WARRINGTON
Borough Council

2013/14
Statement of Accounts

Contents

Contents	Page No
Explanatory Foreword	4
Statement of Responsibilities	19
Principal Financial Statements of Single Entity	
Movement in Reserves Statement	20
Comprehensive Income and Expenditure Statement	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Single Entity Financial Statements	
Accounting Policies & Assumptions	
Note 1: Accounting Policies	24
Note 2: Accounting Standards Issued, Not Yet Adopted	25
Note 3: Critical Judgements in Applying Accounting Policies	26
Note 4: Assumptions Made About the Future and Other Major Sources of	28
Note 5: Events After the Reporting Period	31
Movements in Reserves Statement	
Note 6: Adjustments Between Accounting Basis and Funding Basis Under	31
Note 7: Transfers to/from Earmarked Reserves	33
Note 8: Usable Reserves	35
Comprehensive Income and Expenditure Statement	
Note 9: Other Operating Expenditure	36
Note 10: Financing and Investment Income and Expenditure	36
Note 11: Taxation and Non Specific Grant Income	37
Note 12: Material Items of Income and Expense	37
Note 13: Trading Operations	37
Note 14: Agency Services	38
Note 15: Members' Allowances	38
Note 16: Officers' Remuneration	38
Note 17: Termination Benefits	42
Note 18: External Audit Costs	42
Note 19: Amounts Reported for Resource Allocation Decisions	42
Note 20: Dedicated Schools Grant	44
Note 21: Grant Income	45

Balance Sheet

Note 22: Property, Plant and Equipment	47
Note 23: Heritage Assets	49
Note 24: Investment Properties	50
Note 25: Intangible Assets	51
Note 26: Impairment Losses	51
Note 27: Capital Expenditure and Capital Financing	51
Note 28: Long Term Debtors	52
Note 29: Assets Held for Sale	53
Note 30: Debtors	53
Note 31: Cash and Cash Equivalents	54
Note 32: Creditors	54
Note 33: Provisions	54
Note 34: PFI and Similar Contracts	55
Note 35: Leases	57
Note 36: Pension Schemes	60
Note 37: Unusable Reserves	68
Note 38: Financial Instruments, Risk & Collateral	72
Note 39: Contingent Assets & Liabilities	81

Cash Flow Statement

Note 40: Operating Activities	83
Note 41: Investing Activities	84
Note 42: Financing Activities	84

Other Notes

Note 43: Related Parties	84
Note 44: Trust Funds	88
Note 45: Prior Period Adjustment	88
Note 46: Acquired & Discontinued Operations	91

Collection Fund	92
Collection Fund Notes	93
Group Accounts	96
Glossary	104
Annexe A - Accounting Policies	113

Explanatory Foreword

1. INTRODUCTION

This Statement of Accounts summarises the financial performance of the Council for the year ended 31 March 2014.

This foreword gives a brief summary of the Council's overall financial results for 2013/14 and the Council's financial strategy going forward as we continue to deal with a period of reduced government funding.

The Explanatory Foreword is structured as follows:

1. Background to the Council and Commentary for the Year
2. Explanation of the Financial Statements
3. A Summary of the 2013/14 Financial Performance of the Council
4. Receipt of Further Information

2. BACKGROUND TO THE COUNCIL AND COMMENTARY FOR THE YEAR

Warrington Context

The Borough of Warrington covers an area of 70 square miles (181.8 square kilometres) between Manchester and Liverpool at the centre of the North West region's communications network. The M6, M56 and M62 motorways intersect within the borough, connecting it to all parts of the region and beyond. The borough also lays on the main north-south (West Coast Main Line) and east-west (Trans-Pennine) rail routes. It is close to both Manchester International and Liverpool John Lennon Airports.

The number of people living in Warrington is around 202,200 representing a 5.8% increase over the last 10 years. There are over 85,000 households and around 8,000 businesses employing over 115,000 people.

