

***Statement
of
Accounts
2012/2013***



Wyre Forest
District Council

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

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WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

1. FINANCIAL FOREWORD

Welcome to the Council's Statement of Accounts for the year ended 31st March 2013. This details the financial position of the Council for the last year along with accompanying notes and explanations of the main issues affecting the Council.

The Council continues to meet the significant challenges of reduced Government funding and following a complex budget process set a forward-looking budget for 2013/14, including a Council Tax freeze, a new Council Tax Localisation Scheme and continued investment in the key priority of Economic and Regeneration initiatives. We also joined the Worcestershire Business Rates Pool to mitigate the risk of financial loss due to the introduction of the Business Rates Retention Scheme from 1st April 2013. The most significant issue facing the Council remains its financial position. Our net revenue budget will have reduced from £16.4m in 2009/10 to £11.8m in 2015/16 based upon current plans. This represents a fall of over 25% in absolute terms, and more in real terms. Alongside this significant reduction, the Council is overseeing its most significant capital investment programme in many years, including Wyre Forest House and new leisure centre as well as major injections of finance in its key priority of securing the economic prosperity of the district.

The level of Government funding will have reduced by 45% in four years. We know that it will fall further in the future, and the Comprehensive Spending Review on 26th June 2013 provided more information for the period to March 2016. The Council Budget decision on the 24th February 2013 included approval that any Final Accounts savings arising from this year's accounts, over and above the target allowed for in the Council's Financial Strategy, together with surplus earmarked reserves, be allocated to the Working Balance. The Outturn position allowed for an increase of £300,000 to the Working Balance that now stands at £1m. This is a welcome addition to this reserve to reflect the significant financial risks faced by this Council as a result of the fundamental changes to the Government Funding Regime this year and further austerity measures expected, including the impending Welfare Reform changes.

An overview of issues now faced, together with our planned response to ensure that the Council is ready to meet future challenges, is summarised below:-

Overview of key issues facing the District and the Council

Following work carried out under the Wyre Forest Forward programme last year, the Council was able to set a balanced budget for the next 3 years, with net revenue expenditure planned to fall from £13.08m in 2012/13 to £11.8m in 2015/16. Work will continue over the coming period as the budget continues to draw on general reserves and there is uncertainty about future levels of Government grant support. A new Strategic Review Committee has been created in 2013/14 to recognise the need for the early consideration of the financial challenges the Council faces in reducing its reliance on reserves over the ensuing years. This is a time-limited Committee and will subsume the work previously carried out by the Budget Review Panel.

From April 2013, the Council successfully implemented significant changes relating to the Local Government finance system, with devolution of responsibility to the Council for deciding what council tax discounts to give to people of working age in place of council tax benefit. We are monitoring implementation of the new arrangements closely for the impact that they have on the Council's income. We have adopted an integrated approach with the former social fund monies that have been devolved via the County Council from the Department for Work and Pensions, allowing us a wider range of tools to help people who are in genuine financial crisis.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

1. FINANCIAL FOREWORD (continued)

Key actions implemented against the priorities set in the Corporate Plan

The Council has occupied Wyre Forest House since October 2012. The construction account has still not been finalised because of various unresolved issues relating, principally, to the ground source heat pump system. We have commissioned independent technical advice on the steps that need to be taken to ensure that the system works fully effectively, and to allow us to protect the Council's position in discussions with the contractor.

Some other significant achievements are:

- a. Further progress towards acquiring the site for the new leisure centre, which is our next major capital project. Outline planning permission was approved by the Planning Committee on 14th May 2013 and this allows us to commence the procurement process for the delivery partner;
- b. Continuing progress on investing the £1.5m fund for "securing the economic prosperity of the district" following the State of the Area debate in 2012. A successful follow-up event was held in March 2013 and demonstrated the broad support for what the Council is doing. We will see more capital expenditure committed this year following consultation on improvements to Kidderminster town centre and to progress the creation of some business incubator units;
- c. Completion of the external inspector's examination in public of the site allocation policies within our local development framework. The report was received in May 2013 and found that the Council's policies are sound; Council will be invited to formally adopt these key planning policies at its meeting in July 2013. Wyre Forest remains far in advance of other Councils in Worcestershire.

The progress that we have made in transforming the Council

We have continued with the arrangements for involving Members in the Wyre Forest Forward transformation programme. There is a regular meeting of Group leaders and their deputies with Members of the Cabinet and Corporate Management Team, to oversee all aspects of the programme; and we have continued with regular meetings of the Members' Forum to ensure that members are briefed on key issues and that they receive reports back from Members sitting on external bodies.

Our transformation work is proceeding satisfactorily. The latest reviews using systems thinking have resulted in new processes and savings including a significant reduction in management costs in respect of depot-based services. In March, the Council agreed proposals for senior management restructuring – which also contribute towards the savings target - and steps are in hand to secure implementation by the beginning of August 2013. The shared services that we host are all progressing well.

The Management Restructure Proposals introduce significant change for the S151 Officer role from late July 2013, with the creation of a new Chief Financial Officer post; this is considered in the Annual Governance Statement.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

1. FINANCIAL FOREWORD (continued)

Icelandic Investments

In addition to the transformation programme and service reviews mentioned above the Council has also been actively seeking the recovery of the deposits with Icelandic Banks. The Council had £9m invested in these banks and has been working over the last four and a half years to secure their recovery. Full details are provided within the Financial Instruments section of these statements. At the Certificate date, over £6.15 million has already been recovered and the Council is confident that overall returns will be close to a full recovery.

It must be noted, however, that the recovery of these investments will continue to take more years to come. At present the final settlements are expected in 2019/20. The position is regularly monitored with reports to Council and Cabinet.

Financial Strategy

As highlighted above, these remain extremely challenging times for the Council as we come to grips with an environment where funds will be reducing. The Financial Strategy 2013/16 approved by Council in February 2013 provides a stable financial platform to move forward. For the coming year, Council approved a freeze in Council Tax which released an additional one-off grant from Government. However, in each of the following two years annual increases of 2% have been assumed.

It should be noted that the Council is no longer debt free, and has entered into borrowing with the PWLB and one other local authority during the latter part of 2012/13. The Council will continue to enter into further borrowing to fund assets such as the new future Leisure provision.

If you have any queries relating to this foreword or the rest of the Statement of Accounts please do not hesitate to contact us.

Tracey Southall CPFA
Chief Financial Officer

Nathan Desmond
Cabinet Member for Resources & Transformation

23rd September 2013

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

2. EXPLANATORY FOREWORD

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

The Statement of Accounts for 2012/13 was presented to the Council's Audit Committee on 24th June 2013 and was subsequently signed by the Director of Resources. The Chief Financial Officer is required to approve the 2012/13 Statement of Accounts by 30th June 2013.

The accounts present a true and fair financial position of Wyre Forest District Council for the financial year ended 31st March 2013. Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in this document (page 21) including compliance with the statutory International Financial Reporting Standards (IFRS).

The Chief Executive and Leader of the Council are required to confirm that the Council's governance arrangements, reflected in the Annual Governance Statement, can be relied upon to produce an accurate Statement of Accounts (page 10).

The Council's accounts for the financial year ended 31st March 2013, that follow, mainly comprise:

(a) Movement in Reserves Statement

This account shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services 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 accounts required to be charged to the General Fund Balance 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.

(b) The Comprehensive Income and Expenditure Statement

This account brings together income and expenditure relating to all of the Council's functions. It demonstrates and reconciles the accounting costs of providing services in accordance with generally accepted accounting practices; it does not show the amount to be funded from the taxpayers, as the accounting cost is different to this.

(c) The Balance Sheet

This is fundamental to the understanding of the Council's year end financial position. It shows the balances and reserves at the Council's disposal, including its long term indebtedness, the current assets employed in its operations, the Collection Fund and summarised information on the fixed assets held.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

2. EXPLANATORY FOREWORD (continued)

(d) The Cash Flow Statement

This statement summarises major changes of the Council Funds over the period of the financial year. 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 Council's future service delivery.

(e) The Collection Fund Income and Expenditure Account

This reflects the statutory requirement to maintain a separate Collection Fund. This account records income received from the Council Tax and Business Rates. It also shows the distribution of that income to the billing authority, Wyre Forest District Council, and precepting authorities such as Worcestershire County Council, West Mercia Police Authority (The Office of the Police and Crime Commissioner for West Mercia with effect from 2013/14) and The Hereford and Worcester Fire and Rescue Authority, along with the payment to the National Non Domestic Rate pool.

3. 2012/13 BUDGET

At its Council meeting on 29th February 2012 Wyre Forest District Council set a budget of £13.055 million and a Band D Equivalent Council Tax of £197.62 (£197.62 in 2011/12).

Total reserves available for the Finance Strategy increased from £3.069 million as at 31st March 2012 to £3.168 million as at 31st March 2013 (including £1 million Working Balance). The approved Budget showed a planned use of general reserves of £322,400. After taking into account Final Accounts savings there was a net contribution to general reserves of £98,880 in 2012/13.

4. BUDGET OUTTURN

The main areas of the Council's expenditure are Employee Costs, Running Expenses and Grants & Benefits. This expenditure is funded by Specific Government Grant, Fees & Charges, Council Tax, Business Rates and Revenue Support Grant and the Council's reserves.

The main components of the budget for the year ended 31st March 2013, and how these compared with actual expenditure, are set out below.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

4. BUDGET OUTTURN (continued)

(a) Revenue Expenditure - General Fund Services

	Estimated Expenditure (Income) £'000	Actual Expenditure (Income) £'000
Gross Expenditure on Services	61,160	62,083
Less: Income	(48,105)	(48,084)
Net Expenditure on Services	13,055	13,999
Less: Collection Fund and Grant Income	(12,269)	(13,634)
Precept to Parish Councils	(464)	(464)
Net Deficit/(Surplus) for Year*	322	(99)

*The variance is accounted for as follows:-

	£'000
Reduction in Employee and General Expenses	(431)
Increase in Interest Received and Reduction in Interest Charged	(224)
Reduced Costs and Additional Income from Industrial Estates	(104)
Increase in Waste Operational Costs	186
Reduced Income from Planning Applications	152
Total Reduction in Net Deficit on Services	(421)

The reduction in net expenditure analysed above includes a reduction of £431k in the costs of employee and general expenses. The £224k reduction in interest is substantially due to a delay in the need for external borrowing as a result in Capital Programme slippage and the use of internal rather than external borrowing.

The increases in waste operational costs were as a result of pressure from agency contracts. The reduced income from planning application fees is as a result of the abandonment of Government proposal to allow Councils to set fees.

(b) Capital Expenditure and Capital Receipts

During the financial year 2012/13, the Council spent £5.546 million on capital schemes (£7.763 million 2011/12). The majority of this expenditure relates to the acquisition of fixed assets and to the payment of Disabled Facilities/Improvement Grants. The major capital schemes were Wyre Forest House, the vehicle replacement programme and the ICT strategy.

This capital expenditure was financed by the application of capital receipts of £3.661 million (£4.756 million in 2011/12), internal prudential borrowing of £1.137 million (£1.773 million in 2011/12) and by the application of grants and contributions of £0.748 million (£0.664 million in 2011/12). There was no Direct Revenue Financing in 2012/13 (£0.570 million in 2011/12).

The total external loans outstanding stood at £3.20 million at the end of the financial year (£0.16 million 2011/12).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

5. SIMPLIFIED BALANCE SHEET

An extract from the main Balance Sheet to give an overview of what the Council owns and is owed is shown below:-

31/03/2012 £'000	What the Council owns and is owed	31/03/2013 £'000
	What we own:	
51,121	Property, Land, Vehicles and Equipment	53,675
88	Inventories	78
9,109	Cash Invested	8,506
3,835	Money owed to the Council	3,671
	What we owe:	
(4,361)	Money owed by the Council	(7,460)
(46,309)	Pension Fund Liability	(53,110)
13,483	Total value of what we own	5,360

6. COLLECTION FUND

The Collection Fund Accounts for 2012/13 are shown on page 86 of this Statement; the overall surplus has reduced from £0.193million as at 31st March 2012 to a deficit of £0.115 million at 31st March 2013. This deficit, together with next year's projection, will be taken into account when setting the Council Tax for 2014/15. Council Tax collection rates are just below the target of 98.0% being 97.29% for the year with a total of £53.401million receivable (analysed in note 2 of the Notes to the Collection Fund).

7. ACCOUNTING POLICIES

The accounting policies adopted by the Council comply with the relevant recommended accounting practices. The notes to the accounts form part of the accounts.

The CIPFA/LASAAC Joint Committee has fully incorporated the requirements of the International Financial Reporting Standards (IFRS) into the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). This includes recognition of the net liability and a pensions reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement and Movement In Reserves Statement for movements in the liability.

Further information about the Council's Finances is available from:

Tracey Southall, C.P.F.A.
Chief Financial Officer
Wyre Forest House, Finepoint Way
KIDDERMINSTER
Worcestershire, DY11 7WF

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

- (a) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer;
- (b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (c) to approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- (a) selected suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that were reasonable and prudent;
- (c) complied with the Local Authority Code

The Chief Financial Officer has also:

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

ANNUAL GOVERNANCE STATEMENT 2012/13

Scope of Responsibility

Wyre Forest District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Wyre Forest District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Wyre Forest District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, and has implemented this framework during the last year. A copy of the code is on our website at www.wyreforestdc.gov.uk or can be obtained from The Worcestershire Hub at Wyre Forest, Wyre Forest Customer Services Centre at the Town Hall, Kidderminster. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

The purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wyre Forest District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2013 and up to the date of approval of the statement of accounts.

The Governance Framework

This is defined as 'the systems by which local authorities direct and control their functions and relate to their communities'.

The key elements of the Council's systems and processes that comprise the authority's governance arrangements are included in the Council's Constitution which is reviewed and updated throughout the year. The arrangements have been implemented to provide a robust framework to deliver good governance. The core principles of governance are:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

ANNUAL GOVERNANCE STATEMENT 2012/13 (continued)

1. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of members and officers to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability

Delivery

The Council delivers these outcomes through:

- Annually reviewing local procedures and practices, which together create the framework for good corporate governance as described in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance.
- Regularly reviewing progress against the elements of the Governance Framework
- Producing an Assurance Statement on the extent to which the local code has been adhered to and the actions required where, adherence has not been achieved.

Review of Effectiveness

Wyre Forest District Council has responsibility for regularly reviewing the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the management team within the authority, which has responsibility for the development and maintenance of the governance environment, the Section 151 Officer's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council process for maintaining and reviewing the effectiveness of the governance framework includes:

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the external auditors and other review agencies and inspectorates.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

ANNUAL GOVERNANCE STATEMENT 2012/13 (continued)

Regular reviews are carried out by the Corporate Management Team, including the 18th March 2013 and 6th June 2013. These reviews take into account:

- the Internal Audit Annual Assurance report from the Section 151 Officer for 2012/13
- comments of other review agencies, inspectorates and external bodies;
- the findings and recommendations of the External Audit's Annual Audit & Inspection Letter reported to the Audit Committee on 24th September 2012;

All Councillors and Officers of the Council adhere to the Constitution and codes of conduct. The duty to ensure compliance is predominantly the responsibility of the Council's three statutory officers:

- Head of the Paid Service (Chief Executive)
- Monitoring Officer (Director of Community Assets & Localism)
- Chief Financial Officer

The constitution is under constant review, to ensure that it remains fit for purpose.

