

**RYEDALE
DISTRICT
COUNCIL**



Statement of Accounts 2012/13

Ryedale District Council
working with you to make a difference

STATEMENT OF ACCOUNTS

for the

YEAR ENDED 31 MARCH 2013

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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 2013 are set out on pages 7 to 70. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2012/13* (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

EXPLANATORY FOREWORD

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.

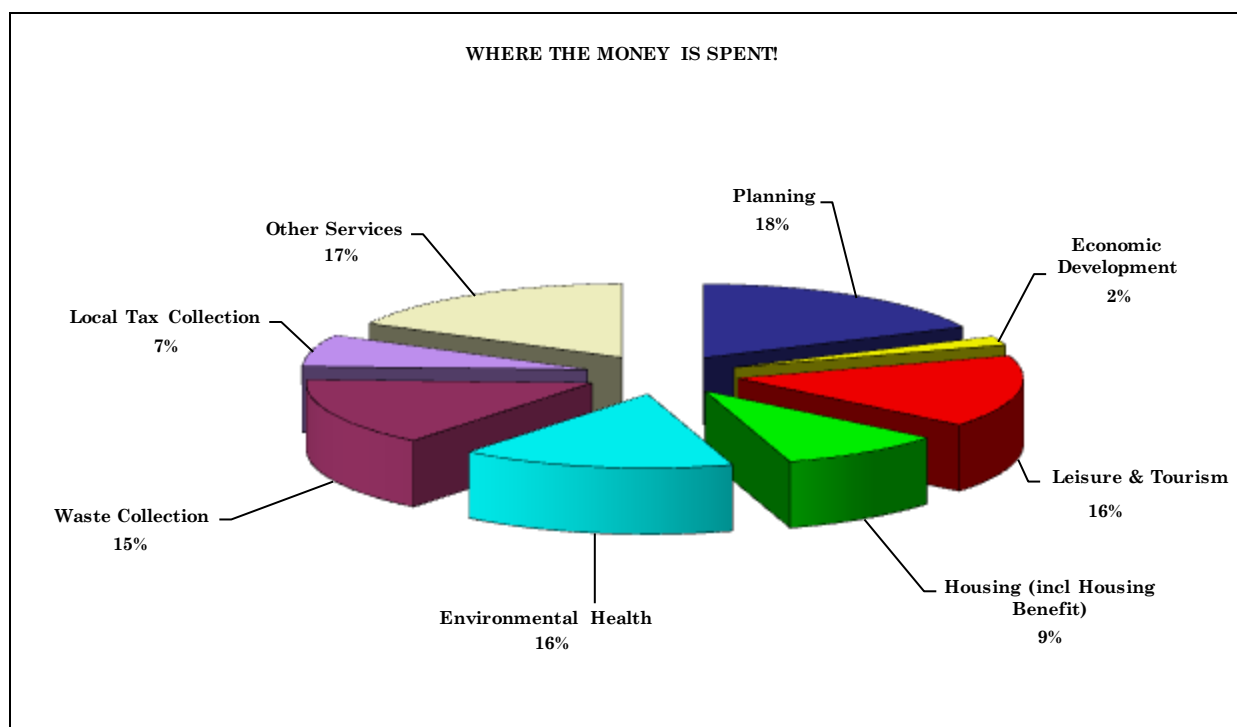
- the ***Collection Fund Statement*** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities 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 2012/13

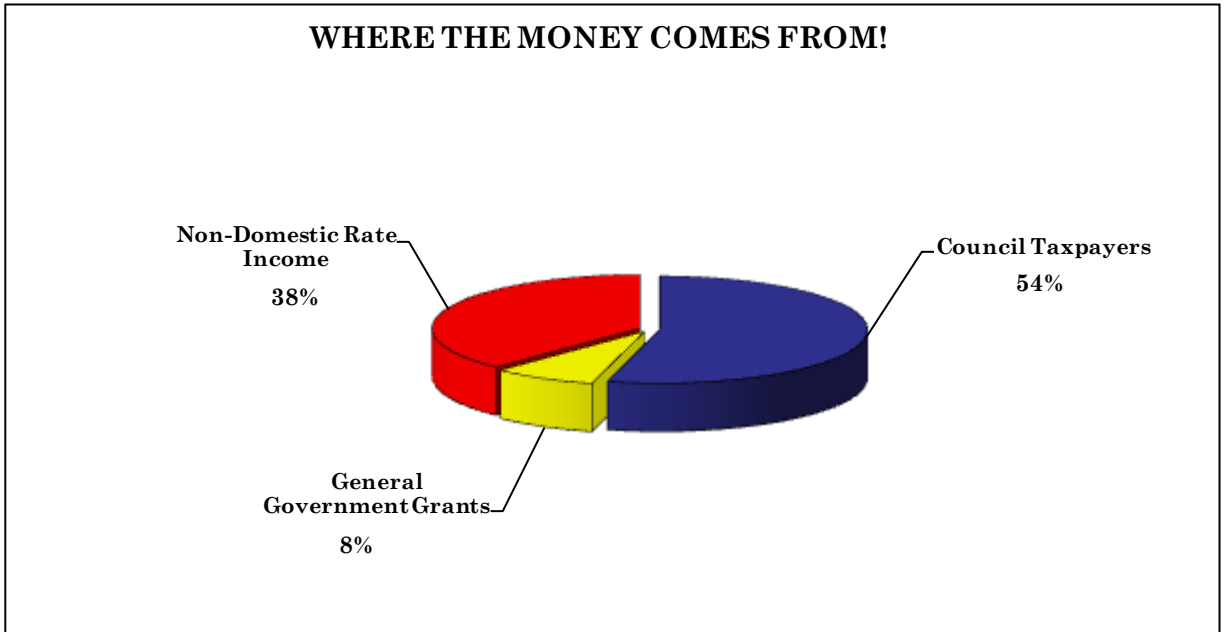
The net cost of the Authority's revenue activities was £8.782m, this being spent on services as summarised in the chart below:



A more detailed analysis of the Net Cost of Services is shown on Pages 81 and 82 of this document.

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After adjusting for the payment of parish precepts of £0.660m, the receipt of investment income (£0.112m) and the net credit from appropriations (£1.025m) the amount met from Taxation and Non-Specific Grant Income was £8.305m, which is funded as follows:



The above chart shows that of the funding to meet the Authority's net revenue expenditure, around 54% (£4.490m) was provided by the Council Taxpayers, an additional 38% (£3.146m) from the Government's Non-Domestic Rate Redistribution Pool and some 8% (£0.669m) from non-ringfenced general government grants such as the Rate Support Grant.