Warrington has a strong and growing business economy. The 2013/14 Centre for Cities annual health check of UK cities demonstrated that Warrington is one of only a few places that have continued to improve in recent years, outstripping most of the UK. In 2008 Warrington was ranked 54th of the 64 cities and major towns that are included in the report. It is now ranked tenth. This rating is based on how Warrington has performed in employment, wages, business growth and house prices. The borough has the fourth highest jobs growth rate in the UK at 4.5%, only bettered by Edinburgh, Brighton and London.

In terms of deprivation (based on the Index of Multiple Deprivation) Warrington ranks 153rd out of 326 local authorities.

Medium Term Financial Plan (MTFP)

The 2013/14 revenue budget process was influenced and framed by the need to make a further £13.9m of reductions in expenditure in 2013/14. This was the impact of the Government's Spending Review 2010 which set out its plans to reduce overall public spending by £81bn by 2014/15. As a consequence the Council's funding has reduced by £22m during 2011/12 to 2013/14 and a further £20.3m of funding cuts are projected during 2014/15 to 2016/17. Funding cuts are now expected to continue until at least 2017/18.

The Council has a good track record of strong financial management. Service budget savings of £46.2m, to off-set both funding cuts and unavoidable budget pressures, have been achieved over the 2011/12 to 2013/14 period, and it is forecast that a further £41.6m of base budget savings will be required over the 2014/15 to 2016/17 period.

The Council set an ambitious three year capital programme for the period of 2013/14 – 2015/16 of £814m and this increases to £1.3b for the period 2014/15 – 2016/17. The major emphasis of this programme is on economic regeneration and Investment in schemes that will generate savings to the Council.

Updates on individual capital programme schemes including a detailed explanation of variances can be found in the Capital Outturn report which was reported to the Executive Board on 10 June 2014 at the following link or by Contacting the Director of Finance and Information Services:

http://goo.gl/HwAq4m

Council Tax

For 2013/14 the Council set a Band D Council tax of £1,159.14 (1.98% increase on 2012/13), rising to £1,380.10 when the precepts were added for the Police Service and Fire and Rescue Service. The level of band D Council Tax in Warrington is 8% below the average for other North West metropolitan and unitary authorities. During 2013/14 £72.8m of Council Tax was billed on behalf of Warrington Borough Council and 96.68% of Council Tax was collected.

Performance Commentary for 2013/14

Protect the Most Vulnerable

Over the past four years Warrington's Children and Young People's Services has undergone a radical transformation – from a notice to improve in 2009 to services which were rated as 'Good' in an Ofsted pilot inspection of 'Safeguarding and Services for Looked After Children' in January 2013. The Service has been widely praised for its innovative approaches and now plays a key role in regional sector led improvement initiatives. The Children and Young Peoples' Service was recently shortlisted for an award in the prestigious Local Government Chronicle Awards.

A recent Ofsted inspection of Warrington's Fostering Service found it to be 'Good'. Ofsted rated five service areas: overall effectiveness, quality of care, safeguarding children and young people, leadership and management, which were all given a 'Good' rating, and lastly outcomes for children and young people, which was rated 'Outstanding'. The Inspectors commented that the service is well-run by managers who have a clear understanding of priorities and who put the children and young people at the centre of their work.

The Council has continued to increase the number of adult users of social care services who receive self-directed support. This gives them greater choice and control over the services that they receive. 63% of adult social care service users are now in receipt of self-directed support.

The Council also provides re-ablement to people who are leaving hospital. These services are aimed at supporting people to regain their independence and continue to live an independent life, rather than being admitted into long term residential or nursing care. It also results in significant efficiency savings due to the reduction in care purchasing required. 90% of people who use the re-ablement service remain in their own homes 91 days after discharge from hospital.