The Audit Committee is the member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendation from Internal audit. Progress against the External Audit's Annual Audit & Inspection Letter as reported to the Audit Committee on 24th September 2012 was considered at its meeting on the 18th March 2013.

The Council's Chief Financial Officer has the overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all of the Council's systems and produce reports containing recommendations for improvement wherever necessary, in line with their 3-year audit plan (2012/15). The Council's Internal Audit operates using the CIPFA Code of Practice For Internal Audit 2006.

External audit reports are reviewed and considered by the Audit Committee and the Council's Management Team. In addition to this, the Council is also subject to formal review by other inspectorates, these reviews are considered by the Council's Cabinet.

The results of the review of the effectiveness of the governance framework by the Audit Committee have been identified, and a plan to address weaknesses and ensure continuous improvement of systems is shown below.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

ANNUAL GOVERNANCE STATEMENT 2012/13 (continued)

Significant Governance Issues

The main issues, which are being or need to be addressed during the coming year, include:

- The progression of the Leisure Future project to ensure that the Council meets the future needs of the District and achieves the most affordable and sustainable option;
- Continued priority to be given to the on-going recovery of the Council's "Icelandic" investments;
- Continued progression with the Wyre Forest Forward programme and associated transformation projects, including robust monitoring with the opportunity to challenge as appropriate, against savings plans;
- Maintaining financial resilience by securing approval of a medium term Financial Strategy with a fully balanced budget, taking into account the challenges presented by the Local Government Resource Review, including further work around forecasting and profiling of income.

- Maintaining financial resilience with reduced resources in the finance team.
- Maintaining resilience in the governance process following the management restructure.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed

I Miller
Chief Executive

J P Champion
Leader of the Council

23rd September 2013

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/13

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus/(Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. 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.

Notes	General Fund Balance 6	Earmarked Reserves 7	Capital Receipts Reserve 22	Capital Grants Unapplied 22	Total Usable Reserves	Total Unusable Reserves 23	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2012	3,069	4,003	5,484	796	13,352	131	13,483
Surplus/(deficit) on provision of services	(2,392)	-	-	-	(2,392)	-	(2,392)
Other comprehensive income & expenditure	-	-	-	-	-	(5,731)	(5,731)
Total comprehensive income & expenditure	(2,392)	-	-	-	(2,392)	(5,731)	(8,123)
Adjustments between accounting basis & funding basis under regulations	2,884	-	(3,345)	(77)	(538)	538	-
Net increase/ (decrease) before transfers to earmarked reserves	492	-	(3,345)	(77)	(2,930)	(5,193)	(8,123)
Transfers to/(from) earmarked reserves	(393)	393	-	-	-	-	-
Increase/ (decrease) in year	99	393	(3,345)	(77)	(2,930)	(5,193)	(8,123)
Balance at 31 March 2013	3,168	4,396	2,139	719	10,422	(5,062)	5,360

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/13

MOVEMENT IN RESERVES STATEMENT (continued)

**2011/12 Comparative
Information**

Notes	General Fund Balance 6	Earmarked Reserves 7	Capital Receipts Reserve 22	Capital Grants Unapplied 22	Total Usable Reserves	Total Unusable Reserves 23	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2011	3,398	2,688	10,104	885	17,075	7,462	24,537
Surplus/(deficit) on provision of services	(2,931)	-	-	-	(2,931)	-	(2,931)
Other comprehensive income & expenditure	-	-	-	20	20	(8,143)	(8,123)
Total comprehensive income & expenditure	(2,931)	-	-	20	(2,911)	(8,143)	(11,054)
Adjustments between accounting basis & funding basis under regulations	3,917	-	(4,620)	(109)	(812)	812	-
Net increase/ (decrease) before transfers to earmarked reserves	986	-	(4,620)	(89)	(3,723)	(7,331)	(11,054)
Transfers to/(from) earmarked reserves	(1,315)	1,315	-	-	-	-	-
Increase/ (decrease) in year	(329)	1,315	(4,620)	(89)	(3,723)	(7,331)	(11,054)
Balance at 31 March 2012	3,069	4,003	5,484	796	13,352	131	13,483

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/13

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises 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.

2011/2012	2011/2012	2011/2012		2012/2013	2012/2013	2012/2013
Expenditure	Income	Net	Notes	Expenditure	Income	Net
£'000 (Re-stated)	£'000 (Re-stated)	£'000 (Re-stated)		£'000	£'000	£'000
Service Expenditure Analysis						
10,840	(9,443)	1,397		10,962	(9,566)	1,396
4,461	(629)	3,832		4,314	(519)	3,795
5,215	(1,150)	4,065		3,950	(1,060)	2,890
2,553	(1,525)	1,028		2,571	(1,671)	900
1,779	(1,444)	335		1,772	(1,375)	397
32,536	(31,065)	1,471		35,098	(33,420)	1,678
2,621	(461)	2,160		2,793	(473)	2,320
475	(1)	474		623	-	623
60,480	(45,718)	14,762	Net cost of services	62,083	(48,084)	13,999
803	-	803	Other operating expenditure	464	(113)	351
6,186	(4,829)	1,357	Financing, investment income & expenditure	5,309	(4,113)	1,196
-	(14,011)	(14,011)	Taxation & non-specific grant income	-	(13,154)	(13,154)
67,469	(64,558)	2,911	Deficit on the provision of services	67,856	(65,464)	2,392
Other comprehensive income and expenditure:						
		311	(Surplus)/deficit on revaluation of non current assets			(720)
		7,832	Actuarial losses on assets and liabilities	23		6,451
		8,143	Total other comprehensive income and expenditure			5,731
		11,054	Total Comprehensive Income and Expenditure			8,123

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/13

BALANCE SHEET

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

31 March 2012 £'000	Notes	31 March 2013 £'000
	Property, Plant and Equipment:	
28,864	Land and Buildings	37,881
3,359	Vehicles, Plant and Equipment	3,306
720	Community Assets	674
795	Surplus Assets not held for Sale	795
6,049	Assets under Construction	84
1,176	Heritage Assets	1,069
8,041	Investment Property	7,879
709	Intangible Assets	734
2,933	Long-term Investments	1,843
99	Long-term Debtors	63
52,745	Long Term Assets	54,328
22	Short-term Investments	1,095
6,154	Cash and Cash Equivalents	5,568
88	Inventories	78
3,736	Short-term Debtors	3,608
1,408	Assets held for Sale (less than one year)	1,253
11,408	Current Assets	11,602
(128)	Short-term Borrowing	(174)
(4,084)	Short-term Creditors	(3,751)
(30)	Short-term Provisions	(156)
(4,242)	Current Liabilities	(4,081)
(19)	Long-term Provisions	(13)
(27)	Long-term Borrowing	(3,027)
(46,309)	Other Long-term Liabilities	(53,110)
(73)	Capital Grants Receipts in Advance	(339)
(46,428)	Long Term Liabilities	(56,489)
13,483	Net Assets	5,360
	Financed by:	
13,352	Usable Reserves	10,422
131	Unusable Reserves	(5,062)
13,483	Total Reserves	5,360

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/13

CASH FLOW STATEMENT

This 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2011/2012	Notes	2012/2013
£'000		£'000
(2,911) (Re-stated) Net deficit on the provision of services		(2,392)
(2,191) Adjust net (surplus)/deficit for non cash movements:		3,260
(525) Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:		(558)
(5,627) Net cash flows from operating activities	24	310
1,332 Net cash flows from investing activities	25	(3,278)
1,032 Net cash flows from financing activities	26	2,382
(3,263) Net increase/(decrease) in cash or cash equivalents		(586)
9,417 Cash and cash equivalents at the beginning of the reporting period		6,154
6,154 Cash and cash equivalents at the end of the reporting period		5,568

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

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WYRE FOREST DISTRICT COUNCIL

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WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES

1.1 General Principles

The annual Statement of Accounts, required by The Accounts and Audit (England) Regulations 2011, summarises the Council's transactions for the 2012/13 financial year and its position at 31st March 2013. It has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code), recognised by statute as representing proper accounting practices, supported by International Financial Reporting Standards (IFRS).

1.2 Accruals of Income and Expenditure

All revenue and capital expenditure is accounted for on an accruals basis in accordance with the Code and IAS8. That is, sums due to or from the Council during the year are recorded, irrespective of whether the cash has actually been received or paid during the year. In particular:

- Fees, charges and rents due are accounted for as income at the date the Council provides the relevant goods or services
- Supplies and services are recorded as expenditure when they are consumed (when supplies are held for future use they are carried as inventories on the Balance Sheet)
- Interest 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.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

1.4 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

There were no prior period adjustments in the 2012/13 accounts.

1.6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited 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 fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

Termination Benefits (continued)

Where termination benefits involve the enhancement of pension benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Redundancy payments are based upon an employee's actual week's pay and the number of weeks as defined in the Employment Relations Act 1996, up to a maximum of 30 weeks pay.

Post Employment Benefits

The Council participates in one defined benefit scheme for its employees, administered by Worcestershire County Council. Pension costs are assessed in accordance with the advice of an independent qualified Actuary. An actuarial valuation was undertaken by the funds actuaries Mercer Human Resource Consulting Limited as at 1st April 2010. This has continued the annual increase in contribution rates payable by the Council in future financial years.

The Local Government Pension Scheme

- The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.2% (based on the indicative rate of return on high quality AA rated corporate bond).
- The assets of Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

The Local Government Pension Scheme (continued)

- 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 services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line 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 the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - gains or 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 or credited to the Surplus or Deficit on the Provision 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 Worcestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Further information in respect of the Pension Fund Accounts is available from Mr P. Birch C.P.F.A. Director of Resources, Worcestershire County Council, County Hall, Spetchley Road, Worcester, WR5 2NP www.worcestershire.gov.uk

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

1.8 Events After the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

The amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

The carrying amount of the Council's investments is the initial cost plus accrued interest. The frozen investments are also shown net of impairment charges relating to interest, as required by LAAP Bulletins 79 and 82.

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. 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).

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

Loans and Receivables (continued)

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

1.10 Government Grants and Contributions

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

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

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

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

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

Local Services Support Grant

Local Services Support Grant (LSSG) is a general grant allocated by central government directly to local authorities as additional revenue funding. LSSG is non-ring-fenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

1.11 Heritage Assets

Heritage assets are held in support of the Council's primary objective of increasing the knowledge, understanding and appreciation of the social and industrial history of the Wyre Forest area. They consist of the Worcester Street clock, the Horse sculpture and Angel of Peace statue and those exhibits that are held in the Bewdley Museum and in other Council Buildings, grouped as follows:

- the art collection
- antique musical instruments and furniture
- statues and other museum exhibits

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

1.11 Heritage Assets (continued)

The Worcester Street clock is deemed to have a useful economic life so it has been measured in the Balance Sheet at depreciated historic cost. All other heritage assets have indeterminate useful economic lives and high residual values and, therefore, it is not considered appropriate to charge depreciation. The Council can value these other heritage assets by whatever suitable method is appropriate and therefore they have been measured in the Balance Sheet at their insurance valuations. These are based on market values and are updated every two years unless, in the interim, evidence from the various trade press or auctions etc indicates a significant variation in prices of similar assets. The Council holds no intangible heritage assets such as recordings of significant historical events. The accounting treatment of revaluation gains & losses are in accordance with those for property, plant & equipment.

The Balance Sheet carrying values of all heritage assets are reviewed at the end of the year where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (Note 1.18).

Purchases and acquisitions e.g. by donations are rare, but when they do occur purchases will be initially recognised at cost and acquisitions e.g. by donations will be initially recognised at valuations ascertained by either the museum's curators, with reference to the appropriate commercial markets, or by an external valuer.

The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. 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. Any disposal proceeds will be disclosed separately in the notes to the financial statements and will be accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (Note 1.18).

The Council applies a de minimis level of £10,000 for assets included in the Balance Sheet. However, there are many de minimis Heritage Assets that, when aggregated, exceed this level. Therefore, all Heritage Assets have been aggregated into the categories stated above and included in the Balance Sheet.

1.12 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

1.12 Intangible Assets (continued)

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

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

1.13 Interests in Other Entities

The Council does not have material interests in another entity that has the nature of subsidiaries, associates or jointly controlled entities that require it to prepare group accounts. The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee. This Partnership is a jointly controlled operation and does not therefore require it to prepare group accounts.

1.14 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and 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 and services received under the contract during the financial year. The Council currently has long term contracts with DC Leisure for the leisure centre service and the Community Housing Group for the homelessness service. The contract values in 2012/13 were £0.7m and £0.3m respectively.

1.15 Jointly Controlled Operations and Jointly Controlled Assets

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee together with Bromsgrove District Council (the host), Worcestershire County Council, Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. This partnership is a jointly controlled operation that uses the assets and resources of the partner authorities without the establishment of a separate entity. Under this arrangement, each participant in the arrangement accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows. We are also partners with Bromsgrove District Council who host Building Control and Redditch Borough Council as host authority for Payroll Services. This Council hosts the shared service agreements with Redditch Borough Council and Bromsgrove District Council for North Worcester Economic Development and Regeneration and North Worcestershire Water Management. The Council also entered into shared provision of services at the Worcestershire Hub/Riverside Offices with Wyre Forest Community Housing.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

1.15 Jointly Controlled Operations and Jointly Controlled Assets (continued)

From 1st April 2012 the Council hosts the shared service for Emergency Planning and Business Continuity in partnership with Redditch Borough Council and Bromsgrove District Council. The provision of the Human Resources service through a shared service with Worcestershire County Council commenced in November 2010.

1.16 Leasing

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

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

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

The Authority as Lessee

Operating Leases

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

The Authority as Lessor

Operating Leases

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

The Council has not identified any material Finance Leases.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

1.17 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – impairment losses chargeable on Assets Held for Sale and assets that can no longer be utilised, in accordance with the Code

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

1.18 Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The Council entered into external borrowing totalling £3million in 2012/13.

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

Measurement (continued)

Assets are carried in the Balance Sheet using the following measurement bases:

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

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

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

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

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

Impairment

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

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

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

Depreciation

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

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the property as estimated by a suitably qualified officer
- no depreciation is charged in the year of acquisition

Where an item of Property, Plant and Equipment asset, valued in excess of £1million, has major components whose cost is 20% in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-Current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

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

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

Surplus Assets

Assets that have been declared 'surplus' but are being held pending an improvement in market conditions are classified as surplus assets but continue to be held within Property Plant and Equipment.

1.19 Investment Property

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

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

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

1.20 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

1.21 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 disclosed in a note to the accounts.

1.22 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.

1.23 Reserves

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

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

1.24 Revenue Expenditure funded from Capital under Statute

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

1.25 Value Added Tax (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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 1: ACCOUNTING POLICIES (continued)

1.26 Interest and Investment Income

Investments of surplus resources are carried out in accordance with regulations. Interest is credited to the General Fund based on the actual interest earned on investments during the year. Funds are managed in accordance with the Council's Treasury Management Strategy.

The accounting entries for the interest due on impaired investments have been prepared in accordance with the relevant guidance on the impairment of deposits with Icelandic banks including LAAP Bulletins 79 and 82 to meet the prevailing Capital Regulation allowing this Council to defer the impact of impairment on the frozen investments.

