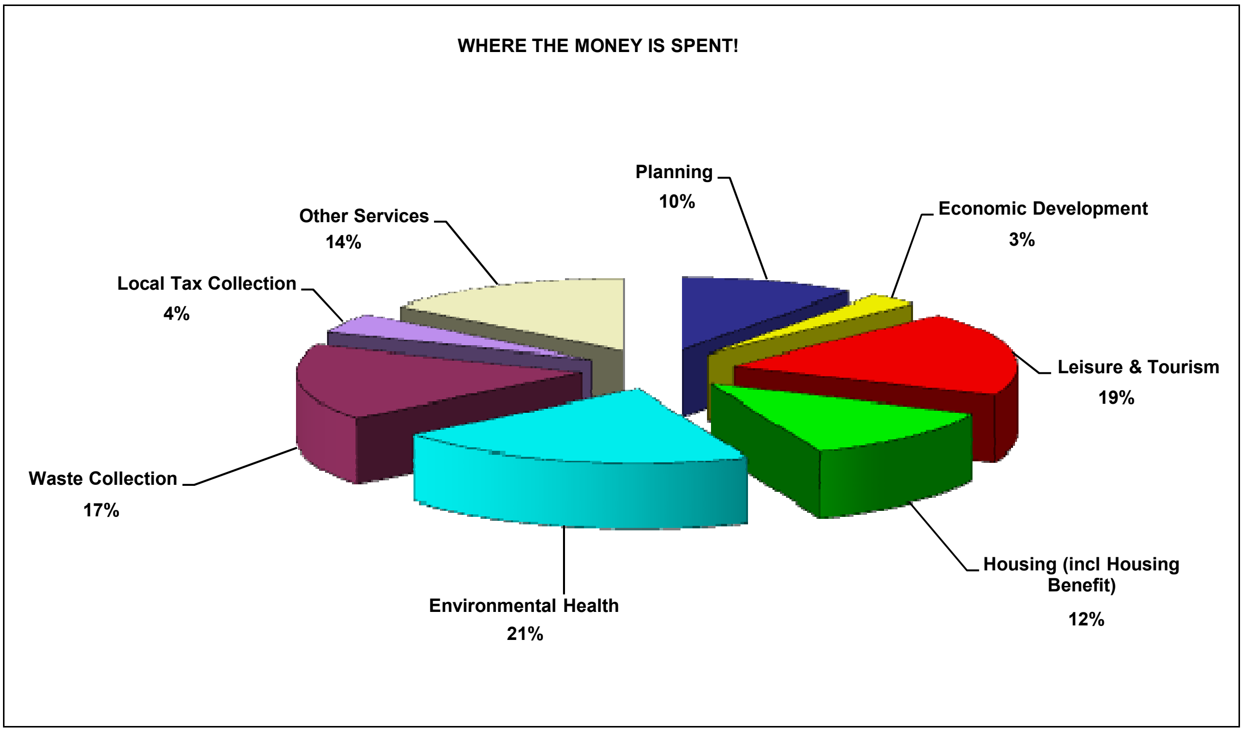
- the ***Collection Fund Statement*** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Supplementary Statement:

- the ***Annual Governance Statement*** – which sets out the internal control framework operated by the Authority and explains how an effective system of internal financial control is maintained.

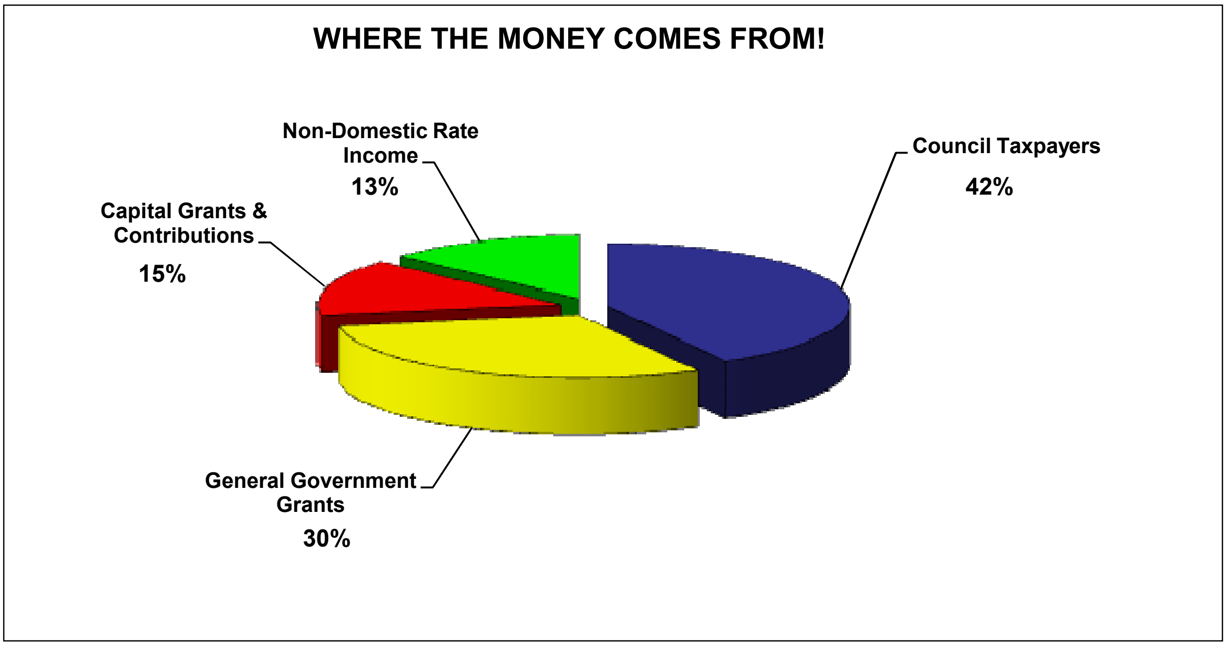
3. **General Fund Revenue Expenditure in 2013/14**

The net cost of the Authority's revenue activities was £8.457m, this being spent on services as summarised in the chart below:



A more detailed analysis of the Net Cost of Services is shown on Pages 82 and 83 of this document.

After adjusting for the payment of parish precepts of £0.630m, the receipt of investment income (£0.072m) and the net credit from appropriations £1.045m the amount met from Taxation and Non-Specific Grant Income was £10.060m, which is funded as follows:



The above chart shows that, of the funding to meet the Authority's net revenue expenditure, around 42% (£4.211m) was provided by the Council Taxpayers, an additional 13% (£1.324m) from the Authority's share of Non-Domestic Rates from the Business Rates Retention Scheme, some 30% (£3.052m) from non-ringfenced general government grants such as the Rate Support Grant and 15% (£1.473m) from capital grants and contributions.

4. **Revenue Budget Compared to Actual Income and Expenditure**

The main components of the revenue budget for 2013/14 and how these compared with the actual expenditure are set out below:

	Original Budget £'000	Actual £'000	Difference £'000
Net Cost of Services	**9,398**	**8,457**	**(941)**
Other Operating Expenditure:			
Precepts paid to Parish Councils	630	630	-
Capital Receipts unattached to non current assets	-	(5)	(5)
(Gains) / Losses on disposal of non current assets	-	-	-
	630	**625**	**(5)**
Financing and Investment Income & Expenditure			
Interest Payable	109	16	(93)
Pensions interest cost & expected return on pension assets	800	1,117	317
Income from Investments	(90)	(72)	18
Income and expenditure in relation to investment properties	(83)	511	594
	736	**1,572**	**836**
Taxation & Non Specific Grant Income			
Council Precept	(4,040)	(4,040)	-
Collection Fund Surplus	(109)	(170)	(61)
Non-Domestic Rate Income	(1,502)	(1,324)	178
Revenue Support Grant	(2,152)	(2,152)	-
Other General Government Grants	(880)	(901)	(21)
Capital Grants and Contributions	-	(1,473)	(1,473)
	(8,683)	**(10,060)**	**(1,377)**
(Surplus) / Deficit on Provision of Services	**2,081**	**594**	**(1,487)**
(Surplus) / Deficit on revaluation of property, plant & equipment assets	-	56	56
Actuarial (gains) / losses on Pensions assets / liabilities	-	(12,205)	(12,205)
Total Comprehensive Income and Expenditure	**2,081**	**(11,555)**	**(13,636)**
Adjustments between accounting basis and funding basis under regulations	(2,316)	10,919	13,235
Transfers to or from the General Fund that are required to be taken into account – contribution from earmarked reserves	235	636	401
Increase/Decrease in General Fund Balance for Year	**-**	**-**	**-**

Supplementary information for this statement regarding the actual Net Cost of Services is shown at the end of this document on pages 82 and 83.

There are no material assets acquired or liabilities incurred that warrant specific disclosure and explanation.

5. **Review of the Authority's Financial Position**

The balance of General Fund Earmarked Reserves during 2013/14 has increased by £0.636m from £2.969m to £3.605m at 31 March 2014.

Major drawings included the revenue support for the capital programme of £1.126m from the Authority's Capital Fund, drawdown of £0.050m from the General Reserve towards the Community Grants scheme and an amount of £0.050m from the Local Development Framework Reserve to cover the cost of the inspection of the Local Plan.

Major contributions to reserves and balances included the transfer of investment income and New Homes Bonus Grant of £0.708m into the Capital Fund to finance the capital programme and the transfer of £0.968m into the Collection Fund Equalisation Reserve.

For further details regarding the purpose and balances of the Authority's reserves see Note 8 in the Notes to the Accounts.

6. **Pension Liability**

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet reduced from £26.768m as at 31 March 2013 to £15.474m as at 31 March 2014. This reduction of £11.29m is matched by a decrease in the level of the Pension Reserve and does not represent an increase in the Authority's cash reserves or impact on the council tax.

7. **Capital Expenditure**

The original capital budget for the financial year 2013/14 totalled £4.084m. During the year there were further re-programming movements approved resulting in an increase of £1.277m and a revised budget of £5.361m.

The total amount invested in the capital programme for 2013/14 was £3.331m. Investment in schemes included the completion of the new Supported Accommodation Facility at Derwent Lodge (£0.647m), the completion of the extension to Tara Park Travellers Site (£0.764m) and an initial contribution towards the Pickering Flood Defence Scheme (£0.400m).

Under spends included Housing Grants and Loans (£0.302m), continued slippage on the Assembly Rooms and Milton Rooms Preservation Works (£0.214m) and Pickering Flood Defence Scheme (£0.550m).

Of the £3.331m capital expenditure incurred some £1.126m was funded from the Authority's capital funds, £0.320m from capital receipts with the balance of £1.885m being financed by external grants and contributions.

8. **Changes in Accounting Policy**

Disclosure of Information Relating to Retirement Benefits

The adoption of the 2011 amendments to IAS 19 (Employee Benefits) by The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) has resulted in a change in accounting policy.

This change in accounting policy is with effect from 1 April 2013 and prior year comparatives have been adjusted to reflect the changes.

The expected return on assets has been replaced with interest on assets. This is the interest on assets held at the start of the period and cashflows occurring during the period, calculated using the discount rate at the start of the year.

The pensions cost under the revised IAS19 has seen interest cost and expected return on assets replaced with 'net interest cost'. This is calculated as interest on pension liabilities (broadly the old interest cost) less interest on assets.

The revised IAS19 guidance also requires that all actuarial gains and losses be recognised in the year of occurrence via Other Comprehensive Income and therefore alternative treatments where recognition could be deferred (ie the 'corridor approach') are no longer available. The actuarial gains and losses on liabilities due to changes in actuarial assumption need to be split between the effect of changes in experience, financial or demographic assumptions.

The 2013/14 Code also requires that administration costs directly related to the management of plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the defined benefit obligation, are recognised as a reduction in the return on plan assets and recorded in Other Comprehensive Income and Expenditure.

Other administration costs must not be deducted from the return on plan assets but instead they are required to be recognised in the Surplus or Deficit on the Provision of Services. These costs have been allocated across services.

