2012/13 STATEMENT OF ACCOUNTS

Committee: Finance and Governance Committee

Date: 26th September 2013

Author: Linda Grinnell, Head of Finance

[N106]

1.0 ISSUE

1.1 To approve the 2012/13 Statement of Accounts as set out in Appendix 1.

2.0 RECOMMENDATION (S)

2.1 That the 2012/13 Statement of Accounts as set out in Appendix 1 be approved.

3.0 BACKGROUND/OPTIONS

3.1 The Accounts and Audit regulations 2011 which apply to the preparation, approval and audit of the Statement of Accounts for the year ending 31 March 2013 require the following process to be followed:

- The Accounts must be certified by the Council's Responsible Financial Officer (S151 Officer) by 30 June following the end of the financial year. It is confirmed that the Head of Finance, as the Council's S151 Officer, did certify the accounts by this statutory deadline.

- By the 30 September:
  - The Accounts must be re-certified by the Responsible Financial Officer before Member approval is given
  - The Accounts must be approved by Members
  - The Accounts must be published together with any certificate, opinion or report issued by the appointed auditor.

3.2 Under the Council's Constitution, it is the Finance and Governance Committee's function to approve the Statement of Accounts 2012/13.

4.0 FORMAT OF THE STATEMENT OF ACCOUNTS 2012/13

4.1 The format of the Statement of Accounts is prescribed by a range of regulations and reporting requirements together with a code of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4.2 Since 2010/11, as part of the wider public sector move towards international accounting standards, all Local Authorities in the UK are required to produce their annual financial statements using International Financial Reporting Standards (IFRS).

5.0 REVIEW OF THE COUNCIL'S FINANCIAL PERFORMANCE 2012/13

REVENUE OUTTURN

5.1 In January 2013, a forecast over spend of £0.011m against the revised 2012/13 budget of £9.882m was reported to Members at the Finance & Governance Committee meeting and subsequently to Full Council.

5.2 The 2012/13 outturn position was an under spend of £0.149m. As a result of various under spends which are explained in the Explanatory Foreword to the Statement of Accounts, the £0.149m was transferred to the Surplus Savings Reserve at 31March 2013.

5.3 CAPITAL OUTTURN

The actual capital expenditure in 2012/13 was £0.835m, compared to a revised budget of £1.593m. The main areas of spend were on disabled facilities grants, home repairs and empty properties grants, which totalled £0.503m. The variances in expenditure were mainly due to slippage of schemes and some additional schemes being added during the year.

6.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

6.1 There was an under spend of £149,921 against the Council's revised budget as at 31 March 2013in addition to the planned under spend of £665,111.

6.2 Equality Impact Assessment (INRA) not required.

7.0 APPENDICES

7.1 Appendix 1 – Statement of Accounts 2012/13

Background Documents	**Location**	**Contact Officer**
The Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Prudential Code for Capital Finance in Local Authorities published by CIPFA Final Accounts working papers.	Room 206 The Grange Ely	Linda Grinnell Head of Finance (01353) 616470 E-mail: linda.grinnell@eastcambs.gov.uk

EAST CAMBRIDGESHIRE DISTRICT COUNCIL
ANNUAL FINANCIAL REPORT 2012/2013

EXPLANATORY FOREWORD

As the Head of Finance and S151 Officer, I am pleased to present the Council's 2012/13 Annual Financial Report which outlines the Council's performance for the year ended 31 March 2013.

The purpose of this Foreword is to provide a guide to the most significant matters reported in the Council's accounts. The financial statements have been prepared in accordance with the standard format for local authority accounts as recommended by the Chartered Institute of Public Finance and Accountancy, (CIPFA) as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on International Financial Reporting Standards (IFRS). They have also been produced in accordance with the Accounts and Audit Regulations 2011.

To aid the reader's interpretation of the Council's Statement of Accounts, the Foreword has been split into three sections:

- A review and commentary on the Council's performance during 2012/13.

- An explanation of the major changes in the presentation of the 2012/13 Statement of Accounts when compared to those presented in 2011/12.

- A commentary on the more significant items within the accounts that are worthy of note.

1.0 REVIEW AND COMMENTARY ON THE COUNCIL'S SERVICES AND PERFORMANCE DURING 2012/13

REVIEW OF 2012/13

In 2012/13, the Council agreed a suite of key corporate priorities and indicators for the financial year. These priorities are set out below together with a commentary on their progress as at the end of the financial year:

- **To facilitate the commencement of the Southern Link Road by 2015.**

Options have been investigated and following an initial consultation, an option was agreed. The preparation of the planning application is underway and the funding package which is yet to be confirmed will include contributions from Network Rail, Cambridgeshire County Council and East Cambridgeshire District Council. This priority will be retained in 2013/14

- **To facilitate the introduction of superfast broadband to the District by 2015.**

Connecting Cambridgeshire signed a contract with BT in March 2013 which means businesses and communities across Cambridgeshire and Peterborough will have some of the best fibre broadband coverage in the country by the end of 2015.

Overall 98% of homes and businesses across the county can expect to have access to fibre-based broadband by the end of the contract. Our targets are for more than 90% of homes and businesses to be able to get broadband speeds of 24 Mbps and higher, with a minimum of 2 Mbps to very nearly 100% of premises.

Over 24,000 people across the county have registered their demand for better broadband since May 2012 making it one of the fastest growing and biggest broadband campaigns in the country. Every registration counts to show suppliers the level of demand for better broadband across the county.

The Connecting Cambridgeshire Team are now working with Openreach on planning and detailed surveys for the roll-out, which will require a substantial re-design of the network.

The first phase of the roll-out is scheduled to deliver connectivity from December 2013 through to June 2014, with the first cabinets going ‘live with fibre’ by the end of 2013. Broadband services from a range of internet service providers will be available to premises on a rolling basis during this period as infrastructure is built and completed.

- **To meet with the District's top employers to support job creation.**

In April 2012, 30 businesses attended a Breakfast Briefing hosted by the Council. This was followed up by visits to the 9 largest employers in the District. 261 jobs were created and 78 were safeguarded through business engagement and marketing activities. The Council identified additional financial resources towards the costs of apprenticeship places in other organisations and economic development marketing funding for the Council itself. This priority was fully achieved during 2012/13 and has been discharged for 2013/14.

- By 2013 to implement a policy to prioritise people who work in the district for affordable housing in order to provide a sustainable relationship between homes and jobs.

The Council's Housing Allocations policy, which sets out its scheme for allocating social housing in the district, was revised in December 2012. The new policy now states that an applicant will be considered to have a local connection with the area if they work in the local authority area for 16 hours or more per week.

- To deliver one Community Land Trust (CLT) in East Cambridgeshire by the end of 2013.

The Stretham and Wilburton CLT was established in October 2012. The Council's CLT support programme was approved by Full Council in 2013. This priority has been revised in year and amended to **To deliver 2 more Community Land Trusts by the end of 2013/14.**

- To test the market for a catering operator to manage the restaurant at the Maltings.

The procurement process was undertaken in late summer / early autumn and 3 bids were received. The selected preferred operator will be confirmed during 2013/14.

- By March 2013, to approve a costed plan for a District leisure facility.

The pre - procurement market testing of the operation management options with the private sector was completed during 2012/13. The heads of terms with the preferred cinema developer have also been completed. This Corporate Priority has now been amended to **To provide a detailed costed plan for the development and construction of a new leisure facility by the end of 2014.**

- To submit a bid for funding to the Department for Communities and Local Government (DCLG) by August 2012 to retain weekly collections of waste and enhance recycling rates.

The bid was submitted in August 2012. In November 2012, the DCLG announced that we had successfully been awarded funding of £4.99m. During 2013/14, the Council will implement the changes to the recycling service and also work in partnership with the County Council and other District Councils in Cambridgeshire for their waste collection service provision.

The Council successfully carried out an EU tender for a paper, glass and can bank collections contract

- To open a shared front of house in the Council's reception area, providing a one stop shop for the customers of the Council, Anglia Revenues Partnership and Sanctuary Housing.

This was completed early in the financial year and the reception was re-opened in May 2012.

- To reduce the average number of working days lost to sickness per full time equivalent (fte)

During 2012/13, Stress management Risk Assessments were introduced alongside the continued implementation of the Council's revised Attendance and Stress Management Policy. This priority will be retained for 2013/14.

- To 'talk up' / promote Littleport as a place to live, work and play.

This priority has been articulated through three separate projects and supported by ongoing PR campaigns. The three projects are:

1. Increase the number of car parking spaces for the users of Littleport Railway Station.
2. Increase the number of car parking spaces at E Space North to offer enhanced conference facilities

3. Transfer the public open space known as The Paddock to Littleport Parish Council for the provision of public open space and community use.

These projects will be ongoing during 2013/14.

- To deliver the Council's Medium Term Financial Strategy (MTFS) 2011/12 - 2014/15.

The updated MTFS was approved by the Finance and Governance Committee in January 2013. The timeframe of the Strategy was extended to 2016/17 and includes a range of Key Performance Indicators against which, the Council's financial health will be monitored. These Indicators include the collection rates of both Council tax and Business Rates and a tolerance level has been set against which to measure the Council's outturn position at the end of the year. These are discussed further in this report. This Corporate Priority will be retained in 2013/14.

In 2013/14, there are five new Corporate Priorities. These are:

- To facilitate the opening of a cinema at Downham Road / A10 by 2015.

- To reduce the number of families with children in bed and breakfast and those in residence for more than 6 weeks

- To agree proposals and project plan for the development of the Station Gateway by the end of March 2014.

- To agree a project plan with relevant partners to implement the Soham Eastern Gateway by the end of 2013

- To submit a full business case to the Department of Transport for the re-opening of Soham Rail Station by the end of 2013.

During 2012/13 98% (568) food premises due for inspection were completed by the Environmental Health Commercial Team, resulting in 277 written warnings, the service of improvement notices and a prosecution for continual poor food hygiene standards. 76% of food businesses within East Cambridgeshire District are rated as being ‘good’ or ‘very good’ under the Food Standards Agency Food Hygiene Rating Scheme. The number of food businesses within the district continues to rise, with over 137 food businesses registering with the Council during 2012/13

In addition to food safety and health and safety inspection and enforcement, the Commercial Team received, processed and issued over 980 licence applications during 2012/13, including applications for street trading, private hire and hackney carriage vehicles, driver and operator, animal and premises licensing and temporary event notices. House to house and street collection licences processed and granted by the team during 2012 resulted in £37,642.29 being collected by charitable organisations within the district.

Despite a further reduction in Government funding of £0.654m (11.7%) in 2012/13, the Council successfully balanced its 2012/13 budget which was approved by Full Council on 23 February 2012. This financial position was achieved by the actions taken during 2011/12 when the Council identified a 4 year savings package which meant that a balanced budget position for 2012/13 was achieved without the need to identify any further savings. The Council's financial position has been monitored on an ongoing basis during the financial year and variances to the approved budget have been reported to Members as they have been identified.

The Council, however, does recognise that there will be continuing economic challenges during the years ahead and in addition, it has assumed further significant risks to the Council's financial position due to the introduction of the Business Rates Retention Scheme and the Localised Support for Council Tax Scheme in 2013/14.

The collection rates on Council Tax and Business Rates last year were slightly below the target rates as set out in the Council's Medium Term Financial Strategy.
The collection target for Council Tax was 98.8% and the actual rate of collection in 2012/13 was 98.7%. For Business Rates, the target and actual collection rates were 99% and 98.7% respectively.

During 2012/13, the Council experienced a substantial increased demand for its Homelessness service. The approved budget of £0.090m for providing temporary accommodation to the homeless was increased during the year to £0.358m net of housing benefit contributions. The actual expenditure incurred was £0.362m. A revised Homelessness Strategy has been approved during 2013/14 and its emphasis is now on proactive work to prevent people from becoming homeless by focusing on early flexible intervention, housing advice and mediation, and less on taking homelessness applications and crisis management. Consequently, the projected expenditure on Homelessness accommodation has fallen to £0.110m for 2013/14.

Revenue Expenditure and Income 2012/13

The Council approved a net revenue budget for 2012/13 of £9,060,234, which was revised upwards during the year to £9,882,945. The Council's net revenue expenditure for 2012/13 was £9,733,024 which is an overspend compared to the original budget of £672,790 and an underspend of £149,921 compared to the revised budget. A summary of the Council's Revised Budget and outturn are set out in the table below:

	2012/13 Revised Budget £000	Outturn £000
Service Expenditure by Committee:		
Development & Transport	2,849	1,823
Community & Environment	5,294	5,444
Personnel & Corporate Services	2,958	2,314
Reversal of Capital Charges	(617)	(560)
Investment Income	(140)	(141)
Council Tax Freeze Grant	(100)	(100)
New Homes bonus	(690)	(690)
Weekly Refuse Grant	(26)	(26)
Internal Drainage Board Levies	355	355
Net Operating Expenditure	9,883	8,419
Contributions To / From Earmarked Reserves	(855)	609
Net Expenditure	9,028	9,028
Financed by:		
Government Funding	(4,937)	(4,937)
Council Tax	(4,091)	(4,091)
	(9,028)	(9,028)

An analysis of the main variances causing the underspend are set out below:

	£000 (Over)/Under Spend	Note
Angel Drove Car Park	12	Increased income from car park
Employee costs	70	Overall underspend on employee costs
Asset Management	(121)	Overspend due to additional repair work required on the Council's reception area.
Car Parks	(21)	Planned reduction in Business Rates due to appeal on Rateable value not yet received.
Revenues & Benefits	186	Recovery of Rent Allowance Overpayments by Anglia Revenues Partnership were higher than anticipated together with the Housing Benefit subsidy received being higher than forecast.
Other savings	23	
Total Underspend	149	

The revised Medium Term Financial Strategy included a number of performance indicators; one of these is "To deliver a year on year net revenue budget outturn with a tolerance of up to 2.5% maximum underspend and a maximum 1.5% overspend.
The underspend of £149,921 represents 1.5% of the revised net revenue budget and is therefore within the approved tolerance levels.

Sources of Income

	Original Budget £000	Revised Budget £000	Actual £000	Variance To Revised Budget £000
Government Grants	(29,112)	(30,633)	(31,032)	(399)
Other Grants/Reimbursements	(380)	(432)	(2,267)	(1,835)
Sales, Fees & Charges	(1,799)	(1,913)	(1,853)	60
Local Taxpayers	(5,738)	(5,738)	(5,738)	0
Other Income	(785)	(875)	(1,055)	(180)
Total Income	(37,814)	(39,591)	(41,945)	(2,354)

The Government grants were higher than estimated mainly as a result of additional housing benefit and council tax benefit subsidy from the DWP.

Other grants and reimbursements includes S106 contributions from developers and income from Capital receipts to fund revenue expenditure funded by capital.

Sales, fees and charges includes planning application fees, licenses and building control fee income.

Other income includes non capital receipts.

The Council's main fees and charges income streams are monitored on a regular basis during the financial year.

The total income was £62,000 below the revised budget, largely as a result of lower than anticipated Building Control fees as set out in the table below:

	Original Budget £000	Revised Budget £000	Actual £000	Variance To Revised Budget £000
Planning Fees	(416)	(437)	(439)	(2)
Building Control Fees	(262)	(262)	(213)	49
Land Charges	(111)	(111)	(103)	8
Investment Interest	(90)	(140)	(141)	(1)
Licensing Income	(126)	(123)	(115)	8
	(1,005)	(1,073)	(1,011)	62

Reserves

The General Fund Reserve balance at 1 April 2012 stood at £1,796,930 and this remained unchanged as approved by Members at the February 2013 Council meeting. At 31 March 2013, this reserve totalled £1,796,930.

The underspend of £149,921 at the end of 2012/13 has enabled the balance on the Surplus Savings Reserve to be increased to £0.815m. This reserve will be used in future years to offset any pressures to the Council's budget.

In addition, the Council also has a number of earmarked reserves, which are monies set aside for specific purposes. An analysis of the Council's earmarked reserves and the movements in these reserves as at 31 March 2013 are shown below:

	Opening Balance	Original Transfer (To) / From	Revised Transfer (To) / From	Actual Transfer (To) / From	Actual Closing Balance
	£000	£000	£000	£000	£000
District Elections	0	(22)	(22)	(22)	(22)
HPDG	(685)	211	351	195	(490)
Asset Management	(222)	0	0	0	(222)
Pension	(100)	0	0	0	(100)
Vehicle Replacements	(70)	(29)	(29)	26	(44)
Building Control	(6)	(17)	(17)	4	(2)
Change Management	(350)	0	87	120	(230)
Virtual Storage Solution	(26)	(13)	(13)	(13)	(39)
Housing Conditions Survey	(20)	(10)	(10)	(10)	(30)
Surplus Savings Reserve	(665)	(178)	3	(150)	(815)
Land Charges New Burdens Reserve	(34)	0	0	0	(34)
Grounds Maintenance Reserve	(73)	(7)	(7)	(9)	(82)
Cultural & Related - Sport	(7)	0	7	3	(4)
Environment - Community Safety	(165)	0	165	7	(158)
Planning & Development - Econ Dev	(14)	0	14	(16)	(30)
Transport	(63)	0	63	(7)	(70)
Housing	(13)	0	13	0	(13)
Corporate	(8)	0	8	(28)	(36)
Revenues & Benefits	(450)	90	90	90	(360)
Reception Refurbishment	(90)	102	90	90	0
S106	(1,743)	0	0	(797)	(2,540)
New Homes Bonus	(61)	0	61	61	0
Homelessness	(80)	0	0	0	(80)
Weekly Refuse Reserve	0	0	0	(24)	(24)
	(4,945)	127	854	(480)	(5,425)
General Fund Balance	(1,797)	0	0	0	(1,797)
Total Reserves	(6,742)				(7,222)

The 2012/13 Capital Outturn

The capital programme expenditure during 2012/13 totalled £834,896 which was an underspend of £758,043 compared to the revised budget of £1,592,939.
The capital programme was financed from Government Grants, External Contributions, sums set aside from revenue of £144,258, and useable capital receipts of £322,530.
The Council has not taken out any long term borrowing during 2012/13 to finance the capital programme and the Council remains debt free as at 31 March 2013.