1.27 Borrowing

In accordance with the Capital and Treasury Management Strategies the Council has made use of the prudential borrowing regime. The vehicle, equipment and systems renewals schedule (with the exception of the ICT Strategy from 2009/10) contained within the capital programme is being financed largely through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. However, the Council entered into external borrowing against the CFR in 2012/13, totalling £3million. A statutory minimum revenue provision (MRP) is being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of external borrowing being available if required.

Minimum Revenue Provision

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision).

CLG Regulations have been issued which require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. The Council approved MRP Policy Statement is:

- For outstanding debt liability incurred prior to the new guidance – i.e. pre 2008/09 then MRP is calculated based on the previous 4% reducing balance method;
- From 1st April 2008 for all unsupported borrowing the MRP will be:

Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive).

1.28 Other Accounting Principles

- The Bad Debt Provision is estimated by reference to previously issued CIPFA guidance and local knowledge.
- Note 30 – Officers' remuneration. It has been determined that payment for Returning Officer duties other than for District Council elections are not included, but are disclosed separately within the same note.
- Note 41 - Building Regulations has been included at the discretion of this Authority to provide additional information and meet the publication deadline of the 30th September for this service area. The decision has been taken to ring-fence this service, with surpluses held in earmarked reserves.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 2: ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

Amendments to IAS 19: Employee Benefits

This is applicable to accounting periods starting on or after 1st January 2013. The Actuary has provided estimates of the likely impact of the revised standard as follows:

	Current IAS 19 Disclosure £'000	Revised IAS 19 Disclosure £'000	Difference £'000
Changes in benefit obligations during the period to 31st March 2013			
Current service cost	1,113	1,141	(28)
Interest on pension liabilities	4,712	4,684	28
Actuarial (gains)/losses on liabilities	10,740	-	10,740
Remeasurements (liabilities)	-	10,740	(10,740)
Changes in plan assets during the period to 31st March 2013			
Expected return on plan assets	3,146	-	3,146
Interest on plan assets	-	2,474	(2,474)
Actuarial gains/(losses) on assets	4,289	-	4,289
Remeasurement (assets)	-	4,979	(4,979)
Administration expenses	-	(18)	18
Components of pension costs for the period to 31st March 2013			
Current service cost	1,113	1,141	(28)
Interest of pension liabilities	4,712	-	4,712
Expected return on assets	(3,146)	-	(3,146)
Net interest cost	-	2,210	(2,210)
Administration expenses	-	18	(18)
Effect of Curtailments	93	93	-
Total pension costs recognised in CI&E	2,772	3,462	(690)
Statement of Other Comprehensive Income (SOI)			
Actuarial (gains)/losses	6,451	-	6,451
Remeasurements (liabilities and assets)	-	5,761	(5,761)
Total included in SOI			690

Amendments to IAS 1: Presentation of Financial Statements

This is a presentational change relating to other comprehensive income and expenditure.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- The main critical judgement in the Statement of Accounts is due to the high degree of uncertainty about future levels of funding for local government from central government. The Council was given details of a reduced financial settlement based on the new funding regime for 2012/13 and 2013/14 but does not yet have a sufficient level of certainty to provide an indication that the assets of the Council might be impaired as a result of any further reduction in funding leading to the need to close facilities and reduce levels of service provision.
- The Authority had £3,008,890 remaining outstanding, deposited with Icelandic Banks Heritable Bank, Kaupthing Singer and Friedlander (KSF) and Landsbanki as at the 31st March 2013 that are in administration.
- The Council has created an earmarked reserve of £270,000 in respect of its liability from Municipal Mutual Insurance (MMI) (former insurers) following advice from administrators. There is also a contingent liability in respect of the potential level of exposure to future claims that is currently unknown.

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

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

The items in the Authority's Balance Sheet at 31st March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.
Icelandic Investments	Estimations of the repayments in respect of the three Icelandic investments are included in the accounts based on guidance in LAAP Bulletins 79 and 82. Significant impairment was shown in the 2009/10 accounts (capitalisation direction secured) and further adjustments made to reflect the most up-to-date position this year. Full details are contained in Note 15.	<p>The Icelandic Supreme Court upheld the priority status of the local authority deposits. As a result the Council anticipates close to 100% recovery of the Landsbanki investment.</p> <p>The ISK Escrow account is subject to interest rate fluctuations but these will not be material given the small balance currently held.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Actuary, Mercer Human Resource Consulting Ltd, is engaged to provide the Authority with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.68m.</p> <p>However, the assumptions interact in complex ways. During 2012/13, the Authority's actuaries advised that the net pension liability had decreased by £4.289m as a result of estimates being corrected as a result of experience and increased by £10.740m attributable to updating of the assumptions.</p>

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	<p>At 31st March 2013, the Authority had a balance of sundry debtors of £2.595m. A review of significant balances suggested that the standard CIPFA Bad and Doubtful Debts Provision, which has continued to be used by the Authority for a number of years, has proven to be an accurate reflection of the probability of being unsuccessful in collecting debts based upon their age. The percentages used are 0.5% for debts up to 6 months old, 25% for debts between 6 and 12 months old, 50% for debts between 12 and 24 months old and 100% for debts outstanding in excess of 24 months. A provision equivalent to 32% (£836,553) of the sundry debtors outstanding has been provided for on this basis for 2012/13 which we believe to be appropriate in the current economic climate.</p>	<p>If collection rates were to deteriorate, we would have to review whether the method used to calculate the provision for bad and doubtful debts was adequate in the prevailing economic climate.</p> <p>As a general rule of thumb, any debt outstanding for more than 6 months must be considered to be a bad debt. However, a debt can go bad at any time during its life cycle even when it is current.</p> <p>If we were to assume that any debt outstanding for more than 6 months was deemed to be a bad debt, then we would need to provide for £1,009,960 (an equivalent of 39% of the sundry debtors figure).</p> <p>A further increase of £173,407 would therefore be required in the provision.</p>

Note 5: EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts 2012/13 was approved by the Director of Resources on 24th June 2013. The Director of Resources confirms that the following Post Balance Sheet Events (PBSE) have been identified as at 24th June 2013, the date that the pre-audit Statement of Accounts 2012/13 was approved:

The financial statements and notes have not been adjusted for the following events which took place after 31st March 2013 as they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date:

- PBSE 1. A further dividend was received from Kaupthing, Singer & Friedlander on 6th June 2013 of 3p in the £, totalling £150,000 principal and £4,691.34 interest. A further dividend was received from Heritable on 23rd August 2013 of 16.73p in the £, totalling £167,300 principal and £5,276.92 interest.
- PBSE 2. The senior management restructure will be effective from July 22nd 2013, resulting in the new post of Chief Financial Officer, and a number of other changes to the senior organisational structure for the Council.
- PBSE 3. New arrangements for the retention of business rates came into effect on 1st April 2013. Local Authorities will assume the liability for their proportion of refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list prior to 1st April 2013, where the income has already been passed to the Government. Based upon initial estimates the Council will be required to create a provision for £499,576 in the 2013/14 Collection Fund Accounts.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 5: EVENTS AFTER THE REPORTING PERIOD (continued)

The financial statements and notes have been adjusted for the following events which took place after 31st March 2013 as they reflect decisions taken before the end of the financial year:

- PBSE 4. Payments to nine employees will be made in 2013/14 as a result of minor restructuring decisions taken before the 31st March 2013. Details of these payments are included in Note 21 Provisions, Note 30 Officers Remuneration and Note 37 Termination Benefits.

Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2012/13	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	2,206			(2,206)
Movements in the fair value of Investment Properties	34			(34)
Capital grants and contributions applied	(671)			671
Capital grants and contributions unapplied			(77)	77
Revenue expenditure funded from capital under statute	1,281			(1,281)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(113)			113
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(202)			202
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		319		(319)
Use of the Capital Receipts Reserve to finance new capital expenditure		(3,664)		3,664
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	2			(2)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement				
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,422)			2,422
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	43			(43)
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(46)			46
Total Adjustments	2,884	(3,345)	(77)	538

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2011/12 Comparative Figures	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	2,640			(2,640)
Movements in the fair value of Investment Properties	(136)			136
Capital grants and contributions applied	(554)			554
Capital grants and contributions unapplied			(109)	109
Revenue expenditure funded from capital under statute	2,324			(2,324)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	344			(344)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(162)			162
Capital expenditure charged against the General Fund balance	(570)			570
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		137		(137)
Use of the Capital Receipts Reserve to finance new capital expenditure		(4,757)		4,757
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	10			(10)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,602			(2,602)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,654)			2,654
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(7)			7
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	80			(80)
Total Adjustments	3,917	(4,620)	(109)	812

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 7: TRANSFERS TO/FROM EARMARKED RESERVES

This note details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserves to meet General Fund expenditure in 2012/13.

Earmarked Reserve	Balance at 1 st April 2011 (restated) £'000	Transfers Out 2011/12 (restated) £'000	Transfers In 2011/12 (restated) £'000	Balance at 31 st March 2012 (restated) £'000	Transfers Out 2012/13 £'000	Transfers In 2012/13 £'000	Balance at 31 st March 2013 £'000
Capital Financing Earmarked Reserve	-	-	-	-	-	61	61
District Local Development Framework	53	(15)	55	93	(1)	23	115
Enterprising Worcestershire's ERDF Business Support Programmes	-	-	-	-	-	76	76
Future Economic Impact Schemes	-	-	-	-	-	80	80
Housing Benefits, Council Tax & NNDR	80	(20)	36	96	(59)	62	99
Icelandic Impairment Reserve	-	-	-	-	-	149	149
ICT Reserve	22	(8)	35	49	(31)	42	60
Kidderminster Town Centre Enhancement Project	119	-	-	119	(32)	-	87
Municipal Mutual Insurance Ltd	-	-	-	-	-	270	270
New Headquarters	452	-	7	459	(4)	-	455
North Worcestershire EDR Shared Service	-	-	78	78	(15)	34	97
North Worcestershire Water Management	-	-	4	4	-	49	53
Regulatory Services	9	-	62	71	-	-	71
Repairs and Maintenance / Town Hall HLF Bid	40	-	43	83	-	33	116
State of the Area Projects	-	-	-	-	-	249	249
Town Centre Support Fund	-	-	250	250	-	-	250
Transformation Fund	185	(60)	552	677	(309)	-	368
External Funding Reserves	428	(190)	686	924	(314)	466	1,076
Earmarked Reserves below £50,000	1,300	(878)	678	1,100	(711)	275	664
Total	2,688	(1,171)	2,486	4,003	(1,476)	1,869	4,396

Note 8: OTHER OPERATING EXPENDITURE

	2011/12 £'000	2012/13 £'000
Parish Council Precepts	459	464
(Gains)/Losses on the disposal of non current assets	344	(113)
Total	803	351

Note 9: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2012/13	Expenditure £'000	Income £'000	Net £'000
Interest payable and similar charges	74	-	74
Pension interest cost and expected return on pension assets	4,712	(3,146)	1,566
Interest receivable and similar income	-	(92)	(92)
Income and expenditure in relation to investment properties and changes in their fair value	523	(621)	(98)
Icelandic investments interest adjustment	-	(146)	(146)
Icelandic investments impairment adjustments	-	(108)	(108)
Total	5,309	(4,113)	1,196

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 9: FINANCING AND INVESTMENT INCOME AND EXPENDITURE (continued)

Comparative information for 2011/12	Expenditure £'000	Income £'000	Net £'000
Interest payable and similar charges	70	-	70
Pension interest cost and expected return on pension assets	5,009	(3,728)	1,281
Interest receivable and similar income	-	(152)	(152)
Income and expenditure in relation to investment properties and changes in their fair value	1,079	(687)	392
Icelandic investments interest adjustment	-	(236)	(236)
Icelandic investments impairment adjustments	2	-	2
Total	6,160	(4,803)	1,357

Note 10: TAXATION AND NON SPECIFIC GRANT INCOMES

	2011/12 £'000	2012/13 £'000
Council tax income	(7,455)	(7,480)
Non domestic rates	(4,769)	(5,459)
Revenue Support Grant	(1,474)	(106)
Non-service related government grants	(293)	(109)
Capital grants and contributions	(20)	-
Total	(14,011)	(13,154)

Note 11: PROPERTY PLANT AND EQUIPMENT (PPE)

Movements in 2012/13:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2012	30,562	5,665	802	795	6,049	43,873
Additions	3,299	640	7	-	84	4,030
Net Revaluation Increases/(Decreases)	128	-	(41)	-	-	87
Derecognition (Disposals)	-	(370)	-	-	-	(370)
Reclassifications	6,023	-	-	-	(6,049)	(26)
At 31st March 2013	40,012	5,935	768	795	84	47,594
Accumulated Depreciation and Impairment at April 1st 2012	(1,698)	(2,306)	(82)	-	-	(4,086)
Depreciation Charge	(761)	(654)	(21)	-	-	(1,436)
Depreciation Written Out	327	331	9	-	-	667
Impairment	(434)	-	(38)	-	-	(472)
Impairment Written Off/Reversed	434	-	38	-	-	472
Reclassifications	1	-	-	-	-	1
At 31st March 2013	(2,131)	(2,629)	(94)	-	-	(4,854)
Net Book Value at 31st March 2013	37,881	3,306	674	795	84	42,740

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

In 2012/13 Wyre Forest House became operational and was transferred from Assets Under Construction to Land and Buildings. The Asset Under Construction at 31st March 2013 was the Future Leisure Provision Scheme.

At 31st March 2013 the Civic Centre, Stourport-On-Severn was included within Land and Buildings at a net book value of £1.092m, although part of the building had been vacated during the financial year. This building is currently proposed to be subject to a Community Asset Transfer during 2013/14 at nil value.

Movements in 2011/12:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2011	31,317	5,544	751	1,005	1,631	40,248
Additions	10	800	34	-	4,418	5,262
Net Revaluation Increases/(Decreases)	(765)	-	17	115	-	(633)
Derecognition (Disposals)	-	(679)	-	(325)	-	(1,004)
At 31st March 2012	30,562	5,665	802	795	6,049	43,873
Accumulated Depreciation and Impairment at April 1st 2011	(1,057)	(2,227)	(58)	-	-	(3,342)
Depreciation Charge	(793)	(616)	(24)	-	-	(1,433)
Depreciation Written Out	152	537	-	-	-	689
Impairment	(682)	-	-	-	-	(682)
Impairment Written Off/Reversed	682	-	-	-	-	682
At 31st March 2012	(1,698)	(2,306)	(82)	-	-	(4,086)
Net Book Value at 31st March 2012	28,864	3,359	720	795	6,049	39,787

Information about Depreciation Methodologies:

Method

All non current assets are depreciated on a straight line basis over a period of their useful economic life (see section 1.18 of the Accounting Policies).