The table below shows the effect that these changes have had on the 2012/13 comparative figures:

Comprehensive Income and Expenditure Statement

Net Expenditure	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Central services to the Public	930	4	934
Cultural and Related Services	1,391	1	1,392
Environmental and Regulatory Services	2,674	4	2,678
Planning Services	1,761	2	1,763
Highways and Transport Services	(354)	-	(354)
Housing Services	818	11	829
Corporate and Democratic Core	1,248	1	1,249
Other Corp & Non Distributed Costs	314	-	314
Cost of Services	**8,782**	**23**	**8,805**
Other Operating Expenditure	650	-	650
Financing and Investment Inc & Exp	710	209	919
Taxation and Non Specific Grant Income	(8,305)	-	(8,305)
(Surplus) or Deficit on Provision of Services	**1,837**	**232**	**2,069**
Revaluation of Property	293	-	293
Remeasurement of the defined liability	3,251	(232)	3,019
Other Comprehensive Income & Expenditure	**3,544**	**(232)**	**3,312**
Total Comprehensive Income & Expenditure	**5,381**	**-**	**5,381**

Movement in Reserves Statement

Usable Reserves	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Surplus or (deficit) on the provision of services	(1,837)	(232)	(2,069)
Adjustments between accounting basis & funding basis under regulations (note 7)	556	232	788

Unusable Reserves	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Other comprehensive income and expenditure	(3,544)	232	(3,312)
Adjustments between accounting basis & funding basis under regulations (note 7)	(571)	(232)	(803)

Cash Flow Statement

	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Net (surplus) or deficit on the provision of services	1,837	232	2,069
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(2,147)	(232)	(2,379)

Financing and Investment Income and Expenditure (note 10)

	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Pensions net Interest on the net defined benefit liability/(asset)	893	209	1,102

Adjustments between accounting basis and funding basis under regulations (note 7)

Usable Reserves	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,068	232	2,300

Unusable Reserves	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,068)	(232)	(2,300)

Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 26)

	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Increase/decrease in pension liability	(731)	(232)	(963)

Pension Reserve (note 25)

	Published Accounts £000's	Restatement £000's	Restated Accounts £000's
Re-measurements of the net defined benefit liability/(asset)	(3,251)	232	(3,019)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,068)	(232)	(2,300)

9. **Sustainability**

During the Council's procurement process, impacts on social, economic and environmental wellbeing are recognised equally together. The viability of local business is a key part in achieving the Council's vision for sustainable development and local businesses are given opportunities to enable them to compete for Council contracts.

Recently, a number of initiatives have been introduced to reduce greenhouse gas emissions from Council owned buildings, as well as in transportation. Ryedale District Council HQ and Ryedale Pool have both been fitted with efficient gas fired boilers, resulting in lower CO_2 emissions from reduced fuel use. Over a four year period (2009-13) staff mileage has been reduced by over 40%. Replacement heavy commercial vehicles are now being ordered with Euro 6 technology, further improving emissions and fuel efficiency. This has been coupled with all HCV drivers being trained on fuel efficient driving techniques.

10. **Further Information**

Further information about the accounts is available from Financial Services, Ryedale House, Malton. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press and on the Authority's website.

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Finance Manager (s151);
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the Statements of Accounts.

The Chief Finance Officer's Responsibilities

The Finance Manager (s151) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Finance Manager (s151) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Finance Manager (s151) has also:

- kept proper accounting records which were up-to-date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities, through the use of Veritau North Yorkshire Ltd.

Certification of the Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Ryedale District Council as at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Signed: P Johnson Dated: 30 June 2014
P Johnson
Finance Manager (s151)

Approval of the Accounts

This Statement of Accounts was approved by the Policy and Resources Committee on 25 September 2014.

Signed: Dated:
Cllr. Mrs L Cowling
Chairman of Policy & Resources Committee

MOVEMENT IN RESERVES STATEMENT
For the Year Ended 31 March 2014

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance as at 31 March 2012	**-**	**4,250**	**127**	**-**	**4,377**	**(4,925)**	**(548)**
Movement in reserves during 2012/13 (Restated, see page 7)							
Surplus or (deficit) on the provision of services.	(2,069)	-	-	-	(2,069)	-	(2,069)
Other Comprehensive Income and Expenditure.	-	-	-	-	-	(3,312)	(3,312)
Total Comprehensive Income and Expenditure	(2,069)	-	-	-	(2,069)	(3,312)	(5,381)
Adjustments between accounting basis & funding basis under regulations (note7)	788	-	15	-	803	(803)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(1,281)	-	15	-	(1,266)	(4,115)	(5,381)
Transfers to/from Earmarked Reserves (note 8)	1,281	(1,281)	-	-	-	-	-
Increase / Decrease in 2012/13	**-**	**(1,281)**	**15**	**-**	**(1,266)**	**(4,115)**	**(5,381)**
Balance as at 31 March 2013	**-**	**2,969**	**142**	**-**	**3,111**	**(9,040)**	**(5,929)**
Movement in reserves during 2013/14							
Surplus or (deficit) on the provision of services	(594)	-	-	-	(594)	-	(594)
Other Comprehensive Income and Expenditure	-	-	-	-	-	12,149	12,149
Total Comprehensive Income and Expenditure	(594)	-	-	-	(594)	12,149	11,555
Adjustments between accounting basis & funding basis under regulations (note7)	1,230	-	13	62	1,305	(1,305)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	636	-	13	62	711	10,844	11,555
Transfers to/from Earmarked Reserves (note 8)	(636)	636	-	-	-	-	-
Increase / Decrease in 2013/14	**-**	**636**	**13**	**62**	**711**	**10,844**	**11,555**
Balance as at 31 March 2014	**-**	**3,605**	**155**	**62**	**3,822**	**1,804**	**5,626**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
For the Year Ended 31 March 2014

2012/13 Restated (see page 7)				2013/14		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £000
4,796	3,862	934	Central Services to the Public	1,241	453	788
1,431	39	1,392	Cultural and Related Services	1,636	44	1,592
4,512	1,834	2,678	Environmental and Regulatory Services	4,784	1,628	3,156
2,526	763	1,763	Planning Services	2,169	1,089	1,080
369	723	(354)	Highways and Transport Services	395	825	(430)
13,685	12,856	829	Housing Services	13,789	12,760	1,029
1,261	12	1,249	Corporate and Democratic Core	1,213	-	1,213
316	2	314	Other Corporate and Non Distributed Costs	31	2	29
28,896	20,091	8,805	**COST OF SERVICES**	25,258	16,801	8,457
663	13	650	Other Operating Expenditure (Note 9)	630	5	625
3,079	2,160	919	Financing and Investment Income and Expenditure (Note 10)	1,841	269	1,572
-	-	-	(Surplus) or Deficit of Discontinued Operations	-	-	-
-	8,305	(8,305)	Taxation and Non-Specific Grant Income (Note 11)	4,939	14,999	(10,060)
		2,069	**(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES**			594
		293	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			56
		-	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve			-
		-	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			-
		3,019	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(12,205)
		3,312	**OTHER COMPREHENSIVE INCOME & EXPENDITURE**			(12,149)
		5,381	**TOTAL COMPREHENSIVE INCOME & EXPENDITURE**			(11,555)

BALANCE SHEET AS AT 31 MARCH 2014

31 March 2012 £'000	31 March 2013 £'000		31 March 2014 £'000	Notes Ref.
15,274	15,000	Property Plant & Equipment	15,149	12
-	-	Heritage Assets	-	13
2,417	2,489	Investment Property	2,938	14
695	468	Intangible Assets	299	15
-	-	Assets Held for Sale	-	21
-	-	Long Term Investments	-	16
1	60	Long Term Debtors	140	16
18,387	18,017	**Long Term Assets**	18,526	
5,533	5,707	Short Term Investments	4,859	16
-	-	Assets Held for Sale	10	21
94	90	Inventories	83	17
1,468	1,038	Short Term Debtors	2,558	19
273	364	Cash and Cash Equivalents	307	20
7,368	7,199	**Current Assets**	7,817	
-	-	Cash and Cash Equivalents	-	20
-	-	Short Term Borrowing	-	16
(2,907)	(4,071)	Short Term Creditors	(4,354)	22
(178)	(164)	Other Short Term Liabilities	(109)	16
-	(11)	Provisions	(534)	23
-	-	Liabilities in Disposal Groups	-	
(138)	-	Revenue Grants Receipts in Advance	-	34
(3,223)	(4,246)	**Current Liabilities**	(4,997)	
-	-	Long Term Creditors	-	16
-	-	Provisions	-	23
-	-	Long Term Borrowing	-	16
(22,785)	(26,768)	Liability Related to Defined Pension Scheme	(15,575)	40
(295)	(131)	Other Long Term Liabilities	(145)	16
-	-	Donated Assets Account	-	34
-	-	Capital Grants Received in Advance	-	34
(23,080)	(26,899)	**Long Term Liabilities**	(15,720)	
(548)	(5,929)	**Net Assets / (Liabilities)**	5,626	
4,377	3,111	Usable Reserves	3,822	24
(4,925)	(9,040)	Unusable Reserves	1,804	25
(548)	(5,929)	**Total Reserves**	5,626	

CHIEF FINANCE OFFICER'S CERTIFICATE
I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2014

Signed: P Johnson P C Johnson
FINANCE MANAGER (S151) 30 JUNE 2014

CASH FLOW STATEMENT
For the Year Ended 31 March 2014

2012/13 Restated(see page 8) £'000		2013/14 £'000
2,069	Net (surplus) or deficit on the provision of services	594
(2,379)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26)	(2,496)
547	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2281
237	Net cash flows from Operating Activities	379
649	Investing Activities (Note 28)	(1,134)
(977)	Financing Activities (Note 29)	812
(91)	Net (increase) or decrease in cash and cash equivalents	57
(273)	Cash and cash equivalents at the beginning of the reporting period	(364)
364	**Cash and cash equivalents at the end of the reporting period (Note 20)**	**307**

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2011. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii 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:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

NOTES TO THE ACCOUNTS

iv. Exceptional Items

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) 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.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following to record the real cost of holding fixed assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority 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 line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of 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 payable by the Authority 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 Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Authority participate in the Local Government Pension Scheme, administered by North Yorkshire County Council.

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

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

- The liabilities of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

- The assets of the North Yorkshire pension fund attributable to the Authority 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 the following components:

- Service Cost Comprising:

  -current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked

  -past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

  -net interest cost on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising :

  -the return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- contributions paid to the North Yorkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Authority 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.

viii. Events After the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

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

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

ix. Financial Instruments

Financial Liabilities

The Code requires the fair value of each class of financial liability to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. However, the Code also states that fair value disclosures are not required for short-term trade payables since the carrying amount is a reasonable approximation of fair value.

The Authority did not enter any borrowing arrangements during the financial year and had no loan debt on the Balance Sheet, therefore no fair value adjustment was required and no transfer to or from the Financial Instruments Adjustment Account was made.

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; and
- Available-for-sale assets – assets that have a quoted market price and / or do not have fixed or determinable payments.

The Code requires the fair value of each class of financial asset to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. Any changes in fair value are balanced by an entry in the Available-for-Sale Reserve. The Code also states that fair value disclosures are not required for short-term trade receivables since the carrying amount is a reasonable approximation of fair value.

The Authority did not enter into any available-for-sale asset arrangements during the financial year.

Loans and Receivables

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

The council operates 2 loan schemes, Property and Landlord Improvement Loans. Loans made under these schemes are repayable at any point within a period ranging between 5 and 10 years. These loans have not been treated as soft loans on the grounds of materiality.

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

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

Available-for Sale Assets

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

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; and
- Equity shares with no quoted market prices – independent appraisal of company valuations.

During the financial year 2013/14 the Authority did not enter any financial instrument transactions.

x. <u>Foreign Currency Translation</u>

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

xi. Government Grants and Contributions

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

- the Authority will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Authority 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 Income (non-ringfenced revenue grants) in the Comprehensive Income and Expenditure Statement.

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

xii. Heritage Assets

Heritage assets are recognised and held at valuation rather than at fair value and under certain conditions at historical cost. The treatment of revaluation gains and losses are in accordance with the Authority's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note xviii in this summary of significant accounting policies.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority, e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xv. Investment Property

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain to the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi. Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease debtor (together with any premiums received); and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

xvii. <u>Overheads and Support Services</u>

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 Authority's status as a multi-functional democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on non-current Assets Held for Sale and Assets under Construction.

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 Expenditure on Continuing Services.

xviii. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential i.e. repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition does not have commercial substance, i.e. it will not lead to a variation in the cash flows of the Authority. In the latter case, where an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost; and
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as a proxy for fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value i.e. vehicles, plant, furniture and equipment.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that the carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Any increase in valuations is matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- 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); and

- 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.