EXPLANATORY FOREWORD

4. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2012/13 and how these compared with the actual expenditure are set out below:

	Original Budget £'000	Actual £'000	Difference £'000
Net Cost of Services	8,672	8,782	110
Other Operating Expenditure:			
Precepts paid to Parish Councils	660	660	-
Capital Receipts unattached to non current assets	-	(13)	(13)
(Gains) / Losses on disposal of non current assets	-	3	3
	660	650	(10)
Financing and Investment Income & Expenditure			
Interest Payable	42	32	(10)
Pensions interest cost & expected return on pension assets	800	893	93
Income from Investments	(100)	(112)	(12)
Income and expenditure in relation to investment properties	(58)	(103)	(45)
	684	710	26
Taxation & Non Specific Grant Income			
Council Precept	(4,377)	(4,377)	-
Collection Fund Surplus	(48)	(113)	(65)
Non-Domestic Rate Income	(3,146)	(3,146)	-
Revenue Support Grant	(61)	(61)	-
Other General Government Grants	(534)	(608)	(74)
	(8,166)	(8,305)	(139)
(Surplus) / Deficit on Provision of Services	1,850	1,837	(13)
(Surplus) / Deficit on revaluation of property, plant & equipment assets	-	293	293
Actuarial (gains) / losses on Pensions assets / liabilities	-	3,251	3,251
Total Comprehensive Income and Expenditure	1,850	5,381	3,531
Adjustments between accounting basis and funding basis under regulations	(903)	(4,100)	(3,197)
Transfers to or from the General Fund that are required to be taken into account – contribution from earmarked reserves	(947)	(1,281)	(334)
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 81 and 82.

There is 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 2012/13 has reduced by £1.281m from £4.250m to £2.969m at 31 March 2013.

Major drawings included the revenue support for the capital programme of £1.436m from the Authority's Capital Fund, drawdown of £0.148m from the Operational Reserve and the Improvement Contingency & Emergency Fund towards a planning appeal award of costs and an amount of £0.089m from the Restructure Reserve to fund pension curtailment costs.

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Major contributions to reserves and balances included the transfer of investment income of £0.111m into the Capital Fund to finance the capital programme and the transfer of unapplied grant income balances to the Ryedale Development Fund of £0.370m.

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 increased from £22.785m as at 31 March 2012 to £26.768m as at 31 March 2013. This increase of £3.983m is matched by a decrease in the level of the Pension Reserve and does not represent a reduction in the Authority's cash reserves or impact on the council tax.

7. Capital Expenditure

The original capital budget for the financial year 2012/13 totalled £1.434m. During the year there were further re-programming movements approved resulting in an increase of £1.679m and a revised budget of £3.113m.

The total amount invested in the capital programme for 2012/13 was £1.968m. Investment continued towards the upgrade works at the A64 Brambling Fields Junction (£0.529m), the refurbishment of the reception area at Ryedale House (£0.174m) and the completion of the acquisition of the new Supported Accommodation Facility at Buckrose House (£0.192m).

Under spends included Housing Grants and Loans (£0.434m), continued slippage on the Assembly Rooms and Milton Rooms Preservation Works (£0.223m) and slippage on the refurbishment of Stanley Harrison House (£0.309m).

Of the £1.968m capital expenditure incurred some £1.436m was funded from the Authority's capital funds with the balance of £0.532m being financed by external grants and contributions.

8. Changes in Accounting Policy

Following the significant number of changes in the accounting policies required to comply with the move to IFRS in the 2010/11 accounts there are few changes for the 2012/13 accounts.

9. 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 Corporate Director (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 Corporate Director (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 Corporate Director (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 Corporate Director (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 2013 and its income and expenditure for the year ended 31 March 2013.

Signed:  Dated: 28 June 2013
P D Cresswell
Corporate Director (s151)

Approval of the Accounts

This Statement of Accounts was approved by the Policy and Resources Committee on 26 September 2013.

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

MOVEMENT IN RESERVES STATEMENT

For the Year Ended 31 March 2013

	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 2011	-	5,195	2,652	57	7,904	(2,067)	5,837
<u>Movement in reserves during 2011/12</u>							
Surplus or (deficit) on the provision of services.	(2,709)	-	-	-	(2,709)	-	(2,709)
Other Comprehensive Income and Expenditure.	-	-	-	-	-	(3,676)	(3,676)
Total Comprehensive Income and Expenditure	(2,709)	-	-	-	(2,709)	(3,676)	(6,385)
Adjustments between accounting basis & funding basis under regulations (note7)	1,764	-	(2,525)	(57)	(818)	818	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(945)	-	(2,525)	(57)	(3,527)	(2,858)	(6,385)
Transfers to/from Earmarked Reserves (note 8)	945	(945)	-	-	-	-	-
Increase / Decrease in 2011/12	-	(945)	(2,525)	(57)	(3,527)	(2,858)	(6,385)
Balance as at 31 March 2012	-	4,250	127	-	4,377	(4,925)	(548)
<u>Movement in reserves during 2012/13</u>							
Surplus or (deficit) on the provision of services	(1,837)	-	-	-	(1,837)	-	(1,837)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(3,544)	(3,544)
Total Comprehensive Income and Expenditure	(1,837)	-	-	-	(1,837)	(3,544)	(5,381)
Adjustments between accounting basis & funding basis under regulations (note7)	556	-	15	-	571	(571)	-
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)

**COMPREHENSIVE INCOME AND EXPENDITURE
STATEMENT
for the year Ended 31 March 2013**

2011/12				2012/13		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£000
4,819	3,872	947	Central Services to the Public	4,792	3,862	930
1,749	84	1,665	Cultural and Related Services	1,430	39	1,391
4,199	1,632	2,567	Environmental and Regulatory Services	4,508	1,834	2,674
3,668	791	2,877	Planning Services	2,524	763	1,761
390	760	(370)	Highways and Transport Services	369	723	(354)
12,995	12,194	801	Housing Services	13,674	12,856	818
1,305	1	1,304	Corporate and Democratic Core	1,260	12	1,248
88	1	87	Other Corporate and Non Distributed Costs	316	2	314
29,213	19,335	9,878	COST OF SERVICES	28,873	20,091	8,782
640	30	610	Other Operating Expenditure (Note 9)	663	13	650
3,030	2,388	642	Financing and Investment Income and Expenditure (Note 10)	2,870	2,160	710
-	-	-	(Surplus) or Deficit of Discontinued Operations	-	-	-
-	8,421	(8,421)	Taxation and Non-Specific Grant Income (Note 11)	-	8,305	(8,305)
		2,709	(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES			1,837
		262	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			293
		-	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve			-
		-	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			-
		3,414	Actuarial (Gains) / Losses on Pension Assets / Liabilities			3,251
		3,676	OTHER COMPREHENSIVE INCOME & EXPENDITURE			3,544
		6,385	TOTAL COMPREHENSIVE INCOME & EXPENDITURE			5,381