There is robust monitoring of the residential, nursing, and domiciliary services that the council purchases or provides. The Care Quality Monitoring Team work closely with the Care Quality Commission (CQC) and key partners to respond to a broad range of intelligence and to target interventions where there are concerns. End of year statistics reinforce the Care Quality Team's impact on care quality and compare well with national benchmarks. 83% of care home providers and 84% of domiciliary providers are fully compliant with CQC standards. This work is underpinned by a strong and expanded dignity network which has shared and promoted good practice.

The Council took the responsibility for Public Health from the NHS during 2013/14. This was funded through the Public Health Grant of £10.052m (see note 21).

Support the Local Economy
The 'Warrington Means Business' programme is driving business growth and transformation across the Borough. The Borough's economic growth partnership 'Warrington & Co' is actively progressing the 'Warrington Means Business' key development priorities. This includes development and regeneration programmes for the Southern Gateway, Bridge Street Quarter, Stadium Quarter, the Cabinet Works and Warrington Waterfront. Last year Warrington announced regeneration projects totalling a value of over £450 million of which £210 million is underway.

There has been considerable development on the Omega sites which have attracted £217m investment since February 2013 and safeguarded or created 1,850 jobs. The council recently approved the facility for a £7.5 million loan to Omega Warrington Limited to fund new road and infrastructure works on the Omega South Site. The loan will facilitate development and encourage further economic investment and growth for Omega and for Warrington's economy as a whole. The loan is from the council's capital budget and has been made on full commercial terms.

In November/December 2013 a £400,000 programme of improvements to revitalise the Bridge Street Area was completed in readiness for the delivery of a £52 million regeneration project. This included new footways and kerbs, enhanced street lighting and landscaping.

On 3 March 2014 the Council and Langtree Land and Property PLC entered into an agreement to create a joint venture company (JVC) "Wire Regeneration Limited". The Council transferred land to the value of £2,401,114 and cash to the value of £1,302,756 for a total of £3,703,870, and was issued 3,703,870 £1 (A) Shares in the JVC. Langtree transferred land to the value of £3,703,870, and was issued 3,703,870 £1 (B) Shares in the JVC and any future profits will be shared equally. This investment is recorded as a long term investment on the Council's Balance Sheet.

The Council secured £1.5 million funding from the European Regional Development Fund for a new 50,000sq ft. Business Incubator which will occupy the site of the former Dallam Centre in Dallam Lane. The site sits at the heart of the council's ambitious £190 million Stadium Quarter project. A contractor has been appointed and work is expected to start in May 2014. This announcement follows the declaration made in January 2014 that a £10 million University Technical College will be built on the Stadium Quarter site.

The Council's Planning Service has been successful in securing 647 new homes for Warrington in 2013. This is the highest level recorded since 2008. This included 227 affordable homes - the second highest figure in the last five years. There has also been a significant increase in the amount of commercial floor space constructed across Warrington which supports local employment and economic activity.

The Council has been providing commercial loans to registered providers (RPs) to stimulate housing development in Warrington following the withdrawal of long term finance by banks after the 2008 banking crisis. Loan facilities of £140m have been provided to 3 RSLs in 2013/14. These loans are designed to help stimulate housing growth and support economic regeneration in the borough. The investments by the RSLs will also help to provide local employment.

The council set itself a target to place 37% of its procurement spend with local suppliers, and a programme of support was put in place to develop awareness and help local businesses to participate in the council's procurement processes. This target was met in 2013/14.

Figures released in November 2013 show that the number of 16-18 year olds not in education, employment or training (NEET) has reduced from 6.1% in March 2012 to 3.9% in October 2013. Warrington's Careers for Young People Service has been a major contributor to this success, working with local employers to provide careers advice and events. They have also worked with the National Apprenticeship Service to host events aimed specifically at employers for them to receive information and support about taking on an apprentice. The Council itself has taken on 48 apprenticeships over the last two years.

Help Build Strong and Active Communities

A project to improve educational facilities for children and young people with special educational needs achieved its first key milestone with the opening of Woolston Sixth Form College in February 2014. This is the first phase of the £8m Woolston Learning Village development and the project is on track to deliver new facilities for two local schools for September 2014.