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

Impairment

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

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

- 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 in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line 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.

Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer; and

- Vehicles, plant furniture and equipment – straight line allocation over the useful life of the asset.

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

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.

Disposals and Non-current Assets Held for Sale

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

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

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

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against 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 General Fund Balance in the Movement in Reserves Statement.

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Further information can be found at note 23 to the accounts.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xx. Reserves

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

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

xxi. Revenue Expenditure Funded from Capital under Statute

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

xxii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET BEEN ADOPTED

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2014 for 2013/14). Disclosure requirements are expected to be included in a subsequent edition of the Code.

IFRS 13 Fair Value Measurement (May 2011)

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IAS 27 Separate Financial Statements (as amended in 2011)

IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)

IAS 32 Financial Instruments: Presentation

Annual Improvements to IFRSs 2009 – 2011 Cycle.

It is anticipated that details of the disclosures required for most of these changes will be included in the Code of Practice issued for 2014/15

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

That there is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the County Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.

The Authority will assess the degree of componentisation within its net-current asset portfolio, as part of the five year rolling programme of non-current asset valuations. A review of Authority's current properties concluded that no components could be identified which were of a material value when compared to the entire value of the individual non-current asset or which would materially impact on the useful remaining life of the asset. On an annual basis the Authority will review Capital Expenditure to assess if any new material components have been added to the Authority's non-current asset portfolio.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.001m.
Arrears	At 31 March 2014, the Authority had a balance for short term debtors of £2.720m. A review of significant balances suggested that an impairment of doubtful debts of 17.9% (£487k) was appropriate. However, in the current economic climate it is not certain that this allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £487,000 to be set aside as an allowance.

5. MATERIAL ITEMS OF INCOME AND EXPENSES

There are no material items of income and expenditure in 2013/14 that warrant separate disclosure.

6. EVENTS AFTER THE REPORTING PERIOD

Under IAS 10 the Authority is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts. The Statement of Accounts was issued by the responsible financial officer, Peter Johnson Finance Manager (s151) on 30 June 2014.

All events between the balance sheet date and the issue date have been considered and there are no Adjusting Post Balance Sheet event to disclose.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for those purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2013/14 Adjustments

2013/14	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	709	-	-	(709)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	527	-	-	(527)
Amortisation of intangible assets	169	-	-	(169)
Capital grants and contributions applied	(1,885)	-	-	1,885
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	1,174	-	-	(1,174)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	321	-	-	(321)
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(193)	-	-	193
Capital expenditure charged against the General Fund	(1,126)	-	-	1,126
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(62)	-	62	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(321)	321	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(321)	-	321
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Capital receipts unattached to non-current assets	(4)	4	-	-
Repayment of principal on loans	-	9	-	(9)

Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	2,216	-	-	(2,216)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,204)	-	-	1,204
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	906	-	-	(906)
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3	-	-	(3)
Total Adjustments	**1,230**	**13**	**62**	**(1,305)**

2012/13 (Restated) Comparative Figures

2012/13 Comparative Figures Restated (see page 8)	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	676	-	-	(676)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	(72)	-	-	72
Amortisation of intangible assets	252	-	-	(252)
Capital grants and contributions applied	(532)	-	-	532
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	1,185	-	-	(1,185)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3	-	-	(3)
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(178)	-	-	178
Capital expenditure charged against the General Fund	(1,436)	-	-	1,436
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Capital receipts unattached to non-current assets	(14)	14	-	-
Repayment of principal on loans	-	1	-	(1)

Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	2,300	-	-	(2,300)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,336)	-	-	1,336
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(64)	-	-	64
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	-	-	(4)
Total Adjustments	**788**	**15**	**-**	**(803)**

8. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/14.

	Balance At 31/03/12 £000	Transfers Out 2012/13 £000	Transfers In 2012/13 £000	Balance At 31/03/13 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance At 31/03/14 £000
General Reserve	648	(52)	-	596	(50)	-	546
Capital Fund	2,133	(1,436)	186	883	(1,125)	847	605
Collection Fund Equalisation Reserve	-	-	-	-	-	968	968
Ryedale Developm't Fund	-	-	370	370	(69)	-	301
Election Reserve	13	-	15	28	-	15	43
Grants Reserve	323	(98)	69	294	(140)	-	154
IT Fund	125	(16)	10	119	(19)	8	108
ICE Fund	195	(48)	-	147	(10)	160	297
Local Developm't Framework Reserve	50	-	-	50	(50)	50	50
Operational Reserve	572	(205)	13	380	(37)	38	381
Restructure Reserve	191	(89)		102	-	50	152
Total	**4,250**	**(1,944)**	**663**	**2,969**	**(1,500)**	**2,136**	**3,605**

The main purpose of the reserves is as follows:

(a) The General Reserve receives or contributes to differences in the estimated to actual net expenditure on the Revenue Account. It provides a working balance for the day-to-day revenue costs and income and meets any unforeseen liabilities not provided elsewhere in the accounts.

(b) The Capital Fund is the reserve that holds the resources from the revenue stream of funding to be applied to the capital programme.

(c) The Improvement, Contingency & Emergency (ICE) Fund is available for a number of purposes that include meeting the cost of unexpected significant revenue items and initial financial support to achieve efficiency savings.

(d) The Authority provides grants and loans to voluntary bodies and other organisations to help establish and improve a variety of facilities throughout the District. Grants are also issued to support rural community transport initiatives. If funds made available are not fully utilised during a particular year, the remaining budget provision is transferred into this reserve to help off-set expenditure in future years.

(e) An Election Reserve is used to equalise the effect of the four yearly District Election costs.

(f) An Information Technology (IT) Fund is used to finance the purchase and renewal of items of computer equipment such as personal computers, printers and associated software.

(g) The Operational Reserve allows Service Units to set aside a proportion of savings in their budgets earmarked to be used in later years. It also includes revenue grants with no conditions that have been recognised in the Comprehensive Income and Expenditure Statement and are identified for specific services but not yet applied.

(h) The Restructure Reserve was established to cover the set-up costs associated with the restructure of the Council.

(i) A reserve was established to cover the additional cost associated with accelerating the completion of the Local Development Framework.

(j) The Ryedale Development Fund has been established from the balance of the 2012/13 New Homes Bonus. The fund offers financial assistance to a range of initiatives aimed at supporting the economy and employment within the Ryedale area.

(k) The Collection Fund Equalisation Reserve evens out the financial impact of the new Business Rates Retention Regulations within the Comprehensive Income and Expenditure Account.

9. OTHER OPERATING EXPENDITURE

2012/13 £000		2013/14 £000
660	Parish council precepts	630
-	Payments to the Government Housing Capital Receipts Pool	-
3	(Gains)/losses on the disposal of non-current assets	-
(13)	Capital receipts unattached to non-current assets	(5)
650	Total	625

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2012/13 Restated £000		2013/14 £000
32	Interest payable and similar charges	16
1,102	Pensions net interest on the net defined benefit liability/(asset)	1,117
(112)	Interest receivable and similar income	(72)
(103)	Income and expenditure in relation to investment properties and changes in their fair value	511
919	Total	1,572

11. TAXATION AND NON SPECIFIC GRANT INCOME

2012/13 £000		2013/14 £000
(4,490)	Council tax income	(4,211)
(3,146)	Non domestic rates income and expenditure	(1,324)
(669)	Non-ringfenced government grants	(3,052)
-	Capital grants and contributions	(1,473)
(8,305)	Total	(10,060)

NOTES TO THE ACCOUNTS

12. PROPERTY, PLANT AND EQUIPMENT

Movements on Balance Sheet

Movements in 2013/14

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2013	**13,185**	**4,765**	**-**	**418**	**518**	**1,146**	**20,032**
Additions	261	215	-	33	14	1,697	2,220
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(103)	-	-	(5)	(50)	-	(158)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	65	-	-	(34)	(68)	-	(37)
Derecognition – disposals	-	(496)	-	-	-	-	(496)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	(10)	-	(10)
Other movements in cost or valuation	1,629	-	-	40	(129)	(2,843)	(1,303)
At 31 March 2014	**15,037**	**4,484**	**-**	**452**	**275**	**-**	**20,248**
Accumulated Depreciation and Impairment							
At 1 April 2013	**1,148**	**3,879**	**-**	**-**	**5**	**-**	**5,032**
Depreciation charge	308	363	-	-	-	-	671
Depreciation written out to the Revaluation Reserve	(2)		-	-	-	-	(2)
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	(101)	-	-	-	-	-	(101)
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(496)	-	-	-	-	(496)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	(5)	-	(5)
At 31 March 2014	**1,353**	**3,746**	**-**	**-**	**-**	**-**	**5,099**
Net Book Value							
At 31 March 2014	**13,684**	**738**	**-**	**452**	**275**	**-**	**15,149**
At 31 March 2013	**12,037**	**886**	**-**	**418**	**513**	**1,146**	**15,000**
Owned asset as at 31 March 2014	13,684	489	-	452	275	-	14,900
Asset acquired under finance lease as at 31 March 2014	-	249	-	-	-	-	249
Total	**13,684**	**738**	**-**	**452**	**275**	**-**	**15,149**

Comparative Movements in 2012/13

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2012	13,144	4,967	-	376	518	869	19,874
Additions	360	19	-	42	-	277	698
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(292)	-	-	-	-	-	(292)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(27)	-	-	-	-	-	(27)
Derecognition – disposals	-	(221)	-	-	-	-	(221)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
At 31 March 2013	**13,185**	**4,765**	**-**	**418**	**518**	**1,146**	**20,032**
Accumulated Depreciation and Impairment							
At 1 April 2012	859	3,737	-	-	4	-	4,600
Depreciation charge	289	360	-	-	1	-	650
Depreciation written out to the Revaluation Reserve	-		-	-	-	-	
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(218)	-	-	-	-	(218)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2013	**1,148**	**3,879**	**-**	**-**	**5**	**-**	**5,032**
Net Book Value							
At 31 March 2013	**12,037**	**886**	**-**	**418**	**513**	**1,146**	**15,000**
At 31 March 2012	**12,285**	**1,230**	**-**	**376**	**514**	**869**	**15,274**
Owned asset as at 31 March 2013	12,037	607	-	418	513	1,146	14,721
Asset acquired under finance lease as at 31 March 2013	-	279	-	-	-	-	279
Total	**12,037**	**886**	**-**	**418**	**513**	**1,146**	**15,000**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – 10-60 years
- Vehicles, Plant, Furniture & Equipment - 5-10 years

Capital Commitments

At 31 March 2014 the Authority had entered into contracts for the construction or enhancement of Property Plant and Equipment in 2013/14 and future years at an estimated cost of £24k (£1.125m in 2012/13).

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out internally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Charted Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic cost.

Valuation of properties was carried out internally and was completed in accordance with the methodologies and bases for estimation set out in the standards of the Royal Institution of Chartered Surveyors.

During 2013/14 there were no significant revaluations of Property, Plant and Equipment as there was a full revaluation of assets in 2009/10. An adjustment to the revaluation in that year was recorded in 2010/11.

13. HERITAGE ASSETS

In compliance with the 2013/14 Code, the Authority has reviewed its assets and concluded that there is no reclassification of assets to heritage assets to disclose in the accounts.

14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2013/14 £000	2012/13 £000
Rental Income from Investment Property	197	170
Net gain / (loss) from fair value adjustment	(527)	72
	(330)	242
Direct operating expenses arising from investment property	(181)	(139)
Net gain / (loss)	(511)	103

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year.