BALANCE SHEET AS AT 31 MARCH 2013

1 April 2011 £'000	31 March 2012 £'000		31 March 2013 £'000	Notes Ref.
14,275	15,274	Property Plant & Equipment	15,000	12
-	-	Heritage Assets	-	13
2,435	2,417	Investment Property	2,489	14
773	695	Intangible Assets	468	15
-	-	Assets Held for Sale	-	21
-	-	Long Term Investments	-	16
7	1	Long Term Debtors	60	16
17,490	18,387	Long Term Assets	18,017	
9,527	5,533	Short Term Investments	5,707	16
-	-	Assets Held for Sale	-	21
75	94	Inventories	90	17
1,104	1,468	Short Term Debtors	1,038	19
-	273	Cash and Cash Equivalents	364	20
10,706	7,368	Current Assets	7,199	
(70)	-	Cash and Cash Equivalents	-	20
-	-	Short Term Borrowing	-	16
(2,817)	(2,907)	Short Term Creditors	(4,071)	22
(166)	(178)	Other Short Term Liabilities	(164)	16
-	-	Provisions	(11)	23
-	-	Liabilities in Disposal Groups	-	
-	(138)	Revenue Grants Receipts in Advance	-	34
(3,053)	(3,223)	Current Liabilities	(4,246)	
-	-	Long Term Creditors	-	16
-	-	Provisions	-	23
-	-	Long Term Borrowing	-	16
(18,833)	(22,785)	Liability Related to Defined Pension Scheme	(26,768)	40
(473)	(295)	Other Long Term Liabilities	(131)	16
-	-	Donated Assets Account	-	34
-	-	Capital Grants Received in Advance	-	34
(19,306)	(23,080)	Long Term Liabilities	(26,899)	
5,837	(548)	Net Assets / (Liabilities)	(5,929)	
7,904	4,377	Usable Reserves	3,111	24
(2,067)	(4,925)	Unusable Reserves	(9,040)	25
5,837	(548)	Total Reserves	(5,929)	

CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2013

Signed:



P D Cresswell

CORPORATE DIRECTOR (S151)

28 JUNE 2013

CASH FLOW STATEMENT

For the Year Ended 31 March 2013

2011/12 £'000		2012/13 £'000
2,709	Net (surplus) or deficit on the provision of services	1,837
(1,210)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26)	(2,147)
449	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	547
1,948	Net cash flows from Operating Activities	237
(2,430)	Investing Activities (Note 28)	649
139	Financing Activities (Note 29)	(977)
(343)	Net (increase) or decrease in cash and cash equivalents	(91)
(70)	Cash and cash equivalents at the beginning of the reporting period	(273)
273	Cash and cash equivalents at the end of the reporting period (Note 20)	364

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. 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 2012/13 and the Service Reporting Code of Practice 2012/13, 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.

NOTES TO THE ACCOUNTS

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.

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.

NOTES TO THE ACCOUNTS

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) related to pay and service.

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.

NOTES TO THE ACCOUNTS

- 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; and
 - property – market value.
- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier 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
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment line in the Comprehensive Income and Expenditure Account
 - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment line in the Comprehensive Income and Expenditure Statement
 - gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account as a part of Non Distributed Costs
 - 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
 - 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and 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

NOTES TO THE ACCOUNTS

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.

NOTES TO THE ACCOUNTS

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.

Soft loans to voluntary organisations have been fully repaid in year. Two new interest free housing loan schemes, Property and Landlord Improvement Loans, have been initiated in year. 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.

NOTES TO THE ACCOUNTS

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 2012/13 the Authority did not enter any financial instrument transactions.

x. Foreign Currency Translation

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.

NOTES TO THE ACCOUNTS

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.

NOTES TO THE ACCOUNTS

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).

NOTES TO THE ACCOUNTS

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

NOTES TO THE ACCOUNTS

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. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (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.

NOTES TO THE ACCOUNTS

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 an estimate of 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

NOTES TO THE ACCOUNTS

- 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.

NOTES TO THE ACCOUNTS

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.

NOTES TO THE ACCOUNTS

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.

For the financial year 2012/13 the Authority has one such provision, other than for bad and doubtful debts. 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.

NOTES TO THE ACCOUNTS

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 requires the council to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. The following standards apply:

IAS 19 - Employee Benefits - This standard was amended in 2011 and the changes which relate to the creation of some new classes of components of defined benefit costs and the re-measurement of the net defined benefit liability are likely to have a material impact on the accounts. The actuary has provided estimates of the likely impact of the revised standard, as at the 31st March 2013, as follows:

	Current IAS 19 Disclosure £000's	Revised IAS 19 Disclosure £000's	Difference £000's
Components of pension cost for period			
Current Service Cost	924	947	(23)
Interest on pension liabilities	2,699	-	2,699
Expected return on assets	(1,806)	-	(1,806)
Effect of Curtailments	251	251	-
Net Interest Cost	-	1,083	(1,083)
Administration expenses	-	19	(19)
Total pension cost recognised in I&E	2,068	2,300	(232)
Statement of other comprehensive income			
Actuarial (gains)/losses	3,251		3,251
Remeasurements (liabilities and assets)		3,019	(3,019)
Total included in SOCI	3,251	3,019	232

IAS 1 - Presentation of Financial Statements - This standard was amended in 2011 and the changes which relate to the presentation of gains and losses on revaluations currently shown within Other Comprehensive Income and Expenditure. As these changes are presentational there is no impact on the reported amounts.

Changes to other standards including IFRS 7 - Financial Instruments.

NOTES TO THE ACCOUNTS

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.

NOTES TO THE ACCOUNTS

The items in the Authority Balance Sheet at 31 March 2013 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 £1.059m.
Arrears	At 31 March 2013, the Authority had a balance for short term debtors of £1.460m. A review of significant balances suggested that an impairment of doubtful debts of 28.8% (£421,000) 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 £421,000 to be set aside as an allowance.

5. MATERIAL ITEMS OF INCOME AND EXPENSES

There are no material items of income and expenditure in 2012/13 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, Paul Cresswell Corporate Director (s151) on 29 June 2013.

All events between the balance sheet date and the issue date have been considered and there is one Adjusting Post Balance Sheet event to disclose.

The accounts have been adjusted to recognise the final settlement of an award of costs relating to a planning appeal with the Fitzwilliam Estate, settlement was agreed on 13th May 2013. A payment on account (£80k) had been made prior to the end of the accounting period, an additional accrual of £68k has been made to reflect the final settlement of £148k.

NOTES TO THE ACCOUNTS

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.

NOTES TO THE ACCOUNTS

2012/13 Adjustments

2012/13	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
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)
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
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	-	-	-	-

NOTES TO THE ACCOUNTS

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)	2,068	-	-	(2,068)
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	556	15	-	(571)

NOTES TO THE ACCOUNTS

2011/12 Comparative Figures

2011/12 Comparative Figures	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets	608	-	-	(608)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	31	-	-	(31)
Amortisation of intangible assets	208	-	-	(208)
Capital grants and contributions applied	(413)	-	-	413
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	2,465	-	-	(2,465)
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	-	-	-	-
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(166)	-	-	166
Capital expenditure charged against the General Fund	(1,447)	-	-	1,447
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	-	-	(57)	57
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	-	(2,561)	-	2,561
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-

NOTES TO THE ACCOUNTS

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	(30)	30	-	-
Repayment of principal on loans	-	6	-	(6)
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)	1,721	-	-	(1,721)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,183)	-	-	1,183
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	(19)	-	-	19
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	(11)	-	-	11
Total Adjustments	1,764	(2,525)	(57)	818

NOTES TO THE ACCOUNTS

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 2012/13.