Capital Schemes	2012/13 Original £000	2012/13 Revised £000	2012/13 Actual £000	2012/13 (under)/over £000
Development & Transport Committee				
Conservation Area Schemes - 2nd round	0	30	0	(30)
Transport Initiatives Fund	50	17	0	(17)
Station Gateway Development	100	100	0	(100)
Southern Link Road	42	42	0	(42)
Fisherman's Car Park Infrastructure Ely	0	16	15	(1)
Ely Car Parking Scheme	112	0	0	0
Acquisition of Part of Barton Road Car Park	0	55	55	0
Mandatory Disabled Facilities Grants	386	478	368	(110)
Empty Property, Minor Work, Home Repair, Disc. DFGs	193	292	110	(182)
Empty Properties Littleport	0	80	25	(55)
Travellers' Sites (Wentworth)	0	1	1	0
Travellers' Sites (excluding Wentworth)	0	21	16	(5)
Total Development & Transport Sub-Committee	883	1,132	590	(542)
Community & Environment Sub-Committee				
Ely Country Park	0	0	0	0
West of Ely Cycleway	0	6	8	2
Leisure Facility	0	0	25	25
Total Community & Environment Sub-Committee	0	6	33	27

Capital Schemes Continued	2012/13 Original £000	2012/13 Revised £000	2012/13 Actual £000	2012/13 (under)/over £000
Personnel & Corporate Services Sub-Committee				
Reception Refurbishment The Grange Ely	85	121	115	(6)
Vehicle Etc Replacements	96	83	31	(52)
G.I.S. (Geographical Information System	70	70	0	(70)
Grounds Maintenance Vehicles/Equipment	0	10	35	25
Virtualisation of Servers	0	1	0	(1)
Northgate/Paris new APACS security Module	0	3	2	(1)
Replacement IT Back-up System	0	5	5	0
Environmental Health Public Licensing	0	15	10	(5)
Payment Card Industry Data Security Standard (PCI DSS)	0	13	0	(13)
Office Management System Legal System Replacement	0	14	0	(14)
CIL (Community Infrastructure Levy) System	0	14	14	0
Electronic Document Management (DMS) & e-Forms	0	51	0	(51)
CRM (Customer Relationship Management) Integration	0	55	0	(55)
Total Personnel & Corporate Services Sub-Committee	251	455	212	(243)
Total Capital Schemes	**1,134**	**1,593**	**835**	**(758)**

Sources Of Financing	2012/13 Original £000	2012/13 Revised £000	2012/13 Actual £000	2012/13 Variance £000
Government Grants:				
Disabled Facility Grants	(200)	(255)	(255)	0
Littleport Empty Property Grant	0	(80)	(20)	(60)
Gypsy & Travellers' Sites Grant	0	(22)	(17)	(5)
HPDG (Housing & Planning Development)	(52)	(159)	(2)	(157)
CIL/HPDG	0	(14)	(14)	0
IEG (Implementing Electronic Government)	0	(48)	(15)	(33)
Other				
Section 106 Contributions	(112)	(10)	(12)	2
Improvement East	0	(1)	0	(1)
LPSA (Local Public Sector Agreement)	(42)	(42)	0	(42)
Contribution to Grounds Maintenance equip.	0	(10)	(62)	52
Contribution to Reception	0	(33)	(115)	82
Capital Receipts	(728)	(919)	(323)	(596)
Total Financing	(1,134)	(1,593)	(835)	(758)

The variances are mainly due to slippage in some of the schemes commencing and additional schemes added during the year.

Material Assets Acquired or Liabilities Incurred
There have not been any material assets acquired or liabilities incurred during the financial year.

2.0 **COMMENTARY ON THE MAJOR CHANGES IN THE 2012/13 ACCOUNTS COMPARED TO THE 2011/12 STATEMENTS**

2.1 **International Financial Reporting Standards**

The Council is required to report its financial position based on the requirements of International Financial Reporting Standards (IFRS) and is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

2.2 **Statement of Accounting Policies**

The accounting polices applicable to the 2012/13 statement of accounts are much the same as those that were applied to the 2011/12 accounts.

2.3 **True And Fair View Override**

As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view over-ride”. This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information ie to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the 'true and fair view' is appropriately acknowledged in the notes to the accounts. For 2012/13 the Head of Finance has not had to use the 'true and fair view' override.

2.4 **Changes To The Statement of Accounts**

There have been no major changes to the format of the 2012/13 Statement of Accounts.

3.0 **COMMENTARY ON THE SIGNIFICANT ITEMS IN THE 2012/13 ACCOUNTS**

3.1 **EXPLANATION OF THE CORE AND SUPPLEMENTARY STATEMENTS**

The Core Statements are:

i **Movement In Reserves Statement - Page 16**

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. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting. 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.

ii **The Comprehensive Income & Expenditure Statement - Page 17**

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. Councils 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.

iii **The Balance Sheet - Page 18**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the 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'.

iv **The Cash Flow Statement - Page 20**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the 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 Council.

v The Supplementary Statement for this Council is:

The Collection Fund - Page 85

The Collection fund shows the transactions of the Council as the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of the council tax and non-domestic rates. There is no need for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire and Rescue, East Cambridgeshire District Council and the Government) on behalf of which the Council collects these taxes.

3.2 **Material and Unusual Charges or Credits in the Accounts**

There are no such amounts reported in the 2012/13 Statement of Accounts.

3.3 **Pensions**

The pension scheme liability within the Balance Sheet has significantly increased from £15.92m in 2011/12 to £18.32m as at 31/3/13. This increase is mainly due to:

- The deficit has increased due to falling bond yields
- This has been partially offset by strong asset returns
- The projected pension expense for next year has also risen for the same reasons, and reduced expected asset rates of return.

3.4 **Significant Provisions, Contingencies and Write Offs**

The Council has no significant provisions or contingencies to report as at 31 March 2013. The Council has written off £171,000 council tax arrears and £133,000 of National Non Domestic Rates during 2012/13 that it considers are bad debts and no longer collectible.

3.5 **Material Events After The Balance Sheet Date**

There have not been any material events after the reporting date.

Linda Grinnell

Head of Finance

Pages 13 and 14
The auditors opinion and certification will be incorporated here at the conclusion of the audit.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities -

The Council 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. At East Cambridgeshire District Council that officer is the Head of Finance.
- ◊ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ◊ approve the statement of accounts.

The Head of Finance's Responsibilities -

The Head of Finance is responsible for the preparation of the Council'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 Head of Finance has:

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

The Head of Finance has also:

- ◊ kept proper accounting records which were up to date;
- ◊ taken reasonable steps for the prevention and detection of fraud and other irregularities.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its expenditure and income for the year ended 31 March 2013.

Linda Grinnell
Head of Finance **Date:** 26 September 2013
FCCA

Approval by Finance & Governance Committee
I confirm that these accounts were approved by the Finance & Governance Committee at the meeting held on 26th September 2013 and that events after the Balance Sheet date have been considered to 26th September 2013.

Councillor James Palmer
Chairman **Date:** 26 September 2013

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Grants & Contributions Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	note
	£	£	£	£	£	£	£	
Balance at 31 March 2011	(1,623,847)	(4,032,428)	(2,356,637)	(440,906)	(8,453,818)	(4,503,711)	(12,957,529)	
Movement in reserves during 2011/2012								
(Surplus)/deficit on provision of services	813,924				813,924		813,924	
Other Comprehensive Expenditure and Income						2,292,061	2,292,061	
Total Comprehensive Expenditure and Income	813,924	0	0	0	813,924	2,292,061	3,105,985	
Adjustments between accounting basis and funding basis under regulations	(2,004,583)		257,887	167,619	(1,579,077)	1,579,077	0	**7**
Net (increase)/decrease before transfers to earmarked reserves	(1,190,659)	0	257,887	167,619	(765,153)	3,871,138	3,105,985	
Transfers to/(from) earmarked reserves	1,017,576	(913,752)			103,824	(103,824)	0	
(Increase)/decrease in 2011/2012	(173,083)	(913,752)	257,887	167,619	(661,329)	3,767,314	3,105,985	
Balance carried forward at 31 March 2012	(1,796,930)	(4,946,180)	(2,098,750)	(273,287)	(9,115,147)	(736,397)	(9,851,544)	
Movement in reserves during 2012/2013								
(Surplus)/deficit on provision of services	541,669				541,669		541,669	
Other Comprehensive Expenditure and Income						372,553	372,553	
Total Comprehensive Expenditure and Income	541,669	0	0	0	541,669	372,553	914,222	
Adjustments between accounting basis and funding basis under regulations	(1,150,464)		(84,351)	79,993	(1,154,822)	1,154,822	0	**7**
Net (increase)/decrease before transfers to earmarked reserves	(608,795)	0	(84,351)	79,993	(613,153)	1,527,375	914,222	
Transfers to/(from) earmarked reserves	608,795	(479,257)			129,538	(129,538)	0	
(Increase)/decrease in 2012/2013	0	(479,257)	(84,351)	79,993	(483,615)	1,397,837	914,222	
Balance carried forward at 31 March 2013	(1,796,930)	(5,425,437)	(2,183,101)	(193,294)	(9,598,762)	661,440	(8,937,322)	

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	2012/2013			2011/2012			note
	Expenditure	Income	Net	Expenditure	Income	Net	
	£	£	£	£	£	£	
Central Services to the public	6,061,785	(5,190,090)	871,695	5,981,423	(5,135,362)	846,061	
Cultural & Related	1,349,757	(171,213)	1,178,544	2,170,786	(172,237)	1,998,549	
Environmental	4,932,094	(642,726)	4,289,368	4,674,073	(676,363)	3,997,710	
Planning & Development	2,687,773	(2,515,619)	172,154	2,629,621	(1,764,647)	864,974	
Transport	488,225	(179,994)	308,231	542,040	(268,699)	273,341	
Housing	22,418,209	(21,275,829)	1,142,380	21,246,509	(20,166,028)	1,080,481	
Corporate & Democratic Core	1,631,103	(61,033)	1,570,070	1,504,315	(298,960)	1,205,355	
Non Distributed Costs	87,462	0	87,462	552	0	552	
NET COST OF SERVICES	39,656,408	(30,036,504)	9,619,904	38,749,319	(28,482,296)	10,267,023	
Parish council precepts	1,557,555			1,566,454			
Internal Drainage Board Levies	354,700			332,753			
Contribution of housing capital receipts to Govt. Pool	597			4,544			
Loss/(gain) on the disposal of non current assets	133,111			21,306			
OTHER OPERATING EXPENDITURE			2,045,963			1,925,057	
Interest payable and similar charges	18,045			32,548			
Interest receivable and Investment Income	(182,543)			(160,172)			
Pensions interest cost	1,836,000			1,935,000			**39**
Expected return on pension assets	(1,251,000)			(1,530,000)			**39**
Income & Exp and changes in fair value of investment properties	0			246,099			
FINANCING & INVESTMENT INCOME & EXPENDITURE			420,502			523,475	
Council Tax Income	(5,723,604)			(5,588,260)			
Non Domestic Rates	(4,841,783)			(4,271,123)			
Non Ringfenced Government Grants	(979,313)			(1,958,608)			**33**
Capital grants & contributions	0			(83,640)			
TAXATION & NON-SPECIFIC GRANT INCOME			(11,544,700)			(11,901,631)	
DEFICIT/(SURPLUS) ON PROVISION OF SERVICES FOR THE YEAR			541,669			813,924	
(Surplus)/Deficit arising on revaluation of Property, Plant & Equipment	(1,478,447)			(590,192)			
Actuarial (Gains)/Losses on pension fund assets and liabilities	1,851,000			2,920,000			
Other (Gains)/Losses	0			(37,747)			
OTHER COMPREHENSIVE INCOME & EXPENDITURE			372,553			2,292,061	
TOTAL COMPREHENSIVE INCOME & EXPENDITURE			914,222			3,105,985	

BALANCE SHEET AS AT 31 MARCH 2013

NET ASSETS	31.03.13		31.03.12		note
	£	£		£	
Property, Plant & Equipment					
Community	830,437		683,304		
Infrastructure	653,993		650,715		
Land and buildings	13,606,111		12,626,885		
Vehicles	670,806		481,687		
Plant	0		38,499		
Equipment	0		444,550		
Surplus Assets	30,804		31,266		
Assets under construction	868,290		843,705		
		16,660,441		15,800,611	9
Heritage Assets	105,052		105,052		10
Investment Properties	0		123,077		11
Intangible Assets	131,673		157,831		12
Long Term Investments	0		0		13
Investments in subsidiaries	545,725		545,725		34
Long-term debtors	191,244		176,787		13
		973,694		1,108,472	
Total Long Term Assets		17,634,135		16,909,083	
Short term investments	5,548,660		3,002,894		13
Inventories and work in progress	54,326		42,505		14
Assets held for sale	0		0		17
Short term debtors	1,871,493		3,163,683		15
Cash equivalents	6,607,197		6,377,809		16
Total Current Assets		14,081,676		12,586,891	
Bank overdraft	0		0		16
Short term borrowing	0		0		
Short term creditors	(4,250,087)		(3,316,243)		18
Total Current Liabilities		(4,250,087)		(3,316,243)	
Long Term Creditors	(153,673)		(349,202)		13
Provisions	(51,729)		(55,985)		19
Donated assets account	0		0		
Liability related to defined benefit pension scheme	(18,323,000)		(15,923,000)		39
Total Long Term liabilities		(18,528,402)		(16,328,187)	
Net Assets		8,937,322		9,851,544	

BALANCE SHEET CONTINUED AS AT 31 MARCH 2013

RESERVES	31.03.13		31.03.12		**note**
	£	£		£	
Usable Reserves					
General fund	(1,796,930)		(1,796,930)		**20**
Earmarked reserves	(5,425,437)		(4,946,180)		**8**
Grants & Contributions Unapplied Reserve	(193,294)		(273,287)		**20**
Capital receipts reserve	(2,183,101)		(2,098,750)		**20**
		(9,598,762)		(9,115,147)	
Unusable Reserves					
Revaluation reserve	(5,821,792)		(4,584,269)		**21**
Capital adjustment account	(11,783,720)		(12,113,241)		**21**
Deferred capital receipts	(288,694)		(249,226)		**21**
Collection Fund adjustment account	34,867		110,416		**21**
Accumulated Absences Account	100,329		103,397		**21**
Financial Instruments Adjustment Account	97,450		73,526		**21**
Pensions reserve	18,323,000		15,923,000		**21**
		661,440		(736,397)	
Total Reserves		(8,937,322)		(9,851,544)	

Linda Grinnell
Head of Finance, FCCA **Date:** 26 September 2013

THE CASH FLOW STATEMENT 2012/2013

Indirect method

Reconciliation of Cash Flow from Revenue Activity to the Income and Expenditure Account

	2012/2013	2011/2012	note
	£	£	
Net surplus or (deficit) on the provision of services	(541,669)	(813,924)	
Adjustment to surplus or deficit on the provision of services for noncash movements	2,403,010	2,672,388	**22**
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(546,407)	(657,391)	**23**
Net Cash flows from operating activities	1,314,934	1,201,073	
Net Cash flows from Investing Activities	(2,420,059)	(2,441,089)	**24**
Net Cash flows from Financing Activities	1,334,513	(318,873)	**25**
Net increase or decrease in cash and cash equivalents	229,388	(1,558,889)	
Cash and cash equivalents at the beginning of the reporting period	6,377,809	7,936,698	**16**
Cash and cash equivalents at the end of the reporting period	6,607,197	6,377,809	**16**

1 **Accounting Policies**

Concepts And Principles

General Principles

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year end of 31 March 2013.
It has been prepared in accordance with 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. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

The accounts have been designed to present a "true and fair" view of the financial position of the Council and comparative figures for the previous year are provided.

The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. These concepts are defined as follows:

- materiality concept means that information is included where that information is of such significance as to justify its inclusion.

- accruals concept requires the non-cash effects of transactions to be included within the financial statement for the year in which they occur and not in the period in which the cash is paid or received.

- going concern concept assumes that the Council will continue in operational existence for the foreseeable future

- primacy of legislative requirement requires that where an accounting treatment is prescribed by law, then it will be applied, even if it contradicts one or other of the accounting concepts outlined above.

Accruals of Income And Expenditure

Income and expenditure is included in the accounts on an accruals basis. In particular:

◊ Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.