	2013/14 £000	2012/13 £000
Balance at start of the year	**2,489**	**2,417**
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	-	-
Disposals	(321)	-
Net gains / (losses) from fair value adjustments	(527)	72
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	1,297	-
Other changes	-	-
Balance at end of the year	**2,938**	**2,489**

15. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Authority are:

	Internally Generated Assets	Other Assets
5 Years	None	Revenues and benefits system Electronic document management system Cash receipting system Financial management system

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £169k charged to revenue in 2013/14 was charged direct to services where appropriate, however, an element was charged to the IT Administration cost centre and then as overhead across the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2013/14			2012/13		
	Internally Generated Assets £'000	Other Asset Costs £'000	Total £'000	Internally Generated Assets £'000	Other Asset Costs £'000	Total £'000
Balance at start of year:						
Gross carrying amounts	-	1,579	1,579	-	1,573	1,573
Accumulated amortisation	-	(1,111)	(1,111)	-	(878)	(878)
Net carrying amount at start of year	-	468	468	-	695	695
Additions:						
Internal development	-	-	-	-	-	-
Purchases	-	-	-	-	25	25
Acquired through business combinations	-	-	-	-	-	-
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	(382)	(382)	-	(19)	(19)
Revaluation increases or decreases	-	-	-	-	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Reversal of amortisation on disposal	-	382	382	-	19	19
Amortisation for the period	-	(169)	(169)	-	(252)	(252)
Other changes	-	-	-	-	-	-
Net carrying amount at year end	-	299	299	-	468	468
Compromising:						
Gross carrying amounts	-	1,197	1,197	-	1,579	1,579
Accumulated amortisation	-	(898)	(898)	-	(1,111)	(1,111)
	-	299	299	-	468	468

There is one item of capitalised software that is individually material to the financial statements:

	Carrying Amount		Remaining Amortised period
	31 March 2014 £000	31 March 2013 £000	
Revenues and benefits system	158	241	2 years

The Authority has no capital commitments outstanding for the acquisition of intangible assets.

16. FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term			Current		
	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Investments						
Loans and receivables	-	-	-	4,859	5,707	5,533
Available-for-sale financial assets	-	-	-	-	-	-
Unquoted equity investment at cost	-	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Total Investments	**-**	**-**	**-**	**4,859**	**5,707**	**5,533**
Debtors						
Loans and receivables	140	60	1	-	-	-
Financial assets carried at contract amounts	-	-	-	2,233	1,038	1,468
Total Debtors	**140**	**60**	**1**	**2,233**	**1,038**	**1,468**
Borrowings						
Financial liabilities at amortised cost	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Total Borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Other Liabilities						
Finance lease liabilities	(145)	(131)	(295)	(109)	(164)	(178)
Total Other Liabilities	**(145)**	**(131)**	**(295)**	**(109)**	**(164)**	**(178)**
Creditors						
Financial liabilities at amortised cost	-	-	-	-	-	-
Financial liabilities carried at contract amount	-	-	-	4,354	4,071	2,907
Total Creditors	**-**	**-**	**-**	**4,354**	**4,071**	**2,907**

Fair value of Assets and Liabilities

	Fair value			Historic cost		
	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Loans and receivables	4,861	5,710	5,543	4,859	5,707	5,533

There is no difference between the carrying value and fair value of the Authority's debtors and creditors. Minimum future lease payments are disclosed in note 37.

NOTES TO THE ACCOUNTS

17. INVENTORIES

	Consumable Stores		Client Services Work in Progress		Property Acquired or Constructed for Sale		Total	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Balance outstanding at start of year	**90**	**94**	**-**	**-**	**-**	**-**	**90**	**94**
Purchases	422	439	-	-	-	-	422	439
Recognised as an expense in the year	(429)	(443)	-	-	-	-	(429)	(443)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
Balance outstanding at year-end	**83**	**90**	**-**	**-**	**-**	**-**	**83**	**90**

18. CONSTRUCTION CONTRACTS

As at the 31 March 2014 the Authority had no significant contracts in progress.

19. DEBTORS

	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Central government bodies	841	108	727
Other local authorities	235	177	98
NHS Bodies	-	-	-
Public corporations and trading funds	-	-	-
Other entities and individuals	1,482	753	643
Total	2,558	1,038	1,468

20. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements

	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Cash held by the Council	262	182	88
Bank current account	(15)	132	115
Special Interest Bearing Account	60	50	70
Total Cash and Cash Equivalents	307	364	273

NOTES TO THE ACCOUNTS

21. ASSETS HELD FOR SALE

	Current		Non Current	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Balance outstanding at start of year	**-**	**-**	**-**	**-**
Assets newly classified as held for sale:				
Property, Plant and equipment	10	-	-	-
Intangible Assets	-	-	-	-
Revaluation losses	-	-	-	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Assets sold	-	-	-	-
Transfers from non-current to current	-	-	-	-
Balance outstanding at year end	**10**	**-**	**-**	**-**

22. CREDITORS

	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Central government bodies	450	728	201
Other local authorities	1,698	928	625
NHS Bodies	-	-	-
Public corporations and trading funds	-	-	-
Other entities and individuals	2,206	2,415	2,081
Total	4,354	4,071	2,907

23. PROVISIONS

2013/14	Municipal Mutual Insurance £000	Business Rate Retention Appeals £000	Local Land Charges Restitution Claim £000	Total £000
Balance at 1 April 2013	11	-	-	11
Additional Provisions made in 2013/14	-	508	26	534
Amounts used in 2013/14	(11)	-	-	(11)
Unused amounts reversed in 2013/14	-	-	-	-
Total	-	508	26	534

2012/13	Municipal Mutual Insurance £000	Business Rate Retention Appeals £000	Local Land Charges Restitution Claim £000	Total £000
Balance at 1 April 2012	-	-	-	-
Additional Provisions made in 2012/13	11	-	-	11
Amounts used in 2012/13	-	-	-	-
Unused amounts reversed in 2012/13	-	-	-	-
Total	11	-	-	11

Municipal Mutual Insurance

Municipal Mutual Insurance Limited (MMI) was the Council's insurer and ceased accepting new business in September 1992. A contingent 'Scheme of Arrangement', established under section 425 of the Companies Act 1985 and of which the Council is a member, was put in place to ensure an orderly run-off of MMI. The scheme enables MMI to 'claw-back', by way of a levy, part of all settlements paid on behalf of members of the scheme since 1993 should MMI's investment income net of operating expenses be insufficient to meet further claims in full. The directors of MMI have triggered the Scheme of Arrangement following a judgement handed down by the Supreme Court, which increases MMI's exposure to asbestos related insurance claims. Ernst & Young LLP have modelled a number of projected outcomes to achieve a solvent run-off of MMI resulting in a requirement to levy ranging between 9.5% and 28%. The initial levy was set at 15%, this was provided for within the 2012/13 accounts and has subsequently been paid in 2013/14. See also contingent liabilities (note 41).

Provision for Business Rate Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2014.

Ryedale District Council, as the business rates billing authority, acts as an agent on behalf Central Government, North Yorkshire County Council, North Yorkshire Fire & Rescue Service and themselves and are required to make a provision for any refunds that may become payable to ratepayers following successful appeals against the rateable value of their properties on the ratings list.

The Council retains a 40% share of net business rates income under the new localised scheme. The amount shown in the Council's Balance Sheet reflects the Council's proportion of the appeals provision as at 31 March 2014.

Local Land Charges Restitution Claim

A group of property search companies are seeking to claim refunds of fees paid to the Council to access land charges data. Based on current information the Council has provided for a settlement of £26k.

There are no other significant events that have taken place that would give the Authority a legal or constructive obligation to provide any material provision for the financial year ending 31 March 2014.

24. USABLE RESERVES

1 April 2012 £'000	31 March 2013 £000		31 March 2014 £000
4,250	2,969	Earmarked General Fund Reserves	3,605
127	142	Capital Receipts Reserve	155
-	-	Capital Grants Unapplied	62
4,377	**3,111**	**Total Usable Reserves**	**3,822**

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

Earmarked General Fund Reserves

Details of the movements within the individual earmarked reserves are shown in note 8, together with an explanation of the purpose of each reserve.

Capital Receipts Reserve

2012/13 £000		2013/14 £000
127	Balance at 1 April	142
-	Receipts from disposal of non-current assets	321
15	Other receipts	13
142		476
-	Receipts used to finance capital expenditure	(321)
142	**Balance at 31 March**	**155**

The Capital Receipts Reserve holds cash received from the disposal of non-current assets, or other money received that can be applied towards financing capital expenditure or repay loan debt.

Capital Grants Unapplied

2012/13 £000		2013/14 £000
-	Balance at 1 April	-
-	Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred	62
-		62
-	Grants used to finance capital expenditure	-
-	**Balance at 31 March**	62

This reserve retains the receipts of grants and contributions from central government and other funding organisations available to finance capital expenditure and will be applied to fund relevant projects in future years.

25. UNUSABLE RESERVES

31 March 2012 £000	31 March 2013 £000		31 March 2014 £000
3,610	3,241	Revaluation Reserve	3,098
-	-	Available for Sale Financial Instruments Reserve	-
14,304	14,481	Capital Adjustment Account	15,184
-	-	Financial Instruments Adjustm't Account	-
-	-	Deferred Capital Receipts Reserve	-
(22,785)	(26,768)	Pensions Reserve	(15,575)
57	121	Collection Fund Adjustment Account	(785)
(111)	(115)	Accumulated Absences Account	(118)
(4,925)	**(9,040)**	**Total Unusable Reserves**	**1,804**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property Plant and Equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2012/13 £000		£000	2013/14 £000
3,610	**Balance at 1 April**		3,241
-	Upward revaluation of assets	171	
(293)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(227)	
(293)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(56)
(76)	Difference between fair value depreciation and historical cost depreciation	(87)	
-	Accumulated gains on assets sold or scrapped	-	
(76)	Amount written off to the Capital Adjustment Account		(87)
3,241	**Balance at 31 March**		3,098

Available for Sale Financial Instruments Reserve

The Authority has not entered into any available-for-sale asset arrangements during the financial year.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

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

Note 7 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2012/13 £000		£'000	2013/14 £000
14,304	**Balance at 1 April**		14,481
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(676)	• Charges for depreciation and impairment of non-current assets	(709)	
-	• Revaluation losses on Property, Plant and Equipment	-	
(252)	• Amortisation of Intangible Assets	(169)	
(3)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(321)	
(1,185)	• Revenue Expenditure Funded by Capital Under Statute	(1,174)	
(2,116)			(2,373)
76	Adjusting amounts written out of the Revaluation Reserve		87
12,264	Net written out amount of the cost of non-current assets consumed in the year		12,195
	Capital financing applied in the year:		
-	• Use of the capital receipts reserve to finance new capital expenditure	321	
532	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	1,885	
-	• Application of grants to capital financing from the Capital Grants Unapplied Account	-	
178	• Statutory provision for the financing of capital investment charged against the General fund	193	
1,436	• Capital expenditure charged against the General Fund	1,126	
2,146			3,525
72	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(527)
-	Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		
(1)	Movements in Long-term Debtors		(9)
14,481	**Balance at 31 March**		15,184

Financial Instruments Adjustment Accounts

The Financial Instruments Adjustment Account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The account balance is nil.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority's accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2012/13 Restated £000		2013/14 £000
(22,785)	Balance at 1 April	(26,768)
(3,019)	Re-measurements of the net defined benefit liability/(asset)	12,205
(2,300)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,216)
1,336	Employer's pensions contributions and direct payments to pensioners payable in the year	1,204
(26,768)	Balance at 31 March	(15,575)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve 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 Authority would not treat these gains as usable for the financing of new capital expenditure until they are by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

There were no gains during the 2013/14 financial year.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences 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 and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2012/13 £000		2013/14 £000
57	Balance at 1 April	121
64	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(906)
121	Balance at 31 March	(785)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2012/13 £000		£000	2013/14 £000
(111)	Balance at 1 April		(115)
111	Settlement or cancellation of accrual made at the end of the preceding year	115	
(115)	Amount accrued at the end of the current year	(118)	
(4)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(3)
(115)	Balance at 31 March		(118)

26. CASH FLOW STATEMENT – ADJUST NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2012/13 Restated £000		2013/14 £000
(649)	Depreciation	(671)
(27)	Impairment and downward valuations	(565)
(252)	Amortisation	(169)
-	Increase / decrease in impairment for bad debts	-
(350)	Increase / decrease in Creditors	(257)
(192)	Increase / decrease in Debtors	1,028
(4)	Increase / decrease in Stock	(7)
(963)	Increase / decrease in pension liability	(1,011)
(3)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(321)
61	Other non-cash items charged to the net surplus or deficit on the provision of services	(523)
(2,379)		(2,496)

27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2012/13 £000		2013/14 £000
(112)	Interest received	(70)
32	Interest paid	16
-	Dividends received	-