	Balance At 01/04/11 £000	Transfers Out 2011/12 £000	Transfers In 2011/12 £000	Balance At 31/03/12 £000	Transfers Out 2012/13 £000	Transfers In 2012/13 £000	Balance At 31/03/13 £000
General Reserve	648	-	-	648	(52)	-	596
Capital Fund	3,368	(1,448)	213	2,133	(1,436)	186	883
Ryedale Developm't Fund	-	-	-	-	-	370	370
Election Reserve	65	(52)	-	13	-	15	28
Grants Reserve	91	-	232	323	(98)	69	294
IT Fund	130	(15)	10	125	(16)	10	119
ICE Fund	198	(3)	-	195	(48)	-	147
Local Developm't Framework Reserve	50	-	-	50	-	-	50
Operational Reserve	459	(57)	170	572	(205)	13	380
Restructure Reserve	186	(128)	133	191	(89)	-	102
Total	5,195	(1,703)	758	4,250	(1944)	663	2,969

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 Fund is used to finance the purchase and renewal of items of computer equipment such as personal computers, printers and associated software.

NOTES TO THE ACCOUNTS

- (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 will offer financial assistance to a range of initiatives aimed at supporting the economy and employment within the Ryedale area.

9. OTHER OPERATING EXPENDITURE

2011/12 £000		2012/13 £000
640	Parish council precepts	660
-	Payments to the Government Housing Capital Receipts Pool	-
-	Losses on the disposal of non-current assets	3
(30)	Capital receipts unattached to non-current assets	(13)
610	Total	650

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2011/12 £000		2012/13 £000
43	Interest payable and similar charges	32
725	Pensions interest cost and expected return on pensions assets	893
(137)	Interest receivable and similar income	(112)
11	Income and expenditure in relation to investment properties and changes in their fair value	(103)
642	Total	710

11. TAXATION AND NON SPECIFIC GRANT INCOME

2011/12 £000		2012/13 £000
(4,426)	Council tax income	(4,490)
(2,749)	Non domestic rates	(3,146)
(1,246)	Non-ringfenced government grants	(669)
-	Capital grants and contributions	-
(8,421)	Total	(8,305)

NOTES TO THE ACCOUNTS

12. PROPERTY, PLANT AND EQUIPMENT

Movements on Balance Sheet

Movements in 2012/13

	Other Land & Buildings	Vehicles, plant, furniture & equipment	Infrastructure assets	Community Assets	Surplus assets	Assets under construction	Total property, plant & equipment
	£000	£000	£000	£000	£000	£000	£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

NOTES TO THE ACCOUNTS

Comparative Movements in 2011/12

	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 2011	13,089	4,571	-	234	513	-	18,407
Additions	317	536	-	142	5	869	1,869
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(262)	-	-	-	-	-	(262)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(140)	-	-	-	-	(140)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
At 31 March 2012	13,144	4,967	-	376	518	869	19,874
Accumulated Depreciation and Impairment							
At 1 April 2011	574	3,556	-	-	2	-	4,132
Depreciation charge	285	321	-	-	2	-	608
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	-	(140)	-	-	-	-	(140)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2012	859	3,737	-	-	4	-	4,600
Net Book Value							
At 31 March 2012	12,285	1,230	-	376	514	869	15,274
At 31 March 2011	12,515	1,015	-	234	511	-	14,275
Owned asset as at 31 March 2012	12,285	773	-	376	514	869	14,817
Asset acquired under finance lease as at 31 March 2012	-	457	-	-	-	-	457
Total	12,285	1,230	-	376	514	869	15,274

NOTES TO THE ACCOUNTS

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 2013 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 £1.125m (£27k in 2011/12).

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 Chartered 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 2012/13 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 2012/13 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:

	2012/13 £000	2011/12 £000
Rental Income from Investment Property	170	157
Net gain / (loss) from fair value adjustment	72	(32)
	242	125
Direct operating expenses arising from investment property	(139)	(136)
Net gain / (loss)	103	(11)

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.

NOTES TO THE ACCOUNTS

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

	2012/13 £000	2011/12 £000
Balance at start of the year	2,417	2,435
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	-	13
Disposals	-	-
Net gains / (losses) from fair value adjustments	72	(31)
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	-	-
Other changes	-	-
Balance at end of the year	2,489	2,417

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 £252k charged to revenue in 2012/13 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.

NOTES TO THE ACCOUNTS

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

	2012/13			2011/12		
	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	-	1,573	1,573	-	1,472	1,472
Accumulated amortisation	-	(878)	(878)	-	(699)	(699)
Net carrying amount at start of year	-	695	695	-	773	773
Additions:						
Internal development	-	-	-	-	-	-
Purchases	-	25	25	-	131	131
Acquired through business combinations	-	-	-	-	-	-
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	(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	-	19	19	-	-	-
Amortisation for the period	-	(252)	(252)	-	(209)	(209)
Other changes	-	-	-	-	-	-
Net carrying amount at year end	-	468	468	-	695	695
Compromising:						
Gross carrying amounts	-	1,579	1,579	-	1,573	1,573
Accumulated amortisation	-	(1,111)	(1,111)	-	(878)	(878)
	-	468	468	-	695	695

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

	Carrying Amount		Remaining Amortised period
	31 March 2013 £000	31 March 2012 £000	
Revenues and benefits system	241	323	3 years

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

NOTES TO THE ACCOUNTS

16. FINANCIAL INSTRUMENTS

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

	Long-term			Current		
	31 March 2013 £000	31 March 2012 £000	31 March 2011 £'000	31 March 2013 £000	31 March 2012 £000	31 March 2011 £'000
Investments						
Loans and receivables	-	-	-	5,707	5,533	9,527
Available-for-sale financial assets	-	-	-	-	-	-
Unquoted equity investment at cost	-	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Total Investments	-	-	-	5,707	5,533	9,527
Debtors						
Loans and receivables	60	1	7	-	-	-
Financial assets carried at contract amounts	-	-	-	1,038	1,468	1,104
Total Debtors	60	1	7	1,038	1,468	1,104
Borrowings						
Financial liabilities at amortised cost	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Total Borrowings	-	-	-	-	-	-
Other Liabilities						
Finance lease liabilities	(131)	(295)	(473)	(164)	(178)	(166)
Total Other Liabilities	(131)	(295)	(473)	(164)	(178)	(166)
Creditors						
Financial liabilities at amortised cost	-	-	-	-	-	-
Financial liabilities carried at contract amount	-	-	-	4,071	2,907	2,817
Total Creditors	-	-	-	4,071	2,907	2,817

Fair value of Assets and Liabilities

	Fair value			Historic cost		
	31 March 2013 £000	31 March 2012 £000	31 March 2011 £'000	31 March 2013 £000	31 March 2012 £000	31 March 2011 £'000
Loans and receivables	5,710	5,543	9,529	5,707	5,533	9,527

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	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Balance outstanding at start of year	94	75	-	-	-	-	94	75
Purchases	439	426	-	-	-	-	439	426
Recognised as an expense in the year	(443)	(407)	-	-	-	-	(443)	(407)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
Balance outstanding at year-end	90	94	-	-	-	-	90	94

18. CONSTRUCTION CONTRACTS

As at the 31 March 2013 the Authority had no significant contracts in progress.