Over the last three years the Council has pursued a programme of creating and developing community hubs. The new community hub at St. Werburgh's is now fully operational. The centre is housing the South Area Team and a group of volunteers are managing a variety of activities within it; which includes Mums and Tots, a luncheon club, chair based exercise, a library, coffee morning and an event group. Progress is also being made on the development of Whitecross Community Centre where a friends group is delivering social meetings, regular internet and community café sessions. In the Orford community hub a local enterprise is developing home cooks to work with residents and community groups on healthy eating.

The latest smoking prevalence figures from the lifestyles survey show that adult smoking rates in Warrington have declined from 20.4% in 2006 to 13% in 2013, which is substantially less than the national average which stood at 20% in 2011/12.

The Council has worked with its partners to target services into the most deprived areas and the 'Closing the Gap' project has focussed this year on reducing the impact of welfare reform. A pilot project was set up in Bewsey and Dallam (one of the most deprived areas in the borough) and a master plan has been put in place to drive improvements in the area. A detailed plan entitled 'Grey to Green' has been developed that sets out ten key projects which will support the development of a built environment for wellbeing.

The Council is successfully helping ‘troubled families’ to turn their lives around. This has involved working with partners to provide targeted whole-family support to get children out of trouble and into school, and unemployed parents into work. The government’s figures show that Warrington is working with more ‘troubled’ or ‘complex’ families than the national average and our success rate is almost one-third better than the national average.

Warrington Council’s mortgage scheme which was launched in 2011 was one of the first in the UK. It is aimed at supporting first time buyers who cannot afford high deposits required by commercial lenders. So far the scheme has helped 195 first-time buyers purchase properties in the borough of Warrington, with the Council underwriting up to £5.5m of the loans.

3. CORPORATE STRATEGY

The Council’s Corporate Strategy 2012-2015 sets out our values:

Closing the Gap

- We are committed to closing the inequalities gap that exists in Warrington between the most deprived communities and other areas
- We recognise that some areas and some individuals and families need more help than others
- In tackling this we will put residents at the heart of decision making
- We will work with partners to redesign services that are comprehensive and responsive to residents needs
- We are committed to promoting equalty of opportunity and respect for the diversity of everyone; in relation to the services we provide, our employment practices and the arrangements we enter into with our partners

Making the Council more open and transparent

- Being more proactive in telling you whats going on in your area
- Making the Council more open and accessible
- Making councillors more accountable to the people of Warrington all year round
- Learning from complaints, compliments and feedback
- Giving the people of Warrington more say about services and spend; and greater opportunity to influence council plans, policies and decisions
- Encouraging local businesses, smaller enterprises and the third sector to engage with us and to compete for council contracts
- Supporting people and communities to become more actively involved in the work of the Council

Living within our means

- Providing value for money and business like services

- Setting sustainable budgets
- Making tough but necessary budget decisions
- Spending money where need is greatest: improving outcomes for the most vulnerable
- Working with partners to understand the total cost of the services we provide to the people and communities of Warrington and reviewing the way we work to improve outcomes and deliver efficiencies
- Actively pursuing opportunities to work with our partners, existing and new, to deliver the most cost effective, value for money quality services and where we cannot do so to look for alternative means of provision

Warrington Council's Vision is to:

'Put the people of Warrington first – enabling them to thrive now and in the future'

To enable us to deliver this we strive to make best use of resources and assets available to us on our local communities to improve quality of life for the people of Warrington. We have made three pledges to our residents;

To protect the most vulnerable:

- By targeting our services to those at greatest risk
- Enabling disabled children and adults to choose their own care and support services
- Promoting better ways of working encouraging closer working between different professionals and across partner agencies

To support the local economy:

- By actively promoting Warrington as destination of choice
- By promoting Warrington as a place to invest
- Working with partners to develop training and employment opportunities
- Create employment opportunities for school leavers and promote apprenticeships
- Create a strong and vibrant town centre
- Increase the amount of money the Council spends with local businesses