◊ Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. The exceptions to this are items of low individual value such as desks and chairs which are treated as fully consumed in the year in which they are purchased.

◊ The Council is a billing authority and collects National Non Domestic Rates (NNDR) under what is in substance an agency agreement with the Government for the collection of business rates. The same principle applies for Council Tax collected on behalf of the precepting bodies. The income collected on an agency basis is not the income of the billing authority and is not included in the Comprehensive Income and Expenditure Statement.

◊ Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.

◊ Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

◊ Where income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

◊ Where income has been received in the year in relation to activities to be carried out in the following financial year, a receipt in advance is recorded in the balance sheet.

◊ Where payment has been made in relation to activities to be carried out in the following financial year, a payment in advance is recorded in the balance sheet.

◊ Income and expenditure are credited and debited to the relevant line in the Comprehensive Income and Expenditure Statement unless they properly represent capital receipts or capital expenditure

◊ Employee costs are included in the year that they are earned.

Revenue Recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.
Revenue shall be measured at the fair value of the consideration received or receivable except for a financial asset that is measured under Financial Instruments. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable.
Revenue shall be recognised by the following events:
- the sale of goods. Revenue shall be recognised when all of the following conditions have been satisfied:
- the significant risks and rewards of ownership have transferred to the purchaser.
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.
- the amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- the rendering of services. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the percentage of completion method at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
1) The amount of revenue can be measured reliably.
2) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
3) The stage of completion of the transaction (using the percentage of completion method) at the reporting date can be measured reliably.
4) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue should be recognised only to the extent of the expenses recognised that are recoverable.

- interest, royalties and dividends. Revenue shall be recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and
- the amount of the revenue can be measured reliably.

Where the above recognition criteria have been met:
a) interest should be recognised using the effective interest method
b) royalties should be recognised as they are earned in accordance with the substance of the relevant agreement, and
c) dividends or their equivalents should be recognised when the authority's right to receive payment is established

- Non-exchange transactions: revenues shall be recognised when:

a) it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and
b) the amount of the revenue can be measured reliably.

- where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria:

In the event that a liability had been recognised, revenue shall be recognised equal to the reduction of the carrying amount of a liability when the relevant revenue recognition criteria have been met.

In the event that the consideration is received but the revenue does not meet the recognition criteria above, an authority shall recognise a creditor (i.e. receipt in advance) in respect of that inflow of resources
In the event that revenue meets the recognition criteria, but the consideration has not been received, an authority shall recognise a debtor in respect of that inflow of resources

Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority. However, when an uncertainty arises about the collectability of an amount, adjustment of the amount of revenue originally recognised in the Comprehensive Income and Expenditure Statement already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense (i.e. impairment of financial assets), rather than as an adjustment of the amount of revenue originally recognised in the Comprehensive Income and Expenditure Statement.

Changes in Accounting Policies and Estimates and Errors and Prior Period Adjustments

Prior period adjustments may arise as a result of changes in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future financial 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 Council's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Overheads And Support Service Costs

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 with the full cost of overheads and support services shared between users in proportion to the benefits received, with the exception of:

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

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

Each support service has been treated in the accounts as a separate entity, and it is intended that they should break even taking one year with another, by adjustment of subsequent years' charges. The net year-end surplus on support services forms part of the General Fund Reserve balance.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies.
Reserves are created by appropriating amounts in the Movement in Reserves Statement.

Usable Reserves

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Comprehensive Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Unusable Reserves

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:

◊ Revaluation Reserve
◊ Capital Adjustment Account
◊ Pensions Reserve
◊ Accumulated Absences Account
◊ Financial Instruments Adjustment Account
◊ Collection Fund Adjustment Account

Grants and Contributions

All grants and contributions relating to capital and revenue expenditure shall:
 - not be recognised until there is reasonable assurance that:
1) The Council will comply with the condition attached to the grant, and
2) The grants or contributions will be received.

 - be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as Income, except to the extent that the grant or contribution has a condition that the Council has not satisfied.

Revenue Grants

In respect of general revenue grants and contributions such as Revenue Support Grant and NNDR redistribution, these are credited to the Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement. Specific grants are credited to the relevant service line.

Where a repayment of grants or contributions becomes repayable and the grant has been previously recognised in the Comprehensive Income and Expenditure Statement, the repayment is recognised as an expense in the Comprehensive Income and Expenditure Statement.

Capital Grants

In respect of capital grants and contributions:

 - where conditions initially remain outstanding at the Balance Sheet date, the grant or contribution will be recognised as part of the Capital Grants Receipts in Advance (CGRA). Once the condition has been met the grant or contribution will be transferred from the CGRA and recognised as income in the Comprehensive Income and Expenditure Statement.

 - where no conditions remain outstanding and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement and the expenditure has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund to the Capital Adjustment Account reflecting the application of capital resources to finance expenditure. This transfer will be reported in the Movement in Reserves Statement.

 - where no conditions remain and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement but the expenditure to be financed from the grant or contribution has not been incurred at the Balance Sheet Date, the grant or contribution shall be transferred to the Capital Grants Unapplied Reserve within the Usable Reserves section of the Balance Sheet, thus reflecting the status as a capital resources available to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

- where a repayment of capital grants or contributions become repayable where the grant or contribution has previously been recognised:

- as part of the Capital Grants Receipts in Advance, the repayment shall be applied against the Capital Grants Receipts in Advance directly.

- as income in the Comprehensive Income and Expenditure Statement (or to the extent that the repayment exceeds the balance in respect of the specific grant or contribution in the Capital Grants Receipts in Advance), the repayment is recognised as an expense in the Comprehensive Income and Expenditure Statement. However, as required under statutory regulation, the repayment of grants and financial assistance for capital purposes is to be categorised as capital expenditure and will therefore be transferred from the General Fund to the Capital Adjustment Account, with the transfer being reported in the Movement in Reserves Statement.

Grants and contributions may be received subject to a condition that it is returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Comprehensive Income and Expenditure Statement

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.

Events After The Balance Sheet Date

When events have occurred, favourable and unfavourable, after the balance sheet date:
- the Statement of Accounts is adjusted to reflect such events only where there is evidence that the conditions existed at the balance sheet date (adjusting event)
- the amounts included in the accounts will not be adjusted if the events are indicative of or there is evidence that the conditions arose after the balance sheet date (non-adjusting event)

However, the nature of the event and an estimate of the financial effect on the statements, providing that such an estimate can be made reliably, shall be disclosed.

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

Cash and Cash Equivalents

Cash comprises cash in hand (or overdrawn) at the bank. Cash equivalents are short-term investments which are repayable on demand or notice (up to 95 days). These are highly liquid and readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Donated Assets

Where an asset is donated for:

- nil consideration, it shall be recognised at fair value as an asset on the Balance Sheet. The asset shall be recognised in the Comprehensive Income and Expenditure Statement as income, to the extent that the transfer has conditions that have been satisfied. For the element of the asset that conditions have not been met, the asset is credited to the Donated Assets Accounts and recognised in the Comprehensive Income and Expenditure Statement once the condition has been satisfied.

- less than fair value (a non-exchange transaction), the difference between the fair value of the asset and the consideration paid shall be recognised immediately in the Comprehensive Income and Expenditure Statement as income, or in the event that the transfer has a condition(s) that have been met. The measurement at fair value of an asset, acquired for no consideration or for less than fair value, does not constitute a revaluation.

A donated asset may be received subject to a condition that it be returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Comprehensive Income and Expenditure Statement.

Non - Current Assets

Property, Plant And Equipment

Property, Plant and Equipment are non - current assets that have physical substance and are held for use in the provision of services, for administrative purposes and to yield benefits to the Council for a period of more than one year.

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 Council, and
- the costs of the item can be measured reliably.

Costs that meet the recognition principle include:
- initial costs of acquisition and construction, and
- costs incurred subsequently to enhance or replace part of the asset.

Costs arising from day-to-day servicing of the asset and repairs and maintenance costs (i.e. expenditure that secures but does not extend the previously assessed standard of performance of the asset) is charged to revenue as it is incurred.

Qualifying expenditure is capitalised on an accruals basis. Schemes that cost less than £10,000 are classified as de minimis and these schemes are classed as revenue rather than capital expenditure.

Qualifying expenditure will be recognised on the balance sheet from the date that the asset becomes operational or the completion date of the project.

Measurement

Assets are initially measured at cost, comprising purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

Infrastructure, community assets and assets under construction (excluding investment property) shall be measured at depreciated historical cost.

All other assets shall be valued at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV). If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the estimate for fair value may be depreciated replacement cost (DRC). Specialist assets will only be categorised as such, and DRC applied, when so determined by a professionally qualified valuer.

Non-property assets such as vehicles, plant & equipment shall be measured at fair value. Assets that have short useful lives, i.e. less than 10 years, or low values or both, depreciated historical cost will be used as a proxy for fair value.

Revaluation

Where an asset’s fair value can be measured reliably, it shall be carried at the re-valued amount – being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment. When a revaluation has taken place, any accumulated depreciation and impairment at the date of valuation shall be eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Where the carrying amount of property, plant and equipment is:
- increased as a result of revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous revaluation decrease or impairment loss charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement on the same asset.
- decreased as a result of revaluation, i.e., a significant decline in an asset’s carrying amount during the period that is not specific to the asset, the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter against the relevant service line in the Comprehensive Income and Expenditure Statement

Assets included in the Balance Sheet at fair value are valued on a rolling 5-year programme or when there has been a material change in the value. Where there has been a market condition affecting property values, indexation will be applied only if the change in values is found to be material. The materiality level for this purpose will be deemed to be + / - 3% of current gross value for the appropriate adjustments to be made.

Investment properties will be reviewed annually to establish if there is a major change in market conditions that may affect the value of the properties. Where indexation is required the + / - 3% policy noted above will be applied.

Impairment of Non Current Assets

Assets are not to be carried at more than their recoverable amount. An asset is said to be carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss must be recognised. Downward revaluation resulting from changes in market values does not constitute impairment. An impairment is specific to an asset i.e. as a consequence of loss of service potential, obsolescence, physical damage or such similar occurrence and is not reversible unless there is ongoing repairs and reinstatement. This is in contrast to a valuation reduction which is due to changes in market values due to conditions and prices which may be reversible and are not permanent in nature.

At the end of each reporting period an assessment shall take place as to whether there is any indication that an asset or class of assets may be impaired. If any indication exists, the recoverable amount shall be estimated having regard to the application of the concept of materiality in identifying whether the recoverable amount of an asset needs to be estimated. If no indication of an impairment loss is present, there will be no requirement for a formal estimate of the recoverable amount for property, plant and equipment.

Recognition of an Impairment

An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve (these entries will be reflected in the Movement in Reserves Statement) to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset (i.e. up to the historical cost of the asset) and thereafter in Surplus or Deficit on the Provision of Services. An impairment loss on a non-revalued asset (i.e. an asset with a carrying value based on historical cost) shall be recognised in the Surplus or Deficit on the Provision of Services.

Reversing an Impairment

At the end of each reporting period an assessment shall take place as to whether there is any indication that an impairment loss recognised in earlier periods for an asset may no longer exist or have decreased. If any such indication exists, the Council shall estimate the recoverable amount of that asset.

The reversal of an impairment loss of an asset (previously recognised in Surplus or Deficit on the Provision of Services) is only permitted to be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Any excess above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years shall be treated as a revaluation gain and charged to the Revaluation Reserve.

Impairment loss and reversal of impairment loss charged to Surplus or Deficit on the Provision of Services are not proper charges to the General Fund. Such amounts shall be transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Componentisation

Componentisation is a method, used for accounting and financial reporting purposes, to ensure assets are accurately included on the Balance Sheet and that the consumption of economic benefit of these assets is accurately reflected over their individual useful lives through depreciation charges.

The Code requires the separate recognition of two or more significant components of an asset for depreciation purposes – i.e. as if each component was a separate asset in its own right.

The Authority will follow these requirements where significant components of material items of assets have been identified.

A component is defined as part of an item of property, plant and equipment with a value that is significant in relation to the total value of the item.

Even if the cost of a component is significant in relation to the total cost of an item of PP&E, from an accounting perspective, it is not necessary to identify the value of that component if its useful life and required method of depreciation is in line with the overall asset.

Where there is more than one significant part of the same asset which has the same useful life and depreciation method such parts will be grouped in determining the depreciation charge.

Componentisation will not be applied retrospectively and will be considered only for new revaluations carried out after 1st April 2010 and when enhancement and/or acquisition expenditure is incurred after that date.

Component accounting will only be considered and applied in cases where the omission to recognise and depreciate a separate component may result in material differences in the statement of accounts.

The Council recognises two primary components of a property asset which will be accounted for separately namely:

- Land, and
- Buildings

Componentisation is not applicable to land as land is non-depreciable and is considered to have infinite life.

The Council has determined that any building with a gross carry amount of less than £0.5m, or a useful economic life of less than 15 years or both will not be considered for component accounting on the grounds of materiality.

The Council will only consider the componentisation of an asset where the individual component equates to a minimum of 20% of the asset's total value or has a minimum value of £250,000

Depreciation

Land and buildings are separate assets even if acquired together. Depreciation applies to all property, plant and equipment except:

- land, as this is considered to have an infinite useful life;
- investment properties carried at fair value;
- assets held for sale;
- assets where it can be demonstrated that the asset has an unlimited useful life.

An asset shall not be depreciated:

- until it is available for use.
- when the residual value of an asset is equal or greater than the asset’s carrying amount.

Where assets are being enhanced (from capital expenditure) depreciation will be calculated on the carrying value up to the date of the completion of the capital works and on the new, enhanced value after de-recognition of the relevant component, from the completion date. Depreciation will not be omitted unless the whole asset is taken out of use/service while the works are being undertaken (re-building, major refurbishment,)

For all assets depreciation is calculated on straight line bases over the following terms.:

- Buildings - allocation based on the individual asset's life as advised by the Council's Valuer
- Vehicles, Plant and Equipment - straight line allocation over the life of the asset
- Infrastructure assets - straight line allocation over 99 years.
- Information Technology assets - allocation over 5 years unless otherwise advised by ICT.

On a re-valued asset, a transfer between the Revaluation Reserve and the Capital Adjustment Account shall be carried out which represents the difference between depreciation based on the revalued carrying amount and the depreciation based on the asset's historical cost.

De-recognition and Disposal

The carrying amount of an item of property, plant and equipment (or component), shall be derecognised and removed from the Balance Sheet:

- on disposal.
- when no future economic benefit or service potential are expected from its use or disposal.

Where capital expenditure is incurred on the replacement, renewal or enhancement of a part of a component or item of PP&E, where appropriate and necessary the carrying amount of the replaced part will be de-recognised prior to recognition of the new component.

Where it is not possible to determine the carrying amount of a replaced component the cost of the new part will be used to estimate the cost of the replaced part at the time of acquisition/construction adjusted for revaluation and impairment where necessary. In such cases the reduction for inflation (the discounting for present value) will be assumed to be 4% . The life of the new part will be used as a proxy for the life of the old one where information on the date of acquisition/construction is not available.

It should be noted that not all capital expenditure will result in de-recognition of an old component. Where internal remodelling, partitioning and fitting of existing buildings structures is carried out this should be considered separately and such expenditure added to the asset as "acquisition" on the bases of creating new, adding to or enhancing service potential. (Example: remodelling existing building layout by partitioning, installation of new fixtures and fittings to create new office space/reception desk; creation of disabled toilet where there was none previously; building an extension to existing building, installation of an additional boiler, generator, air conditioning units, extension to existing electrical circuit etc. to increase capacity).

The gain or loss arising from derecognition shall be the difference between the net disposal proceeds and the carrying amount. The gain or loss arising shall be included in the Surplus or Deficit on the Provision of Services when the item is derecognised; this also applies to component replacement or restoration.

When an asset is disposed of, the carrying amount of the asset on 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 the sale of assets. Receipts from disposals are credited to the same line and any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals, in excess of £10,000 are treated as capital receipts. The balance of receipts is credited to the Capital Receipts Reserve and can only be used for future capital investment or to reduce the Council's underlying need to borrow.

The gain or loss on the sale of assets is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement.

Charges to Revenue for Non-Current Assets

Service revenue accounts, trading accounts and central support services are charged with the following amounts to record the cost of holding non current 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 in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue, known as the Minimum Revenue Provision, to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. The Minimum Revenue Provision is a proper charge to the General Fund, but does not appear in the Comprehensive Income and Expenditure Statement, it is transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Revenue Expenditure Funded From Capital

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

Leases

The transition to IFRS necessitates the review of the existing lease arrangements and consideration of the classification and accounting treatment of leases.
Two types of leases are recognised:

Finance leases – a lease that transfers substantially all the risks and rewards incidental to ownership of an asset – whether the title may or may not eventually be transferred
Operating lease – all leases other than finance leases.

Leases Review and Classification

In the review of existing leases the Council applies the following tests:
1) Does the lease transfer ownership of the asset to the lessee by the end of the lease term?
2) Does the lessee have the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised?
3) Is the lease term is for the major part of the useful economic life of the asset?
4) Does the present value of the minimum lease payments amount to at least substantially all (determined as 85%) of the fair value of the leased asset?, and
5) Are the leased assets of such a specialised nature that only the lessee can use them without major modifications ?
An answer “yes” to the above main questions individually or in combination will usually indicate a finance lease.