19. DEBTORS

	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000
Central government bodies	108	727	205
Other local authorities	177	98	156
NHS Bodies	-	-	-
Public corporations and trading funds	-	-	-
Other entities and individuals	753	643	743
Total	1,038	1,468	1,104

20. CASH AND CASH EQUIVALENTS

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

	31 March 2013 £000	31 March 2012 £'000	1 April 2011 £'000
Cash held by the Council	182	88	153
Bank current account	132	115	(263)
Special Interest Bearing Account	50	70	40
Total Cash and Cash Equivalents	364	273	(70)

NOTES TO THE ACCOUNTS

21. ASSETS HELD FOR SALE

	Current		Non Current	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Balance outstanding at start of year	-	-	-	-
Assets newly classified as held for sale:				
Property, Plant and equipment	-	-	-	-
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	-	-	-	-

22. CREDITORS

	31 March 2013 £000	31 March 2012 £000	1 April 2011 £'000
Central government bodies	728	201	677
Other local authorities	928	625	335
Public corporations and trading funds	-	-	-
Other entities and individuals	2,415	2,081	1,805
Total	4,071	2,907	2,817

23. PROVISIONS

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 has been set at 15%, which Ernst & Young believe is the most appropriate scenario, this equates to a levy of £11k and this figure has been provided for within these accounts.

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 2013 (31 March 2012 £nil).

NOTES TO THE ACCOUNTS

24. USABLE RESERVES

1 April 2011 £'000	31 March 2012 £000		31 March 2013 £000
5,195	4,250	Earmarked General Fund Reserves	2,969
2,652	127	Capital Receipts Reserve	142
57	-	Capital Grants Unapplied	-
7,904	4,377	Total Usable Reserves	3,111

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

2011/12 £000		2012/13 £000
2,652	Balance at 1 April	127
-	Receipts from disposal of non-current assets	-
36	Other receipts	15
2,688		142
(2,561)	Receipts used to finance capital expenditure	-
127	Balance at 31 March	142

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

2011/12 £000		2012/13 £000
57	Balance at 1 April	-
-	Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred	-
57		-
(57)	Grants used to finance capital expenditure	-
-	Balance at 31 March	-

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.

NOTES TO THE ACCOUNTS

25. UNUSABLE RESERVES

1 April 2011 £'000	31 March 2012 £000		31 March 2013 £000
3,953	3,610	Revaluation Reserve	3,241
-	-	Available for Sale Financial Instruments Reserve	-
12,897	14,304	Capital Adjustment Account	14,481
-	-	Financial Instruments Adjustm't Account	-
-	-	Deferred Capital Receipts Reserve	-
(18,833)	(22,785)	Pensions Reserve	(26,768)
38	57	Collection Fund Adjustment Account	121
(122)	(111)	Accumulated Absences Account	(115)
(2,067)	(4,925)	Total Unusable Reserves	(9,040)

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.

2011/12 £000		£000	2012/13 £000
3,953	Balance at 1 April		3,610
-	Upward revaluation of assets	-	
(262)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(293)	
(262)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(293)
(81)	Difference between fair value depreciation and historical cost depreciation	(76)	
-	Accumulated gains on assets sold or scrapped	-	
(81)	Amount written off to the Capital Adjustment Account		(76)
3,610	Balance at 31 March		3,241

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

NOTES TO THE ACCOUNTS

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.

2011/12 £000		£'000	2012/13 £000
12,897	Balance at 1 April		14,304
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(608)	• Charges for depreciation and impairment of non-current assets	(676)	
-	• Revaluation losses on Property, Plant and Equipment	-	
(208)	• Amortisation of Intangible Assets	(252)	
-	• 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)	
(2,465)	• Revenue Expenditure Funded by Capital Under Statute	(1,185)	
(3,281)			(2,116)
81	Adjusting amounts written out of the Revaluation Reserve		76
9,697	Net written out amount of the cost of non-current assets consumed in the year		12,264
	Capital financing applied in the year:		
2,561	• Use of the capital receipts reserve to finance new capital expenditure	-	
413	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	532	
57	• Application of grants to capital financing from the Capital Grants Unapplied Account	-	
166	• Statutory provision for the financing of capital investment charged against the General fund	178	
1,447	• Capital expenditure charged against the General Fund	1,436	
4,644			2,146
(31)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		72
-	Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
(6)	Movements in Long-term Debtors		(1)
14,304	Balance at 31 March		14,481

NOTES TO THE ACCOUNTS

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 that relates to a soft loan arrangement with the Milton Rooms Management Committee has now been written down to 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.

2011/12 £000		2012/13 £000
(18,833)	Balance at 1 April	(22,785)
(3,414)	Actuarial gains or losses on pensions assets and liabilities	(3,251)
(1,721)	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)
1,183	Employer's pensions contributions and direct payments to pensioners payable in the year	1,336
(22,785)	Balance at 31 March	(26,768)

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 2012/13 financial year.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure

NOTES TO THE ACCOUNTS

Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2011/12 £000		2011/12 £000
38	Balance at 1 April	57
19	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
57	Balance at 31 March	121

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.

2011/12 £000		£000	2012/13 £000
(122)	Balance at 1 April		(111)
122	Settlement or cancellation of accrual made at the end of the preceding year	111	
(111)	Amount accrued at the end of the current year	(115)	
11	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)
(111)	Balance at 31 March		(115)

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

2011/12 £000		2012/13 £000
(608)	Depreciation	(649)
-	Impairment and downward valuations	(27)
(209)	Amortisation	(252)
(16)	Increase / decrease in impairment for bad debts	-
76	Increase / decrease in Creditors	(350)
294	Increase / decrease in Debtors	(192)
19	Increase / decrease in Stock	(4)
(538)	Increase / decrease in pension liability	(731)
-	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(3)
(228)	Other non-cash items charged to the net surplus or deficit on the provision of services	61
(1,210)		(2147)

NOTES TO THE ACCOUNTS

27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2011/12 £000		2012/13 £000
(137)	Interest received	(112)
43	Interest paid	32
-	Dividends received	-

28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2011/12 £000		2012/13 £000
2,013	Purchase of property, plant and equipment, investment property and intangible assets	799
26,000	Purchase of short-term and long-term investments	22,200
0	Other payments for investing activities	60
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
(29,994)	Proceeds from short-term and long-term investments	(22,000)
(449)	Other receipts from investing activities	(410)
(2,430)	Net cash flows from investing activities	649

29. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2011/12 £000		2012/13 £000
0	Cash receipts of short and long term borrowing	0
(421)	Other receipts from financing activities	(1,155)
166	Cash payments for the reduction of the outstanding liabilities relating to finance leases	178
-	Repayments of short and long-term borrowing	
394	Other payments for financing activities	
139	Net cash flows from financing activities	(977)

30. AMOUNTS REPORTED FOR RESOURCE ALLOCATIONS 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 employers pensions contributions) rather than current service cost of benefits accrued in the year.