28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2012/13 £000		2013/14 £000
799	Purchase of property, plant and equipment, investment property and intangible assets	1,917
22,200	Purchase of short-term and long-term investments	16,350
60	Other payments for investing activities	89
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(321)
(22,000)	Proceeds from short-term and long-term investments	(17,200)
(410)	Other receipts from investing activities	(1,969)
649	Net cash flows from investing activities	(1,134)

29. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2012/13 £000		2013/14 £000
-	Cash receipts of short and long term borrowing	-
(1,155)	Other receipts from financing activities	619
178	Cash payments for the reduction of the outstanding liabilities relating to finance leases	193
-	Repayments of short and long-term borrowing	-
-	Other payments for financing activities	-
(977)	Net cash flows from financing activities	812

30. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Authority's committees on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

2013/14

Committee Income and Expenditure	Commissioning Board £000	Policy & Resources £000	Total £000
Fees, charges & other service income	3,059	1,209	4,268
Government grants	283	12,250	12,533
Total Income	**3,342**	**13,459**	**16,801**
Employee expenses	2,824	2,047	4,871
Other service expenses	4,113	13,271	17,384
Support service recharges	808	1,015	1,823
Total Expenditure	**7,745**	**16,333**	**24,078**
Net Expenditure	**4,403**	**2,874**	**7,277**

2012/13 Comparative Figures

Committee Income and Expenditure	Commissioning Board £000	Policy & Resources £000	Total £000
Fees, charges & other service income	3,122	843	3,965
Government grants	528	15,598	16,126
Total Income	**3,650**	**16,441**	**20,091**
Employee expenses	2,834	2,071	4,905
Other service expenses	3,551	17,164	20,715
Support service recharges	920	1,127	2,047
Total Expenditure	**7,305**	**20,362**	**27,667**
Net Expenditure	**3,655**	**3,921**	**7,576**

Reconciliation of Income and Expenditure to the Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2013/14 £000	2012/13 Restated £000
Net expenditure in the Committee Analysis	7,277	7,576
Net expenditure of service and support services not included in the Analysis	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	1,180	1,229
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-	-
Cost of Services in Comprehensive Income and Expenditure Statement	**8,457**	**8,805**

NOTES TO THE ACCOUNTS

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2013/14

	Committee Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	4,240	-	4,240	-	4,240
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	(439)	(439)
Income from council tax	-	-	-	5,535	5,535
Government grants and contributions	12,561	-	12,561	4,525	17,086
Total Income	**16,801**	**-**	**16,801**	**9,621**	**26,422**
Employee expenses	4,871	464	5,335	-	5,335
Other service expenses	17,384	-	17,384	-	17,384
Support service recharges	1,823	-	1,823	-	1,823
Depreciation, amortisation and impairment	-	716	716	-	716
Interest payments	-	-	-	1,133	1,133
Precepts & levies	-	-	-	630	630
Gain or loss on disposal of non-current assets	-	-	-	-	-
Capital receipts unattached to non-current assets	-	-	-	(5)	(5)
Total Expenditure	**24,078**	**1,180**	**25,258**	**1,758**	**27,016**
Surplus or Deficit on the Provision of Services	**7,277**	**1,180**	**8,457**	**(7,863)**	**594**

2012/13 (Restated) Comparative Figures

	Committee Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	3,965	-	3,965	-	3,965
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	215	215
Income from council tax	-	-	-	7,636	7,636
Government grants and contributions	16,126	-	16,126	669	16,795
Total Income	**20,091**	**-**	**20,091**	**8,520**	**28,611**
Employee expenses	4,905	573	5,478	-	5,478
Other service expenses	20,715	-	20,715	-	20,715
Support service recharges	2,047	-	2,047	-	2,047
Depreciation, amortisation and impairment	-	656	656	-	656
Interest payments	-	-	-	1,134	1,134
Precepts & levies	-	-	-	660	660
Gain or loss on disposal of non-current assets	-	-	-	3	3
Capital receipts unattached to non-current assets	-	-	-	(13)	(13)
Total Expenditure	**27,667**	**1,229**	**28,896**	**1,784**	**30,680**
Surplus or Deficit on the Provision of Services	**7,576**	**1,229**	**8,805**	**(6,736)**	**2,069**

31. MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year:

	2013/14 £000	2012/13 £0000
Allowances	122	121
Expenses	7	8
Total	129	129

A summary of payments made to each member is publicised through the Authority's website and is also available for viewing at the reception of the administrative offices.

32. OFFICERS REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Job Title	Year	Salary, fees and allowances £	Bonuses £	Expenses allowances £	Compen-sation for loss of office £	Pension contribution £	Total £
Chief Executive	2013/14	104,460	-	5,505	-	13,684	123,649
	2012/13	104,460	-	5,505	-	13,684	123,649
Corporate Director (s151)	2013/14	70,291	-	963	-	9,208	80,462
	2012/13	70,000	-	963	-	9,170	80,133
Head of Health & Environment	2013/14	55,104	-	1,699	-	7,218	64,021
	2012/13	54,558	-	1,667	-	7,147	63,372
Head of Corporate Services	2013/14	55,104	-	963	-	7,218	63,285
	2012/13	54,558	-	963	-	7,147	62,668
Head of Economy & Infrastructure	2013/14	55,104	-	963	-	7,218	63,285
	2012/13	54,558	-	963	-	7,147	62,698
Head of Planning & Housing	2013/14	55,104	-	1,787	-	7,218	64,109
	2012/13	54,558	-	2,822	-	7,147	64,527
Council Solicitor	2013/14	55,104	-	963	-	7,218	63,285
	2012/13	53,332	-	963	-	6,987	61,282

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2013/14 Number of employees	2012/13 Number of employees
£50,000 - £54,999	1	1
£55,000 - £59,999	5	4
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	1	2
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	1	1

33. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	2013/14 £'000	2012/13 £'000
* Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	48	50
* Fees payable to Deloitte LLP in respect of statutory inspections	-	-
* Fees payable to Deloitte LLP for the certification of grant claims and returns for the year	21	35
* Fees payable in respect of other services provided by Deloitte LLP during the year	-	-
	69	85

34. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14:

	2013/14 £000	2012/13 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	2,152	61
New Homes Bonus	708	404
Council Tax Freeze Grant	38	94
Council Tax Reform Grant	32	84
Transitional Grant to Rural Local Authorities	62	-
Small Business Rate Relief Grant	395	-
Other Grants	60	26
Total	**3,447**	**669**
Credited to Services:		
Government Grants:		
Disabled Facilities Grant	205	239
Regional Housing Board Pot	-	-
Housing Benefit Subsidy and Rent Rebate	11,820	11,718
Council Tax Benefit Subsidy	-	3,350
Housing Benefit & Council Tax Benefit Administration	289	303
Homelessness	-	85
Safer Stronger Communities	20	15
HCA Grant	1,449	-
Other government grants	36	18
Non Government Grants:		
Flood Defence Grant	-	138
Recycling	51	51
Moved to govt grants above		
Total	**13,870**	**15,917**
Contributions	**331**	**159**

As at the 31st March 2014 the Authority has no grants, contributions or donations that have yet to be recognised as income as they have conditions attached to them (31 March 2013 £nil).

35. RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties, e.g. council tax bills, housing benefits. Grants received from government departments are set out in Note 34.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2013/14 is shown in Note 31.

Officers

The Corporate Director (Section 151), P D Cresswell, of Ryedale District Council is a related party of Veritau North Yorkshire Ltd and the North Yorkshire Building Control Partnership by virtue of being a client officer.

Other Public Bodies

During the year transactions with related parties arose as follows:

		Receipts £'000	Payments £'000
Rye Internal Drainage Board	- *levy*	-	62
Thornton Internal Drainage Board	- *levy*	-	15
Foss Internal Drainage Board	- *levy*	-	3
Muston & Yedingham Internal Drainage Board	- *levy*	-	2
Veritau North Yorkshire Ltd	*see note below*	-	51
North Yorkshire Building Control Partnership	*see note below*	(19)	57

At the end of the financial year the total amount due to and from these related parties was £nil.

With effect from 1 April 2012, Veritau North Yorkshire Ltd provided an internal audit service for a number of local authorities in the region. Ryedale District Council was a full shareholder, other local authorities within the Company being Scarborough BC, Selby DC, Hambleton DC and Richmondshire DC. Ryedale District Council's contribution to the Company's share capital is £2,000 as at 31 March 2014. Previously, the North Yorkshire Audit Partnership provided internal audit services to Ryedale and the other aforementioned district councils but ceased to exist on 31 March 2012.

The North Yorkshire Building Control Partnership provides a building control service on behalf of five councils: Ryedale DC (host authority), Selby DC, Hambleton DC, Scarborough BC and Richmondshire DC. Ryedale District Council's proportion of the Partnership's accumulated reserve is £16,000 as at 31 March 2014.

Entities Controlled or Significantly Influenced by the Council

Community Leisure Ltd is an Industrial Provident Society initially set up to run the Authority's leisure centre and swimming pools. Payment of grant of £293,000 was made to Community Leisure Ltd to support the operation of the leisure facilities in 2013/14.

36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2013/14 £000	2012/13 £000
Opening Capital Financing Requirement	295	473
Capital investment		
Property plant and equipment	2,206	698
Investment properties	13	-
Held for sale assets	1	-
Intangible assets	-	24
Revenue expenditure funded from capital under statute	1,174	1,185
Loans	89	61
Sources of finance		
Capital receipts	(321)	-
Government grants and other contributions	(1,885)	(532)
Sums set aside from revenue		
Direct revenue contributions	(1,125)	(1,436)
Minimum Revenue Provision	(193)	(178)
Closing Capital Financing Requirement	254	295
Explanation of movements in year		
Decrease in underlying need to borrowing (unsupported by government financial assistance)	(193)	(178)
Assets acquired under finance leases	152	-
Increase / (decrease) in Capital Financing Requirement	(41)	(178)

37. LEASES

Authority as Lessee – Finance Leases

The Authority has acquired a number of vehicles under finance leases.

This Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicles acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2014 £000	31 March 2013 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	109	164
Non-current	145	131
Finance costs payable in future years	19	30
Minimum lease payments	273	325

The minimum lease payments will be payable over the following periods:

	Minimum lease payments		Finance lease liabilities	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Not later than one year	118	184	109	164
Later than one year and not later than five years	155	141	145	131
Later than five years	-	-	-	-
	273	325	254	295

Authority as Lessee - Operating Leases

The Authority normally acquires vehicles, plant and equipment using operating leases. The Authority also provides certain employees with lease vehicles under three year contract hire agreements.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2014 £000	31 March 2013 £000
Not later than one year	108	135
Later than one year and not later than five years	97	170
Later than five years	-	-
	205	305

The expenditure charged to the Cost of Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2013/14 £000	2012/13 £000
Minimum lease payments	202	178
Contingent rents	-	-
Sublease payments receivable	-	-
	202	178

Authority as Lessor

The Authority has not leased out property, vehicles or equipment under either finance lease or operating lease arrangements.

38. IMPAIRMENT LOSSES

During 2013/14 the Authority has recognised an impairment loss of £103k in relation to 3 parcels of land. Restrictions on the use of the land have lead to the impairment and one of the parcels of land has now been reclassified as a community asset.

39. TERMINATION BENEFITS

The Authority has not terminated the contracts of any employee in 2013/14.