If however it is clear from other features that the lease does not transfer substantially all of the risks and rewards incidental to ownership, the lease will be classified as an operating lease. The following questions, if answered positively individually or in combination will denote an operating lease:

1. Are there full repairing and insuring covenants in the lease and clauses to ensure the asset is reinstated, at the expense of the tenant, to its original condition at the end of the lease (dilapidations clauses)?
2. Does the lease provide for significant contingent rent variations during the term by reference to an open market or turnover? (e.g. market rent reviews but not if the lease were to provide for fixed increases or increases linked to a non-property)
3. Were the initial rent and other aspects of the lease set at prevailing market rates?

4. Is the lease free of contractual terms that might oblige the lessor to continue the lease at substantially less than normal market terms?
5. Can the lessee default the only grounds on which the lease would revert to the lessor?
6. If the lessee wishes to sublet or sell (or assign) their lease rights, are there terms in the lease that allow the lessor to control the key terms of the sublet / sale?

After detailed examination of the leases where the Council is the lessor it is determined that:
- the land and building element of a lease are considered separately for the purposes of lease classification;
- the land element of leases is deemed to be an operating lease
- the land of a finance lease is deemed to be ground rent and accounted for as income in the Comprehensive Income and Expenditure Statement
- the building element of finance leases is recorded on the balance sheet at nominal (residual) value to recognise the residual interest of the council in the property.
- property leases with a lease term of less than 15 years are classified as operating;

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

Accounting for Leases

The Council as a Lessor:

Finance Leases

Where the Council grants a finance lease, 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 on 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, matched by a lease (long term debtor) asset on the Balance Sheet.

Lease rentals receivable are apportioned between:
- A charge for the acquisition of the interest in the property, applied to write down the lease debtor (together with any premiums received); and
- Finance income, credited to the Financing and Investment 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 be charged to 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 leased asset is to be settled by the payment of rentals in future years, this is posted to the Deferred Capital Receipts Reserve. When future rentals are received, the element for the capital receipt 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. Amounts are therefore appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Costs, including depreciation are recognised as an expense. Income from operating leases is recognised in the Comprehensive Income and Expenditure Statement. The Council leases out various properties under operating leases.

The Council as a 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. The asset recognised is matched by a liability for the obligation to pay the lessor.

Rentals payable are apportioned between:
- finance charge (interest). The finance charge is debited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement as the rent becomes payable; and
- the reduction of the outstanding liability - the liability is written down as the rent becomes payable.

Assets recognised under finance leases are accounted for using the policies applied generally to Property items of Property Plant & Equipment, The depreciation and revaluation of assets recognised under finance leases is consistent with the policy for owned assets, subject to depreciation being charged over the shorter of the lease term and the asset's estimated useful life. After initial recognition, such assets are subject to revaluation in the same way as any other asset.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.
The Council operates a car leasing scheme for the benefit of certain employees.
The Council also has leases for such items as photocopiers, water and snack dispensers but these are not considered material to the accounts.

Investment Properties

An investment property is a property, land or a building or both, that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation is accounted for as property, plant and equipment.

Investment property shall be measured initially at cost. The cost of an investment property includes its purchase price, construction costs and directly attributable expenditure necessary to bring the asset into use.

Investment properties are subsequently measured at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment 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 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 line in the Comprehensive Income and Expenditure Statement and result in a gain to the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory regulation 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 sale proceeds in excess of £10,000, to the Capital Receipts Reserve.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.
Gains or losses arising from the retirement or disposal of investment property shall be recognised in the Surplus or Deficit on the Provision of Services in the period of the retirement or disposal.

Statute and proper practice restrict the use of capital receipts, and prescribe the charges that can be made to the General Fund. Any gain or loss on derecognition of an investment property shall be reversed out of the General Fund. The General Fund shall be debited (gain) or credited (loss) with an amount equal to the gain or loss on derecognition of the investment property (excluding any costs of disposal which are a proper charges to the General Fund). Opposite entries are a credit to the Capital Receipts Reserve of an amount equal to the disposal proceeds and a debit to the Capital Adjustment Account equal to the carrying amount of the investment property (less any balance transferred from the Government Grants Deferred Account). All such entries will be reflected in the Movement in Reserves Statement.

Intangible Non Current Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. An intangible asset is measured initially at cost. After initial recognition an intangible asset may be carried at a revalued amount where its fair value can be determined by reference to an active market. Otherwise, the asset will be carried at cost less any accumulated amortisation and any accumulated impairment loss.

The depreciable amount of an intangible asset with a finite useful life is amortised on a systematic basis, over its useful life, to the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement, beginning when the intangible asset is available for use. The amortisation method used is the straight line method.

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 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 in excess of £10,000, to the Capital Receipts Reserve.

Non - Current Assets Held For Sale And Discontinued Operations

Assets held for sale will be
- measured at the lower of carrying amount and fair value less costs to sell, and depreciation on those assets should cease, and
- presented separately, on the face of the Balance Sheet, and the results of discontinued operations will be presented separately in the Surplus or Deficit on the Provision of Services and the Balance Sheet.

Classification

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continued use.
The following criteria will have been met before an asset can be classified as held for sale under:
- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Depreciation

A non-current asset classified as held for sale shall not be depreciated (or amortised in relation to intangible assets).

Derecognition

A revaluation gain or loss not previously recognised in the carrying amount of a non-current asset by the date of sale shall be recognised in the Surplus or Deficit on the Provision of Services as part of the gain or loss on disposal at the date of derecognition. The requirements relating to derecognition including accounting for gains or losses on disposal are set out within the accounting policy relating to property, plant and equipment.

Heritage Assets

Heritage Assets are those that are held and maintained by the Council principally for their contribution to knowledge and culture. Such assets can have historical, artistic, scientific, geophysical or environmental qualities.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

The Council's Heritage Assets are accounted for as follows:

Themed Displays At Oliver Cromwell's House

The Council's Heritage Assets are located at Oliver Cromwell's House. These Heritage assets are held to increase the knowledge, understanding and appreciation of the House and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The carrying amounts of these heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

Where any heritage assets are disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. 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.

Civic Regalia

The Civic Regalia includes the Chairman's chain of office and the Vice- Chairman's badge. These items are not reported in the Balance Sheet as the values at insurance valuation which is based on market values is below deminimus. See Note 44.

Current Assets

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

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 undertaken under the contract during the financial year.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council 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 Council.

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.

Employee Benefits

Benefits Payable During Employment

Benefits payable during employment include:

1. Shorter-term employee benefits, which are those benefits that are due to be settled within 12 months after the year-end in which the employee rendered the services and include:

- wages, salaries and social security contributions.
- short-term compensated absences
- bonuses and similar payments
- paid annual leave and sick leave
- non-monetary benefits, for example cars

Short term employee benefits are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements, (or any form of leave e.g. flexi leave, time off in lieu) earned by employees but not taken before the year end and which are carried forward into the next financial year. The accrual is made at the average salary rates applicable in the accounting year, as this is at the rate the benefit is earned. The accrual is charged to the Surplus or Deficit on the Provision of Services. The accrual is not a charge against the General Fund balance and is reversed out of the General Fund balance, via the Movement in Reserves Statement, to the Accumulated Absences Account.

2. Other longer-term employee benefits which are those that do not fall due wholly within 12 months after the end of the period in that the employee rendered the services, include:

- long term compensated absences (long service or sabbatical leave)
- long-service benefits
- long-term disability benefits
- bonuses payable 12 months or more
- deferred compensation paid 12 months or more

All gains & losses and past service costs will be recognised in the Surplus or Deficit on the Provision of Services.

Termination Benefits

Termination Benefits are payable as a result of either:

1. An employer’s decision to terminate an employee’s employment before the normal retirement date, or
2. An employee’s decision to accept voluntary redundancy in exchange for benefits.

Termination benefits shall be recognised as a liability, and only as an expense when the Council is committed to either terminate the employment of an employee before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary termination of employment.

The cost of these termination benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer 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 Council to the Pension Fund, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required, to and from the Pensions Reserve, to remove the notional debits and credits for pension enhancement termination benefits and replace them with accrued debits for the cash paid to the Pension Fund and any such amounts payable but unpaid at the year - end.

Post Employment Benefits

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

The liabilities of the Cambridgeshire County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - ie 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.

The overall amount to be met from Government grants and local taxation is unaffected.
The assets of the Cambridgeshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:-

- quoted securities at current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value

In assessing liabilities for retirement benefits at 31 March 2013 for the 2012/13 Statement of Accounts, the actuary was required by The Code to use a discount rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities. The actuary has advised that a rate of 4.5% is appropriate.

The change in the net pensions liability is analysed into seven components:-

- ◊ current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked
- ◊ past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- ◊ interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement
- ◊ expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement
- ◊ gains/losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- ◊ actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve
- ◊ contributions paid to the Cambridgeshire pension fund - cash paid as employer's contributions to the pension fund

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

Discretionary Benefits

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

Financial Instruments

A financial asset or liability is recognised on the balance sheet when the Council becomes party to the contractual provisions of the instrument. This will often be the date that the contract is entered into but may be later if there are conditions that need to be satisfied.

Accounting For Financial Liabilities After Initial Recognition

Financial Liabilities

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

Accounting For Financial Assets After Initial Recognition

Financial Assets

Financial assets are classified into two types:

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

Loans and receivables

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

However, the Council has made a number of loans to voluntary organisations and interest-free loans for private sector housing improvements (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective interest rate than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The adjustments required to the soft loans (loans for renovation of historic buildings) are immaterial, thus they have not been made and the loans are recorded at face value in the Balance Sheet under Long Term Debtors.
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 Comprehensive Income and Expenditure Statement.

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

Liabilities

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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 are disclosed in a note to the accounts.

Provisions

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

Provisions are charged as an expense to the appropriate service revenue account in the year that the Council becomes economic benefits will not now be required (or a lower settlement than anticipated is made), the eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Provisions are presented on the face of the Balance Sheet as either current or non-current liabilities; dependent on when it is estimated when their will be a transfer of economic benefit.

Interests in Companies and Other Entities

East Cambridgeshire District Council owns all the shares in East Cambridgeshire Business Centres Limited. All the shares are now fully paid up.
The investment is held at cost price in the Balance Sheet.
Details of the statutory investment can be found in note 34 to the core accounts.
Group Accounts have not been prepared on the basis that the figures are not material.

2 Accounting Standards issued not adopted

IAS 1 – Presentation of Financial Statements

A possible regrouping of items currently disclosed within "Other Comprehensive Income & Expenditure" to "(Surplus)/Deficit in the Provision of Services"; including items where a profit/loss might occur at some future point. The main impact of this change will be on the available for sale financial assets under IFRS 9. It is expected that this may have a marginal impact on the Council.

IAS13 – Fair Value Measurement

This will introduce a more consistent definition for measurements of assets or liabilities that will be held at fair value:
"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".
This revised definition will apply when other standards require an assessment under fair value and all fair value assessments from 2013/14 onwards will be undertaken on this basis.

IAS 19 – Employee Benefits

The removal of "gain/loss on recognition", but this is rarely used or permitted within the UK, thus it is expected that this will not apply to the Council. In addition, there will be the introduction of a "recognition point" in respect of Termination Benefits whereby the Council will not be able to withdraw an offer, it is expected that this will apply.
Changes to IAS19 employee benefits come into effect for the financial year to 31 March 2014. The changes will be adopted retrospectively for the prior year, in accordance with IAS8. The effect of the change to IAS19 on the income statement to 31 March 2013 will be an increase of £179,000. This will be disclosed in the report covering the year to 31 March 2014.

IPSAS 32 – Service Concession Arrangements

This might not be wholly applicable to the Council as this is, in the main, directed at PFI type arrangements (embedded leases); however, there might be a consequential impact in respect of financial instruments but its impact on the Council is expected to be minimal.

IFRS 7 – Financial Instruments Disclosures

There will be a new set of disclosures that will have the aim of assisting readers of the accounts in the netting arrangements for Financial Instruments that occurs within the Balance Sheet. It is expected that this will be introduced by the Council.

3 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council 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:

◊ The Government has announced a significant reduction in funding for local government over the term of this parliament which has introduced a degree of uncertainty about future levels of service provision. At the present time, the Council has identified sufficient savings over this period, however they will not be finally ratified until the budget is agreed on an annual basis.

As part of the Welfare Reform, the Government is abolishing the existing council tax benefit scheme and councils will be required to introduce their own localised scheme for council tax support. The Government will fund this scheme but at a 10% lower level than it does currently. There is uncertainty over the likely demand there will be for this new scheme and therefore the Council has set aside £0.360m in the Localisation of Council Tax Support Reserve to help mitigate against an unexpected increase for this demand led service.

◊ The Council's waste and recycling contract is provided by an external contractor who provides the vehicles required for the operation of these services. The Council has treated these vehicles as an embedded lease which means that the refuse and recycling vehicles are included on the Council's Balance Sheet.

4 Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumtions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:-

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Grant Claims Yet to be Certified	In any financial year, the Council receives a number of grants from Central Government. Most of these grants are awarded based on an agreed amount and are then subject to audit certification. However, Housing Benefit Subsidy and Council Tax Benefit Subsidy is paid on account by the DWP during the financial year which is based estimated figures at the start of the year. At the end of the financial year, the actual amount due is calculated which results in monies either owed to or from the Council by the Government department.	During 2012/13, the Council estimated that it would require £24.701m in subsidy. However, the final claim was for £24.820m and therefore the Council is owed £0.258m from the Government, which forms part of the year end debtors figure on the Balance Sheet. Because this subsidy claim is still subject to audit, there is a risk that the subsidy figures may change if , for example, the grant claim contains incorrect financial information. A 1% error in the subsidy claim figures would result in the year end debtor due to the Council being reduced to £0.233m
Pensions Liability	The 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 return on pension fund assets. A firm of actuaries has been appointed to provide the Council with expert advice about the assumptions to be applied to the liabilities of the Cambridgeshire County Council pension scheme which are attributable to this Council.	The effect on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.5% decrease in the discount rate assumption would result in an increase in the pensions liability of £4,264k. Alternatively a 1 year increase in the member life expectancy would result in an increase in the pension liability of £1,318k. A 0.5% increase in the Salary Increase Rate would result in an increase in the pension liability of £1,214k. A 0.5% increase in the Pension Increase Rate would result in an increase in the pension liability of £2,990k. However, it should be noted that in reality, the assumptions interact in complex ways.

5 Material items of Income and Expenditure included in the Comprehensive Income & Expenditure Statement

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council.
There are no material items to report for 2012/13 that are not part of the ordinary course of business of the Council.

6 Events after the Balance Sheet Date

The Statement of Accounts was authorised by the Head of Finance on 28 June 2013.

Adjusting Events
Events taking place after 28 June are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no post Balance sheet events.

Non-Adjusting Events
New arrangements for the retention of business rates come into effect on 1 April 2013. The liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list will be shared in proportion to the share of NNDR attributable to each preceptor. This will include amounts that were paid over to Central Government in respect of 2012/2013 and prior years. Previously, such amounts would not have been recognised as income by the Council as Billing Authority, but would have been transferred to Central Government. Under the new arrangements the Council's share of the appeals refunds will be 40 percent which is estimated to be £0.37m as at 1 April 2013. From 1 April 2013 the Council will need to provide for this amount. As the legislation does not come into force until the 1 April 2013 this has been treated in the accounts for the year ending 31 March 2013 as a non-adjusting post balance sheet event.