NOTES TO THE ACCOUNTS

2012/13

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

2011/12 Comparative Figures

Committee Income and Expenditure	Commissioning Board £000	Policy & Resources £000	Total £000
Fees, charges & other service income	2,870	796	3,666
Government grants	502	15,167	15,669
Total Income	3,372	15,963	19,335
Employee expenses	3,188	2,232	5,420
Other service expenses	3,400	17,701	21,101
Support service recharges	1,004	1,237	2,241
Total Expenditure	7,592	21,170	28,762
Net Expenditure	4,220	5,207	9,427

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.

	2012/13 £000	2011/12 £000
Net expenditure in the Committee Analysis	7,576	9,427
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	1,206	451
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-	-
Cost of Services in Comprehensive Income and Expenditure Statement	8,782	9,878

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.

2012/13

	Committee Analysis	Amounts not Reported to Management for Decision Making	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£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	550	5,455	-	5,455
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	-	-	-	925	925
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	1,206	28,873	1,575	30,448
Surplus or Deficit on the Provision of Services	7,576	1,206	8,782	(6,945)	1,837

NOTES TO THE ACCOUNTS

2011/12 Comparative Figures

	Committee Analysis	Amounts not Reported to Management for Decision Making	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000
Fees, charges & other service income	3,666	-	3,666	-	3,666
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	126	126
Income from council tax	-	-	-	7,175	7,175
Government grants and contributions	15,669	-	15,669	1,246	16,915
Total Income	19,335	-	19,335	8,547	27,882
Employee expenses	5,420	(141)	5,279	-	5,279
Other service expenses	21,101	-	21,101	-	21,101
Support service recharges	2,241	-	2,241	-	2,241
Depreciation, amortisation and impairment	-	592	592	-	592
Interest payments	-	-	-	768	768
Precepts & levies	-	-	-	640	640
Gain or loss on disposal of non-current assets	-	-	-	-	-
Capital receipts unattached to non-current assets	-	-	-	(30)	(30)
Total Expenditure	28,762	451	29,213	1,378	30,591
Surplus or Deficit on the Provision of Services	9,427	451	9,878	(7,169)	2,709

NOTES TO THE ACCOUNTS

31. MEMBERS ALLOWANCES

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

	2012/13 £000	2011/12 £000
Allowances	121	123
Expenses	8	11
Total	129	134

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 £	Compensation for loss of office £	Pension contribution £	Total £
Chief Executive	2012/13	104,460	-	5,505	-	13,684	123,649
	2011/12	104,460	-	5,505	-	22,459	132,424
Corporate Director (s151)	2012/13	70,000	-	963	-	9,170	80,133
	2011/12	70,000	-	1,239	-	15,050	86,289
Head of Health & Environment	2012/13	54,558	-	1,667	-	7,147	63,372
	2011/12	54,356	-	1,370	-	11,685	67,411
Head of Corporate Services	2012/13	54,558	-	963	-	7,147	62,668
	2011/12	53,332	-	1,447	-	11,466	66,245
Head of Economy & Infrastructure	2012/13	54,558	-	963	-	7,147	62,668
	2011/12	53,332	-	1,239	-	11,297	65,868
Head of Planning & Housing	2012/13	54,558	-	2,822	-	7,147	64,527
	2011/12	53,332	-	2,822	-	11,422	67,576
Council Solicitor	2012/13	53,332	-	963	-	6,987	61,282
	2011/12	52,132	-	1,239	-	11,165	64,536

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	2012/13 Number of employees	2011/12 Number of employees
£50,000 - £54,999	1	3
£55,000 - £59,999	4	3
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	2	1
£75,000 - £79,999	-	1
£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

NOTES TO THE ACCOUNTS

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:

	2012/13 £'000	2011/12 £'000
* Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	50	84
* 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	35	33
* Fees payable in respect of other services provided by Deloitte LLP during the year	-	-
	85	117

34. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

	2012/13 £000	2011/12 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	61	850
New Homes Bonus	404	250
Council Tax Freeze Grant	94	94
Council Tax Reform Grant	84	-
Other Grants	26	52
Total	669	1,246
Credited to Services:		
Government Grants:		
Disabled Facilities Grant	239	224
Regional Housing Board Pot	-	-
Housing Benefit Subsidy	11,718	11,231
Council Tax Benefit Subsidy	3,350	3,374
Housing Benefit & Council Tax Benefit Administration	303	310
Homelessness	85	85
Concessionary Fares	-	-
Safer Stronger Communities	15	30
Personal Search Fee s31	-	-
Other government grants	18	58
Non Government Grants:		
Flood Defence Grant	138	67
Recycling	51	54
Other grants	-	43
Total	15,917	15,476
Contributions	159	129

As at the 31st March 2013 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 2012 £138k).

NOTES TO THE ACCOUNTS

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 2012/13 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	- <i>levy</i>	-	62
Thornton Internal Drainage Board	- <i>levy</i>	-	15
Foss Internal Drainage Board	- <i>levy</i>	-	3
Muston & Yedingham Internal Drainage Board	- <i>levy</i>	-	2
Veritau North Yorkshire Ltd	<i>see note below</i>	-	51
North Yorkshire Building Control Partnership	<i>see note below</i>	(29)	68

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 2013. 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.

NOTES TO THE ACCOUNTS

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 £2,000 as at 31 March 2013.

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 £322,000 was made to Community Leisure Ltd to support the operation of the leisure facilities in 2012/13.

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.

	2012/13 £000	2011/12 £000
<i>Opening Capital Financing Requirement</i>	473	639
Capital investment		
Property plant and equipment	698	1,869
Investment properties	-	13
Intangible assets	24	131
Revenue expenditure funded from capital under statute	1,185	2,465
Loans	61	-
<i>Sources of finance</i>		
Capital receipts	-	(2,561)
Government grants and other contributions	(532)	(470)
Sums set aside from revenue		
Direct revenue contributions	(1,436)	(1,447)
Minimum Revenue Provision	(178)	(166)
<i>Closing Capital Financing Requirement</i>	295	473
<i>Explanation of movements in year</i>		
Decrease in underlying need to borrowing (unsupported by government financial assistance)	(178)	(166)
Assets acquired under finance leases	-	-
<i>Increase / (decrease) in Capital Financing Requirement</i>	(178)	(166)

NOTES TO THE ACCOUNTS

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 2013 £000	31 March 2012 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	164	178
Non-current	131	295
Finance costs payable in future years	30	61
Minimum lease payments	325	534

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

	Minimum lease payments		Finance lease liabilities	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Not later than one year	184	210	164	178
Later than one year and not later than five years	141	324	131	295
Later than five years	-	-	-	-
	325	534	295	473

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 2013 £000	31 March 2012 £000
Not later than one year	135	165
Later than one year and not later than five years	170	139
Later than five years	-	-
	305	304

NOTES TO THE ACCOUNTS

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:

	2012/13 £000	2011/12 £000
Minimum lease payments	178	197
Contingent rents	-	-
Sublease payments receivable	-	-
	178	197

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 2012/13 the Authority has recognised an impairment loss of £27k in relation to its administrative headquarters, Ryedale House. The cost of refurbishing the reception area has not added a like for like increase to the valuation of the property.

39. TERMINATION BENEFITS

The Authority has agreed to terminate the contracts of one employee in 2012/13, incurring liabilities of £14,125.