Useful lives

Asset Category	Life
Sports Grounds/Fields and Parks	90
Offices, Sport & Leisure Centres, Museum and Market	20-50
Depot & Workshops	20-30
Public Conveniences	15-25
Miscellaneous Community Assets	5-15
Vehicles, Plant & Machinery, Equipment & Lighting	3-10
ICT Systems	3-5

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

The number and type of major non current assets are:

Asset Description	2011/12 (restated)	2012/13
Land & Properties:		
Assets Under Construction (Wyre Forest House 2011/12, Future Leisure Provision 2012/13)	1	1
Car Parks	29	29
Civic & Administrative Buildings	4	5
Farms	2	2
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3	3
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	36	34
Public Conveniences	13	13
Sports & Social Clubs	4	4
Sports Fields & Parks	20	20
Trading Estates & Enterprise Centres	5	5
Heritage Assets	Various	Various
Vehicles, Equipment & Systems:		
Equipment, Systems & Software	Various	Various
Vehicles	78	74

The major Items of capital expenditure in 2012/13 were:

Scheme	£'000
Wyre Forest House	3,296
Disabled Facilities Grants	853
Vehicle Replacement Programme	437
ICT Strategy	436
Affordable Housing Grants to Registered Social Landlords	200
Other Capital Schemes	324
Total Capital Expenditure	5,546

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Application of Capital Receipts	3,661
Prudential Borrowing	1,137
Grants	748
Total Financing	5,546

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

Contractual Commitments

At 31st March 2013 the following Capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Disabled Facilities Grants	96
Future Leisure Provision	97
Vehicle Replacements	105
Brinton Splash Park	212
Wyre Forest House	238
Contribution to Civic Facilities in Stourport-on-Severn	450

The contract for the construction of the Wyre Forest House was awarded to Thomas Vale Construction Ltd early in 2011/12. The building became operational and was occupied in September 2012. The above relates to the remaining contractual commitments including retentions.

Note 12: HERITAGE ASSETS

Reconciliation of the carrying value of heritage assets held by the Council.

	Worcester Street Clock	Art Collection	Antique Musical Instruments and Furniture	Statues and Other Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2012	73	588	275	244	1,180
Net Revaluation Increases/(Decreases)	(64)	5	14	(64)	(109)
At 31st March 2013	9	593	289	180	1,071
Accumulated Depreciation and Impairment at April 1st 2012	(4)	-	-	-	(4)
Depreciation Charge	(2)	-	-	-	(2)
Depreciation Written Out	4	-	-	-	4
At 31st March 2013	(2)	-	-	-	(2)
Net Book Value at 31st March 2013	7	593	289	180	1,069

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 12: HERITAGE ASSETS (continued)

Comparative Information for 2011/12:

	Previously Reported as Community Assets	Art Collection	Antique Musical Instruments and Furniture	Statues and Other Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2011	73	588	275	232	1,168
Additions	-	-	-	12	12
At 31st March 2012	73	588	275	244	1,180
Accumulated Depreciation and Impairment at April 1st 2011	(2)	-	-	-	(2)
Depreciation Charge	(2)	-	-	-	(2)
At 31st March 2012	(4)	-	-	-	(4)
Net Book Value at 31st March 2012	69	588	275	244	1,176

The Worcester Street clock is reported in the Balance Sheet at depreciated historic cost valuation. The Art Collection, Antique Musical Instruments and Furniture together with Statues and other Museum Exhibits are reported at insurance valuation, based on market values and updated every two years, unless evidence from the various trade press or auctions etc indicate a significant variation in prices of similar assets. A review of insurance values for 2012/13 was undertaken at 1 April 2012.

Antique Musical Instruments include the William Hill Organ built in 1855 on display at Kidderminster Town Hall. It is one of only five of its type in the world and attracts visitors from across the globe, with many coming from the USA.

There were no purchases, acquisitions e.g. by donations or disposals in 2012/13.

Note 13: INVESTMENT PROPERTIES

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

	2011/12 £'000	2012/13 £'000
Rental income from Investment Property	551	604
Direct operating expenses arising from Investment Property	(338)	(396)
Net gain	213	208

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 13: INVESTMENT PROPERTIES (continued)

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

The following table summarises the movement in the open market value of investment properties over the year:

	2011/12 £'000	2012/13 £'000
Balance at Start of Year	7,900	8,041
Additions/Enhancements	5	-
Reclassification of Assets	-	26
Disposals	-	(153)
Net Gains/(Reductions) from Open Market Value Adjustments	136	(35)
Balance at Close of Year	8,041	7,879

Note 14: INTANGIBLE ASSETS

	2011/12 £'000	2012/13 £'000
Balance at Start of Year:		
Gross Carrying Amounts	1,717	1,869
Accumulated Amortisation	(934)	(1,160)
Net Carrying Amount at Start of Year	783	709
Additions:		
Purchases	152	236
Amortisation for Period	(226)	(211)
Net Carrying Amount at End of Year	709	734
Comprising:		
Gross Carrying Amount	1,869	2,105
Accumulated Amortisation	(1,160)	(1,371)
Net Carrying Amount at End of Year	709	734

Note 15: FINANCIAL INSTRUMENTS

Investments as at 31st March 2013 (Principal)

Financial Institution	Amount Invested £'000	Maturity Date
Royal Bank of Scotland	680	Instant Access
Lloyds TSB Bank	700	Instant Access
NatWest Bank	1,020	Instant Access
Bank of England (DMADF)	1,795	Overnight
Ignis MMF	1,700	Instant Access
Lloyds TSB Bank	1,000	04/07/2013
Total	6,895	

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

Long- Term (Icelandic) Investments as at 31st March 2013 (Outstanding Principal)

Financial Institution	Amount Invested £'000	Maturity Date	Balance Sheet Carrying Value £'000
Landsbanki	1,581	30/10/2008	1,294
Kaupthing, Singer & Friedlander	1,200	30/10/2008	442
Heritable Bank	227	30/10/2008	107
Total	3,008		1,843

The above investments are classified in the Balance Sheet, along with the bank overdraft and investment interest accrued, as follows:

	£'000
Royal Bank of Scotland	680
Lloyds TSB Bank	700
NatWest Bank	1,020
Bank of England (DMADF)	1,795
Ignis Money Market Fund	1,700
Interest Accrued on Investments	2
Bank Overdraft	(329)
Cash and Cash Equivalents	5,568
ISK Escrow Account	24
Lloyds TSB Bank	1,000
St Georges Hall Cash Flow Support	50
Interest Accrued on Investments	21
Short-term Investments	1,095
Landsbanki	1,294
Kaupthing, Singer & Friedlander	442
Heritable Bank	107
Long-term Investments	1,843

Long Term Borrowing

Borrowing as at 31st March 2013 (Principal only, excludes the interest accrual)

Lender	Amount Borrowed £'000	Maturity Date
Liverpool Victoria Friendly Society Ltd	23	Various
Borough of Kings Lynn & West Norfolk	2,000	14/07/2014
PWLB	1,000	15/03/2022
Total	3,023	

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

Key Risks

The Council's Treasury Management activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. Overall these procedures require the Council to manage risk in the following ways:

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

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

The annual treasury management strategy which incorporated the prudential indicators was approved by Council on 29th February 2012 and is available on the Council website.

http://www.wyreforest.gov.uk/council/docs/doc45580_20120221_cabinet_agenda.pdf

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

The key issues within the strategy were:

- The Authorised Limit for 2012/13 was set at £20m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £15m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 100% based on the Council's net debt.

Credit risk

Investments

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

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

The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

This Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- credit default swaps (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2012/13 was approved by Full Council on 29th February 2012 and is available on the Council's website.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of 25% or 50% for Government backed institutions or £5million (with specific approval by Director of Resources) of total investments with any financial institution or group cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2013 that this was likely to crystallise.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £9m invested in this sector at that time (£3.008m at 31st March 2013). In accordance with accounting practice the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements.

The impact of the principal invested has been mitigated in the revenue accounts in accordance with the successful Capitalisation direction in 2009/10 and government regulations; although all related investment income has been fully impaired.

Debtors

The Council's standard credit terms are 14 days from invoice date for its trade debtors, the past due amount can be analysed by age as follows:

Age of Debt	31st March	
	2012 £'000	2013 £'000
Less than three months	883	1,180
Three to six months	53	78
Six months to one year	94	10
More than one year	130	150
Total	1,160	1,418

Creditors

Loans, Contractual Creditors and Receivables held on the 31st March 2013 at carrying value (equivalent to fair value) were:-

Loans, Contractual Creditors and Receivables	31st March	
	2012 £'000	2013 £'000
Sundry Creditors – contractual	1,738	1,187
Receivables:		
Mortgages	27	13
Assisted Car Purchase Scheme	72	50

Liquidity risk

The Council manages its liquidity position through its risk management procedures above.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

The maturity analysis of financial assets, including Icelandic Investments, is as follows:

	31 st March	
	2012 £'000	2013 £'000
Less than one year	9,476	7,479
Between one and two years	539	358
Between two and three years	215	348
More than three years	1,036	650
Total	11,266	8,835

The maturity structure of the frozen investments has been calculated by using the CIPFA model provided with LAAP Bulletin 82.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered by reference to the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. As the only long term investments relate to Icelandic deposits, this risk is currently mitigated.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- o Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- o Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

	Approved Maximum Limits	Approved Minimum Limits	Actual 31 st March 2012 £'000	Actual 31 st March 2013 £'000
Less than one year	100%	-	128	174
Between one and two years	100%	-	-	2,003
Between two and five years	100%	-	8	17
Between five and ten years	100%	-	19	1,007
More than ten years	100%	-	-	-
Total	100%	-	155	3,201

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

Market risk

Interest rate risk – The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowing at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	(122)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed, however as the average rate of return is currently below 1% the impact of a reduction to zero % would be equivalent to the external interest received in 2012/13, ie. £89,000. These assumptions are based on the same methodology as used in the Key Note 3– Fair value of Assets and Liabilities carried at Amortised Cost.

Foreign exchange risk in Relation to Icelandic Deposits – The Council has foreign exchange exposure resulting from an element of the settlement received from Landsbanki. This is being held in Icelandic Krona in an escrow account due to the current imposition of currency controls. The value of the deposit as at 31st March 2013 is £24,456.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

(1) Key Note to the Accounts – Treasury Management Prudential Indicators and Limits on Activity approved at Council 29th February 2012

This information can be found on the Council website

http://www.wyreforest.gov.uk/council/docs/doc45580_20120221_cabinet_agenda.pdf

(2) Key Note to the Accounts – Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments

£'000	Long-Term		Current	
	31 st March 2012 £'000	31 st March 2013 £'000	31 st March 2012 £'000	31 st March 2013 £'000
Financial liabilities (principal amount)	27	3,023	128	174
+ Accrued interest	-	4	-	-
Total Creditors	27	3,027	128	174
Loans and receivables (principal amount)	-	-	12,603	9,953
+ Accrued interest	-	-	1	23
+/- Accounting adjustments	-	-	(1,338)	(1,141)
Total Investments	-	-	11,266	8,835

(3) Key Note to the Accounts – Financial instruments Gains/Losses

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

Financial Instruments Gains and Losses	Financial Assets Loans and Receivables 2011/12 £'000	Financial Assets Loans and Receivables 2012/13 £'000
Impairment adjustments	(2)	108
Interest payable and similar charges	(70)	(74)
Interest income	388	238
Net gain for the year	316	272

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

Note – Fair value of Assets and Liabilities carried at Amortised Cost

The fair values calculated are as follows:

Investments as at 31st March 2013 for fair value purposes

	31 st March 2012		31 st March 2013	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	6,154	6,154	5,568	5,568
Add back: (Cash at Bank)/Overdraft	2,157	2,157	329	329
Short-term Investments	22	22	1,095	1,095
Long-term Investments	2,933	2,933	1,843	1,843
Total Temporary Investments	11,266	11,266	8,835	8,835

Borrowing as at 31st March 2013 for fair value purposes

	31 st March 2012		31 st March 2013	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Liverpool Victoria Friendly Society Ltd	27	27	23	23
Market Debt	-	-	2,003	1,996
PWLB Loan - Maturity	-	-	1,001	1,026
Total Borrowing	27	27	3,027	3,045

Icelandic Bank Defaults

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had **£9m** deposited across **3** of these institutions, with varying interest rates as follows:

	Date Invested	Maturity Date	Amount Invested £'000	Interest Rate	Carrying Amount £'000	Total Impairment charged to C I & E as at 31 st March 2013 £'000	Principal Default %
Landsbanki	01/11/07	30/10/08	3,000	6.12%	1,294	1,214	0.00
Heritable	02/04/08	30/10/08	1,000	6.04%	107	244	12.00
Kaupthing Singer & Friedlander	02/04/08	30/10/08	5,000	6.04%	442	1,289	14.75
Total			9,000		1,843	2,747	

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators/receivers.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

The current situation with regards to recovery of the sums deposited varies between each institution and is covered by guidance issued by CIPFA (LAAP Bulletin 82 update 7) on 17th May 2013, further amended on 28th May 2013. Based on the latest information available, there has been a small improvement in the impairment position as at 31st March 2013, this has been earmarked to meet any future negative fluctuations.

The Authority continues to adopt a prudent approach and as the available information from administrators/receivers is not definitive as to the amounts and timings of future payments, and based on estimates, further adjustments will be made in 2013/14 if required, once more detail has been made available on the final recovery amounts.

Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7th October 2008. The current position on actual payments received and estimated future payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 88p in the £.

Date	Repayment
Received to date	77.20%
July 2013	2.00%
January 2014	8.80%
Total Expected Recovery	88.00%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 6th October 2008.

Kaupthing Singer and Friedlander Ltd

The current position on actual payments received and estimated future payouts is as shown in the table The authority has decided to recognise an impairment based on it recovering 85.25p in the £.

Date	Repayment
Received to date	76.00%
June 2013	3.00%
June 2014	3.00%
June 2015	3.25%
Total Expected Recovery	85.25%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 7th October 2008.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 15: FINANCIAL INSTRUMENTS (continued)

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Following the Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies in February 2012. A further distribution was issued in May 2012.

An element of the distribution is in Icelandic Krona which has been placed in an escrow account in Iceland and is earning interest of 3.35%. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control.

The current position on estimated future payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering close to 100p in the £.

Date	Repayment
Received to date	49.65%
December 2013	7.50%
December 2014	7.50%
December 2015	7.50%
December 2016	7.50%
December 2017	7.50%
December 2018	7.50%
December 2019	Close to 5.35%
Total Expected Recovery	Close to 100%

Recovery is subject to the following uncertainties and risks:

- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling.

Recoveries are expressed as a percentage of the authority's claim in the administration.

Accounting for Impairment

A reduction in impairment adjustments recognised in the Income and Expenditure Account in 2012/13 totalled £107,623, calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the adjusted anticipated loss of interest to the authority until monies are recovered.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 16: INVENTORIES

Inventories	31st March	
	2012 £'000	2013 £'000
Inventories – at central stores	75	70
Inventories – other	13	8
Total Balance at Year End	88	78

Note 17: DEBTORS

Short Term Debtors

Short Term Debtors	31st March	
	2012 £'000	2013 £'000
Amounts receivable within one year:		
Government Departments	1,405	651
Other Local Authorities	451	983
Sundry Debtors	2,413	2,595
Council Tax Payers	284	330
	4,553	4,559
Less provision for bad debts:		
Sundry Debtors	701	837
Collection Fund	116	114
	817	951
Total Balance at Year End	3,736	3,608

Long Term Debtors

Long Term Debtors	31st March	
	2012 £'000	2013 £'000
Mortgages	27	13
Assisted Car Purchase Scheme	72	50
Total Balance at Year End	99	63

Note 18: CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2011/12 £'000	2012/13 £'000
Cash held by the Authority	14	15
Bank current accounts	(2,171)	(344)
Short-term deposits with banks/building societies	8,311	5,897
Total Balance at Year End	6,154	5,568

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 19: ASSETS HELD FOR SALE

Assets Held For Sale	2011/12 £'000	2012/13 £'000
Balance at Start of Year	2,211	1,408
Additions/Enhancements	8	-
Impairments*	(811)	(155)
Balance at Year End	1,408	1,253

*In 2012/13 this includes a property revaluation reduction of £150k (£741k in 2011/12) that is charged to the Comprehensive Income and Expenditure Statement in accordance with The Code, but the impact is removed in the Movement in Reserves Statement. The remainder was adjusted through the Revaluation Reserve.