7 **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation**

Usable Reserves **Movements in 2012/13**	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£
Adjustments involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement						
Amortisation of intangible assets	(50,158)			(50,158)	50,158	0
Depreciation and impairment of non current assets	(509,844)			(509,844)	509,844	0
Revaluation losses on Property, Plant & Equipment	(51,346)			(51,346)	51,346	0
Movements in the market value of Investment Properties	0			0	0	0
Net (loss)/gain on sale of non current assets	(133,111)	0		(133,111)	133,111	0
Donated Assets	0			0	0	0
Amount of non current assets written off on disposal or sale						
Movements in the Donated Assets Account				0	0	0
Amounts treated as Revenue in accordance with the Code but which are classified as Capital expenditure by statute	(519,901)			(519,901)	519,901	0
Reversal of New Soft Loans	46,174			46,174	-46,174	0
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement						
Statutory provision for the financing of capital investment	104,843			104,843	(104,843)	0
Capital expenditure charged to the General Fund	48,427			48,427	(48,427)	0
Adjustments involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of gain/loss on disposal		(250,000)		(250,000)	250,000	0
Contribution from the Capital Receipts Reserve towards admin. costs of non current asset disposal		4,175		4,175	(4,175)	0
Use of the Capital Receipts Reserve to finance new capital expenditure		322,530		322,530	(322,530)	0
Capital receipts arising other than from disposal of a non current asset transferred to Usable Capital Receipts	154,948	(161,653)		(6,705)	6,705	0

7 **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued**

Usable Reserves

Movements in 2012/13 continued	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£
Contribution from Usable Capital Receipts to finance the payments to the Government Capital Receipts Pool	(597)	597		0	0	0
Adjustments involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the CI&E Statement	254,408		(254,408)	0	0	0
Application of grants to capital financing transferred to CAA	0		334,401	334,401	(334,401)	0
Adjustments involving the Financial Instruments Adjustment Account						
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(23,924)			(23,924)	23,924	0
Adjustments involving the Pensions Reserve						
Reversal of items relating to post employment benefits	(1,467,000)			(1,467,000)	1,467,000	0
Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	918,000			918,000	(918,000)	0
Adjustments involving the Collection Fund Adjustment Account						
Net amount by which Council Tax income included in CI & E Statement differs from amount taken to General Fund in accordance with regulation	75,549			75,549	(75,549)	0
Adjustments involving the Accumulating Compensated Absences Adjustment Account						
Amount by which officer remuneration charged to the CI & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,068			3,068	(3,068)	0
Total adjustments	(1,150,464)	(84,351)	79,993	(1,154,822)	1,154,822	0

7 **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued**

Usable Reserves **Movements in 2011/12**	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£
Adjustments involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement						
Amortisation of intangible assets	(59,495)			(59,495)	59,495	0
Depreciation and impairment of non current assets	(578,236)			(578,236)	578,236	0
Revaluation losses on Property, Plant & Equipment	(783,251)			(783,251)	783,251	0
Movements in the market value of Investment Properties	(253,694)			(253,694)	253,694	0
Net (loss)/gain on sale of non current assets	(21,306)	0		(21,306)	21,306	0
Donated Assets	239,727			239,727	(239,727)	0
Amount of non current assets written off on disposal or sale						
Movements in the Donated Assets Account				0	0	0
Amounts treated as Revenue in accordance with the Code but which are classified as Capital expenditure by statute	(782,579)			(782,579)	782,579	0
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement						
Statutory provision for the financing of capital investment	122,348			122,348	(122,348)	0
Capital expenditure charged to the General Fund	0			0	0	0
Adjustments involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of gain/loss on disposal		(195,127)		(195,127)	195,127	0
Contribution from the Capital Receipts Reserve towards admin. costs of non current asset disposal		10,106		10,106	(10,106)	0
Use of the Capital Receipts Reserve to finance new capital expenditure		616,448		616,448	(616,448)	0
Capital receipts arising other than from disposal of a non current assets transferred to Usable Capital Receipts	165,221	(178,084)		(12,863)	12,863	0

7 **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued**

Usable Reserves

Movements in 2011/12 continued	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£
Contribution from Usable Capital Receipts to finance the payments to the Government Capital Receipts Pool	(4,544)	4,544		0	0	0
Adjustments involving the Capital Grants Unapplied Account						
Capital grants & contributions unapplied credited to the CI&E	418,002		318,002	736,004	(736,004)	0
Application of grants to capital financing transferred to CAA	0		(150,383)	(150,383)	150,383	0
Adjustments involving the Financial Instruments Adjustment Account						
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(73,526)			(73,526)	73,526	0
Adjustments involving the Pensions Reserve						
Reversal of items relating to post employment benefits	(1,186,000)			(1,186,000)	1,186,000	0
Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	933,000			933,000	(933,000)	0
Adjustments involving the Collection Fund Adjustment Account						
Net amount by which Council Tax income included in CI & E Statement differs from amount taken to General Fund in accordance with regulation	(119,594)			(119,594)	119,594	0
Adjustments involving the Accumulating Compensated Absences Adjustment Account						
Amount by which officer remuneration charged to the CI & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(20,656)			(20,656)	20,656	0
Total adjustments	(2,004,583)	257,887	167,619	(1,579,077)	1,579,077	0

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.

	As at 01.04.11 £	Transfers to Reserve £	Contributions from Reserve £	As at 31.03.12 £	Transfers to Reserve £	Contributions from Reserve £	As at 31.03.13 £	
Change Management reserve	(350,000)	0	0	(350,000)	0	120,290	(229,710)	a
Infrastructure reserve	(107,959)	0	107,959	0	0	0	0	b
District Elections reserve	(88,000)	(22,000)	110,000	0	(22,000)	0	(22,000)	c
Housing Conditions survey reserve	(10,000)	(10,000)	0	(20,000)	(10,000)	0	(30,000)	c
Virtual storage reserve	(13,000)	(13,000)	0	(26,000)	(13,000)	0	(39,000)	c
Land Charges new burdens reserve	(34,356)	0	0	(34,356)	0	0	(34,356)	d
Vehicle Replacement reserve	(40,418)	(29,000)	0	(69,418)	0	25,538	(43,880)	e
Planning Delivery Grant reserve	(794,313)		109,639	(684,674)	0	194,826	(489,848)	e
Ground maintenance reserve	(15,006)	(58,284)	0	(73,290)	(8,743)	0	(82,033)	e
Asset Management reserve	(312,112)	(10,536)	100,993	(221,655)	0	0	(221,655)	f
Pension contributions reserve	(100,000)	0	0	(100,000)	0	0	(100,000)	g
Cultural & Related - Sport	(13,368)	(7,489)	13,368	(7,489)	0	2,776	(4,713)	h
Environmental	(71,878)	(165,257)	71,879	(165,256)	(8,761)	16,407	(157,610)	i
Planning & Development - Economic development	(4,849)	(14,442)	4,849	(14,442)	(25,040)	9,561	(29,921)	j
Transport	(52,107)	(63,078)	52,107	(63,078)	(7,070)	0	(70,148)	k
Housing	(12,897)	(12,825)	12,896	(12,826)	0	0	(12,826)	l
Corporate	(1,042)	(7,157)	0	(8,199)	(28,312)	0	(36,511)	m
Localisation of Council Tax Support reserve	(150,000)	(300,000)	0	(450,000)	0	90,066	(359,934)	n
Reception refurbishment reserve	(90,000)	0	0	(90,000)	0	90,000	0	o
S106	(1,771,123)	(299,800)	327,827	(1,743,096)	(1,052,386)	255,961	(2,539,521)	p
New Homes Bonus	0	(60,873)	0	(60,873)	0	60,873	0	q
Homelessness	0	(80,419)	0	(80,419)	0	0	(80,419)	r
Building Control	0	(5,998)	0	(5,998)	0	3,673	(2,325)	s
Surplus Savings reserve	0	(665,111)	0	(665,111)	(149,921)	0	(815,032)	t
Weekly Refuse Collection reserve	0	0	0	0	(23,995)	0	(23,995)	u
	(4,032,428)	(1,825,269)	911,517	(4,946,180)	(1,349,228)	869,971	(5,425,437)	

8 **Transfers to/from Earmarked Reserves Continued**

Notes

(a) Reserve established to support the organisational change process of the Council.
(b) Reserve created to fund the Council's expenditure in future years to maintain and develop the infrastructure of the District.
(c) Reserve to fund specific expenditure (see individual lines) in required years.
(d) Reserve created from grant income to cover changes in legislation in relation to personal search fee income. The purpose of the reserve is to provide support to the Council towards expenditure lawfully incurred or to be incurred as a result of removal of the ability to charge fees for personal searches.
(e) Reserves created to fund expenditure on delayed projects. See individual lines
(f) Reserve to hold unused Asset Management budget so that the planned work can be funded as required.
(g) Reserve created to help fund the Council's future Pension contribution requirements due to increases in rates.
(h) Reserve to fund projects including Community sports Network.
(i) Reserve to fund projects including community safety, neighbourhood panels and other environmental issues.
(j) Reserve to fund projects including the lifelong learning and community projects.
(k) Reserve to fund projects including shopmobility and Littleport Station car park.
(l) Reserve to fund projects including child protocol and Travellers sites.
(m) Reserve to fund future costs such as insurance and training.
(n) Reserve to fund future developments in revenues and benefits service provision including the Council's scheme for the localisation of council tax support.
(o) Reserve to fund refurbishment of reception area.
(p) Reserve to fund future projects to benefit the District. This is funded by S106 contributions and is the balance left of the Contributions received that have no outstanding conditions.
(q) Reserve created from New Homes Bonus received in 2011/12 which has been used in 2012/13.
(r) Reserve created from grant received and overall underspends to fund the costs of homelessness.
(s) Reserve created to hold any surplus from the Building Control function to be used solely on Building Control in any year that has a deficit.
(t) Reserve created to hold the surplus savings achieved above the required targets in the 4 Year savings plan. These will be used in later years to fund the savings still required over the period of the plan.
(u) Reserve created to hold the part of the grant received to keep a weekly refuse collection service that has not yet been spent. This will be used to fund the expenditure as planned in the following year.

9 **Property, Plant & Equipment**

Movements for 2012/2013	Other Land and buildings £	Vehicles Plant and Equipment £	Infra-structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2012	13,867,623	4,620,601	689,927	718,516	32,652	843,705	20,773,024
Additions	185,281	73,602	7,527	0	0	24,585	290,995
Donations	0	0	0	0	0	0	0
Revaluation increase/(decreases) recognised in the Revaluation Reserve	607,397	0	0	181,247	126,923	0	915,567
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(217,275)	0	0	(32,250)	0	0	(249,525)
Derecognition - Disposals	(14,286)	(227,617)	0	0	(250,000)	0	(491,903)
Derecognition - Other	(114,683)	0	0	0	0	0	(114,683)
Reclassifications	0	0	0	0	123,077	0	123,077
Impairments	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0
Balance at 31 March 2013	14,314,057	4,466,586	697,454	867,513	32,652	868,290	21,246,552
Depreciation and impairments							
Balance at 1 April 2012	(1,240,738)	(3,655,865)	(39,212)	(35,212)	(1,386)	0	(4,972,413)
Depreciation	(229,338)	(273,931)	(4,249)	(1,864)	(462)	0	(509,844)
Depreciation written out to the Revaluation Reserve	562,880	0	0	0	0	0	562,880
Depreciation written out to the Surplus/Deficit on the Provision of Services	198,179	0	0	0	0	0	198,179
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	1,071	134,016	0	0	0	0	135,087
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2013	(707,946)	(3,795,780)	(43,461)	(37,076)	(1,848)	0	(4,586,111)
Balance Sheet (NBV) amount at 31 March 2013	13,606,111	670,806	653,993	830,437	30,804	868,290	16,660,441
Balance Sheet (NBV) amount at 1 April 2012	12,626,885	964,736	650,715	683,304	31,266	843,705	15,800,611
Nature of asset holding							
Owned	13,155,220	505,845	653,993	830,436	30,804	868,290	16,044,588
Finance Lease	450,891	164,961	0	1	0	0	615,853
	13,606,111	670,806	653,993	830,437	30,804	868,290	16,660,441

9 Property, Plant & Equipment Continued

Comparative Movements in 2011/2012

	Other Land and buildings £	Vehicles Plant and Equipment £	Infra-structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2011	13,982,767	4,515,731	689,927	482,721	67,147	1,162,147	20,900,440
Additions	275,632	59,489	0	90,668	0	(1,595)	424,194
Donations	0	48,073	0	121,254	0	0	169,327
Revaluation increase/(decreases) recognised in the Revaluation Reserve	235,908	0	0	0	0	0	235,908
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(626,684)	0	0	0	0	0	(626,684)
Derecognition - Disposals	0	(2,692)	0	(4,000)	0	0	(6,692)
Derecognition - Other	0	0	0	0	0	(122,103)	(122,103)
Reclassifications	0	0	0	184,350	(34,405)	(194,744)	(44,799)
Impairments	0	0	0	(156,477)	(90)	0	(156,567)
Other movements in cost or valuation	0	0	0	0	0	0	0
Balance at 31 March 2012	13,867,623	4,620,601	689,927	718,516	32,652	843,705	20,773,024
Depreciation and impairments							
Balance at 1 April 2011	(1,243,800)	(3,334,793)	(34,964)	(35,212)	(1,907)	0	(4,650,676)
Depreciation	(252,454)	(321,072)	(4,248)	0	(462)	0	(578,236)
Depreciation written out to the Revaluation Reserve	255,516	0	0	0	983	0	256,499
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2012	(1,240,738)	(3,655,865)	(39,212)	(35,212)	(1,386)	0	(4,972,413)
Balance Sheet (NBV) amount at 31 March 2012	12,626,885	964,736	650,715	683,304	31,266	843,705	15,800,611
Balance Sheet (NBV) amount at 1 April 2011	12,738,967	1,180,938	654,963	447,509	65,240	1,162,147	16,249,764
Nature of asset holding							
Owned	12,164,570	619,622	650,715	683,303	31,266	843,705	14,993,181
Finance Lease	462,315	345,114	0	1	0	0	807,430
	12,626,885	964,736	650,715	683,304	31,266	843,705	15,800,611

9 **Property, Plant & Equipment Continued**

Depreciation is made on buildings, vehicles, equipment and intangible assets on the straight line method based on the expected remaining life. Land is not depreciated.

The useful lives of assets is estimated as:-

Class of Asset	Buildings	Plant & equipments	Vehicles	Infrastructure assets	Community assets	Intangible assets
Useful life by years	8-99	1-20	1-10	3-99	99	5-6

Capital Commitments

At 31 March 2013, the Authority has entered into one major contract for the construction or enhancement of Property, Plant and Equipment in 2013/14 and future years budgeted to cost £1,810,266. Similar commitments at 31 March 2012 were £227,000.

The major commitment is:
Recycling & Organics Collection Service - £1,810,266

Effects of changes in estimates

During the annual revaluation of 20% of the Authority’s Property, Plant and Equipment in 2012/13, the remaining useful lives of those properties were reviewed as usual. As a result, the depreciation charge for the properties of £118,487 for 2012/13 was £128,306 lower than it would have been if the useful lives prior to revaluation had been used for the calculations. The impact of this change will carry forward into 2013/14 and future years.

Revaluations

The Authority carries out a rolling programme that ensures that all Property required to be measured at fair value is revalued at least every five years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:
that exchange takes place on the date of valuation and after proper marketing,
that there is a willing buyer and a willing seller, i.e. not forced or compelled,
that it is an "arm's-length" transaction, i.e. not between parties that have a particular or special relationship, e.g. parent and subsidiary companies,
and that the parties acted knowledgeably and prudently.

9 **Property, Plant & Equipment Continued**

	Other Land and buildings	Vehicles Plant and Equipment	Surplus Assets	Total
	£	£	£	£
Carried at historical cost	0	651,238	0	651,238
valued at fair value as at:				
31 March 2013	6,300,722	0	0	6,300,722
31 March 2012	1,931,530	0	9,575	1,941,105
31 March 2011	3,069,101	0	0	3,069,101
31 March 2010	2,293,576	0	21,229	2,314,805
31 March 2009	0	0	0	0
assets below deminimus:				
31 March 2000	11,182	19,568	0	30,750
Total Cost or Valuation	13,606,111	670,806	30,804	14,307,721

10 **Heritage Assets**

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority

	Museum contents	
	2012/2013	2011/2012
	£	£
Cost or Valuation		
Opening Balance 1 April	105,052	0
Additions	0	105,052
Disposals	0	0
Revaluations	0	0
Impairment Losses/(reversals) recognised in the Revaluation Reserve	0	0
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	0	0
Depreciation	0	0
Closing Balance 31 March	105,052	105,052

The Authority's collection of themed displays is reported in the Balance Sheet at historic cost, which is also used for the insurance valuation.

These heritage assets are located at Oliver Cromwell's House and are held to increase the knowledge, understanding and appreciation of the house and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The carrying amounts of these heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.
Where any heritage assets are disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. 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.

The displays are themed rooms and include a painting of Oliver Cromwell, as well as reproduction furniture, models, firearms and wall hangings.
Some of the Authority's more expensive exhibits were refurbished in 2011/12, however acquisitions are usually very small value items.
Items are not usually removed or discarded.
The displays are reviewed annually and replaced or renewed if necessary as per the 3 year Business Plan for Oliver Cromwell's House. These would be low cost items.

The collection is on display and open to the public throughout the year in the Museum.

11 **Investment Properties**

An investment property is defined as an asset held solely to earn rentals or for capital appreciation or both.
Property interests held under operating leases, with the Council as lessor, are also classified and accounted for as investment property if they meet these criteria.
This Council currently has no property classed as an Investment property under IFRS.
Properties classified as investment properties were valued at the fair value determined by market evidence, with reference to the income potential of the units and the property condition. The value is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.
The Council's current valuers are Wilks, Head & Eve, 6th Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

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.

	2012/2013	2011/2012
	£	£
Rental income from investment property	(9,333)	(16,033)
Direct operating expenses arising from investment property	9,161	8,438
Net (gain)/loss	(172)	(7,595)

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

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

	2012/2013	2011/2012
	£	£
Balance at Start of year	123,077	376,771
Additions		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
Net gains/losses from fair value adjustments	0	(253,694)
Disposals/Reclassifications	(123,077)	0
Impairments	0	0
Balance at End of Year	0	123,077

12 Intangible Assets (software licences)

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £50,158 charged to revenue in 2012/13 was charged mainly to the IT Administration and Customer Services cost centres and then absorbed as an overhead across all 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.