To help build strong and active communities for all:

- Focussing support on those communities in greatest need, helping individuals and families to live as successful lives as possible
- Provide active leadership to all partners working towards good health and wellbeing for the people of Warrington
- Work in partnership to reduce crime and anti-social behaviour

- Encourage educational achievement and promote access to learning skills and employment
- Support an active voluntary sector and volunteering

4. EXPLANATION OF THE FINANCIAL STATEMENTS

The 2013/14 Statement of Accounts shows the core financial statements together with detailed disclosure notes followed by the supplementary statements. The core financial statements are:

The Movement in Reserves Statement (MIRS)
This shows the movement in Council reserves during the year, split between those reserves which are available for the Council to spend (usable reserves) and those that have been created to reconcile the technical and statutory aspects of accounting (unusable reserves).

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance 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.

The Comprehensive Income and Expenditure Statement (CIES)
Identifies the income and expenditure on all services the Council provides and brings together all the recognised gains and losses of the Council during the period 1 April 2013 to 31 March 2014.

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the performance against budget (outturn) which is monitored and managed all year (as detailed in Section 5 of the Foreword on pg. 12). The difference between the (Surplus) or Deficit on Provision of Services and the outturn is shown as the movement in the General Fund column on the Movement in Reserves Statement on the previous page.

The movement between the directorate outturn from the Foreword and the figures shown on the statement below are further detailed in Note 19 Amounts Reported for Resource Allocation Decisions.

The Balance Sheet
The Balance Sheet shows the value of the Council's assets and liabilities. The net assets of the Council are matched by the reserves (net worth) held by the Council. The Council's net worth increased by £13.547m. This is predominantly due to a decrease in the pension liability of £20.437m. The pension liability

decreased due to a change in long term pay growth assumption and strong asset returns. The net assets of the Council (assets less liabilities) are matched by the reserves (usable and unusable) held by the Council.

In year the Council's usable (cash backed) reserves increased by £2.985m, and included a transfer to earmarked reserves of £4.236m.

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

The Collection Fund
The Collection Fund reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

The Group Accounts
These consolidate the Council's financial position with that of the various companies that it controls or has significant influence over, to provide an overall picture of the Council's economic activity and exposure to risk.

The main accounting statements are inter-related. Total comprehensive income and expenditure is broken down in the movement in reserves statement between usable and non-usable reserves. These constitute the net worth of the Council in the balance sheet. The reasons for movements during the year in cash (and cash equivalent) balances held on the balance sheet are shown in the cashflow statement.

5. <u>REVENUE EXPENDITURE</u>

The CIES on page 21 sets out the cost of services that the Council provides in accordance with the requirements of published financial accounts. This does not completely align to the way in which financial information is provided for the internal management accounts. Set out below is the 2013/14 financial position in accordance with the Directorate management accounts structure, under which the Council operates, and the in-year financial monitoring information that is presented to officers and Members.

Directorate	Revised Budget £m	Actual Spend £m	Variance £m	Variance %
Resources & Strategic Commissioning	12.338	11.632	(0.706)	(5.7)
Families & Wellbeing: Children	36.510	37.503	0.993	2.7
Families & Wellbeing: Adults	55.989	55.050	(0.939)	(1.7)
Economic Regeneration, Growth and Environment	23.914	23.911	(0.003)	(0.0)
Corporate & Cross Cutting	15.102	15.348	0.246	1.6
Total	**143.853**	**143.444**	**(0.409)**	**(0.3)**

The revenue budget position for the year has presented a volatile picture this year with an original overspend of £5.5m forecast at Quarter 1. During the year the Council implemented many actions to mitigate an overspend and ensure a balanced budget could be reported. These included:

- Future years' savings proposals brought forward for earlier implementation in 2013/14 where possible, pending formal approval.
- Holding posts vacant throughout the year for services that are affected by savings in 2014/15.
- Continuing service redesign and vacancy management to reduce in year expenditure, although this does have an impact on capacity and service delivery.
- Ceasing or delaying non priority expenditure items in year.
- Generating additional and new income where possible (however the economic climate prohibits this in some areas). Some services have been successful in trading additional services in year and generating new income.