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	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
£0 - £20,000	-	-	1	11	1	11	£14,125	£94,555
£20,000 - £60,000	-	-	-	2	-	2	-	£82,926
Total	-	-	1	13	1	13	£14,125	£177,481

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 that need to be disclosed 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.

NOTES TO THE ACCOUNTS

- 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	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
• Current service cost	924	956	-	-
• Past service costs / (gains)	-	-	-	-
• Settlements and curtailments	251	40	-	-
<i>Financing and Investment Income and Expenditure</i>				
• Interest cost	2,668	2,785	31	33
• Expected return on scheme assets	(1,806)	(2,093)	-	-
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	2,037	1,688	31	33
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
• Actuarial gains and losses	3,198	3,399	53	15
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	5,235	5,087	84	48
<i>Movement in Reserves Statement</i>				
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(5,235)	(5,087)	(84)	(48)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• Employers contributions payable to scheme	1,320	1,167		
• Retirement benefits payable to pensioners			16	16

NOTES TO THE ACCOUNTS

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £3.251m (2011/12: £3.414m loss).

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligations).

	Funded liabilities: Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000
Opening balance at 1 April	54,770	51,110	649	616
Current service cost	924	956	-	-
Interest cost	2,668	2,785	31	33
Contribution by scheme participants	306	342	-	-
Actuarial gains and losses	6,683	1,795	53	15
Benefits paid	(1,890)	(2,258)	(16)	(15)
Past service costs	-	-	-	-
Entity combinations	-	-	-	-
Curtailments	251	40	-	-
Settlements	-	-	-	-
Closing balance at 31 March	63,712	54,770	717	649

Reconciliation of fair value of the scheme assets:

	2012/13 £'000	2011/12 £'000
Opening balance at 1 April	32,634	32,893
Expected rate of return	1,806	2,093
Actuarial gains and losses	3,485	(1,604)
Employer contributions	1,336	1,183
Contributions by scheme participants	306	342
Benefits paid	(1,906)	(2,273)
Entity combinations	-	-
Settlements	-	-
Closing balance at 31 March	37,661	32,634

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

NOTES TO THE ACCOUNTS

Scheme history

	31.03.13 £'000	31.03.12 £'000	31.03.11 £'000	31.03.10 £'000	31.03.09 £'000
Present value of liabilities:					
Local Government Pension Scheme	(63,712)	(54,770)	(51,112)	(49,483)	(35,756)
Discretionary Benefits	(717)	(649)	(616)	(265)	(221)
Fair value of assets in the Local Government Scheme	37,661	32,634	32,895	25,934	16,370
Surplus / (deficit) in the scheme:					
Local Government Pension Scheme	(26,051)	(22,136)	(18,217)	(23,549)	(19,386)
Discretionary Benefits	(717)	(649)	(616)	(265)	(221)
Total	(26,768)	(22,785)	(18,833)	(23,814)	(19,607)

The liabilities show the underlying commitments that the authority has in the long term to pay post employment (retirement) benefits. The total liability of £64.4m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £26.8m. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, i.e. before payments fall due, as assessed by the scheme actuary; and
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2014 is £1.210m. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2013 are £0.016m.

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 fund being based on the full valuation of the scheme as at 31 March 2010.

NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

	31.03.13	31.03.12
Long-term expected rate return on assets in the scheme:		
Equity investments	7.0%	7.0%
Government bonds	2.8%	3.1%
Other bonds	3.9%	4.1%
Property	5.7%	6.0%
Cash/liquidity	0.5%	0.5%
Other	7.0%	n/a
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.6 yrs	22.2 yrs
Women	25.3 yrs	24.8 yrs
Longevity at 65 for future pensioners:		
Men	24.4 yrs	23.6 yrs
Women	27.2 yrs	26.4 yrs
Rate of Inflation (CPI)	2.4%	2.5%
Rate of increase in salaries	4.15%	4.25%
Rate of increase in pensions	2.4%	2.5%
Rate for discounting scheme liabilities	4.2%	4.9%
Take-up of option to convert annual pension to retirement grant	50%	50%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31.03.13 %	31.03.12 %
Equity Investments	64.0	70.8
Debt Instruments	27.3	28.4
Other Assets	8.7	0.8
	100.0	100.0

History of experience gains and losses

The actuarial loss identified as movements on the Pension Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	2012/13 %	2011/12 %	2010/11 %	2009/10	2008/09
Differences between the expected and actual return on assets	9.3	4.9	16.3	31.8	64.9
Experience gains and losses on liabilities	0.0	0.0	5.6	0.0	0.0

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 £25,283 in 2012/13 (2011/12: £22,459).

NOTES TO THE ACCOUNTS

41. CONTINGENT LIABILITIES

At 31 March 2013, the Authority had two material contingent liabilities:

The authority has provided for a sum of £11k within these accounts (see note 23) 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.

A group of property search companies are seeking to claim refunds of fees paid to the Council to access land charges data. The Council has been informed that the value of these claims at present is £42,546 plus interest and costs. Proceedings have not yet been issued.

42. CONTINGENT ASSETS

At 31 March 2013 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

NOTES TO THE ACCOUNTS

- 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 2013 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.

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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 2013	Historical Experience of Default	Historical Experience adjusted for market conditions at 31 March 2013	Estimated maximum exposure to default and uncollectabi- lity at 31 March 2013	Estimated maximum exposure to default and uncollectabi- lity at 31 March 2012
	£'000	%	%	£000	£000
Deposits with Banks and Financial Institutions	5,707	0%	0%	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 20% 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.

NOTES TO THE ACCOUNTS

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 2013

2011/12 £'000		£'000	2012/13 £'000	NOTE
	INCOME			
(29,378)	Council Tax		(29,815)	
(3,335)	Transfers from General Fund - Council Tax Benefits		(3,309)	
(14,474)	Income collectable from business ratepayers		(15,527)	
(47,187)	Total Income		(48,651)	
	EXPENDITURE			
	Precepts and Demands:			
22,495	North Yorkshire County Council	22,486		
4,351	North Yorkshire Police Authority	4,350		
1,321	North Yorkshire Fire & Rescue	1,320		
4,407	Ryedale District Council	4,426		
48	Street Lighting Expenses	47	32,629	(3)
	Business Rates:			
14,317	Payment to National Pool	15,506		(4)
112	Costs of Collection Allowance	111		
45	Allowance for Losses	(90)	15,527	(5)
(50)	Provision for non-payment of Council Tax		30	(5)
47,046	Total Expenditure		48,186	
(141)	(Surplus) / deficit for the year		(465)	
(278)	Surplus at 1 April		(419)	
(419)	Surplus at 31 March		(884)	

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 the 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, North Yorkshire County Council, North Yorkshire Police Authority and North Yorkshire Fire and Rescue Authority in a subsequent financial year.