	2012/2013			2011/2012		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
	£	£	£	£	£	£
Balance at start of year	384,855	(227,024)	157,831	231,955	(167,529)	64,426
Amortisation in year	0	(50,158)	(50,158)	0	(59,495)	(59,495)
Additions (purchases)	24,000	0	24,000	152,900	0	152,900
Disposals	0	0	0	0	0	0
Balance at end of year	408,855	(277,182)	131,673	384,855	(227,024)	157,831

13 Financial Instruments

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
These include borrowing, investments and loans, debtors and creditors.
Long term borrowing would be held at amortised cost. However there is no borrowing in this year's Accounts.
Short term borrowing is held at amortised cost.
Investments are held in the Balance Sheet at carrying value as there is deemed to be no risk of loss for these investments.
The borrowings and investments disclosed in the Balance Sheet are made up of the following categories:-

	Long Term		Current	
	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
	£000	£000	£000	£000
Investments:				
Loans & Receivables	0	0	12,156	9,381
Financial assets carried at fair value through profit & loss	0	0	0	0
Total investments	0	0	12,156	9,381
Debtors:				
Loans & Investments	191	177		
Financial assets carried at contract amounts			925	1,792
Total debtors	191	177	925	1,792

13 **Financial Instruments Continued**

	Long Term		Current	
	As at 31.03.13 £000	As at 31.03.12 £000	As at 31.03.13 £000	As at 31.03.12 £000
Borrowings:				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities at fair value through profit & loss	0	0	0	0
Total borrowings	0	0	0	0
Other Long Term Liabilities:				
Finance lease liabilities	106	259		
Total other long term liabilities	106	259		
Creditors:				
Financial liabilities at amortised cost	48	90	0	0
Financial liabilities at contract amount			1,158	1,187
Total creditors	48	90	1,158	1,187

Financial liabilities and financial assets represented by borrowings and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

◊ There were no long or short term borrowings at the year end so no estimated rates were needed.
◊ No early repayment or impairment is recognised
◊ Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
◊ The fair value of trade and other receivables is taken to be the invoiced or billed amount
◊ NB Available for sale assets relating to the long term investment in East Cambridgeshire Business Centres Limited (see note 34 for more detail) is no longer shown within Financial Instruments as per 'the Code'.

Financial Instruments at Fair Value and Amortised Cost

	31 March 2013		31 March 2012	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	1,312	1,312	1,536	1,536
Loans and receivables	13,272	13,272	11,350	11,350

13 **Financial Instruments continued**

Financial Instruments gains and losses

The gains and losses recognised in the Comprehensive Income & Expenditure Account in relation to financial instruments are made up as follows:

	2012/2013				2011/2012			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost £000	Loans & receivables £000	Available for sale assets £000	Total £000	Liabilities measured at amortised cost £000	Loans & receivables £000	Available for sale assets £000	Total £000
Interest payable and similar charges	18	0	0	18	34	0	0	34
Impairment losses	0	(24)	0	(24)	0	(74)	0	(74)
Interest and investment income	0	183	0	183	0	155	0	155
Net gain/(loss) for the year	18	159	0	177	34	81	0	115

14 **Inventories**

These have been valued for balance sheet purposes at the lower of cost or net realisable value. These include items such as Trading stock and refuse sacks.
An analysis of the figures has not been provided as they are not considered material to the accounts.

15 **Debtors**

Amounts falling due within one year	As at 31.03.13 Gross £	Bad Debt Provision £	Net £	As at 31.03.12 Gross £	Bad Debt Provision £	Net £
Central Government Bodies	336,876	0	336,876	841,133	0	841,133
Other Local Authorities	496,764	0	496,764	1,021,619	0	1,021,619
NHS Bodies	0	0	0	0	0	0
Public corporations and trading funds	0	0	0	0	0	0
Other entities and individuals:						
Council tax payers	409,809	(179,922)	229,887	416,818	(177,003)	239,815
Rent Allowance overpayments	833,966	(453,817)	380,149	657,735	(368,110)	289,625
Sundry debtors	470,963	(43,146)	427,817	808,341	(36,850)	771,491
Total	2,548,378	(676,885)	1,871,493	3,745,646	(581,963)	3,163,683

16 Cash and Cash Equivalents

	31.03.13	Movement 2012/2013	31.03.12
	£	£	£
Short term investments repayable on notice	6,924,807	21,739	6,903,068
Cash (overdrawn) or in hand at bank	(317,610)	207,649	(525,259)
	6,607,197	229,388	6,377,809

17 Assets held for sale

	2012/2013	2011/2012
Current	£	£
Balance outstanding at start of year	0	40,000
Assets newly classified as held for sale:		
Property, Plant and Equipment	0	33,422
Other assets/liabilities in disposal groups	0	0
Revaluation losses	0	0
Revaluation gains	0	4,110
Impairment losses	0	0
Assets declassified as held for sale:		
Property, Plant and Equipment	0	0
Other assets/liabilities in disposal groups	0	0
Assets sold	0	(77,532)
Transfers from non-current to current	0	0
Other movements	0	0
Balance outstanding at year-end	0	0

18 Creditors

	As at 31.03.13	As at 31.03.12
Amounts falling due within one year	£	£
Other Local Authorities	157,650	351,708
Central Government Bodies	1,062,703	203,289
NHS Bodies	0	0
Public corporations and trading funds	0	0
Other entities and individuals:		
Council tax payers	104,527	10,540
NNDR payers	82,674	8,021
Receipts in Advance	197,781	112,625
Section 106 agreements	1,842,559	1,907,581
Sundry creditors	802,193	722,479
Total	4,250,087	3,316,243

19 Provisions

	As at 31.03.13	Net movement in year	As at 31.03.12	Note
	£	£	£	
Maintenance of amenity areas	(36,816)	582	(37,398)	(a)
Sport, recreation, etc grants	(2,463)	1,974	(4,437)	(b)
Historic building grants	(12,450)	1,700	(14,150)	(b)
	(51,729)	4,256	(55,985)	

Notes

(a) Amounts received which are used to fund the maintenance of amenity areas over a period of 15 years.

(b) Grants committed by Committee which will be paid out over the next 2 years.

20 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 7.

21 Unusable Reserves

	As at 31.03.13	As at 31.03.12
	£	£
Revaluation Reserve	(5,821,792)	(4,584,269)
Capital Adjustment Account	(11,783,720)	(12,113,241)
Deferred capital receipts	(288,694)	(249,226)
Pensions reserve	18,323,000	15,923,000
Accumulated Absences Account	100,329	103,397
Financial Instruments Adjustment Account	97,450	73,526
Collection Fund Adjustment Account	34,867	110,416
	661,440	(736,397)

Revaluation Reserve

The revaluation reserve records unrealised revaluation gains arising since 1 April 2007 from the holding of property, plant, equipment and intangible assets.

	2012/2013		2011/2012	
	£	£	£	£
Opening balance 1 April		(4,584,269)		(4,028,350)
Upward revaluation of assets	(1,936,660)		(872,457)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	458,213		193,452	
		(1,478,447)		(679,005)
Difference between Current Value Depreciation and Historic Depreciation	100,429		57,009	
Accumulated gains on assets sold or scrapped	140,495		66,077	
		240,924		123,086
Balance at 31 March		(5,821,792)		(4,584,269)

21 Unusable Reserves Continued

Capital adjustment account:

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.
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 the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2012/2013		2011/2012	
	£	£	£	£
Opening Balance at 1 April		(12,113,241)		(13,091,202)
Reversal of items relating to capital expenditure debited or credited to the				
Comprehensive Income & Expenditure Statement:-				
Depreciation	509,844		578,236	
Impairment	0		0	
Revaluation losses	51,346		1,036,945	
Donated assets	0		(239,727)	
Amortisation of intangible assets	50,158		59,495	
Revenue expenditure funded from capital under statute (funded by capital receipts)	229,187		327,478	
Revenue expenditure funded from capital under statute (funded by grants)	290,714		455,101	
Other transactions	(10,599)		0	
Carrying value of non current assets disposed of	389,535		206,327	
		1,510,185		2,423,855
Adjusting amounts written out of the Revaluation Reserve		(240,924)		(34,273)
Net written out amount of the cost of non-current assets consumed in the year		1,269,261		2,389,582
Capital financing applied in the year:-				
Use of the Capital Receipts Reserve to finance new capital expenditure	(322,530)		(616,448)	
Capital grants and contributions credited to the CI&E Statement that have been applied to capital financing	(20,858)		(416,862)	
Capital grants and contributions used to fund REFCUS	(290,715)		0	
Application of grants to capital financing from the Capital Grants Unapplied Reserve	(152,367)		(168,603)	
Statutory provision for the financing of capital investment charged against the General Fund	0		0	
Capital expenditure charges against the General Fund	(48,427)		(87,360)	
MRP	(104,843)		(122,348)	
Movement in the Donated Assets Account credited to the CI&E Statement	0		0	
		(939,740)		(1,411,621)
Balance at 31 March		(11,783,720)		(12,113,241)

21 **Unusable Reserves Continued**

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 accounts for post employment benefits in the CI&E 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 pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2012/2013	2011/2012
	£	£
Balance at beginning of year	15,923,000	12,750,000
Actuarial gains or losses on pension assets and liabilities	1,851,000	2,920,000
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E Statement	1,467,000	1,186,000
Employer's pensions contributions and direct payments to pensioners payable in the year	(918,000)	(933,000)
Balance at end of year	18,323,000	15,923,000

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

	2012/2013	2011/2012
	£	£
Balance at beginning of year	(249,226)	(207,722)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	(46,173)	(54,368)
Transfer to the Capital Receipts Reserve upon receipt of cash	6,705	12,864
Balance at end of year	(288,694)	(249,226)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CI&E 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.

	2012/2013	2011/2012
	£	£
Balance at beginning of year	110,416	(9,178)
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	(75,549)	119,594
Balance at end of year	34,867	110,416

21 **Unusable Reserves Continued**

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, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2012/2013		2011/2012	
	£	£	£	£
Balance at beginning of year		103,397		82,741
Settlement or cancellation of accrual made at the end of the preceding year	(103,397)		(82,741)	
Amounts accrued at the end of the current year	100,329		103,397	
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(3,068)		20,656
Balance at end of year		100,329		103,397

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses this account to hold the balance of the difference between the full value of its soft loans and the adjusted current fair value.

	2012/2013	2011/2012
	£	£
Balance at beginning of year	73,526	0
Amount of interest loss due to recognition of soft loans	30,026	78,775
Reverse of notional interest for the year	(6,102)	(5,249)
Balance at end of year	97,450	73,526

22 Cash Flow statement - adjust the Net Surplus/deficit on the Provision of services for Non Cash Movements

	2012/2013	2011/2012
	£	£
Depreciation	509,844	578,236
Impairment and downward valuations	51,346	783,251
Amortisation	50,158	59,495
Impairment losses on Loans & advances debited to surplus or deficit on the provision of services in year	0	0
Reductions in fair value of non PWLB Concessionary Loans	0	0
Material Impairment losses on Investments debited to surplus or deficit on the provision of services in year	0	0
Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	0	0
Adjustment for internal interest charged	0	0
Losses or Gains on derecognition of loans & advances in year	0	0
Reductions in fair value of Soft Loans (non Subsidiary) made in the year	30,026	78,775
Soft Loans (non Subsidiary)-Interest adjustment credited to I+E Account during year	(6,102)	(5,249)
Adjustments for effective interest rates	0	0
Increase/decrease in provision for impairments/doubtful debts re: Loans & Advances	0	0
Financial Guarantee Adjustments	0	0
Net PFI Debtor Adjustments	0	0
Increase/Decrease in Interest Creditors	0	0
Increase/Decrease in Creditors	219,419	935,532
Increase/Decrease in Interest and Dividend Debtors	(94,599)	(6,114)
Increase/Decrease in Debtors	720,460	(225,267)
Increase/Decrease in Inventories	(11,821)	(81)
Movement in Pension Liability	549,000	253,000
Contributions to/(from) Provisions	(4,256)	516
Unwinding the Discount on Deferred Receipts	0	0
Provision for Equal Pay	0	0
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	389,535	206,327
Issuing of Council Mortgages relating to deferred capital receipts	0	0
Donated Assets	0	(239,727)
Movement in Investment Property Values	0	253,694
	2,403,010	2,672,388

23 Cash Flow statement - Operating Activities

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

	2012/2013	2011/2012
	£	£
Capital Grants credited to surplus or deficit on the provision of services	(254,408)	(418,002)
Net adjustment from the sale of short and long term investments	0	0
Premiums or Discounts on the repayment of financial liabilities	0	0
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(291,999)	(239,389)
	(546,407)	(657,391)

Operating activities within the cashflow statement include the following cash flows relating to interest

	2012/2013	2011/2012
Ordinary interest received	182,543	160,172
Soft Loans (non Subsidiary)-Interest adjustment credited to Surplus/Deficit on the Provision of Services during year	(6,102)	(5,249)
Other adjustments for differences between Effective Interest Rates and actual interest receivable-Long Term Debtors	0	0
Other adjustments for differences between Effective Interest Rates and actual interest receivable-Investments	0	0
Interest received on cash backed funds/reserves	0	0
Unwinding Discounts	0	0
Opening Debtor	9,540	3,426
Closing Debtor	(104,139)	(9,540)
Total Interest Received	81,842	148,809
Interest charge for the year	18,045	32,548
Concessionary Loans -Interest adjustment debited to Surplus/Deficit on the Provision of Services during year during year	0	0
Adjustments for differences between Effective Interest Rates and actual interest payable	0	0
Adjustment for impairment losses on Loans & advances debited to Interest Payable in I&E Account in year	0	0
Adjustment for impairment losses on Long & Short Term Investments charged to Interest Payable	0	0
Adjustment for net loss recycled from Available for Sale Reserve following impairment of Available for Sale Investments	0	0
Adjustment for internal interest charged to balance sheet funds	0	0
Opening Creditor	0	0
Closing Creditor	0	0
Total Interest Paid	18,045	32,548
Dividends Received	0	0
Opening Debtor	0	0
Closing Debtor	0	0
Dividends Received	0	0

24 **Cash Flow statement - Investing Activities**

	2012/2013		2011/2012	
	£		£	
Property, Plant and Equipment Purchased	(314,995)		(506,695)	
Purchase of Investment Properties	0		0	
Other Capital Payments	0		0	
PFI-payments re: build up of Estimated Residual Value	0		0	
Add back new Finance Leases (non cash flow item)	0		0	
Add back PFI assets (non cash flow item)	0		0	
Opening Capital Creditors	(242,358)		(103,085)	
Closing Capital Creditors	23,073		242,358	
Purchase of Property, Plant and Equipment, investment property and intangible assets		(534,280)		(367,422)
Purchase of short term investments	(2,500,000)		(3,000,000)	
Purchase of long term investments	0		0	
Purchase of Investments in Associates or Joint Ventures	0		0	
Purchase of Investments in Subsidiaries	0		0	
Purchase of short and long term investments		(2,500,000)		(3,000,000)
Long term loans granted	0		0	
Capital Grants Repaid	0		0	
Other payments for Investing Activities		0		0
Proceeds from the sale of property plant and equipment, investment property and intangible assets		252,531		197,885
Proceeds from the sale of short term investments	0		0	
Proceeds from long term investments	0		0	
Sale of Investments in Associates or Joint Ventures	0		0	
Sale of Investments in Subsidiaries	0		0	
Proceeds from short-term and long-term investments		0		0
Other capital cash receipts	107,282		310,446	
Capital Grants Received	254,408		418,002	
Other Receipts from Investing Activities		361,690		728,448
Total Cash Flows from Investing Activities		(2,420,059)		(2,441,089)

25 **Cash Flow statement - Financing Activities**

	2012/2013 £	2011/2012 £
Cash receipts of short and long term borrowing	0	0
Billing Authorities - Council Tax and NNDR adjustments	1,514,905	(316,119)
Precepting Authorities Only - Appropriation to/from Collection Fund Adjustment Account	(75,549)	119,594
Repayment of Short-Term and Long-Term Borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(104,843)	(122,348)
Total Cash Flows from Financing Activities	1,334,513	(318,873)

26 **Amounts Reported for Resource Allocation Decisions**

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

Charges are made in relation to capital depreciation (whereas revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
The income and expenditure of the Authority's principal committees recorded in the budget reports for the year is as follows:

Service Income and Expenditure

2012/2013	Note A	Community & Environment	Development & Transport	Personnel & Corporate	Total
		£	£	£	£
Fees, charges & other service income		(772,548)	(3,202,485)	(4,738,120)	(8,713,153)
Government grants		(17,125)	(101,628)	(25,846,948)	(25,965,701)
Total Income		(789,673)	(3,304,113)	(30,585,068)	(34,678,854)
Employee expenses		1,402,437	1,799,971	3,166,968	6,369,376
Other service expenses		3,813,388	2,400,115	28,445,319	34,658,822
Support service recharges		1,017,545	927,050	1,621,217	3,565,812
Total Expenditure		6,233,370	5,127,136	33,233,504	44,594,010
Net Expenditure		5,443,697	1,823,023	2,648,436	9,915,156

2011/2012	Community & Environment	Development & Transport	Personnel & Corporate	Total
	£	£	£	£
Fees, charges & other service income	(789,329)	(3,834,652)	(5,791,652)	(10,415,633)
Government grants	(4,227)	(24,121)	(24,729,641)	(24,757,989)
Total Income	(793,556)	(3,858,773)	(30,521,293)	(35,173,622)
Employee expenses	1,327,144	1,749,640	3,100,696	6,177,480
Other service expenses	4,406,152	2,113,520	30,015,465	36,535,137
Support service recharges	1,111,315	975,683	1,707,831	3,794,829
Total Expenditure	6,844,611	4,838,843	34,823,992	46,507,446
Net Expenditure	6,051,055	980,070	4,302,699	11,333,824