The number of exit packages that have been agreed, accrued for and charged to the Authority's Comprehensive Income and Expenditure Statement with total cost per band are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
£0 - £20,000	-	-	-	1	-	1	-	£14,125
£20,000 - £60,000	-	-	-	-	-	-	-	-
Total	-	-	-	1	-	1	-	£14,125

40. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered by North Yorkshire County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2013/14 £'000	2012/13 Restated £'000	2013/14 £000	2012/13 Restated £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
• Current service cost	1,118	966	-	-
• Past service costs / (gains)	-	-	-	-
• (Gain)/Loss from settlements	-	251	-	-
Financing and Investment Income and Expenditure				
• Net interest expense	1,068	1,052	31	31
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	2,186	2,269	31	31
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(7241)	2966	(444)	53
• Actuarial gains and losses arising on changes in demographic assumptions	(149)		(4)	
• Actuarial gains and losses arising on changes in financial assumptions	(4,352)		(16)	
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(9,556)	5,235	(433)	84
Movement in Reserves Statement				
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	9,556	(5,235)	433	(84)
Actual amount charged against the General Fund Balance for pensions in the year:				
• Employers contributions payable to scheme	1,187	1,320		
• Retirement benefits payable to pensioners			17	16

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	Local Government: Pension Scheme £'000		Discretionary Benefits £'0000	
	2013/14	2012/13 Restated	2013/14	2012/13 Restated
Present value of the defined benefit obligation	(57,907)	(63,712)	(267)	(717)
Fair value of plan assets	42,599	37,661	-	-
Net liability arising from defined benefit obligation	(15,308)	(26,051)	(267)	(717)

Reconciliation of the Movements in the Fair value of Scheme (Plan) Assets:

	Local Government: Pension Scheme £'000		Discretionary Benefits Arrangements £'000	
	2013/14	2012/13 Restated	2013/14	2012/13 Restated
Opening fair value of scheme assets	37,661	32,634	-	-
Interest income	1,573	1,593	-	-
Remeasurement gain/(loss):				
The return on plan assets, excluding the amount included in the net interest expense	3,832	3,717	-	-
Other	(19)	(19)	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,187	1,320	17	16
Contributions from employees into the scheme	315	306	-	-
Benefits paid	(1,950)	(1,890)	(17)	(16)
Closing fair value of scheme assets	42,599	37,661	-	-

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations).

	Funded liabilities: Local Government Pension Scheme £'000		Unfunded liabilities: Discretionary Benefits £'000	
	2013/14	2012/13 Restated	2013/14	2012/13 Restated
Opening balance at 1 April	63,712	54,770	717	649
Current service cost	1,099	947	-	-
Interest cost	2,640	2,645	31	31
Contribution from scheme participants	315	306	-	-
Remeasurement (gains) and losses:				
Demographic Assumptions	(149)	629	(4)	
Financial Assumptions	(4,352)	6,054	(16)	53
Other	(3,408)	-	(444)	-
Past service costs	-	-	-	-
Losses/(gains) on curtailment	-	251	-	-
Entity combinations	-	-	-	-
Benefits paid	(1,950)	(1,890)	(17)	(16)
Closing balance at 31 March	57,907	63,712	267	717

Local Government Pension Scheme assets comprised:

	31.03.14 £'000	31.03.13 £'000
Cash and cash equivalents		
Cash Instruments (FX)	64	-
Cash accounts	149	151
Net current assets	-	38
Equity Instruments		
UK quoted	8,691	6,514
UK quoted (unitised)	11,715	9,943
Global quoted	7,029	6,516
Emerging markets (unitised)	1,108	1,130
Bonds		
UK Government fixed	2,173	2,599
UK Government indexed	2,812	1,732
Overseas Government fixed	213	678
Overseas Government indexed	85	188
UK corporate (unitised)	2,812	2,712
Euro corporate (unitised)	213	527
International corporate (unitised)	170	264
Property		
UK (Unitised)	2,002	1,394
Alternatives		
DGF (UK unitised)	3,365	3,277
Closing fair value of scheme assets at 31 March	42,601	37,663

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Limited an independent firm of actuaries, estimates for the County Council Fund being based on the full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

	31.03.14	31.03.13
Long-term expected rate return on assets in the scheme:		
Equity investments	7.0%	7.0%
Government bonds	3.4%	2.8%
Other bonds	4.3%	3.9%
Property	6.2%	5.7%
Cash/liquidity	0.5%	0.5%
Other (Dependant on type of asset)	-	-
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.0 yrs	22.6 yrs
Women	25.5 yrs	25.3 yrs
Longevity at 65 for future pensioners:		
Men	25.3 yrs	24.4 yrs
Women	27.8 yrs	27.2 yrs
Rate of Inflation (CPI)	2.4%	2.4%
Rate of increase in salaries	3.9%	4.15%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	4.4%	4.2%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumptions analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the scheme

	Central £'000s	**+0.1%p.a. discount rate** £'000s	**+0.1% p.a. Inflation** £'000s	**+0.1% p.a. pay growth** £'000s	**1 year increase in life expectanc y£'000**
Liabilities	58,174	57,173	59,193	58,392	59,314
Assets	(42,601)	(42,601)	(42,601)	(42,601)	(42,601)
Deficit/(Surplus)	15,573	14,572	16,592	15,791	16,713
Projected Service Cost for next year	998	968	1,029	998	1,021
Projected Net Interest Cost for next year	659	629	704	669	710

Further information can be found in the North Yorkshire Pension Fund's Annual Report that is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.

The Authority also makes payments to the West Yorkshire Superannuation Fund in respect of pension increases for former authorities that amalgamated to form Ryedale. This amounted to £25,899 in 2013/14 (2013/14: £25,283).

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 27 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 2014. The Act provides for scheme regulations to be made within a common framework, to establish a new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipated to pay £1,204,000 expected contributions to the scheme in the year to 31 March 2014.

The weighted average duration of the defined benefit obligation for scheme members 17 years 2013/14 (17 years 2012/13)

41. CONTINGENT LIABILITIES

At 31 March 2014, the Authority had three material contingent liabilities:

Municipal Mutual Insurance
The authority has paid a sum of £11k following the triggering of the scheme of arrangement by Municipal Mutual Insurance Limited (MMI). This figure is an initial levy calculated by the scheme administrators at 15% of settlements paid since 1993. A levy rate of 28% (the top of the range) would require an additional payment of £10k. The total amount of claims payments which would be liable to claw-back, at a levy rate of 100%, is currently £75k.

Property Search Fees
A group of property search companies are seeking to claim refunds of fees paid to the Council to access land charges data. A provision of £26k has been included within the accounts based on current information. In addition it is likely that the Council will be required to pay interest and costs, which are not quantifiable at this stage.

Business Rate Appeals
The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013. Billing authorities acting as agents on behalf of the major preceptors (10%), central government (50%) and themselves (40%) are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

The Council has included a provision of £508k (the overall provision in the Business Rates Collection Fund is £1,269k and this Council's share of the Local Business Rates Retention scheme is 40%) for appeals outstanding on the 31 March 2014. Local businesses can still appeal against the Rateable Value on the 2010 Rating list until 31 March 2017. Therefore there are a number of future financial years where the cost of successful appeals could impact on the Council's Financial Statements. It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Council has therefore made no provision in the accounts.

42. CONTINGENT ASSETS

At 31 March 2014 the Authority had no material contingent assets to report.

43. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

The Authority's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The councils overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates; and
  - Its maximum and minimum exposures to the maturity structure of its debt; and
  - Its maximum and annual exposures to investments maturing beyond a year; and
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings services. The Annual Investment Strategy also considers the maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

This Authority uses the creditworthiness service provided by its treasury advisers. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries

The authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The risk of non recovery applies to all of the authority's deposits but there is no evidence at 31 March 2014 that this was likely to crystallise.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.
The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability in previous financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2014 £'000	Historical Experience of Default %	Historical Experience adjusted for market conditions at 31 March 2014 %	Estimated maximum exposure to default and uncollectability at 31 March 2014 £000	Estimated maximum exposure to default and uncollectability at 31 March 2013 £000
Deposits with Banks and Financial Institutions	4,859	0%	0%	-	-

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The authority currently has no borrowings and all trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall;

- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Changes in interest payable and receivable on variable rate borrowings and investments and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has set an upper limit of 50% variable rate exposure to its investments. However, all investments are currently fixed rate, which helps to reduce uncertainty. The authority continues to keep a proportion of its investments short term to allow for flexibility in interest rate movements.

Price Risk

The Authority does not generally invest in equity shares and is therefore not subject to any price risk, that is, the risk that the authority will suffer loss as a result of adverse movements in the price of financial instruments.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies, therefore it has no exposure to loss arising as a result of adverse movements in exchange rates.

COLLECTION FUND STATEMENT
For the Year Ended 31 March 2014

2012/13 £'000		2013/14 Council Tax £'000	2013/14 Business Rates £'000	NOTE
	INCOME			
(29,815)	Council Tax	(30,792)		
	Transfers from General Fund			
(3,309)	- Council Tax Benefits	-		
(15,527)	Income collectable from business ratepayers		(15,122)	
	Transitional Protection Payments		(115)	
(48,651)	Total Income	(30,792)	(15,237)	
	EXPENDITURE			
	Precepts and Demands:			(2)
22,486	North Yorkshire County Council	20,957		
4,350	North Yorkshire Police & Crime Commissioner	4,054		
1,320	North Yorkshire Fire & Rescue	1,230		
4,426	Ryedale District Council	4,150		
47	Street Lighting Expenses	43		
	Business Rates:			(3)
15,506	Payment to National Pool		-	
	Central Government		8,139	
	Ryedale District Council		6,511	
	North Yorkshire County Council		1,465	
	North Yorkshire Fire & Rescue		163	
111	Allowance for cost of Business Rate Collection		111	
(90)	Provision for non-payment of Business Rates		-	(4)
	Provision for Appeals		1,269	(4)
30	Provision for non-payment of Council Tax	(90)		(4)
48,186	Total Expenditure	30,344	17,658	
(465)	(Surplus) / deficit for the year	(448)	2,421	
(419)	Surplus at 1 April	(884)		
(884)	Surplus at 31 March	(1,332)	2,421	

NOTES ON THE COLLECTION FUND

1. **General**

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised.

The Collection Fund accounts are consolidated with the other accounts of the Council. Transactions are prescribed by legislation and are prepared on an accruals basis. The costs of administering collection are accounted for in the General Fund.

The surplus or deficit on the Collection Fund at the end of the year is required to be distributed to or made good by contributions from the Council, Central Government, North Yorkshire County Council, North Yorkshire Police & Crime Commissioner and North Yorkshire Fire and Rescue Authority in a subsequent financial year.

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013. Billing authorities act as agents on behalf of the major preceptors (10%), central government (50%) and themselves (40%)

2. **Council Tax**

The Council Tax is a tax levied on all domestic properties, in a proportion, which is determined by the valuation band allocated to a property. The Council Tax base, i.e. the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	No of Chargeable Dwellings	No of Equivalent Properties	Ratio	Band D Equivalent Dwellings
A	2,284	1,816	6/9	1,211
B	6,002	5,251	7/9	4,084
C	5,663	4,952	8/9	4,402
D	4,060	3,702	1	3,702
E	3,268	2,982	11/9	3,645
F	1,969	1,831	13/9	2,645
G	1,142	1,049	15/9	1,749
H	104	95	18/9	190
TOTAL	24,492	21,678		21,628
Removal of second homes 10%				74.85
Reduction in Class C Exemption				127.92
Cost of LCTS Scheme				(2,187.65)
Less adjustment for Collection Rate				(343.73)
Council Tax Base				19299.39

NOTES ON THE COLLECTION FUND

The reduction in the Council Tax Base in 2013/14 (2012/13 21,034) is as a result of the changes introduced by the Government to replace the 'Council Tax Benefit' scheme with a 'Localised Support for Council Tax' scheme. The new scheme provides a fixed level of funding to individual Authorities which is recognised within the Authority's Surplus or Deficit on the Provision of Services rather than making payment based on actual discounts awarded which was accounted for through the Collection Fund.

Precepts and demands for 2013/14 are analysed as follows:

	Ryedale DC £'000	NYCC £'000	NYPCC £'000	NYFRA £'000
2013/14 Precept/Demand	4,041	20,409	3,948	1,198
Payment in respect of 2012/13 surplus	109	548	106	32
	4,150	20,957	4,054	1,230

The balance of Council Tax within the Collection Fund is available for funding the precept requirement for the authorities as follows:

	£'000
Ryedale District Council	(183)
North Yorkshire County Council	(918)
North Yorkshire Police & Crime Commissioner	(177)
North Yorkshire Fire & Rescue Authority	(54)

3. **Income from Business Rates**

The Authority collects business rates for its area, which are based on local rateable values multiplied by a uniform rate.

Additional information is as follows:

Total National Non Domestic Rateable Value in £'s at 31.03.14	42,747,400
NDR Rate in £ for 2013/14	47.1p
Small Business Rate in £ for 2013/14	46.2p
Number of Business Premises (Hereditament) at 31.03.14	2,878
Number of Local Council Tax Support Claimants at 31.03.14	3,408

The balance of Non domestic rates within the Collection Fund is apportioned as follows:

	£'000
Ryedale District Council	968
North Yorkshire County Council	218
Central Government	1,211
North Yorkshire Fire & Rescue Authority	24

4. **Bad and Doubtful Debts and Provision for Appeals**

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £450,000 (2012/13: £540,000) and Business Ratepayers of £100,000 (2012/13: £100,000) and is included within Debtors in the Authority's Balance Sheet. Provision has been made for the cost of successful business rate appeals of £1,269,000 (2012/13: n/a).