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 Properties	Ratio	Band D Equivalent Dwellings
A	1,819	6/9	1,213
B	5,134	7/9	3,993
C	4,907	8/9	4,361
D	3,669	1	3,669
E	2,928	11/9	3,579
F	1,812	13/9	2,617
G	1,043	15/9	1,738
H	92	18/9	184
TOTAL	21,404		21,354
Less adjustment for Collection Rate			(320)
Council Tax Base			21,034

3. Precepts

Precepts and demands for 2012/13 are analysed as follows:

	Ryedale DC £'000	NYCC £'000	NYPA £'000	NYFRA £'000
2012/13 Precept/Demand	4,378	22,243	4,303	1306
Payment in respect of 2011/12 surplus	48	243	47	14
	4,426	22,486	4,350	1,320

NOTES ON THE COLLECTION FUND

The balance on the Collection Fund is available for funding the precept requirement for the authorities as follows:

	£'000
Ryedale District Council	121
North Yorkshire County Council	609
North Yorkshire Police Authority	118
North Yorkshire Fire & Rescue Authority	36

4. **Income from Business Rates**

The Authority collects business rates for its area, which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by central government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population. Under these arrangements the amounts included in these accounts can be analysed as follows:

	£'000
Non-Domestic Rateable Value multiplied by the uniform business rate (net of rateable value adjustments)	18,916
Less net adjust. for Transitional Relief, Part Occupancy, Write-offs and Transitional Premium	(2,390)
	16,526
Less Charitable Relief	(905)
	15,621
Other adjustments including making provision for bad debts and interest payments made	(115)
	15,506

Redistribution from the NNDR Pool is credited to the General Fund Summary.

5. **Bad and Doubtful Debts**

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £540,000 (2011/12: £510,000) and Business Ratepayers of £100,000 (2011/12: £190,000) and is included within Debtors in the Authority's Balance Sheet.

6. **Statistics**

Additional information is as follows:

Total National Non Domestic Rateable Value in £'s at 31.03.13	42,916,845
NDR Rate in £ for 2012/13	45.8p
Small Business Rate in £ for 2012/13	45.0p
Number of Business Premises (Hereditament) at 31.03.13	2,824
Number of Council Tax Benefit claimants at 31.03.13	3,560

ANNUAL GOVERNANCE STATEMENT 2012/13

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

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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 2013 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 Overview and Scrutiny Committee that include the review of policies, budgets and service delivery to ensure that they remain appropriate. This Committee is

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also formally designated as the Authority's Audit Committee. 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 at appropriate intervals 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 Corporate Director (s.151 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 Corporate Director (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 Corporate Director (s151) 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

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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 2012/13). In addition, internal audit provides assurance to the Corporate Director (s151) 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

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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 Strategic 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 Overview and Scrutiny (Audit) Committee 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 2012/13 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

ANNUAL GOVERNANCE STATEMENT 2012/13

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. SIGNIFICANT INTERNAL CONTROL ISSUES

A review of the internal control arrangements in place within the Authority has identified areas where improvements could be made. Specific actions are proposed to address the issues identified. Attached is the action plan for 2012/2013 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: XX
Janet Waggott
Chief Executive

Signed: Dated: XX
Cllr Linda Cowling
Leader of the Council.

ANNUAL GOVERNANCE STATEMENT APPENDIX

AGS Action Plan 2012/2013

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.	Corporate Director (s151)	Continuing	This will be a continuing issue in 2013/2014
2012/2013	Procurement Risk as the Council undertakes two significant OJEU procurements, Insurance (2013) and Leisure Management (2014)	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 (s151)	September 2014	Planning work is underway on both projects with budgets for external support identified to assist in the process.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to Members of Ryedale District Council

Opinion on the Authority accounting statements

We have audited the accounting statements and related notes of Ryedale District Council for the year ended 31 March 2013 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 2012/13

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 of 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 Corporate Director (s151) and auditor

As explained more fully in the Statement of the Corporate Director (s151) Responsibilities, the Corporate Director (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. Our responsibility is to audit 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 financial 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 Authority; and the overall presentation of the accounting statements. We read all the information in the explanatory foreword and the annual report to identify material inconsistencies with the audited accounting statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S 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 2013 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 2012/13.

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

INDEPENDENT AUDITOR'S REPORT

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 November 2012, 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 2013.

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 November 2012, 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 2013.

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

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:

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

2011/12 Net Exp. £'000	Service	2012/13 Expenditure £'000	2012/13 Income £'000	2012/13 Net Exp. £'000
	Central Services to the Public			
88	Grants, Bequests & Donations	100	-	100
47	Emergency Planning	45	-	45
565	Local Tax Collection	4,382	3,766	616
247	Elections	182	1	181
-	Local Land Charges	83	95	(12)
947	Net Expenditure Central Services to the Public	4,792	3,862	930
	Cultural & Related Services			
436	Culture & Heritage	184	2	182
102	Open Spaces	114	6	108
828	Recreation & Sport	815	2	813
299	Tourism	317	29	288
1,665	Net Expenditure Cultural & Related Services	1,430	39	1,391
	Environmental & Regulatory Services			
32	Community Safety (CCTV)	23	15	8
22	Community Safety (Crime Reduction)	71	20	51
117	Flood Defence & Land Drainage	284	138	146
686	Recycling	1,440	669	771
851	Regulatory Services	1,050	222	828
348	Street Cleansing	421	92	329
(49)	Trade Waste	614	668	(54)
560	Waste Collection	605	10	595
2,567	Net Expenditure Environmental & Regulatory Services	4,508	1,834	2,674
	Planning Services			
45	Building Control	246	269	(23)
185	Business Support	178	8	170
148	Community Development	151	12	139
457	Development Control	875	369	506
(51)	Economic Development	17	64	(47)
158	Environmental Initiatives	210	41	169
1,935	Planning Policy	847	-	847
2,877	Net Expenditure Planning Services	2,524	763	1,761

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

2011/12 Net Exp. £'000	Service	2012/13 Expenditure £'000	2012/13 Income £'000	2012/13 Net Exp. £'000
	Highways & Transport Services			
(462)	Parking Services	301	723	(422)
92	Transport Support	68	-	68
(370)	Net Expenditure Highways & Transport Services	369	723	(354)
	Housing Services			
25	Enabling	25	-	25
87	Homelessness	386	315	71
55	Housing Advice	52	-	52
345	Housing Benefits Administration	498	199	299
(6)	Housing Benefits Payments	11,715	11,719	(4)
70	Housing Strategy	116	9	107
20	Other Council Property	23	63	(40)
(22)	Other Welfare Services	267	277	(10)
227	Private Sector Housing Renewal	592	274	318
801	Net Expenditure Housing Services	13,674	12,856	818
	Corporate & Democratic Core			
608	Corporate Management	580	12	568
696	Democratic Representation & Management	680	-	680
1,304	Net Expenditure Corporate & Democratic Core	1,260	12	1,248
	Other Corporate & Non Distributed Costs			
13	Other Services	29	2	27
74	Non Distributed Costs	287	-	287
87	Net Expenditure Other Corporate & Non Distributed Costs	316	2	314
9,878	COST OF SERVICES	28,873	20,091	8,782

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.

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.

GLOSSARY

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.

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.

GLOSSARY

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.

Curtailement

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.

GLOSSARY

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.

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.

GLOSSARY

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.

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.

GLOSSARY

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.

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.

GLOSSARY

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.

GLOSSARY

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.

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.