26 **Amounts Reported for Resource Allocation Decisions Continued**

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

	2012/2013	2011/2012
	£	£
Cost of Services in Service Analysis - by Committee	9,915,156	11,333,824
Add services not included in the Analysis	0	0
Add amounts not reported to management	89,824	1,294,940
Remove amounts reported to management not included in the Comprehensive Income & Expenditure Statement	(385,076)	(2,361,741)
Net Cost of Services in the Comprehensive Income & Expenditure Statement	9,619,904	10,267,023

Reconciliation to Subjective Analysis

2012/2013	Service Analysis	Services not in analysis	Not reported to management	Not included in CI&E	Allocation of recharges	Net Cost of Services	Corporate Amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(8,530,610)	0	(229,671)	0	3,763,049	(4,997,232)	0	(4,997,232)
Interest and investment income	(182,543)	0	0	182,543	0	0	(182,543)	(182,543)
Income from council tax	0	0	0	0	0	0	(5,723,604)	(5,723,604)
Government grants and contributions	(25,965,701)	0	(129,015)	883,516	0	(25,211,200)	(5,821,096)	(31,032,296)
Total Income	(34,678,854)	0	(358,686)	1,066,059	3,763,049	(30,208,432)	(11,727,243)	(41,935,675)
Employee expenses	6,369,376	0	100,752	(133,109)	(15,550)	6,321,469	585,000	6,906,469
Other service expenses	33,541,618	0	347,758	(812,170)	(181,687)	32,895,519	0	32,895,519
Support Service recharges	3,565,812	0	0	0	(3,565,812)	0	0	0
Depreciation, amortisation and impairment	611,348	0	0	0	0	611,348	0	611,348
Interest Payments	18,045	0	0	(18,045)	0	0	18,045	18,045
Precepts & Levies	354,700	0	0	(354,700)	0	0	1,912,255	1,912,255
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	597	597
Gain or Loss on Disposal of Non Current Assets	133,111	0	0	(133,111)	0	0	133,111	133,111
Total expenditure	44,594,010	0	448,510	(1,451,135)	(3,763,049)	39,828,336	2,649,008	42,477,344
Surplus or deficit on the provision of services	9,915,156	0	89,824	(385,076)	0	9,619,904	(9,078,235)	541,669

26 **Amounts Reported for Resource Allocation Decisions Continued**

Reconciliation to Subjective Analysis

2011/2012	Service Analysis	Services not in analysis	Not reported to management	Not included in CI&E	Allocation of recharges	Net Cost of Services	Corporate Amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(10,255,461)	0	1,147,424	(162,459)	3,837,215	(5,433,281)	246,099	(5,187,182)
Interest and investment income	(160,172)	0	0	160,172	0	0	(160,172)	(160,172)
Income from council tax	0	0	0	0	0	0	(5,588,260)	(5,588,260)
Government grants and contributions	(24,757,989)	0	(73,758)	638,391	0	(24,193,356)	(6,313,371)	(30,506,727)
Total Income	(35,173,622)	0	1,073,666	636,104	3,837,215	(29,626,637)	(11,815,704)	(41,442,341)
Employee expenses	6,177,480	0	(29,883)	(82,711)	(2,023)	6,062,863	405,000	6,467,863
Other service expenses	36,599,800	0	251,157	(2,528,527)	(40,363)	34,282,067	0	34,282,067
Support Service recharges	3,794,829	0	0	0	(3,794,829)	0	0	0
Depreciation, amortisation and impairment	1,155,789	0	0	0	0	1,155,789	0	1,155,789
Interest Payments	40,786	0	0	(32,548)	0	8,238	32,548	40,786
Precepts & Levies	323,758	0	0	(332,753)	0	(8,995)	1,899,207	1,890,212
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	4,544	4,544
Gain or Loss on Disposal of Non Current Assets	(1,584,996)	0	0	(21,306)	0	(1,606,302)	21,306	(1,584,996)
Total expenditure	46,507,446	0	221,274	(2,997,845)	(3,837,215)	39,893,660	2,362,605	42,256,265
Surplus or deficit on the provision of services	11,333,824	0	1,294,940	(2,361,741)	0	10,267,023	(9,453,099)	813,924

27 **Acquired/Discontinued Operations**

There were no acquired or discontinued operations during the year.

28 **Trading operations**

The Council owns Ely market rights, and also owns a number of industrial sites in the District. Operation of The Maltings public hall was contracted out with effect from November 1994. The profits (or losses) on these trading operations were as follows:

	2012/2013		2011/2012	
	Turnover	Profit (loss)	Turnover	Profit (loss)
	£	£	£	£
Ely Markets	170,778	49,190	159,759	52,084
Business Units	30,646	30,728	35,578	(2,107)
Maltings Hall	21,302	(36,630)	15,627	(680,541)
Total	222,726	43,288	210,964	(630,564)

Ely Markets has made a slight decrease in surplus as a result of an increase in income and increased Support Service costs.
The surplus on the Business units was mainly due to the disposal of one of the assets which created a surplus on revaluation.
Maltings reduced deficit was mainly due to a reduction in the Capital charges from the previous year which had included impairment costs.

29 **Agency services**

The Council undertakes grass cutting in Ely as agents for Cambridgeshire County Council. The County Council reimburses the District Council for the cost of this work, subject to a cash limit, and makes a contribution towards administrative costs. In 2012/2013 the County Council contributed £2,837 (2011/2012 £4,491)

The Council agreed to undertake grass cutting for the Sanctuary Group beginning in February 2010. Sanctuary reimburse the Council for the total cost of the work. The reimbursement for 2012/2013 was £194,117 (2011/2012 £184,010).

30 **Members Allowances**

The Authority paid the following amounts to members of the council during the year.

	2012/2013	2011/2012
	£	£
Allowances	200,715	196,072
Expenses	13,664	12,814
	214,379	208,886

Information regarding Members Allowances is published annually in the local press and is available on the Council's website.

31 Officers' Remuneration

There were no Senior Officers whose salary was over £150,000.

The following table sets out the remuneration disclosures for Senior Officers .

Remuneration for 2012/2013

Post title	Notes	2012/2013 Salary (Including fees & Allowances	2012/2013 Expense Allowances	2012/2013 Benefits in kind (eg car allowances)	2012/2013 Compensation for loss of office	2012/2013 Employers pension contribution	2012/2013 Total remuneration incl. pension contribution	2011/2012 Salary (Including fees & Allowances	2011/2012 Expense Allowances	2011/2012 Benefits in kind (eg car allowances)	2011/2012 Compensation for loss of office	2011/2012 Employers pension contribution	2011/2012 Total remuneration incl. pension contribution
		£	£	£	£	£	£	£	£	£	£	£	£
Chief Executive		124,605	511	7,533	0	24,298	156,947	124,605	676	7,970	0	24,298	157,549
Deputy Chief Executive		97,403	585	9,899	0	18,994	126,881	97,403	626	9,899	0	18,994	126,922
Heads of Services:-													
Finance		65,610	12	0	0	12,794	78,416	64,083	291	0	0	12,496	76,870
Legal & Democratic		60,428	93	0	0	11,783	72,304	60,428	687	0	0	11,783	72,898
HR & Facilities	Note 1	40,380	15	0	0	7,672	48,067	28,802	16	0	0	9,409	38,227
Planning		67,137	1,319	0	0	13,092	81,548	65,610	1,308	0	0	12,794	79,712
Environmental		67,137	72	2,357	0	13,092	82,658	67,137	127	1,676	0	13,092	82,032
Community		67,137	116	0	0	13,092	80,345	65,610	174	0	0	12,794	78,578
Housing	Note 2	41,124	0	0	29,846	8,019	78,989	53,954	0	0	0	10,521	64,475
ICT & Customer Services		52,905	0	3,362	0	10,316	66,583	51,645	0	1,063	0	10,071	62,779

Note 1: The Head of HR & Facilities was on maternity leave for part of the year. The annualised salary for 2012/13 was £55,428.
Note 2: The Head of Housing left on 31/12/2012. The annualised salary for 2012/13 was £55,428.

There were no other employees whose remuneration (excluding employers pension contributions) was above £50,000.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) Exit package cost band (incl. special payments)	(b) Number of compulsory redundancies 2012/13	(b) 2011/12	(c) Number of other departures agreed 2012/13	(c) 2011/12	(d) Total number of exit packages by cost band [(b) + (c)] 2012/13	(d) 2011/12	(e) Total cost of exit packages in each band 2012/13 £000's	(e) 2011/12 £000's
£0 – £20,000	0	0	1	2	1	2	18	10
£20,001 – £40,000	1	0	1	0	2	0	85	0
Total cost in bandings							103	10

32 External Audit Costs

The following fees relating to external audit and inspection were incurred:-

	2012/2013	2011/2012
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	49,623	83,472
Fees payable to the Audit Commission in respect of statutory inspection	0	0
Fees payable to the Audit Commission for the certification of grant claims and returns	52,276	17,991
Fees payable in respect of other services provided by the appointed auditor	0	0
	101,899	101,463

33 Grant Income

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

	2012/2013		2011/2012	
Credited to Taxation and Non Specific Grant Income	£	£	£	£
Council Tax Income		(5,723,604)		(5,588,260)
Non Domestic Rates		(4,841,783)		(4,271,123)
Non Ringfenced Government Grants:				
Revenue Support Grant	(95,798)		(1,320,217)	
Local services support grant	(67,270)		(67,270)	
Council Tax Freeze Grant	(100,165)		(100,166)	
New Homes Bonus	(690,264)		(440,955)	
Other Government Grants	(25,816)		(30,000)	
		(979,313)		(1,958,608)
Capital Grants & Contributions:				
Improvement East	0		(83,640)	
Other grants	0		0	
Other contributions	0		0	
		0		(83,640)
Total		(11,544,700)		(11,901,631)

33 **Grant Income Continued**

Credited to Services	2012/2013 £	2011/2012 £
Benefits	(25,055,595)	(24,097,601)
Cambridgeshire Horizons	(40,703)	21
Section 106	(1,318,152)	(382,253)
LPSA	0	(120,000)
Other grants	(536,825)	(450,317)
Total	(26,951,275)	(25,050,150)

The Authority receives grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balance at the year-end of contributions with conditions was £1,842,559 (2011/12 £1,907,581)

34 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 council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council 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 Authority.

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 (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 26 on reporting for resources allocation decisions.

Members

Members of the council have direct control over the council's financial and operating policies.
The total of members' allowances paid in 2012/13 is shown in Note 30.

There were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.
See note 33 for Grants received and notes 15 and 18 for Other Local Authority Debtors and Creditors figures.

Entities Controlled or Significantly Influenced by the Authority

The Council fully owns East Cambridgeshire Business Centres Limited.
The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs of the businesses as it saves them having to purchase equipment and provides meeting/training rooms.
The workspaces are let on a short term basis to allow them to expand or contract as necessary without being locked into a long term tenancy agreement.
Group Accounts have not been produced as the figures are not material to the overall accounts of the Council.
The net assets of the company at 31 March 2013 were £563,610 (31 March 2012 £459,328)
The company made a deficit of £35,470 before tax in the year (2011/2012 deficit £41,865)
Copies of the accounts for East Cambridgeshire Business Centres Limited can be obtained from:-

The Grange
Nutholt Lane
Ely Cambs
CB7 4EE

The Council became a partner in the Anglia Revenue Partnership on 13 October 2010. A payment is made into the partnership which is not an entity in itself.
Breckland Council, East Cambridgeshire District Council, Forest Heath District Council & St Edmundsbury District Council work together to provide their Revenues and Benefits services through the Anglia Revenues Partnership (ARP).
This payment is included in the service costs in the CI&E Account. Payments in the year were £1,061,000 (2011/2012 £1,061,000)

35 **Capital expenditure and financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 Authority, 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.

	2012/2013	2011/2012
	£	£
Opening Capital Financing Requirement	249,618	371,966
Capital investment		
Property, Plant & Equipment	290,995	424,194
Investment Properties, Intangible and Assets held for sale	24,000	82,500
Revenue expenditure funded from Capital under statute	519,901	782,579
Sources of finance		
Capital receipts	(322,530)	(616,447)
Government grants and other contributions	(463,939)	(667,686)
Sums set aside from revenue: re. finance leases below	(104,843)	(122,348)
other incl. minor land sales	(48,427)	(5,140)
Closing Capital Financing Requirement	144,775	249,618
Explanation of movements in the year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	0	0
Assets acquired under finance leases	(104,843)	(122,348)
Increase/(decrease) in Capital Financing Requirement	(104,843)	(122,348)

	2012/2013	2011/2012
	£	£
The sources of finance for capital expenditure were:		
Government Grants and other contributions	463,939	667,686
General Fund	48,427	122,348
Useable capital receipts	322,530	616,447
Total source of finance	834,896	1,406,481
Used to fund:		
Revenue expenditure funded from capital under statute	519,901	782,579
Long term debtors	0	0
Non Current Assets	314,995	506,694
Total expenditure	834,896	1,289,273

36 **Leases**

Authority as Lessee

Finance Leases

The Council has effectively acquired a number of Refuse Vehicles as embedded leases within its refuse collection arrangements. Although they are not directly leased by the council the circumstances are such that the contractor has effectively allocated control of this equipment to the Council.

The assets acquired under these embedded leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31.03.13	31.03.12
	£	£
Embedded Leases Refuse Vehicles	164,961	345,114

The Authority is committed to making minimum payments under these leases through the service payment to the main contractor in settlement of the effective long-term liability for the interest in the vehicles. The minimum lease payments are made up of the following:

	31.03.13	31.03.12
Finance lease liabilities (net present value of minimum lease payments):	£	£
Current	86,664	131,182
Non Current	105,844	258,732
Minimum lease payments	192,508	389,914

The minimum lease payments will be payable over the following periods, given the nature of an embedded lease there will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability:

Minimum Lease Payments time profile	31.03.13	31.03.12
	£	£
Not later than one year	86,664	131,182
Later than one year and not later than five years	105,844	258,732
Later than five years	0	0
	192,508	389,914

36 **Leases continued**

The Council also has a number of other finance leases for public conveniences, a car park and an open space.
The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31.03.13	31.03.12
	£	£
Finance Leases Public Conveniences, Car Park, Open Space	450,892	462,316

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property 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:

	31.03.13	31.03.12
Finance lease liabilities:	£	£
Current	6	6
Non Current	92	97
Minimum lease payments	98	103

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability above.

As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

Operating Leases

The Authority has acquired the use of a number of assets by operational leasing. These relate mainly to various parcels of land. A significant number are at a peppercorn rent with the remainder at less than economic value. Leased vehicles are included from year ending 31.3.12. The future minimum lease payments on these assets are:

	31.03.13	31.03.12
	£	£
Not later than one year	36,332	30,052
Later than one year and not later than five years	38,186	42,205
Later than five years	25,448	23,950
	99,966	96,207

There have been no sublets or rent reviews. Consequently all payments equal the minimum rental, excluding where RPI (Retail Price Index) is added on 2 leases, which are not material.
One lease included above expired in June 2012 and is currently under negotiation. As future lease payments are unknown, the above only includes lease payments for the current year. As the amounts are not significant, this will not materially affect future years' accounts.

36 **Leases continued**

The expenditure charged to the Cultural and Related, Environmental and Transport Services lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31.03.13	31.03.12
	£	£
Leasing Payments charged to Revenue	36,332	30,052

The minimum lease payments payable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Authority as Lessor

Finance Leases

The Authority has no material finance leases for property or equipment.

Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:
- for the provision of public open space, recreation and public conveniences
- to provide for City Council offices, Registrar offices and Citizens Advice Bureau
- to encourage small businesses
- and other minor items.

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

Minimum Lease Payments time profile	31.03.13	31.03.12
	£	£
Not later than one year	86,415	77,083
Later than one year and not later than five years	143,693	95,734
Later than five years	311,587	4,522
	541,695	177,339

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/13 £0 contingent rents were receivable by the Authority (2011/12 £1,250).

37 **Impairment Losses**

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 9 and 12 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

38 **Termination Benefits including Exit Packages**

The Authority terminated the contracts of 3 employees in 2012/13, incurring liabilities of £103k (£10k in 2011/12).
Also see note 31.

39 **Pensions Schemes Accounted for as Defined Contribution Schemes**

The Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.
As explained in the note on pensions in the Accounting Policies the Council participates in the Local Government Superannuation Scheme which is administered by the Cambridgeshire County Council's Pension Fund. In addition the Council has liabilities for discretionary pension payments outside the main scheme.