ANNUAL GOVERNANCE STATEMENT 2013/14

1. **Scope of Responsibility**

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure 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 Authority is also 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.

2. **The Purpose of the Governance Framework**

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. The framework for corporate governance recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) identifies three underlying principles of good governance, namely:

- Openness and Inclusivity
- Integrity
- Accountability

The principles of corporate governance should be embedded into the culture of each local authority. Furthermore each local authority has to be able to demonstrate that it is complying with these principles. To achieve this, the framework document recommends that all local authorities should develop a local code of corporate governance, comprising the following elements:

- Community Focus
- Service Delivery Arrangements
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

The Authority has formally adopted a local code of corporate governance, consequently the principles and standards contained in the framework document are recognised as good working practice, and hence are supported and followed. To this end both Officers and Members have had externally provided training to ensure governance arrangements are understood and embedded. This Statement forms part of the overall process within the Authority for monitoring and reporting on the adequacy and effectiveness of the corporate governance arrangements, particularly those in respect of risk management and internal control.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of the Authority'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. This has been in place within the Authority for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

The requirement to have a governance framework, incorporating a sound system of internal control covers all of the Authority's activities. The internal control environment within the Authority consists of a number of different key elements, which taken together contribute to the overall corporate governance framework. The key elements of internal control within the Authority consist of

Policies and Guidance:

Specific policies and written guidance exist to support the corporate governance arrangements and include:

- The Council's Constitution, including Financial Regulations, Procurement Regulations and Contract Standing Orders
- Codes of Conduct for Members and Officers
- The Corporate Plan
- Medium Term Financial Plan
- Member and Officer Schemes of delegation
- Registers of interests, gifts and hospitality
- Corporate policies, for example those relating to Whistleblowing and Counter Fraud and Corruption
- Asset Management Plan/Capital Strategy Statement
- Strategic Risk Register
- Council Procurement Strategy

Political and Managerial Structures and Processes

The Authority is responsible for agreeing overall policies and setting the budget. The Policy and Resources Committee and Commissioning Board are responsible for decision making within the policy and budget framework set by the Council. The Authority's Corporate Management Team has responsibility for implementing Authority's policies and decisions, providing advice to Members and for co-ordinating the use of resources. The Corporate Management Team meet regularly and the Committees usually every two months. Both the Committees and the Corporate Management Team monitor and review Authority activity to ensure corporate compliance with governance, legal and financial requirements. In addition, the Authority has scrutiny arrangements, through the Scrutiny and Audit Committees that include the review of policies, budgets and service delivery to ensure that they remain appropriate. A forward plan detailing the main work of Committees over the next year has been devised to ensure decisions are taken in a timely manner. Urgent items will be debated as appropriate.

The Authority has developed a process that is intended to reflect political and community objectives as expressed in the Community Strategy ("Imagine Ryedale") and acts as a basis for corporate prioritisation. The process has identified the

Authority's corporate aims together with a number of associated objectives. These will be reviewed annually to ensure that they continue to meet the needs of the community. The Authority has linked the performance management process across all service areas to provide an integrated performance management system. Each service has developed a performance improvement plan as part of their Service Delivery Plan showing how that service will work to achieve the Authority's objectives.

Financial Management

The Finance Manager (s151 Officer) has the overall statutory responsibility for the proper administration of the Authority's financial affairs, including making arrangements for appropriate systems of financial control. The Authority operates within a system of financial regulations, comprehensive budgetary control, regular management information, administrative procedures (including the segregation of duties) and management supervision.

The Finance Manager (s151 Officer) is a member of the Authority's Corporate Management Team, and is directly responsible to the Chief Executive. The Authority is therefore fully compliant with the requirements of the 2010 CIPFA/SOLACE Application Note to Delivering Good Governance.

Compliance Arrangements

Monitoring and review of the Authority's activities is undertaken by a number of Officers and external regulators to ensure compliance with relevant policies, procedures, laws and regulations. They include:

- The Chief Executive Officer
- The Finance Manager who is the s.151 Officer of the Authority and the Chief Finance Officer (CFO)
- The Monitoring Officer
- The Heads of Service
- The External Auditor and various other external inspection agencies
- Internal Audit (provided by Veritau North Yorkshire Limited from 1 April 2012)
- Finance Officers and other relevant service managers

Value For Money

Through reviews by external auditors, external agencies, internal audit and the Financial Services Manager the Authority constantly seeks ways of ensuring the economic, effective and efficient use of resources, and securing continuous improvement in the way in which its functions are exercised.

Risk Management

The Authority has adopted a formal system of Risk Management. This is effectively delivered through widespread use of Covalent, the Authority's Performance and Risk Management software. Although responsibility for the identification and management of risks rests with service managers, corporate arrangements are co-ordinated by the Heads of Service Group. The process serves to ensure that:

- The Authority identifies, prioritises and takes appropriate mitigation for those risks it identifies as potentially preventing achievement of the Corporate and Community Plan
- The Authority's assets are adequately protected
- Losses resulting from hazards and claims against the Authority are mitigated through the effective use of risk control measures
- Service managers are adequately supported in the discharge of their responsibilities in respect of Risk Management

The system of Risk Management requires the inclusion of risk evaluation assessments in all Committee reports and the maintenance of a corporate risk register. Relevant staff within the Authority have received training and guidance in Risk Management principles.

Internal Audit & Fraud

The Authority operates internal audit and internal (non Housing Benefit) fraud investigation functions. From 1 April 2012 internal audit and counter fraud services have been provided by Veritau North Yorkshire Limited – a company partly owned by the Authority. Internal audit services are provided in accordance with the Accounts and Audit Regulations 2011 and the CIPFA Code of Practice for Internal Audit in Local Government. An annual programme of reviews covering financial and operational systems is undertaken, to give assurance to Members and managers on the effectiveness of the control environment operating within the Council. The work of internal audit compliments and supports the work of the external auditors (Deloitte LLP for 2013/14). In addition, internal audit provides assurance to the Finance Manager as the Authority's s.151 Officer in discharging his statutory review and reporting responsibilities. The Authority also undertakes an annual review of the effectiveness of its internal audit arrangements as required by the Accounts and Audit Regulations. The results of the review are reported to the Overview & Scrutiny (Audit) Committee.

Internal audit also has an advisory role that provides:

- Advice and assistance to managers in the design, implementation and operation of controls
- Support to managers in the prevention and detection of fraud, corruption and other irregularities

Housing Benefit Counter Fraud work is undertaken within the Benefits Office through contractual arrangements with Veritau. A pro-active approach is taken to supplement referrals, both internal and external, with any leads arising from participation in the National Fraud Initiative, the Housing Benefits Matching Service, and internal data matching.

Performance Management

The Authority has established effective performance management arrangements. The Chief Executive has overall responsibility for the function and the Corporate Management Team undertakes an ongoing monitoring role. Heads of Service and their Service Unit Managers are expected to deliver improvements or maintain performance standards where appropriate. The Covalent performance management system is used to record and monitor performance.

4. Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its systems of internal control. In preparing this Statement a review of corporate governance arrangements and the effectiveness of the Authority's systems of internal control has been undertaken, by the Corporate Management Team. This review has included consideration of:

- Reports received from the Authority's external auditors and other inspection agencies
- The results of internal audit and fraud investigation work
- The views of senior managers, including Chief Executive, the s151 Officer and the Monitoring Officer
- The work of the Heads of Service Group in compiling the Authority's Corporate Risk Register.
- Outcomes of service improvement reviews and performance management processes
- Compliance with the CIPFA Statement on the role of the CFO

In addition, the Authority through its Committees especially the Scrutiny and Audit Committees considers corporate governance issues as they arise throughout the year and agree recommendations for improvement as necessary.

A comprehensive review has been undertaken to support the preparation of this AGS document as required by the Accounts and Audit Regulations 2011. The Authority has produced a detailed statement along with a targeted action plan to ensure that full compliance is achieved. This has followed the best practice framework suggested by CIPFA and adopted by the Authority. An action plan schedule has been produced to ensure compliance and a list of those Officers having responsibility is available.

An Action Plan is appended which identifies and notes progress with previous year's matters of concern, and includes those arising from this year's review. The Annual Governance Statement for 2014/15 will provide details of the work completed against this Plan.

We have been advised on the implications of the results of the review of the effectiveness of the system of internal control by the Overview & Scrutiny (Audit) Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. INTERNAL CONTROL ISSUES

A review of the internal control arrangements in place within the Authority highlighted no significant control issues, however the review did identify areas where improvements could be made. Specific actions are proposed to address the issues identified. Attached is the action plan for 2013/2014 incorporating those issues brought forward from the previous plan, which are still outstanding.

The Authority will continue to seek to improve performance and take action on agreed recommendations by both internal and external agencies.

Signed: .... Dated: 25 September 2014
Janet Waggott
Chief Executive

Signed: .... Dated: 25 September 2014
Cllr Linda Cowling
Leader of the Council

AGS Action Plan 2013/2014

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward	Risk of compromise and weaknesses in operational systems as a consequence of continuing reductions in staffing as Government funding cuts made.	Where changes in staffing occur, that changes in operating arrangements are reviewed prior to reducing the controls. Internal audit will be included in working groups reviewing operating systems and arrangements, including commissioning, partnership arrangements etc. Also see *delegated authority limits* below.	Finance Manager (s151 Officer)	Continuing	This will be a continuing issue in 2014/2015
Brought Forward	Procurement Risk as the Council undertakes a significant OJEU procurement for Leisure Management.	The Authority is part of the North Yorkshire Procurement Partnership and will ensure advice is taken supplemented by service specific advice for both procurements.	Corporate Director, Head of Environmental Services	September 2014	The Leisure Management Procurement is at final bidder stage. The council has set aside adequate financial resource to manage this process.
2013/14	In year Internal Audits offering limited assurance.	Management to specifically monitor the progress on agreed actions from these Internal Audit Reports.	Heads of Service and Finance Manager.	In line with the dates for completion for agreed actions from the audit reports	Bi-monthly monitoring through Management Team

2013/14	Delegated authority limits	As a result of the change in s151 officer, the authority will review the current scheme of delegation, starting with the constitution through to individual authorisation levels.	Head of Corporate Services, Finance Manager (s151 Officer)	December 2014	Review of the constitution completed

Independent Auditor's Report to Members of Ryedale District Council

Opinion on the Authority accounting statements

We have audited the accounting statements of Ryedale District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, Notes to the Collection Fund Accounting Statement and the related notes 1 to 43. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14

This report is made solely to the members of Ryedale District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Finance Manager (s151) and auditor

As explained more fully in the Statement of the Finance Manager (s151) Responsibilities, the Finance Manager (s151) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Finance Manager (s151); and the overall presentation of the accounting statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited accounting statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounting statements

In our opinion the accounting statements:

- give a true and fair view of the state of Ryedale District Council's affairs as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Ryedale District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Paul Thomson ACA (Engagement Lead)
for and on behalf of Deloitte LLP
Appointed Auditor
Leeds, United Kingdom

ANALYSIS OF THE COST OF SERVICES
(Comprehensive Income & Expenditure Statement)

This analysis provides supplementary information to the audited accounting statements. It provides details of the expenditure and income for each individual service for the Cost of Services line in the Comprehensive Income and Expenditure Statement:

2012/13 Restated Net Exp. £'000	Service	2013/14 Expenditure £'000	2013/14 Income £'000	2013/14 Net Exp. £'000
	Central Services to the Public			
100	Grants, Bequests & Donations	166	-	166
45	Emergency Planning	42	-	42
619	Local Tax Collection	734	351	383
182	Elections	209	12	197
(12)	Local Land Charges	90	90	-
934	**Net Expenditure Central Services to the Public**	**1,241**	**453**	**788**
	Cultural & Related Services			
182	Culture & Heritage	146	1	145
108	Open Spaces	248	11	237
814	Recreation & Sport	908	4	904
288	Tourism	334	28	306
1,392	**Net Expenditure Cultural & Related Services**	**1,636**	**44**	**1,592**
	Environmental & Regulatory Services			
-	Closed Churchyards	1	-	1
8	Community Safety (CCTV)	26	7	19
51	Community Safety (Crime Reduction)	70	21	49
146	Flood Defence & Land Drainage	500	4	496
772	Recycling	1,571	660	911
829	Regulatory Services	1,081	231	850
330	Street Cleansing	370	43	327
(54)	Trade Waste	592	652	(60)
596	Waste Collection	573	10	563
2,678	**Net Expenditure Environmental & Regulatory Services**	**4,784**	**1,628**	**3,156**
	Planning Services			
(23)	Building Control	253	304	(51)
170	Business Support	238	2	236
139	Community Development	96	-	96
507	Development Control	748	430	318
(47)	Economic Development	49	66	(17)
169	Environmental Initiatives	173	17	156
848	Planning Policy	612	270	342
1,763	**Net Expenditure Planning Services**	**2,169**	**1,089**	**1,080**

ANALYSIS OF THE COST OF SERVICES
(Comprehensive Income & Expenditure Statement)

2012/13 Restated Net Exp. £'000	Service	2013/14 Expenditure £'000	2013/14 Income £'000	2013/14 Net Exp. £'000
	Highways & Transport Services			
(422)	Parking Services	320	825	(505)
68	Transport Support	75	-	75
(354)	**Net Expenditure Highways & Transport Services**	**395**	**825**	**(430)**
	Housing Services			
25	Enabling	28	-	28
72	Homelessness	472	224	248
53	Housing Advice	62	-	62
303	Housing Benefits Administration	460	194	266
(4)	Housing Benefits Payments	11,788	11,820	(32)
109	Housing Strategy	102	4	98
(41)	Other Council Property	(35)	-	(35)
(10)	Other Welfare Services	269	265	4
322	Private Sector Housing Renewal	643	253	390
829	**Net Expenditure Housing Services**	**13,789**	**12,760**	**1,029**
	Corporate & Democratic Core			
568	Corporate Management	559	-	559
681	Democratic Representation & Management	654	-	654
1,249	**Net Expenditure Corporate & Democratic Core**	**1,213**	**-**	**1,213**
	Other Corporate & Non Distributed Costs			
27	Other Services	15	2	13
287	Non Distributed Costs	16	-	16
314	**Net Expenditure Other Corporate & Non Distributed Costs**	**31**	**2**	**29**
8,805	**COST OF SERVICES**	**25,258**	**16,801**	**8,457**

GLOSSARY

Accounting Concepts
The fundamental accounting principles that are applied to ensure that the Statement of Accounts ‘present fairly’ the financial performance and position of the Council.
Accounting Period
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.
Accounting Policies
Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Authority that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.
Accruals
Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.
Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.
Amortisation
The gradual elimination of a debt by periodic payments over a specified number of years.
Asset
Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.
Assets Under Construction
This is the value of work on uncompleted tangible fixed assets at the balance sheet date.
Balance Sheet
A statement of the recorded assets, liabilities and other balances of the Authority at the end of the accounting period.
Business Rates Retention Scheme
A new scheme introduced from April 2013 which provides for local authorities sharing any surplus or deficit in Business Rates Income above or below a pre-determined baseline funding level set by Central Government.
Capital Adjustment Account
The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.
Capital Charge
A charge to service revenue accounts to reflect the cost of utilising non-current assets in the provision of services.
Capital Expenditure
Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.
Capital Expenditure charged to Revenue Account (CERA)
A method of financing capital expenditure in the accounting period rather than over a number of years.
Capital Financing
The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

GLOSSARY

Capital Programme
The capital schemes the Authority intends to carry out over a specified time period.
Capital Receipts
Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.
Cash Flow Statement
A statement summarising the inflows and outflows of cash, arising from transactions between the Authority and third parties, for revenue and capital purposes.
Charging Authority
The Authority responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).
Collection Fund
A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Authority, and the NNDR collected is paid to the Government.
Community Assets
Assets that the Authority intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks and historic buildings.
Consistency
The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.
Contingent Asset
A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.
Contingent Liability
A possible liability that can be the result of either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.
Corporate and Democratic Core
The corporate and democratic core comprises all activities that the Authority engages in specifically because it is an elected, multi-purpose authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.
Council Tax
A charge on residential property within the Authority's area to finance a proportion of the Authority's expenditure.
Creditors
Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.
Current Assets
Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.
Current Liabilities
Amounts that will become due or could be called upon during the next accounting period.
Current Service Cost (Pensions)
The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

GLOSSARY

Curtailment
For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.
Debtors
Amounts due to the Authority for goods or services provided within the accounting period but not received at the balance sheet date.
Deferred Debtors
Amounts due to the Authority that are not expected to be repaid in full within the next accounting period.
Deferred Liabilities
These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.
Defined Contribution Pension Scheme
A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation
The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.
Emoluments
These are all sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either the employer or the employee are excluded.
Expected Rate of Return on Pension Assets
This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.
Fair Value
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.
Financial Reporting Standards (FRSs)
Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.
Financial Year
Period of time to which a Statement of Accounts relates. The financial year of the Authority runs from 1 April to 31 March.
Fixed Assets
Tangible and intangible assets that can be expected to be of use or benefit to the Authority in providing its services for more than one accounting period.
General Fund
The main account of the Authority that records the costs of service provision.

GLOSSARY

Going Concern
The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants
Payments by central government towards the cost of Local Authority services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

Impairment
A reduction in the value of a fixed asset below its carrying amount on the Authority's balance sheet.

Income and Expenditure Account
The Income and Expenditure Account combines the income and expenditure relating to all the Authority's functions.

Infrastructure Assets
These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.

Intangible Fixed Asset
These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.

Interest Cost
This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)
Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.

Investment
An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

Investment Properties
An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms length.

Leasing
A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

Liability
An account due to an individual or organisation that will be paid at some future date.

Liquid Resources
Current investments that are readily disposable by the Authority without disrupting its business and are readily convertible to cash.

Long-Term Contracts
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

GLOSSARY

Minimum Revenue Provision
The minimum amount which must be charged to the Authority's revenue accounts each year and set aside as a provision to meet the Authority's credit liabilities.
Monitoring Officer
Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Authority decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Executive).
National Non-Domestic Rates (NNDR)
An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities through Top Ups and Tariffs. .
Net Book Value
Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Non- Current Assets
These are assets with a physical substance that yield benefits to the Authority and the services it provides for a period of more than one year.
Non Distributed Costs
These are overheads from which no user benefits, and therefore they cannot be allocated to a service area.
Non-Operational Assets
These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Authority services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.
Operational Assets
These are fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.
Past Service Cost
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
Post Balance Sheet Events
Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.
Precept
The amount that a Precepting Authority requires from a Charging Authority to meet its expenditure requirements.
Precepting Authority
Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities.
Prior Year Adjustments (or Prior Period Adjustments)
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.
Provisions
Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.
Prudence
The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

GLOSSARY

Prudential Indicators
The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which local authorities must set as part of their budget process. They are designed to show the affordability of the capital programme and that the local authority borrowing is prudent and sustainable.
Realisable Value
The value of the asset at existing use, if sold between a willing buyer and a willing seller.
Related Party
Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.
Reserves
Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.
Residual Value
The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.
Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.
Revaluation Reserve
This account contains surpluses and losses arising from the periodic valuation of non-current assets.
Revenue Account
An account which records the Authority's day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.
Revenue Expenditure Funded from Capital Under Statute
Expenditure which may be properly capitalised but which does not result in or remain matched with assets controlled by the Authority.
Revenue Support Grant (RSG)
A general central government grant paid to the Income and Expenditure Account in support of the Charging Authority's revenue expenditure.
Scheme Liabilities
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.
Section 151 Officer (s151)
The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Authority's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves.
Statement of Recommended Practice (SORP)
This is the guidance issued by CIPFA to enable Authority's to ensure that the Accounts published comply with IFRS as it applies to local authority financial matters.

GLOSSARY

Stocks (inventories)
Items of raw materials and stores purchased by the Authority to use on a continuing basis which have not been used. The value of those items not used at the balance sheet date are included as assets of the Council.
Support Services
The costs of departments that provide professional and administrative assistance to services e.g. Financial Services, Human Resources.
Temporary Borrowing/Investment
Money borrowed or invested for an initial period of less than one year.
Useful Life
The period over which the Authority will derive benefits from the use of an asset.
Work in Progress
The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.

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RYEDALE DISTRICT COUNCIL

When telephoning, please ask for:
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Deloitte LLP
1 City Square
Leeds
LS1 2AL

25 September 2014

Ryedale District Council – Audit of the annual accounts for the year ended 31 March 2014

This representation letter is provided in connection with your audit of the financial statements of Ryedale District Council ("the Council") for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as of 31 March 2014 and the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the applicable accounting framework.

We acknowledge our responsibilities for preparing financial statements for the Council which present a true and fair view and for making accurate representations to you.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework which give a true and fair view.

2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. In particular we believe that the provision for business rate appeals is a fair estimate having had regard to historic data combined with discussions with the Valuation Office Agency and Agents acting on behalf of Business's. We believe that this approach forms a reasonable basis for calculating the provision and we have fairly represented to yourselves the details of verbal correspondence with Valuation Office and various agents.

3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".

4. We confirm that the financial statements have been prepared on the going concern basis. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Council's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

5. The financial statements are free from material misstatement.

6. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.

7. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

8. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.

9. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

10. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

11. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
    (i). management;
    (ii). Members of the Council
    (iii). employees who have significant roles in internal control; or
    (iv). others where the fraud could have a material effect on the financial statements.

12. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

13. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations and contractual agreements whose effects should be considered when preparing financial statements

14. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

15. No claims in connection with litigation have been or are expected to be received.

16. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

17. Where required, the value at which assets and liabilities are recorded in the balance sheet is, in the opinion of the Members, the fair value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Council. Any significant changes in those values since the balance sheet date have been disclosed to you.

18. There have been no irregularities involving members or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.

19. There have been no events since the balance sheet date which require adjustment of or a disclosure in the financial statements or notes thereto. Should further material events occur, which may necessitate revision of the figures included in the annual accounts or inclusion of a note thereto, we will advise you accordingly.

20. The Council has satisfactory title to all assets and there are no liens or encumbrances on the Council's assets.

21. We recognise that we are responsible for ensuring that the statement of accounts as published on the website properly presents the financial information and your auditor's report and for the controls over, and security of, the website. We also recognise that we are responsible for establishing and controlling the process for electronically distributing annual reports and other information.

22. We confirm that:

    1. all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;

    2. all settlements and curtailments have been identified and properly accounted for;

    3. all events which relate to the determination of pension liabilities have been brought to the actuary's attention;

    4. the actuarial assumptions underlying the valuation of the scheme liabilities accord with the Members' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;

    5. the actuary's calculations have been based upon complete and up-to-date member data as far as appropriate regarding the adopted methodology; and

    6. the amounts included within the financial statements derived from the work of the actuary are appropriate

23. All known material liabilities have been properly included in the annual accounts and all material contingent liabilities have been disclosed.

24. Our annual report will be consistent with and include the financial statements as audited.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Finance Manager (s151), signed on behalf of Ryedale District Council

Date:

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Deloitte.

Ryedale District Council

External Audit Progress Report

September 2014

Summary of activity

We are pleased to present our progress report to the Overview and Scrutiny Committee.

Summary of activities	**Audit completion** Between mid July and mid September our audit team was on site undertaking our main audit work and review of the 2013/14 Statement of Accounts. Our detailed report on the 2014 audit is presented separately and the audit report will be signed by 30 September 2014. **Whole of Government Accounts** For 2013/14, a de minimus has been applied to this work and we were only required to verify the Council's pension liability and plant, property and equipment assets rather than every entry on the return. We have confirmed to DCLG that all parameters are below the relevant threshold. **Certification of claims and returns** The Housing and Council Tax benefit subsidy claim is in the process of being reviewed and a few elements of further testing are required. This claim will be certified and submitted by the deadline of 30 November 2014.

Other matters	Our Annual Audit letter will be issued to the s151 officer signed by the deadline of 31 October 2014. One online data survey concerning the 2013/14 Statement of Accounts will be completed and submitted by the deadline of 14 October 2014.

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