Assets included in the Held for Sale category are those which were being actively marketed at the balance sheet date. There are three such assets, sites at Bridge Street, Coventry Street and Worcester Street. It is the Council's intention to market the other surplus properties in due course.

Note 20: CREDITORS

Creditors	31st March	
	2012 £'000	2013 £'000
Government Departments	937	843
Local Authorities	317	321
Sundry Creditors	1,738	1,187
Council Taxpayers (overpayments)	68	71
Receipts in Advance	1,013	1,313
Contractors and Other Deposits	11	16
Total Balance at Year End	4,084	3,751

Note 21: PROVISIONS

Description of Provision	1st April 2012 £'000	Provided in Year £'000	Payments in Year £'000	31st March 2013 £'000
Severn Trent Superannuation Fund	19	-	(6)	13
Termination Benefits	30	156	(30)	156
Total All Provisions	49	156	(36)	169

The Severn Trent Superannuation Fund consists of income received from Severn Trent pending its payment to Worcestershire County Council, the Superannuation Fund managers for the Council.

The Provision for Termination Benefits is in respect of 9 employees to be made redundant in 2013/14 as part of service review decisions taken before the 31st March 2013.

No insurance provision is held. An earmarked reserve account in respect of insurance excesses is held and the movement in the year is a reduction of £7,750.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 22: USABLE RESERVES

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

Usable Capital Receipts Reserve

These are capital receipts which are available for financing new capital expenditure but have yet to be applied for that purpose.

Usable Capital Receipts Reserve	31st March	
	2012 £'000	2013 £'000
Balance at 1st April	10,104	5,484
Receipts from Sales of Assets etc.	136	319
Receipts applied for new Capital Expenditure	(4,756)	(3,664)
Balance at 31st March	5,484	2,139

Capital Grants Unapplied

Capital Grants Unapplied	31st March	
	2012 £'000	2013 £'000
Balance at 1st April	885	796
Receipts in Year	574	551
Applied in Year	(663)	(628)
Balance at 31st March	796	719

Note 23: UNUSABLE RESERVES

Revaluation Reserve

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 23: UNUSABLE RESERVES (continued)

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

Revaluation Reserve	31st March	
	2012 £'000	2013 £'000
Balance at 1st April	12,796	12,298
Revaluation Gains	202	4,241
Excess Current Value Depreciation over Historic Cost		
Depreciation	(187)	(191)
Impairment written off against prior balances	(513)	(3,521)
Balance written out following re-classification	-	(16)
Balance at 31st March	12,298	12,811

Capital Adjustment Account

The Capital Adjustment Account reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Adjustment Account	31st March	
	2012 £'000	2013 £'000
Balance at 1st April	33,252	34,272
Capital Receipts Applied	4,756	3,663
Contribution to disposal costs of capital sales	(10)	(2)
Depreciation	(1,662)	(1,649)
Impairment Adjustments	(844)	(444)
Direct Revenue Financing	570	-
Repayments of Long Term Debts	(14)	(14)
Appropriation of Minimum Revenue Provision	162	202
Revenue Expenditure Funded From Capital Under Statute	(2,324)	(1,280)
Disposal of Non Current Assets	(465)	(338)
Capital Grants	664	748
Revaluation Reserve	187	207
Balance at 31st March	34,272	35,365

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 Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 23: UNUSABLE RESERVES (continued)

However, statutory arrangements require benefits earned to be financed as the Council 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 shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2011/12 £'000	2012/13 £'000
Balance at 1st April	(38,529)	(46,309)
Actuarial losses on pensions assets and liabilities	(7,832)	(6,451)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,602)	(2,772)
Employer's pension contributions and direct payments to pensioners payable in the year	2,654	2,422
Balance at 31st March	(46,309)	(53,110)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which cash settlement has yet to take place. Under statutory arrangements, the Council 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. There has been no movement on this Reserve in 2012/13.

Deferred Capital Receipts Reserve	2011/12 £'000	2012/13 £'000
Balance at 31st March	(20)	(20)

Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2011/12 £'000	2012/13 £'000
Balance at 1st April	20	27
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	7	(43)
Balance at 31st March	27	(16)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 23: 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, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences Account	2011/12 £'000	2012/13 £'000
Balance at 1st April	(57)	(137)
Reversal of Opening Balance	57	137
Amounts accrued at the end of the current year	(137)	(91)
Balance at 31st March	(137)	(91)

Note 24: CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2011/12 £'000	2012/13 £'000
Interest received	(152)	(92)
Interest paid	2	6
Net cash flows from operating activities	(150)	(86)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

Cash Flow Statement – Operating Activities	2011/12 £'000 (Re-stated)	2012/13 £'000
Depreciation	1,662	1,649
Impairment and downward valuations	980	557
Increase/(decrease) in impairment for bad debts	17	136
Increase/(decrease) in creditors	(2,825)	(2)
(Increase)/decrease in debtors	(1,962)	355
(Increase)/decrease in inventories	(2)	10
Movement in pension liability	(52)	350
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	467	192
Other non-cash items charged to the net surplus or deficit on the provision of services	(476)	13
Total	(2,191)	3,260

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 24: CASH FLOW STATEMENT – OPERATING ACTIVITIES (continued)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

Cash Flow Statement – Operating Activities	2011/12 £'000 (Re-stated)	2012/13 £'000
Proceeds from short-term and long terms investments	(388)	(239)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(137)	(319)
Total	(525)	(558)

Note 25: CASH FLOW STATEMENT – INVESTMENT ACTIVITIES

Cash Flow Statement – Investment Activities	2011/12 £'000 (Re-stated)	2012/13 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(4,591)	(4,530)
Other payments for investing activities		(1,050)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	137	319
Proceeds from short-term and long-term investments	5,137	1,341
Other receipts from investing activities	649	642
Net cash flows from investing activities	1,332	(3,278)

Note 26: CASH FLOW STATEMENT – FINANCING ACTIVITIES

Cash Flow Statement – Financing Activities	2011/12 £'000	2012/13 £'000
Cash receipts of short and long-term borrowing	-	3,000
Other receipts from financing activities	1,285	-
Repayments of short and long-term borrowing	(24)	42
Other payments for financing activities	(229)	(660)
Net cash flows from financing activities	1,032	2,382

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 27: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING

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 Council's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The following tables detail the Council's net revenue expenditure by service as reported under management reporting arrangements and how this reconciles to the Comprehensive Income and Expenditure statement and the subjective analysis within the Comprehensive Income and Expenditure Statement on page 16. From 1st March 2012 there was a change in the Directorate structure. However, this has been reflected with effect from 1st April 2012 for consistency of reporting.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 27: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

2012/13	Resources £'000	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Community Assets & Localism £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(730)	(122)	(3,064)	(2,844)	(359)	(7,119)
Recharges	(2,374)	(525)	(5,053)	(1,583)	(2,171)	(11,706)
Government Grants	(41,701)	-	-	-	-	(41,701)
Total Income	(44,805)	(647)	(8,117)	(4,427)	(2,530)	(60,526)
Employee Expenses	4,058	972	5,525	2,599	1,180	14,334
Other Service Expenses	42,703	212	7,256	3,681	2,436	56,288
Support Service Recharges	787	520	1,443	1,006	486	4,242
Total Expenditure	47,548	1,704	14,224	7,286	4,102	74,864
Net Cost of Services	2,743	1,057	6,107	2,859	1,572	14,338

2011/12 Comparative Figures (Re-stated)	Resources £'000	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Community Assets & Localism £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(348)	(53)	(3,192)	(2,347)	(406)	(6,346)
Recharges	(2,362)	(307)	(5,514)	(1,981)	(2,040)	(12,204)
Government Grants	(39,403)	-	-	(2)	-	(39,405)
Total Income	(42,113)	(360)	(8,706)	(4,330)	(2,446)	(57,955)
Employee Expenses	4,262	899	5,873	2,765	1,234	15,033
Other Service Expenses	40,858	124	7,798	3,295	2,168	54,243
Support Service Recharges	861	603	1,385	1,220	528	4,597
Total Expenditure	45,981	1,626	15,056	7,280	3,930	73,873
Net Cost of Services	3,868	1,266	6,350	2,950	1,484	15,918

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 27: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

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

	2011/12 £'000	2012/13 £'000
Net Cost of Service from Service Analysis	15,918	14,338
Add amounts not reported to management (see table below)	677	(125)
Amounts not included in the Comprehensive Income and Expenditure Statement (see table below)	(1,833)	(214)
Net Cost of Services in Comprehensive Income and Expenditure Statement	14,762	13,999

Reconciliation to Subjective Analysis – (Surplus)/deficit on the provision of services

2012/13	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(7,119)	(671)	1,407	(6,383)	-	(6,383)
Recharges	(11,706)	-	-	(11,706)	-	(11,706)
Surplus on Trading Account & Investment Properties	-	-	-	-	(132)	(132)
Changes in Fair Value of Investment Properties	-	-	-	-	34	34
Interest & Investment Income	-	-	-	-	(92)	(92)
Icelandic Investments Interest Adjustment	-	-	-	-	(146)	(146)
Income from Council Tax	-	-	-	-	(7,480)	(7,480)
Government Grants and Contributions	(41,701)	-	-	(41,701)	(5,674)	(47,375)
Total Income	(60,526)	(671)	1,407	(59,790)	(13,490)	(73,280)
Employee expenses	14,334	(1,216)	-	13,118	-	13,118
Other Service Expenses	56,288	1,762	(1,621)	56,429	-	56,429
Support Service Recharges	4,242	-	-	4,242	-	4,242
Long Term Investments - Impairment Adjustments	-	-	-	-	(108)	(108)
Pension Interest Cost & Expected Return	-	-	-	-	1,566	1,566
Interest Payments	-	-	-	-	74	74
Parish Precepts	-	-	-	-	464	464
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	(113)	(113)
Gross Cost of Services	74,864	546	(1,621)	73,789	1,883	75,672
(Surplus) /Deficit on the Provision of Services	14,338	(125)	(214)	13,999	(11,607)	2,392

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 27: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

2011/12	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(6,346)	(542)	576	(6,312)	-	(6,312)
Recharges	(12,204)	-	-	(12,204)	-	(12,204)
Surplus on Trading Account & Investment Properties	-	-	-	-	528	528
Changes in Fair Value of Investment Properties	-	-	-	-	(136)	(136)
Interest & Investment Income Icelandic Investments Interest	-	-	-	-	(152)	(152)
Adjustment	-	-	-	-	(236)	(236)
Income from Council Tax Government Grants and Contributions	(39,405)	-	-	(39,405)	(6,556)	(45,961)
Total Income	(57,955)	(542)	576	(57,921)	(14,007)	(71,928)
Employee expenses	15,033	(1,333)	-	13,700	-	13,700
Other Service Expenses	54,243	2,552	(2,409)	54,386	-	54,386
Support Service Recharges	4,597	-	-	4,597	-	4,597
Long Term Investments - Impairment Adjustments	-	-	-	-	2	2
Pension Interest Cost & Expected Return	-	-	-	-	1,281	1,281
Interest Payments	-	-	-	-	70	70
Parish Precepts	-	-	-	-	459	459
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	344	344
Gross Cost of Services	73,873	1,219	(2,409)	72,683	2,156	74,839
(Surplus) /Deficit on the Provision of Services	15,918	677	(1,833)	14,762	(11,851)	2,911

Explanatory Note on unreported/excluded items included in previous two tables:

Items not reported to management are in respect of technical accounting adjustments not known until year-end, such as impairment and pension adjustments. These cannot be made until the relevant guidance is issued/ information known.

Note 28: TRADING OPERATIONS

The Council has Industrial Estate Trading Operations, where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. The Council provides ground leases on 4 industrial estates. It also lets and manages 27 units on 1 further small industrial estate, comprising of starter units for which an initial rent free incentive may be offered. Details of the income and expenditure is as follows:

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 28: TRADING OPERATIONS (continued)

Trading Operations	2011/2012 £'000	2012/2013 £'000
Industrial Estates		
Income	(551)	(604)
Expenditure	338	396
Net Income	(213)	(208)

Note 29: MEMBERS' ALLOWANCES AND EXPENSES

Members' allowances and expenses paid during the year are as follows:

Description of Allowance/Expense	2011/2012 £	2012/2013 £
Allowances	296,929	291,334
Travel & Subsistence	3,831	3,600
Telephone & Broadband	6,448	5,072
Total Members' Allowances and Expenses	307,208	300,006

Note 30: OFFICERS' REMUNERATION

The number of officers whose remuneration for the year exceeded £50,000 (including salary, redundancy payments and other minor allowances):

Total Remuneration	2011/2012	2012/2013
£50,000 - £54,999	1	1
£55,000 - £59,999	-	1
£60,000 - £64,999	-	-
£65,000 - £69,999	1	-
£70,000 - £74,999	3	3
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	1
£110,000 - £114,999	1	-
£115,000 - £119,999	-	-

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 30: OFFICERS' REMUNERATION (continued)

The following table details the remuneration of Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year:

Position/Post Holder	Salary (including fees & allowances)	Compensation for loss of Office	Expenses Allowances & Benefits In kind	Total Remuneration Excl pension contributions 2012/2013	Pension Contribution	Total Remuneration Incl pension Contributions 2012/2013
	£	£	£	£	£	£
Chief Executive *	107,725	-	4,100	111,825	31,950	143,775
Director of Resources (commenced on 11/06/2012)	57,936	-	-	57,936	17,381	75,317
Director of Community Assets and Localism**	73,424	-	160	73,584	21,779	95,363
Director of Economic Prosperity and Place	71,920	-	811	72,731	21,576	94,307
Director of Community Well-Being and Environment	71,920	-	-	71,920	21,576	93,496
Financial Services Manager ***	50,233	-	160	50,393	15,070	65,463
Total	433,158	-	5,231	438,389	129,332	567,721

* In addition to the above salary, the Chief Executive received £2,584 in 2012/13 as remuneration for his role as local Returning Officer for the Police and Crime Commissioner Elections.

** In addition to the above salary, the Director of Community Assets and Localism received £4,857 in 2012/13 as remuneration for her role as Deputy Returning Officer for the Police and Crime Commissioner Elections and District Council Elections.

*** Following the resignation of the Director of Resources, the Financial Services Manager provided cover from March 2012 to June 2012 whilst the recruitment process for a permanent replacement took place. This has taken this post over the threshold for this year.