In 2012/2013 the Council paid an employer's contribution of £781,684 (2011/2012 £788,177 @ 19.5%), representing 19.5% of employees pensionable pay into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service. The contribution rate is determined by the Fund's actuary, based on triennial valuations.
The last review took place on 31 March 2010.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

In addition to the above the Council is responsible for all pension payments relating to added years' benefits it has awarded together with the related increases.
In 2012/2013, these amounted to £131,409 (2011/2012 £135,741, 3.36%), representing 3.28% of pensionable pay.
The capital cost of these discretionary increases in pensions payments agreed by the authority is:-

	2012/2013	2011/2012
Current year decisions	19,476	0
Earlier year decisions for which payments are still being made	1,290,000	1,236,000

A creditor provision has been made at 31 March 2013 for the amount due to the Pension Fund as a result of the Council agreeing for staff to receive their pensions early due to redundancy or early retirement.
The amount due for each member of staff is paid in the year of commitment but for agreements prior to this year they were spread over 5 years. The creditor at 31 March 2013 is £137,080 (31 March 2012 £135,380)

Participation in pension schemes
As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement 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 the Local Government Pension Scheme for civilian employees, administered by Cambridgeshire County Council. This is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.

39 **Pensions Schemes Accounted for as Defined Contribution Schemes Continued**

Transactions relating to retirement benefits

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive I & E Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

Comprehensive Income & Expenditure Statement	2012/2013 £000	2011/2012 £000
Cost of services:		
Current service cost	795	781
Past service costs/(gains)	0	0
Curtailments	87	0
Financing & Investment Income & Expenditure:		
Interest cost	1,836	1,935
Expected return on assets in the scheme	(1,251)	(1,530)
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	1,467	1,186
Other Post Employment Benefit charged to the Comprehensive I&E Statement		
Actuarial (gains)/losses	1,851	2,920
Total Post Employment Benefit charged to the Comprehensive I&E Statement	3,318	4,106
Movement in Reserves Statement		
reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(549)	(253)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	918	933

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £1,851,000 (£2,920,000 loss 2011/12) were included in the Comprehensive I&E Statement . The cumulative amount of actuarial gains and losses recognised in the Comprehensive I&E Statement to the 31 March 2013 is a loss of £16,098,000 (31 March 2012 £14,247,000).

39 **Pensions Schemes Accounted for as Defined Contribution Schemes Continued**

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the funded scheme liabilities	2012/2013	2011/2012
	£000	£000
1 April	38,359	35,422
Current service cost	795	781
Interest cost	1,836	1,935
Contributions by scheme participants	262	267
Settlements & curtailments	87	0
Actuarial losses/(gains)	3,950	1,490
Past service costs/(gains)	0	0
Estimated unfunded benefits paid	(90)	(90)
Estimated benefits paid	(1,273)	(1,446)
31 March	43,926	38,359

Reconciliation of fair value of the scheme assets	2012/2013	2011/2012
	£000	£000
1 April	22,436	22,672
Expected rate of return	1,251	1,530
Contributions by scheme participants	262	267
Settlements	0	0
Employer contributions	828	843
Contributions in respect of unfunded benefits	90	90
Actuarial gains/(losses)	2,099	(1,430)
Unfunded benefits paid	(90)	(90)
Benefits paid	(1,273)	(1,446)
31 March	25,603	22,436

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.
The actual return on scheme assets in the year was £3,350,000 (£105,000 2011/12)

39 **Pensions Schemes Accounted for as Defined Contribution Schemes Continued**

Scheme History	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
	£000	£000	£000	£000	£000
Present values of liabilities	(26,823)	(43,885)	(35,422)	(38,359)	(43,926)
Fair value of assets	17,634	23,515	22,672	22,436	25,603
Surplus/(deficit)	(9,189)	(20,370)	(12,750)	(15,923)	(18,323)
Experience gains/(losses) on liabilities	75	(115)	1,966	(519)	4
Above, as a percentage of present value of liabilities	-0.28%	0.26%	-5.55%	1.35%	-0.01%
Experience gains/(losses) on assets	(5,654)	4,629	(2,317)	(1,430)	2,099
Above, as a percentage of fair value of assets	-32.06%	19.69%	-10.22%	-6.37%	8.20%

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £18m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. 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, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the Council in the year to 31 March 2014 is £760,000.

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. The liabilities have been assessed by Hymans Robertson, the independent actuaries.

Estimates for the fund are based on the latest full valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:	2012/2013	2011/2012
Long-term expected rate of return on assets in the scheme		
Equity investments	4.5%	6.3%
Bonds	4.5%	3.3%
Property	4.5%	4.4%
Other	4.5%	3.5%
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	21.0	21.0
Women	23.8	23.8
Longevity at 65 for future pensioners		
Men	22.9	22.9
Women	25.7	25.7
Rate of inflation/Pension increase	2.8%	2.5%
Rate of increase in salaries	5.1%	4.8%
Expected return on assets	4.5%	5.6%
Rate for discounting scheme liabilities	4.5%	4.8%

39 **Pensions Schemes Accounted for as Defined Contribution Schemes Continued**

The scheme's assets consist of the following categories, by proportion of the total assets held.

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
	%	%	%	%	%
Equity investments	64	72	73	72	76
Bonds	17	15	15	14	14
Property	10	8	8	9	7
Other	9	5	4	5	3
	100	100	100	100	100

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

40 Contingent liabilities

There is a potential claim for compensation for tree damage to an extension which needs underpinning in the region of £17,000. The Council is disputing this on the basis that there were no up to date reports to enable the cause of the damage to be shown as the tree roots and the original report indicated that the foundations were insufficient.

There are a number of other insurance claims covering injury, negligence and compensation for damage. The level of damages has not been ascertained but the amounts are not expected to be material. The Council's insurance company is dealing with these claims.

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £82,500.41 plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

41 Contingent Assets

There were no material contingent assets at the year end

42 Nature and Extent of Risks Arising from Financial Instruments

The Council'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 the funds available to meet its commitments to make payments
◊ market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a treasury team, under policies approved by the Council in the Annual Treasury Management Strategy.
The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.
There is a possible claim for failure to allegedly undertake the Council's statutory duties.

42 **Nature and Extent of Risks Arising from Financial Instruments continued**

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions that satisfy the required level of ratings at the time as notified by Sector, the Council's treasury advisors. Some institutions are limited to short term lending up to 3 months. The maximum amount that can be lent to one institution at any particular time is £3m.

In light of the above investment strategy, the Council does not consider there to be any quantifiable credit risk in relation to its investments as at 31 March 2013.

In relation to sums owed by the Council's customers and contractual debtors, prudent provision is made for bad debts based on an assessment of the risks for each type of debt and age of those debts. An analysis of the Council's potential maximum exposure to credit risk in relation to debtors is shown below.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers, such that £0.123m of the £0.925m (£.144m of £1.792 2011/12) is past its due date for payment.

The past due amount can be analysed by age as follows:

	2012/2013	2011/2012
	£000	£000
Less than 3 months	83	94
3 to 6 months	1	8
6 months to 1 year	1	19
More than 1 year	38	23
	123	144

Liquidity risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. However if unexpected movements happen, the authority has ready access to borrowings from the PWLB and money markets, there is no significant risk that it will be unable to meet its commitments under financial instruments.

All financial liabilities as at 31 March 2013 are due within one year. As there are no long term liabilities there is currently no need to make a provision for repayment.
Therefore, there is no current risk of having to borrow at unfavourable rates in the future to replenish borrowings.

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments, because all of its investments are at fixed rates.
The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget on a quarterly basis during the year. This allows any adverse changes to be taken into consideration. The analysis will also advise whether new borrowing taken out is fixed or variable and short term or longer.

A rise in interest rates would have the following effects:

◊ borrowings at variable rates - the interest expense charged to the Income & Expenditure Account 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 Income & Expenditure Account will rise
◊ investments at fixed rates - the fair value of the assets will fall

42 **Nature and Extent of Risks Arising from Financial Instruments continued**

A fall in interest rates would create the reverse effect.

If interest rates had been 1% higher with all other variables held constant, the financial effect in 2012/13 would have been:-

An increase in the interest receivable on investments of	£171,301
A reduction in the fair value of fixed rate investments at 31/3/2013 of	£16,117

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account.

Market risk - price

The Authority invests in shares in 1 company to provide a local service. There is no intention to sell these shares and there is no other source of valuation of them so the risk is minimal.

Market risk - foreign exchange

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

43 **Heritage Assets - 5 Year summary of Transactions**

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
	£	£	£	£	£
Cost of Acquisitions of heritage assets					
Themed displays at Oliver Cromwell House	1,945	0	0	840	0
Total cost of Purchases	1,945	0	0	840	0
Value of Heritage Assets acquired by donation	0	0	0	0	0
Total Donations	0	0	0	0	0
Disposals of Assets					
Carrying Value	0	0	0	0	0
Proceeds	0	0	0	0	0
Impairment recognised in the period	0	0	0	0	0

44 **Heritage Assets - Further Information**

The Authority's civic regalia is not included above as its insurance valuation which is based on market values is £4,660, which is below the deminimus level.
The Civic Regalia includes the Chairman's chain of office and the Vice- Chairman's badge. These items are therefore not reported in the Balance Sheet.

COLLECTION FUND ACCOUNTS 2012/2013

The Collection Fund (England) 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.

Revenue Account

	2012/2013		2011/2012
Income	£	£	£
Income from Council Tax	40,761,567		39,036,198
Transfers from General Fund			
Council Tax Benefits	4,418,468		4,483,556
Transitional Relief	618		155
Income collectable from business ratepayers	17,153,817		16,314,464
Contributions towards previous years' Collection Fund deficit	699,322		0
		63,033,792	59,834,373
Expenditure			
Precepts and demands			
Cambridgeshire County Council	32,359,500		31,014,288
Cambridgeshire Police Authority	5,235,300		5,018,976
Cambridgeshire Fire & Rescue	1,779,300		1,712,952
East Cambridgeshire District Council	5,738,055		5,573,154
Business rate			
Payment to national pool	17,061,733		16,221,286
Costs of collection	92,084		93,178
Bad and doubtful debts / appeals			
Write offs	171,465		17,756
Provisions	7,841		69,820
Contributions towards previous years' Collection Fund surplus	0		1,060,476
		62,445,278	60,781,886
(Surplus) deficit for year		(588,514)	947,513
Reserve Balance			
Collection Fund deficit (surplus) at 1 April		860,073	(87,439)
Movement on Fund balance in year		(588,514)	947,512
Collection Fund (surplus) deficit at 31 March		271,559	860,073

Council Tax

Note

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner, Cambridgeshire Fire & Rescue Authority and East Cambridgeshire District Council.
The basic amount for a 2012/13 Band D property, being £1,451.82 (2011/12 £1,410.57), is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any Parish precept.

National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2013 was £46,388,767 (31 March 2012 £45,279,312). The national non-domestic rate multiplier for 2012/2013 was 45.8p (2011/2012 43.3p).

Council Tax Base

The calculation of the council tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings is as follows:

Band	2012/2013 *Equivalent number of dwellings*	2011/2012 *Equivalent number of dwellings*
A	2,339	2,319
B	7,232	7,166
C	5,845	5,786
D	5,977	5,905
E	4,744	4,686
F	2,530	2,467
G	941	950
H	128	138
O	0	0
Reduction in second home discounts	129	60
Provision for new homes	135	123
	30,000	29,600

Precepts and Demands c

The names of the authorities which made a significant precept or demand on the fund and the amount included for each were as follows:

	2012/2013 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.12	2012/2013 Total	2011/2012 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.11	2011/2012 Total
	£	£	£	£	£	£
Cambridgeshire County Council	32,359,500	(500,646)	31,858,854	31,014,288	760,672	31,774,960
Cambridgeshire Police & Crime Commissioner	5,235,300	(81,023)	5,154,277	5,018,976	123,093	5,142,069
Cambridgeshire Fire & Rescue	1,779,300	(27,653)	1,751,647	1,712,952	42,011	1,754,963
East Cambridgeshire District Council	5,738,055	(90,000)	5,648,055	5,573,154	134,700	5,707,854

Surplus/deficit on the Fund d

The balance on the Collection Fund is split between the relevant authorities in relation to the precepts/demands
The figure for this Council is shown in the Balance Sheet as the Collection Fund Adjustment Account.

	2012/2013	2011/2012
	£	£
Cambridgeshire County Council	(194,194)	(616,066)
Cambridgeshire Police & Crime Commissioner	(31,324)	(99,670)
Cambridgeshire Fire & Rescue	(11,174)	(33,922)
East Cambridgeshire District Council	(34,867)	(110,416)
Total Surplus/(Deficit)	(271,559)	(860,074)

The balances for the other precepting authorities are adjusted to remove their portions of the CT arrears, bad debt provisions and prepayments so that they show as debtors or creditors for the net cash position under an agency basis in the Balance Sheet. These adjustments are also made to the CT debtors and creditors balances

	2012/2013 adjustment				2011/2012 adjustment			
	CCC	CPCC	CFA	Agency totals	CCC	CPCC	CFA	Agency totals
Apportionment basis	71.40%	11.50%	4.20%		71.80%	11.30%	4.00%	
Council Tax arrears	1,310,758	211,117	77,103	1,598,978	1,349,506	218,026	73,302	1,640,834
Bad debt provn	(575,477)	(92,689)	(33,852)	(702,018)	(573,071)	(92,585)	(31,128)	(696,784)
CT over/pre payments	(554,320)	(89,281)	(32,607)	(676,208)	(593,724)	(95,922)	(32,250)	(721,896)
Collection fund (surplus)/deficit	194,194	31,324	11,174	236,692	616,066	99,670	33,922	749,658
Adjusted precepting authority balance	(375,155)	(60,471)	(21,818)	(457,444)	(798,777)	(129,189)	(43,846)	(971,812)

GLOSSARY OF TERMS

Accounting Period
The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

Accruals
Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Actuarial Gains & Losses
For a defined pension benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation or the actuarial assumptions have changed.

Balances
Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied, at the discretion of the Council, to reduce future demands on the Collection Fund or to meet unexpected costs. Balances on holding accounts and provisions are available to meet expenditure in future years without having an adverse effect on revenue expenditure.

Budget
A statement of the Council's income and expenditure plan over a specified period, for example the annual revenue budget which, besides being expressed in financial terms, may include other physical data, e.g. manpower resources.

Capital Charges
Charges made to revenue accounts as part of the running costs of each service to reflect the value of the non current assets used in providing the service.

Capital Expenditure
Money spent on providing assets of long-term value, e.g. land, buildings and equipment, or on making grants towards such expenditure.

Capital Financing
A global term covering the sources of money to pay for capital spending, e.g. borrowing, sales of non current assets, grants, developers' contributions, leasing, and revenue monies.

Capital Receipts
Money raised from the sale of non current assets, e.g. land. Some other receipts, e.g. Housing Association Grant (HAG), and some loan repayments have to be treated as capital receipts.

Community Assets
Non current assets that the Council intends to hold in perpetuity which have no determinable useful life and which will often have restrictions on their disposal, e.g. parks or historic buildings.

Contingent Liabilities
Potential liabilities which are either dependent on a future event or cannot be reliably estimated.

Current Assets
The day-to-day working assets of the Council, e.g. stores, cash, bank balances, and debtors.

Current Liabilities
Amounts which will or could become payable in the immediate future, e.g. unpaid bills ("creditors"), bank overdrafts.

Current Service Cost
The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Deferred Charges
Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets.

Defined Benefit Scheme
A pension scheme that defines the benefits independently of the contributions payable

Depreciation
The measure of the cost or revalued amount of the benefits of the non current assets that have been consumed during the period.

Effective Rate of Interest
The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.

Fair Value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a non current asset to the lessee.

Financial Instrument
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

General Fund
The main revenue account of the Council. All the running costs and related income pass through this Fund.

Government Grants
Grants made by central government towards Council spending. They may be specific e.g. housing benefit subsidy, or general e.g. revenue support grant.

Housing Advances
Sometimes referred to as Housing Act Advances, or HAA. These are loans made to individuals by the Council towards the cost of acquiring or improving their homes.

Housing Benefit
A social security benefit administered by the Council which is intended to help claimants to meet their rent liability.

Impairment
The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.

Infrastructure Assets
Non current assets that are invaluable, expenditure on which is recoverable only by continued use of the asset. An example would be footpaths

Interest Cost
For a defined pension benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Minimum Revenue Provision
The minimum amount which must be charged to the authority's revenue accounts each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.

Multiplier
The term used in relation to business rates to describe the number of pence in the pound (set by central government) to be multiplied by the rateable value of a property to work out the amount due.

Operating Lease
A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

Past Service Cost
For a defined benefit 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.

Precepts
The levy made on a billing authority by a Precepting Authority, requiring collection of income from council taxpayers on their behalf.

Precepting Authority
Those authorities that are not Billing Authorities ie. do not collect council tax and non domestic rate. County Councils are "major precepting authorities" and parish, community and town councils are "local precepting authorities".

PWLB
The Public Works Loan Board is a central government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Reserves
Money held for some broadly specific purpose, e.g. contingencies, but in respect of which no specific commitment has been made.

Revenue Expenditure
Recurring expenditure on day-to-day expenses e.g. employees, running costs of buildings and equipment. Any spending which is not capital expenditure. Sometimes called current expenditure.

Revenue Expenditure Funded From Capital Under Statute
Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax.

Revenue Support Grant
The main annual grant paid by central government. It is intended to meet a proportion of the total local authority expenditure considered by Government to be necessary to provide a standard level of service throughout the country.

Scheme Liabilities
The liabilities of a defined benefit 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.

Total Cost
The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.