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b)+(c)]		(e) Total cost of exit packages in each band	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12 £	2012/13 £
£0 - £20,000	1	4	11	4	12	8	130,842	68,875
£20,001 - £40,000	-	-	-	2	-	2	-	67,920
£40,001 - £60,000	-	-	-	1	-	1	-	55,011
£60,001 - £80,000	2	-	-	-	2	-	137,205	-
Total	3	4	11	7	14	11	268,047	191,806

The total cost of £191,806 in the table above includes £35,900 for exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement in the current year. In addition the Council's Comprehensive Income and Expenditure Statement includes a provision for £155,906, which has been agreed and is payable to 9 officers in 2013/14.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 31: EXTERNAL AUDIT COSTS

Fees payable to the Council's External Auditors	2011/12 £	2012/13 £
External Audit Services / Statutory Inspection	106,433	94,126
Certification of Grant Claims	23,352	17,983
Total External Audit Costs	129,785	112,109

The agreed fees for external audit and statutory inspection services in 2012/13 were £64,348 (fee) and £12,850 (grant certification). This differs from the amount stated above due to timing differences of the payments.

Note 32: GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

Grant Income	2011/12 £'000 (restated)	2012/13 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	1,474	106
Local Services Support Grant	293	109
Other Capital Grants	20	-
Total Credited to Taxation and Non Specific Grant Income	1,787	215
Credited to Services		
Housing Benefit Subsidy	37,914	40,171
Housing Benefit Admin	862	814
Other Grants by Directorate:		
Chief Executive	51	66
Community Assets and Localism	12	13
Community Well-being and Environment	772	578
Economic Prosperity and Place	1,747	2,231
Resources	404	475
Total Grant Income Credited to Services	41,762	44,348

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached that may require the monies to be returned to the giver.

The balances at the year end are as follows:

Current Liabilities

Revenue Grants - Receipts in Advance	31st March 2012 £'000	31st March 2013 £'000
New Homes Bonus	40	-
Other	6	29
Total Revenue Grants - Receipts in Advance	46	29

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 32: GRANT INCOME (continued)

Long-term Liabilities

Capital Grants - Receipts in Advance	31st March 2012 £'000	31st March 2013 £'000
Community Safety Grant income	3	3
Franchise Street - Section 106	70	63
Stourport Sports Village - Section 106	-	273
Total Capital Grants - Receipts in Advance	73	339

Note 33: RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties, that is, 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 Council.

Central Government in England has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits).

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 33: RELATED PARTY TRANSACTIONS (continued)

The following table details the transactions for the period 1st April 2012 to 31st March 2013 with organisations with which the Council has a related party interest.

Organisation	Member/Senior Officer	Relationship	Income £'000	Expenditure £'000
Community Housing Group (including Wyre Forest Sheltered Housing)	Cllr D Godwin, Cllr J Greener, Cllr M Hart, Cllr B McFarland, Cllr F Orborski, Cllr M Rayner, Cllr G Yarranton, Cllr N Gale	Non-Executive Board Members	86	1,149
Age UK Wyre Forest	Cllr M Salter	Member	-	8
Bewdley Development Trust	Cllr J Phillips, Town Centres Manager	Director Member	-	12
Stourport Forward	Cllr M Salter	Member	-	1
Citizens' Advice Bureau	Cllr P Harrison	Member	-	62
Local Government Association (includes Rural & Urban Commissions)	Cllr J-P Champion, Cllr D Godwin, Cllr J Phillips, Cllr H Martin, Cllr F Oborski	Member	-	17
Carpet Museum Trust	Cllr P Harrison	Member	9	-
The Elizabeth Mills Centre	Cllr D Shepherd	Member	-	2
West Midlands Councils	Cllr J-P Champion	Member	-	20
Worcestershire County Council (excludes precepts & Pension)	Cllr J-P Champion*, Cllr S Clee, Cllr N Desmond, Cllr, M Hart*, Cllr A Hingley, Cllr F Oborski, Cllr G Yarranton	Members (of which 2 Cabinet Members*)	804	297
Wyre Forest Nightstop & Mediation	Cllr J Phillips	Member	-	6
K & B Thomas	Cllr N Thomas	Brother & Uncle	-	1

Other Public Bodies:

The Council collects precepts on behalf of Worcestershire County Council, West Mercia Police Authority (The Office of the Police and Crime Commissioner for West Mercia with effect from 2013/14), Hereford and Worcester Fire & Rescue Authority, and the Town and Parish Councils.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 33: RELATED PARTY TRANSACTIONS (continued)

Some Wyre Forest District Council Councillors are also members of these bodies – major transactions between Wyre Forest District Council and other Parishes are shown below:

Parish Councils	Numbers of Members	Income £'000	Payments (excl. precepts) £'000
Kidderminster Charter Trustees	23	54	18
Stourport Town Council	6	107	21
Bewdley Town Council	3	35	78

Outstanding balances as at 31st March 2013 are as follows:

Organisation	Income £'000s	Expenditure £'000
Community Housing Group (including Wyre Forest Sheltered Housing)	57	131
The Elizabeth Mills Centre	-	1
Citizens' Advice Bureau	-	9
Stourport Town Council	9	-
Kidderminster Charter Trustees	4	-
Bewdley Town Council	3	-
Worcestershire County Council	4	8

Jointly Controlled Operations:

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee, which is a jointly controlled operation hosted by Bromsgrove District Council (BDC). Under this shared service the Council paid £630,227 to BDC and placed an accrual in 2012/13 for a refund which is owed for £37,733 relating to 2012/13. The Council received £17,380 from them for recharges, and at 31st March 2013 £2,773 was owed by BDC.

The Council is also a partner in the North Worcestershire Building Control shared service which is a collaborative agreement hosted by BDC. Under this shared service the Council paid £204,488 to BDC of which £29,346 was accrued and paid in 2013/14. The Council received £924 from them for recharges. At 31st March 2013 £326 was owed by BDC.

The Council hosts the North Worcestershire Economic Development and Regeneration shared service which is a collaborative agreement. Under this shared service the council received £212,309 from BDC and £314,363 from Redditch Borough Council (RBC). Of these amounts £53,077 (BDC) and £78,590 (RBC) were still owed at 31st March 2013. The Council paid £3,228 back to BDC and £29,846 to RBC for expenditure they had incurred.

The Council has a collaborative agreement with RBC for the provision of Payroll Services. This shared service commenced on the 1st April 2011. Under this shared service the Council paid £36,883 to RBC for 2012/13.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 33: RELATED PARTY TRANSACTIONS (continued)

The Council entered into a shared service with The Community Housing Group Limited (CHG) to jointly provide advice and services to the public through the shared occupancy of the Worcestershire Hub. This agreement commenced on 9th May 2011. Under this agreement the Council receives £26,295 from the CHG. As of 31st March 2013, this amount was owed by CHG. The Council also has a shared occupancy at the Community Housing Group premises at their Riverside Offices. This agreement commenced on 26th September 2012. Under the agreement the Council paid £8,651 for this service in 2012/13.

The Council also hosts the North Worcestershire Water Management Shared Service which is a collaborative agreement that commenced on 1st November 2011. Under this shared service the Council received £43,552 from BDC and £133,943 from RBC. Of these amounts £13,378 (BDC) and £33,486 (RBC) were still owed at 31st March 2013.

The Council has a shared service for the provision of Human Resources hosted by Worcestershire County Council that commenced 1st November 2010. Under this agreement the Council paid £122,600 for this service in 2012/13.

This Council hosts a shared service for Emergency Planning and Business Continuity commencing with Redditch and Bromsgrove Councils from 1st April 2012. Under this agreement we were paid £35,836 for this service in 2012/13.

Note 34: CAPITAL EXPENDITURE AND CAPITAL FINANCING

Capital Expenditure and Capital Financing	2011/12 £'000	2012/13 £'000
Opening Capital Financing Requirement	2,959	4,570
Operational Assets	1,016	84
Non-operational Assets	4,423	4,182
Revenue Expenditure Funded from Capital Under Statute	2,324	1,280
Capital Receipts	(4,756)	(3,661)
Government Grants and other Contributions	(664)	(748)
Sums Set Aside from Revenue	(732)	(202)
Closing Capital Financing Requirement	4,570	5,505
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	1,611	935
Increase in Capital Financing Requirement	1,611	935

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 35: LEASES

The authority was committed at 31st March 2013 to making payments of £34,300 under operating leases in 2013/14.

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

Leases	31 st March 2012		31 st March 2013	
	Land and Buildings (re-stated) £'000	Other Operating Leases £'000	Land and Buildings £'000	Other Operating Leases £'000
Not later than one year	108	-	34	-
Later than one year and not later than five years	103	-	69	-
Total	211	-	103	-

Other Operating Leases

The Council has previously provided vehicles, equipment and systems through operating leases. Following the introduction of the Prudential Code there were no assets acquired by lease during 2012/13.

Land and Buildings

The Council leases an automated public convenience in Stourport and land at Rushock Trading Estate, accounted for as operating leases. The rentals payable in 2012/13 were £7,061 for the automated public convenience (2011/12 £7,061) and £27,240 for land at Rushock Trading Estate (2011/12 £27,240). In addition, the Council leased Duke House, Clensmore Street on a short-term lease. This lease terminated in November 2012. The amount payable in 2012/13 was £70,940 (2011/12 £110,000).

Note 36: VALUATION OF NON CURRENT ASSETS

The Council's Land, Buildings, Community Assets and Surplus Assets are valued on a five year rolling programme. Investment Properties and Assets Held for Sale are subject to an annual revaluation. In addition, all residual values are reviewed annually. The current asset values used in the accounts are based on valuations provided by V Bendall, MRICS (the Council's Estates Surveyor) and Bruton Knowles, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include Vehicles, Plant and Equipment or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 36: VALUATION OF NON CURRENT ASSETS (continued)

Valuations of non current assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Investment Properties £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued at historical cost	82	73	-	-	-	155
Valued at current value in:						
2012/2013	11,555	215	463	-	240	12,473
2011/2012	1,696	111	5,839	400	233	8,279
2010/2011	24,547	275	1,577	395	780	27,574
2009/2010	-	-	-	-	-	-
2008/2009	1	-	-	-	-	1
Total	37,881	674	7,879	795	1,253	48,482

Note 37: TERMINATION BENEFITS

The Council terminated the contracts of 11 employees in 2012/13, incurring liabilities of £191,806 (2011/12 £268,047) – see Note 30 for the number of exit packages and total cost per band. A Provision has been made for Termination Benefits in respect of 9 employees as part of internal service review decisions taken before 31st March 2013, incurring liabilities of £155,906. See Note 21 - Provisions. The Council had one ill-health retirement in 2012/13 that is excluded from the above figures.

Note 38: POST EMPLOYMENT BENEFITS

As part of the terms and condition of employment of its staff, the Council offers retirement benefits to its employees. Although these benefits will not be payable until the employee retires, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS), administered locally by Worcestershire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Transactions Relating to Post Employment Benefits

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 38: POST EMPLOYMENT BENEFITS (continued)

Funded Benefit Scheme	2011/12 £'000	2012/13 £'000
Cost of Services		
Current Service Cost	1,093	1,113
Past Service and Curtailment Costs	228	93
Financing and Investment Income and Expenditure		
Expected Return on Assets	(3,728)	(3,146)
Interest on Pension Liabilities	<u>4,676</u>	<u>4,416</u>
Total Post Employment Benefit Charge to the Surplus or Deficit on the Provision of Services	2,269	2,476
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	<u>(108)</u>	<u>(559)</u>
Actual amount charged against the General Fund for pensions in the year		
Employer's Contribution payable to the scheme	2,161	1,917

Unfunded Benefit Scheme	2011/12 £'000	2012/13 £'000
Cost of Services		
Current Service Cost	-	-
Past Service and Curtailment Costs	-	-
Financing and Investment Income and Expenditure		
Expected Return on Assets	-	-
Interest on Pension Liabilities	<u>333</u>	<u>296</u>
Total Post Employment Benefit Charge to the Surplus or Deficit on the Provision of Services	333	296
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	<u>160</u>	<u>209</u>
Actual amount charged against the General Fund for pensions in the year		
Employer's Contribution payable to the scheme	493	505

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 38: POST EMPLOYMENT BENEFITS (continued)

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £6.451m (losses of £7.832m in 2011/12) were also included in the Statement.

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2011/12 £'000 Unfunded Benefits	2011/12 £'000 Funded Benefits	2012/13 £'000 Unfunded Benefits	2012/13 £'000 Funded Benefits
Opening Balance at 1 st April	(6,308)	(86,000)	(6,290)	(91,780)
Current Service Costs	-	(1,093)	-	(1,113)
Contribution by scheme participants		(441)		(415)
Benefits Paid	493	3503	505	4,868
Curtailment Costs	-	(228)	-	(93)
Interest cost	(333)	(4,676)	(296)	(4,416)
Actuarial Gain/(Loss)	(142)	(2845)	(481)	(10,259)
Closing Balance at 31 st March	(6,290)	(91,780)	(6,562)	(103,208)

In the UK budget statement on 22nd June 2010 the Chancellor announced that with effect from 1st April 2011 public service pensions would be up-rated in line with Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

Reconciliation of fair value of the scheme:

	2011/12 £'000 Unfunded Benefits	2011/12 £'000 Funded Benefits	2012/13 £'000 Unfunded Benefits	2012/13 £'000 Funded Benefits
Opening balance at 1 st April	-	53,779	-	51,761
Expected rate of Return	-	3,728	-	3,146
Actuarial Gain/(Loss)	-	(4,845)	-	4,289
Employer Contributions	493	2,161	505	1,917
Contributions by scheme participants	-	441	-	415
Benefits Paid	(493)	(3,503)	(505)	(4,868)
Closing balance at 31 st March	-	51,761	-	56,660

The expected return on scheme assets is determined by considering the expected return available on the assets underlying the current investment policy. Expected yields on fixed 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 gain on scheme assets in the year was £7.436m (2011/12 losses of £1.118m).

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 38: POST EMPLOYMENT BENEFITS (continued)

Scheme History

	31st March 2009 £'000	31st March 2010 £'000	31st March 2011 £'000	31st March 2012 £'000	31st March 2013 £'000
Fair Value of Assets in the Local Government Pension Scheme					
Local Government Pension Scheme Unfunded Benefits	36,185	50,478	53,779	51,761	56,660
	-	-	-	-	-
Present Value of Liabilities					
Local Government Pension Scheme Unfunded Benefits	(70,531)	(92,170)	(86,000)	(91,780)	(103,208)
	(6,298)	(7,478)	(6,308)	(6,290)	(6,562)
Net Liabilities	(40,644)	(49,170)	(38,529)	(46,309)	(53,110)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £53.110m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of £5.360m.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme's independent actuaries, Mercer Human Resource Consulting Ltd.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in 2013/14 is £2.432m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels etc. The Local Government Pension Scheme has been assessed by Mercer Ltd, an independent firm of actuaries, and estimates for the Council fund are based on the latest full valuation of the scheme as at 1st April 2010.

The Principal assumptions used by the actuary have been:

Long term expected rate of return on assets in the scheme		
	2011/12 %	2012/13 %
Equities	7.00	7.00
Government Bonds	3.10	2.80
Other Bonds	4.10	3.90
Property	6.00	5.70
Cash/Liquidity	0.50	0.50
Other	7.00	7.00

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 38: POST EMPLOYMENT BENEFITS (continued)

Financial Assumptions		
	2011/12	2012/13
	%	%
Rate of Inflation (CPI)	2.50	2.40
Rate of increase in salaries	4.00	3.90
Rate of increase in pensions	2.50	2.40
Discount Rate on liabilities	4.90	4.20
Take up of option to convert annual pension into retirement lump sum	50	50

Mortality Assumptions		
	2011/12	2012/13
	Yrs	Yrs
Longevity at 65 of current pensioners		
Male	22.1	22.5
Female	24.6	25.0
Longevity at 65 of future pensioners		
Male	23.5	24.3
Female	26.1	27.0

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

Split of assets between investment categories		
	2011/12	2012/13
	%	%
Equities	88.90	90.80
Government Bonds	3.20	0.00
Other Bonds	4.00	7.40
Cash/Liquidity	3.90	1.80

History of Experience of Gains and Losses

The actuarial gains and losses identified as movements on the Pension Reserve for the current and recent years can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March each year:

	31st March 2009 %	31st March 2010 %	31st March 2011 %	31st March 2012 %	31st March 2013 %
Difference between expected and actual return on assets	(40.2)	27.5	2.0	9.4	7.6
Experience gains and losses on liabilities	-	-	4.9	-	-

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 38: POST EMPLOYMENT BENEFITS (continued)

Pensions Liability Relating to Shared Services

For the Regulatory shared services governed by Joint Committee this Council transferred its staff to the host authority – Bromsgrove District Council on a fully funded basis. The shared service was admitted to the pensions fund as a ghost admitted body, as such any liability or surplus that accrues is the responsibility of the partners to those shared services.

The table below shows the overall deficit of the Worcestershire Regulatory Services together with this Council's share as defined by the partnership legal agreement.

	2011/12 £'000	2012/13 £'000
Present value of liabilities	18,167	21,858
Fair value of assets	(16,951)	(19,618)
(Surplus)/Deficit in scheme	1,216	2,240
WFDC Share – 10.82%	132	242

Further information can be found in the Worcestershire County Council's Pension Fund Annual Report which is available upon request from Worcestershire County Council (see Note 1.7 for details of the address).

Note 39: CONTINGENT LIABILITIES

Following the move to Wyre Forest House in October 2012, the account with the construction contractor has still not been finalised because of a number of unresolved issues, the main one being the ground source heat pump system. Further technical studies have been commissioned to ensure the system works effectively and also to protect the Council's position in discussion with the contractor. There may also be an issue of a contractors claim against the council for prolongation of the contract time scale, so a potential contingent liability exists in relation to this major capital project.

The Council has a number of Service Reviews in progress as part of the Wyre Forest Forward Work Programme; these are programmed over the medium term financial strategy. It is possible that these Service Reviews will result in reductions in employee numbers and a reduction in overall service costs necessitating the payment of Severance Costs that may be classed as future Termination Benefits. As the exact details of these future severance costs are not yet known they are a potential contingent liability, The Council has recognised the need to resource the cost of implementing such Cabinet Proposals and has a Transformation Fund earmarked reserve towards funding such one-off costs. There is £303k remaining in the Transformation Fund as at 31st March 2013 with £129k being uncommitted.

The Council has a contingent liability in respect of the potential level of exposure to future claims in respect of its liability from Municipal Mutual (MMI) it's former insurers. An earmarked reserve has also been included in the accounts based on advice from administrators.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 40: TRUST FUNDS

The Kidderminster Educational Foundation is a registered charity governed by a Scheme made by the Secretary of State on 31st July 1973, varied by a Scheme approved by the Charity Commissioners on 7th August 1991. In the original trust deeds, Kidderminster Borough Council was appointed Corporate Trustee of the Foundation. Wyre Forest District Council succeeded as Corporate Trustee on 1st April 1974 under Section 210 of the Local Government Act 1972. The Council is the Corporate Trustee of the Charity. Individual Members are not themselves Trustees. The assets of the Foundation were mainly derived from the sale of assets (the Old Schools of Art and Science) and these are held in trust by the Council and can only be used to further the objectives expressed in the governing scheme. The basic activity of the Foundation is a grant-maker to individuals and to assist other organisations in their activities, which comply with the governing objectives. This Fund is invested in the money market but is not included within the Balance Sheet. The capital balance invested during the year was £271,209 (£271,209 at 31st March 2012) whilst the revenue balance was £9,840 at 31st March 2013 (£11,410 at 31st March 2012).

The Council became trustee of the Bewdley Museum Trust in May 1975, and operates the Museum as a local service under powers contained in the Public Libraries and Museums Act 1964. The Council retains the shop profits to partially offset the gross expenditure incurred in running the Museum. There is, therefore, no income or expenditure accruing directly to the Trust.

2012/2013	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
Kidderminster Educational Foundation	1	3	281	-
TOTAL	1	3	281	-

Note 41: BUILDING REGULATIONS CHARGEABLE AND NON-CHARGEABLE ACCOUNT

The Building (Local Authority Charges) Regulations 2010 require local authorities to publish a financial statement relating to the Building Regulations Chargeable and Non-chargeable Account by 30th September each year. Previously, the Chargeable and Non-chargeable accounts were operated under the Building (Local Authority Charges) Regulations 1998.

On 1st September 2011, the North Worcestershire Building Control Shared Service was formed comprising of Wyre Forest District Council, Redditch Borough Council and Bromsgrove District Council. The shared service is hosted by Bromsgrove District Council. Outturn for 2011/12 is also shown below for comparison purposes.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 41: BUILDING REGULATIONS CHARGEABLE AND NON-CHARGEABLE ACCOUNT
(continued)

	2011/12			2012/13		
	Chargeable £	Non- Chargeable £	Total £	Chargeable £	Non- Chargeable £	Total £
Expenditure						
Employees	51,320	37,960	89,280	-	-	-
Premises	5,750	1,440	7,190	6,320	2,000	8,320
Transport	-	-	-	-	-	-
Supplies & Services	17,700	4,120	21,820	15,490	3,640	19,130
Third Party Payments	109,350	22,490	131,840	169,190	35,300	204,490
Support Services	52,690	32,520	85,210	5,450	640	6,090
Total Expenditure	236,810	98,530	335,340	196,450	41,580	238,030
Income						
Building Regs Charges	(228,790)	-	(228,790)	(140,690)	-	(140,690)
Partnership Income	(10,050)	-	(10,050)	(7,480)	-	(7,480)
Miscellaneous Income	(450)	-	(450)	(630)	-	(630)
Reimbursement of Expenditure	(4,470)	(1,240)	(5,710)	(920)	-	(920)
Total Income	(243,760)	(1,240)	(245,000)	(149,720)	-	(149,720)
<i>(Surplus)/Deficit for the Year</i>	<i>(6,950)</i>	<i>97,290</i>	<i>90,340</i>	<i>46,730</i>	<i>41,580</i>	<i>88,310</i>
<u>(Surplus)/Deficit Balance</u>						
Brought Forward	(49,880)			(56,830)		
Additional Earmarked Reserve Created to Fund Further 2012/13 Expenditure				(10,500)		
Carried Forward	(56,830)			(20,600)		

The Building Regulations Chargeable account continues to be a “ring-fenced” account with year end surpluses/deficits held in earmarked reserves subject to review and comparison of costs and income.

Note 42: HERITAGE ASSETS: FIVE-YEAR SUMMARY OF TRANSACTIONS

The Code of Practice for Local Authority Accounting in the United Kingdom requires a disclosure note, in table format, showing, over the last five years; the total cost of purchases, total value of acquisitions (by donations) together with the carrying value and proceeds from disposals. A table format is not considered to assist in the further understanding of the transactions over the last five years as there were no transactions of any significance prior to 2011/12. The only transaction in 2011/12 was the cost of acquiring the Horse sculpture (£11,992). There were no transactions in 2012/13.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2012/13

Note 43: HERITAGE ASSETS: FURTHER INFORMATION ON MUSEUM COLLECTIONS

There are approximately 30,000 items held by the Council, of which (approximately) 10,000 items are in the Bewdley collection and 20,000 items in the Kidderminster collection, acquired in 1990 following the closure of the Kidderminster Museum and Art Gallery. The collection includes the William Hill Organ, built in 1855, on display at Kidderminster Town Hall. It is one of only five of its type in the world and attracts visitors from across the globe, with many coming from the USA.

The Council own over 95% of the museum collections of which 30% of those on display relate to the working trades of the Wyre Forest area and include wooden artefacts (spale baskets, besoms, tools etc) pewter, brass, fire and agricultural equipment and some large scale industrial machinery. The reserve social and industrial collections include additional materials associated with these trades and materials relating to coalmining, the carpet industry together with domestic & personal life. The Kidderminster collection includes paintings, textiles, printed matter and small collections of natural history, geology, archaeology and ethnography. There is also a significant photographic and oral history archive held in the Bewdley Museum.

At any one time, 10% of the collection is on display, the rest are held in storage for either repair or because of the Museum's policy of periodically changing items on display. Although not open to the public, access is permitted to scholars and others for research purposes.

The Museum occasionally accepts, on loan, items from collections belonging to other museums which although not included in the Balance Sheet are covered by the Council for insurance purposes. It occasionally loans items from its collections to other museums. These remain on the Council's Balance Sheet. There are no items loaned out at this date.

Heritage assets are managed in accordance with the policies that are approved by the Council. A data base is maintained recording the nature (with historical commentary), provenance, condition and current location.

The museum recognises its responsibility in acquiring additions to collections, taking into account limitations on collecting imposed by such factors as staffing, storage, arrangements to care for the collections and the policies of other museums or organisations collecting in the same or related area or subject field. To support this, the Council will add to the collection by purchases or acquisitions e.g. by donations if the item is of exceptional historical interest and then only if it meets the objectives of the Museum and the Council in terms of its collection of heritage assets. The Museum does not currently have a budget for additions to its collections.

Further information is provided on the Council's web site www.wyreforest.gov.uk/museums.

Note 44: EXCEPTIONAL ITEMS

There are no exceptional items to report in the 2012/13 accounts.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

THE COLLECTION FUND ACCOUNT 2012/13

2011/12 (Re-stated) £'000	<u>Income</u>	£'000	2012/13 £'000
(44,914)	Income from Council Tax		(44,944)
	Transfers from General Fund:		
(8,390)	Council Tax Benefits	(8,458)	
1	Transitional Relief	1	
<u>(53,303)</u>		<u></u>	(8,457)
(27,192)	Non-Domestic Rates		(27,974)
<u>(80,495)</u>	Total Income		<u>(81,375)</u>
	<u>Expenditure</u>		
	Precepts and Demands		
36,726	Worcestershire County Council	37,098	
6,317	West Mercia Police Authority	6,381	
2,603	Hereford & Worcester Combined Fire Authority	2,629	
6,988	Wyre Forest District Council	7,059	
459	Parish/Town Councils	464	
<u>53,093</u>		<u></u>	53,631
160	Provision for Non-Payment of Council Tax		79
	Non-Domestic Rates		
26,838	Payment to National Pool	27,259	
137	Cost of Collection Allowance	136	
<u>26,975</u>		<u></u>	27,395
217	Provision for Non-Payment of Non-Domestic Rates		578
<u>80,445</u>	Total Expenditure		<u>81,683</u>
<u>(50)</u>	(Surplus)/Deficit for the Year		<u>308</u>
(143)	Surplus Balance B/fwd as at 1 st April 2012		(193)
<u>(50)</u>	(Surplus)/Deficit for the Year		<u>308</u>
<u>(193)</u>	(Surplus)/Deficit Balance C/fwd as at 31st March 2013		<u>115</u>

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

NOTES TO THE COLLECTION FUND ACCOUNT

Note 1: NATIONAL NON-DOMESTIC RATES (NNDR) (BUSINESS RATES)

NNDR is organised on a National basis. A five-yearly revaluation is carried out by the Government, the latest coming into effect from 2010/11. The Government specifies an amount (43.3p in 2011/12 and 45.8p in 2012/13) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. From 1st April 2005 the Government introduced a second multiplier for small businesses 42.6p in 2011/12 and 45.0p in 2012/13. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The Non-Domestic rateable value of the Council's area at 31st March 2013 was £74,270,670 (31st March 2012 - £73,486,049).

Note 2: COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council, Worcestershire County Council, West Mercia Police Authority (The Office of the Police and Crime Commissioner for West Mercia with effect from 2013/14) and The Hereford and Worcester Fire and Rescue Authority for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,489.04 for 2012/13 (£1,489.04 for 2011/12) is multiplied by the proportion specified for the particular band to give an individual amount due. Council Tax written off in the year amounted to £103,036.11 (£115,942.85 in 2011/12).

The Council taxbase, which is used in the calculation of the Council Tax, is based upon the number of dwellings in each valuation band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2012/13 was 35,461 calculated as follows:

Valuation Band	Number of Dwellings Per Valuation List	Adjustment for Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Ratio to Band D Charge	Band D Equivalent
Band A	10,905	(2,090.86)	8,814.14	6/9	5,876.12
Band B	11,052	(1,220.84)	9,831.16	7/9	7,646.46
Band C	10,859	(977.10)	9,881.90	8/9	8,783.91
Band D	5,977	(480.20)	5,496.80	1	5,496.80
Band E	3,184	(203.16)	2,980.84	11/9	3,643.25
Band F	1,662	(101.52)	1,560.48	13/9	2,254.03
Band G	1,143	(62.67)	1,080.33	15/9	1,800.55
Band H	122	(7.97)	114.03	2	228.05
Total	44,904	(5,144.32)	39,759.68		35,729.17
Less Allowance for Non Collection District Tax Base					(268.17)
					35,461.00

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

NOTES TO THE COLLECTION FUND ACCOUNT (CONTINUED)

Note 2: COUNCIL TAX (continued)

The income of £53,401,000 for 2012/13 is receivable from the following sources:

Council Tax Income	£'000
Billed to council tax payers	44,944
Transferred from general fund:	
Council tax benefits	8,458
Less: Transitional Relief adjusted from previous years	(1)
Total	53,401

Note 3: CONTRIBUTIONS TO COLLECTION FUND SURPLUSES AND DEFICITS

The deficit of £115,000 on the Collection Fund at 31st March 2013 will be recovered in subsequent financial years from the Council, Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia (formerly West Mercia Police Authority) and Hereford and Worcester Fire and Rescue Authority in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

Note 4: PRECEPTING/BILLING AUTHORITIES

The Authorities that made significant precepts and demands on the Collection Fund in 2012/13 are as follows:

Precepting/Billing Authorities	£'000
Worcestershire County Council	36,846
West Mercia Police Authority	6,338
Hereford and Worcester Fire and Rescue Authority	2,611
Wyre Forest District Council (including parishes)	7,472

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

CHIEF FINANCIAL OFFICER AND LEADER'S CERTIFICATE

The Statement of Accounts on pages 2 to 90 is prepared and published in accordance with the Accounts and Audit (England) Regulations 2011.

The accounts have been prepared on a historic cost basis, in accordance with the Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of Accounting Standards. They present a true and fair position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2013.

**TRACEY SOUTHALL, CPFA
CHIEF FINANCIAL OFFICER**

**COUNCILLOR J P CAMPION
LEADER OF THE COUNCIL**

23rd September 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYRE FOREST DISTRICT COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of Wyre Forest District Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Wyre Forest District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Wyre Forest District Council as at 31 March 2013 and of its expenditure and income for the year then ended; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Wyre Forest District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of Wyre Forest District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Stocks
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

26 September 2013

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/2013

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

The policies and concepts used in the preparation of the accounts.

ACCRUALS

Income and expenditure are shown in the accounts in the period they are earned or incurred, not as money is received or paid. All entries shown are therefore in respect of the 2012/13 financial year.

ACTUARY

An expert on pension scheme assets and liabilities.

ASSET

Something the Council owns – for example a building, some cash or money owed to it.

ASSET REGISTER

Each Local Authority is required to compile a register of all its capital assets (examples include premises, vehicles, equipment and computer systems). Each asset must be professionally valued, generally at replacement cost, every five years. Capital charges for the use of assets are calculated on the values contained in the Asset Register.

AUDIT OPINION

The auditor's opinion on whether the Council's accounts show a true and fair view of its financial affairs. If the auditors are satisfied with the accounts, they will issue an unqualified audit opinion.

BALANCE SHEET

A year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. The Balance Sheet is known as the Statement of Financial Position under IFRS.

BUDGET

A statement detailing the Council's financial policy over a specified period of time.

CAPITAL ADJUSTMENT ACCOUNT

Capital Adjustment Account – this reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them

CAPITAL EXPENDITURE

Expenditure on acquisition, construction or improvement of assets (property, plant and equipment) which have a value to the authority for more than one year e.g. land and buildings.

CAPITAL GUIDELINES

The sum set by the Government as their view of appropriate capital spending levels on services.

CAPITAL PROGRAMME

The Authority's plan of capital expenditure on capital schemes/projects for current and future financial years, including details on the funding of the programme.

CAPITAL RECEIPTS

Income from the sale of capital assets, such as land or buildings, which may also be available to finance other items of capital (but not revenue) expenditure.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

GLOSSARY OF FINANCIAL TERMS (continued)

CENTRAL SUPPORT SERVICES

The provision of services by the central divisions of the Council in respect of finance, personnel, legal, policy, administration, information technology and property.

CODE OF PRACTICE ON LOCAL GOVERNMENT ACCOUNTING (THE CODE)

The replacement for the Statement of Recommended Practice (SORP), following the 1st April 2010 implementation of International Financial Reporting Standards (IFRS). The Code is the framework for publishing local authority statutory accounts based on accounting standards and interpretations issued by the IASB and IFRIC, modified to reflect specific statutory requirements.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A statement of the Council's net revenue costs in the year and how this cost was financed by Government grant and taxpayers.

CONTINGENT LIABILITY

A possible or present obligation which is difficult to quantify, or which may not come to pass (A Liability which can not be reasonably estimated and may, or may not be incurred depending on the outcome of a future event).

CORPORATE AND DEMOCRATIC CORE (CDC)

The Corporate and Democratic Core consists of two elements, Democratic Representation and Management (DRM) and Corporate Management.

DRM includes all aspects of members' activities including corporate programme and service policy making, together with officer time in support of these functions. Examples of costs charged to DRM includes all members allowances and expenses.

Corporate Management concerns those activities and costs which allow services to be provided, whether by the authority or not, and the information which is required for public accountability. Costs properly charged to this heading include time spent in allocating corporate resources and producing the annual accounts, treasury management activities and external audit fees for the statutory audit.

COUNCIL TAX

A tax collected by the District Council which is payable at the same rate by each household in the same valuation band in the same area. There are eight Council Tax bands and how much each household pays depends upon the value of the homes. Council tax income is distributed to Precepting Authorities.

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

Discounts are available to people who live alone and owners of homes that are not anyone's main home. Council Tax is not charged for certain properties, known as exempt properties, like those lived in only by students.

COUNCIL TAXBASE

The Council Tax base of an area is equal to the number of band D equivalent properties. To calculate this, the Government counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties; because it attracts twice as much tax.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

GLOSSARY OF FINANCIAL TERMS (continued)

COUNCIL TAX BENEFIT

Amounts deducted from the bills of council tax payers whose incomes fall below prescribed amounts which take into account the financial circumstances of the taxpayer. The majority of the cost of this scheme is met by Central Government which reimburses authorities for the reduction made in bills by means of a direct grant known as council tax benefit subsidy.

COUNTERPARTY REPORT

List of approved Financial Institutions the Council can invest surplus funds with. This is based on Credit Ratings criteria approved by Council within the Treasury Management Policy.

CREDITORS

Amounts owed by the District Council for work done, goods or services received but for which payment has not been made by the end of the accounting period.

CURRENT ASSET OR LIABILITY

An asset or liability the Council expects to hold for less than one year.

DEBTORS

Amounts due to the District Council but unpaid by the end of the accounting period.

DEPRECIATION

The measure of the cost or revalued amount of the benefits of an asset that have been consumed/used during the financial year. Consumption includes wear and tear, age and obsolescence.

DIRECT REVENUE FINANCING

Revenue resources used to finance Capital Expenditure.

EARMARKED RESERVES

Amounts set aside for purposes falling outside the definition of provisions.

FAIR VALUE

The amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's length transaction.

FEES AND CHARGES

In addition to income from the Government, Local Authorities charge for numerous services including car parking.

FINANCE LEASE

An arrangement whereby the party leasing the asset has most or all of the use of an asset, and the lease payments are akin to repayments on a loan.

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Examples include borrowings, loans receivable and investments.

FINANCIAL REGULATIONS

The rules that the Council's financial affairs are operated within.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

GLOSSARY OF FINANCIAL TERMS (continued)

FINANCIAL STATEMENTS

Another term for the Statement of Accounts.

GOVERNMENT GRANTS

Payments by Central Government towards the cost of Local Authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (revenue support grant).

GROSS AND NET TOTAL COST

The gross total cost of a service includes all expenditure relating to the service/activity including employee costs, transport, support services and capital charges. Net total cost is the gross total cost of a service less income other than specific grants.

HEREDITAMENT

A property appearing in a valuation list upon which business rates are levied. Applies to non-domestic property.

HOUSING ADVANCES

Loans by an Authority to individuals towards the cost of acquiring or improving their homes.

HOUSING ASSOCIATION

A non-profit making body concerned with the construction, improvement or management of houses.

HOUSING BENEFIT

This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord or privately owned accommodation, whose incomes fall below prescribed amounts. Income Support claimants may claim Housing Benefit at the same time as they claim Income Support from Central Government. Income Support claimants may also claim direct to the District Council for Housing Benefit. All other claimants must make their claim to the District Council.

In the case of private tenants, a payment (rent allowance) is made to the tenant or to the landlord if requested by the claimant.

The District Council is reimbursed by the Government for 100% of the cost of benefits to private sector tenants. The Government also contributes towards the costs of administering the scheme. Some Authorities may choose to operate a 'local scheme' whereby allowances in excess of the standard payments are granted. This extra cost is borne by the District Council.

IMPAIRMENT

A reduction in the value of a fixed asset below its carrying amount on the balance sheet arising from physical damage such as a major fire or a significant reduction in market value.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The new accounting standing that this Council has adopted from 2010/2011.

INVENTORY

Previously referred to as Stock – items purchased and paid for but not yet used.

LIABILITY

Something the Council owes – for example an overdraft, a loan, or a bill it has not yet paid.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

GLOSSARY OF FINANCIAL TERMS (continued)

LIQUID RESOURCES

These are assets that are readily converted into cash without significant loss, e.g. short term investments.

LOCAL SERVICES SUPPORT GRANT

A non-ring fenced general grant, with no conditions imposed on its use, paid directly to the authority that benefits from the grant. This grant is included in the Income and Expenditure Account with other general income sources. Local Services Support Grant replaced Area Based Grant in 2011/12.

MOVEMENT IN RESERVES STATEMENT (MiRS)

A statement which analyses movements in the Council's usable and unusable reserves during the year.

NATIONAL NON-DOMESTIC RATES (BUSINESS RATES) (NNDR)

A tax collected locally by District Councils and paid to Central Government. It is then redistributed to County, Unitary, Borough and District Councils and Fire Authorities on the basis of the resident population.

NON-CURRENT ASSETS

A tangible asset which is intended to be used for several years, such as a vehicle or building, previously referred to as Fixed Assets.

NON DISTRIBUTABLE COSTS (NDC)

These are costs which cannot reasonably be charged to the cost of individual services and include, for example, contributions to meet pension fund deficits.

NON OPERATIONAL ASSETS

Council assets not directly used in the provision of services, such as investment properties.

OPERATIONAL ASSETS

Council owned fixed assets used to deliver services, such as buildings and equipment.

OPERATING LEASES

This is where the rewards and risks of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

OUT-TURN

Actual income and expenditure.

PRECEPT

This is the amount of council tax income County Councils, Police Authorities, Parish Councils and some Fire Authorities need to provide their services. The amounts for all Local Authorities providing services in an area appear on one council tax bill which is issued by the District Council.

PROVISIONS

These are monies set aside to meet any liabilities or losses which are likely or will be incurred, but the amounts or the dates on which they will arise are uncertain e.g. provision for bad debts.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

GLOSSARY OF FINANCIAL TERMS (continued)

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

CIPFA developed a professional code of practice to support local authorities in taking capital investment decisions. The key objectives of the code are to ensure, within a clear framework, that local authorities' capital investment decisions are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported. The code was implemented with effect from 1st April 2004.

RATEABLE VALUE

A value placed on all non-domestic properties subject to business rates to which a uniform rate poundage is applied to arrive at rates payable. The value is based on a notional rent that property could be expected to yield after deducting the cost of repairs.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Capital expenditure for which no tangible fixed asset exists is now classified as Revenue Expenditure Funded from Capital Under Statute (previously termed Deferred Charges) and is charged to the Income and Expenditure Account.

RESERVES

These are monies set aside to meet the cost of specific future expenditure.

REVALUATION RESERVE

Revaluation Reserve – this records the unrealised net gains from revaluations made after 1st April 2007

REVENUE BALANCES

The accumulated surplus or deficit of income over expenditure.

REVENUE EXPENDITURE

This is expenditure incurred on the day to day provision of services and consists principally of pay costs, capital charges and general running expenses in respect of the financial year.

REVENUE SUPPORT GRANT

Grant paid by the Government to local authorities as a contribution towards the costs of their services. The grant is distributed so that if each Authority were to spend at the level of its Formula Grant all charging Authorities could set the same council tax known as the Council Tax for Standard Spending.

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

This code of practice replaces the Best Value Accounting Code of Practice (BVACOP) with effect from 1st April 2011. It details standard definitions of services and total cost, for consistency of data for Government Returns, and comparisons with other Local Authorities.

SPECIFIC GRANTS

Government grants to Local Authorities in aid of particular projects or services e.g. Disabled Facilities Grants.

STANDING ORDERS

Rules and procedures determined by the Council to assist in the efficient performance of its activities.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2012/13

GLOSSARY OF FINANCIAL TERMS (continued)

TRUE AND FAIR

It is the aim of the accounts to show a true and fair view of the Council's financial position. In other words they should faithfully represent what has happened in practice.

UNREALISED GAINS AND LOSSES

Gains and losses may be realised or unrealised. Unrealised gains and losses are gains and losses that the Council has recognised in its accounts but which are potential as they have not been realised. An example of a gain that is recognised but not realised is where the value of assets has increased. The gain is realised when the asset is sold.

VIREMENT

The authorised transfer of an underspend in one budget head to another head.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/13
List of commonly Used Acronyms

Acronym	Description/Definition
AGS	Annual Governance Statement – this provides an overview of the Governance arrangements within the Council, along with any potential weaknesses.
CDC	Corporate and Democratic Core – central account which identifies the corporate costs of the authority, including Members and the democratic process.
CFR	Capital Financing Requirement – measures the authority’s underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
CI&E	Comprehensive Income and Expenditure Statement – This new statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice rather than the amount to be funded from taxation. It replaces the former Income and Expenditure Account and Statement of Total Recognised Gains and Losses.
CIPFA	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
DCLG	Department for Communities and Local Government – central government department which has the responsibility for Local Government.
DMADF	Debt Management Account Deposit Facility - offered by the Debt Management Office (Bank of England) to provide users with a flexible and secure investment facility
DRC	Depreciated Replacement cost – valuation method used within the Statement of Accounts relating to the Replacement Cost less any accrued depreciation.
DWP	Department for Works and Pensions – largest central government department which amongst its responsibilities are Benefits payments.
ERDF	European Regional Development Fund – part of the European Union’s Structural Fund that allocates funds to regions to stimulate economic development. Worcestershire County Council leads the bid in this County.
FTE	Full-time equivalent – relates to employee numbers.
HMRC	Her Majesty’s Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
IAS	International Accounting Standard – these provide detailed guidance on the application of IFRS.
IASB	International Accounting Standards Board – governing body of expertise on accounting standards.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards – new international framework to ensure common approach to the production of Statement of Accounts across the world.
LAA	Local Area Agreement – set out the properties for a local area agreed between central government and a local area (the local authority and Local Strategic partnership) and other key partners at the local level.
LAAP	Local Authority Accounting Panel – issues LAAP Bulletins to local authority practitioners. These Bulletins provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.
LASAAC	Local Authority (Scotland) Accounts Advisory Committee – operates in the same way as CIPFA within England, and often works in partnership with CIPFA on accounting guidance through a Joint Committee.
LGA	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.
LSSG	Local Services Support Grant – a general grant from central government allocated directly to Local Authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/13
List of commonly Used Acronyms

Acronym	Description/Definition
MIRS	Movement in Resources Statement – this statement replaces the former Statement of Movement on the General Fund Balance and the note on the movement in reserves. It represents the changes in the Council’s financial resources.
MRP	Minimum Revenue Provision – this represents the minimum which authorities must repay on their debts each year.
NDR or NNDR	National Non Domestic Rates – sometimes called business rates – these are collected by Local Authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.
NAO	National Audit Office – The National Audit Office (NAO) scrutinises public spending on behalf of Parliament. The NAO does not audit local government spending; this is the responsibility of the Audit Commission.
OMV	Open Market Value – valuation method within the accounts which relates directly to the current valuation of the asset.
PBE	Post Balance Sheet Event – an event taking place after the Balance Sheet event that may either be noted or adjusted in the accounts depending on its relevance.
PFI	Private Finance Initiative – is a way of creating “public-private partnerships” (PPPs) by funding public infrastructure projects with private capital
POP	Purchase Order Processing – the new method by which goods and services are electronically ordered at the Council.
PPE	Property Plant and Equipment – new IFRS terminology for fixed assets.
PPP	Public-private Partnership – describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.
PWLB	Public works Loan Board – this is a central government body which makes loans to local government and other prescribed public bodies from the National Loans Fund.
RICS	Royal Institute of Chartered Surveyors – is an independent, representative professional body which regulates property professionals and surveyors in the United Kingdom and other sovereign nations.
S151	Section 151 – this refers to Section 151 of the Local Government Act 1972 where it states that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
SeRCOP	Service Reporting Code of Practice – this Code issued by CIPFA identifies standard definitions of services and total cost for consistency of data for Government returns, and comparisons with other local authorities.
SOLACE	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
TUPE	Transfer of Undertakings (Protection of Employment) Regulations – protects employees’ terms and conditions of employment when a business is transferred from one owner to another.
UITF	Urgent Issues Task Force -a committee of the UK Accounting Standards Board that considers major urgent and emerging accounting issues. Its publications are known as UITF Abstracts.
VFM	Value for Money – this represents a formal review by the auditors on whether the Council is delivering Value for Money to its residents. This opinion forms part of the overall audit certificate.
WETT	Worcester Enhanced Two Tier – a programme whereby all Worcestershire local authorities worked together to investigate shared services and joint working to become more efficient and effective.