In October 2013 the Council implemented a corporate restructure which resulted in a reduction of one Directorate and a movement of some services across Directorates. This achieved a saving of £0.2m senior management costs for the year.

The savings target for the year was £13.892m. At the end of the year the target had been met with 83% of savings being achieved via the original means. Some savings proposals were delayed as a result of formal consultation or approval and will be carried over into 2014/15. There has been much media speculation over the past 12 months about the extent of the cuts the public sector is facing and a risk that some Councils might go bankrupt as a result. The Council has robust monitoring systems in place to ensure it is able to offset its liabilities and maintain a sustainable financial position.

Much assurance is provided to Members and residents that the Council is a going concern through regular reporting at Scrutiny Committee and Executive Board. In terms of the Council's ability to fund its liabilities the liquidity ratio at the end of the year is 1.2:1. This means that the Council has enough current assets to cover all its current liabilities (eg creditors) and also has 20% extra cover. This demonstrates that the Council is solvent and, therefore, is a going concern.

The Council has experienced significant pressures in year however and has worked to identify mitigating savings and cost reduction initiatives to offset these. Pressures encountered during the year include:

- Significant costs arising from children's and adult's social care legacy placements and decisions. The impact of such placements and decisions could not be anticipated on current budgets at the time as services provided as much as a decade ago have fundamentally changed from those provided within the current climate.
- Impact on the generation and collection of income through rentals, fees and charges as a result of the current economic situation.
- The continuing demand for services especially within high profile and media spotlight areas as a result of changes to legislation and inspection following previous failings across the country e.g. Baby Peter, Claire's Law etc.

DIRECTORATE RESULTS

Resources and Strategic Commissioning

The Directorate is reporting an underspend of £0.706m. The Directorate has ambitious savings targets for 2014/15 relating to redesign and restructuring of services. As a result it has been holding vacancies during the year where staff have left in anticipation of next year's savings targets. The Directorate has been quite successful in trading its services, especially Benefits and HR, and has generated external income as a result.

Families and Wellbeing - Children

The Directorate is reporting overspend of £0.993m. This is a net position and includes an overspend of £2.471m for the continuing number and value of external children's agency placements being significantly above budget levels for a number of years. As a result a pressure of £2.5m was included in the 2014/15 budget to mitigate this, however the demand for new placements results in a very volatile budget to manage and this will be closely monitored in 2014/15 to ensure this can be contained. The overspend is almost all offset by underspends from staff savings within the Directorate, transport savings and savings relating to proposals included in the 2014/15 MTFP that are being planned in advance.

Schools

The Council's expenditure on schools and education is predominantly funded by grant monies provided by the Government through the Dedicated Schools Grant (DSG). (Sixth form funding derives from a separate specific funding allocation).

The DSG is ring-fenced and can only be used to cover either schools' expenditure or specific central education services provided by the Council. The Council underspent on its DSG in 2013/14 by £1.441m, mainly as a result of reduced costs of Additional Educational Support (specialist provision outside the Authority, and local one-to-one support), reduced maternity costs and carried-over growth contingencies agreed locally. This underspend represented 0.92% of Warrington's total DSG. Further details can be found in Note 20.

At the end of 2012/13 school balances for Warrington maintained schools totalled £6.513m, while at the end of 2013/14 the aggregate of balances totalled £5.851m.

During 2013/14 Penketh High School and Birchwood Community High School transferred to Academy status. This resulted in asset totalling £20.036m transferring from the Council's Balance Sheet together with a reduction in DSG of £30.472m.

Families and Wellbeing - Adults

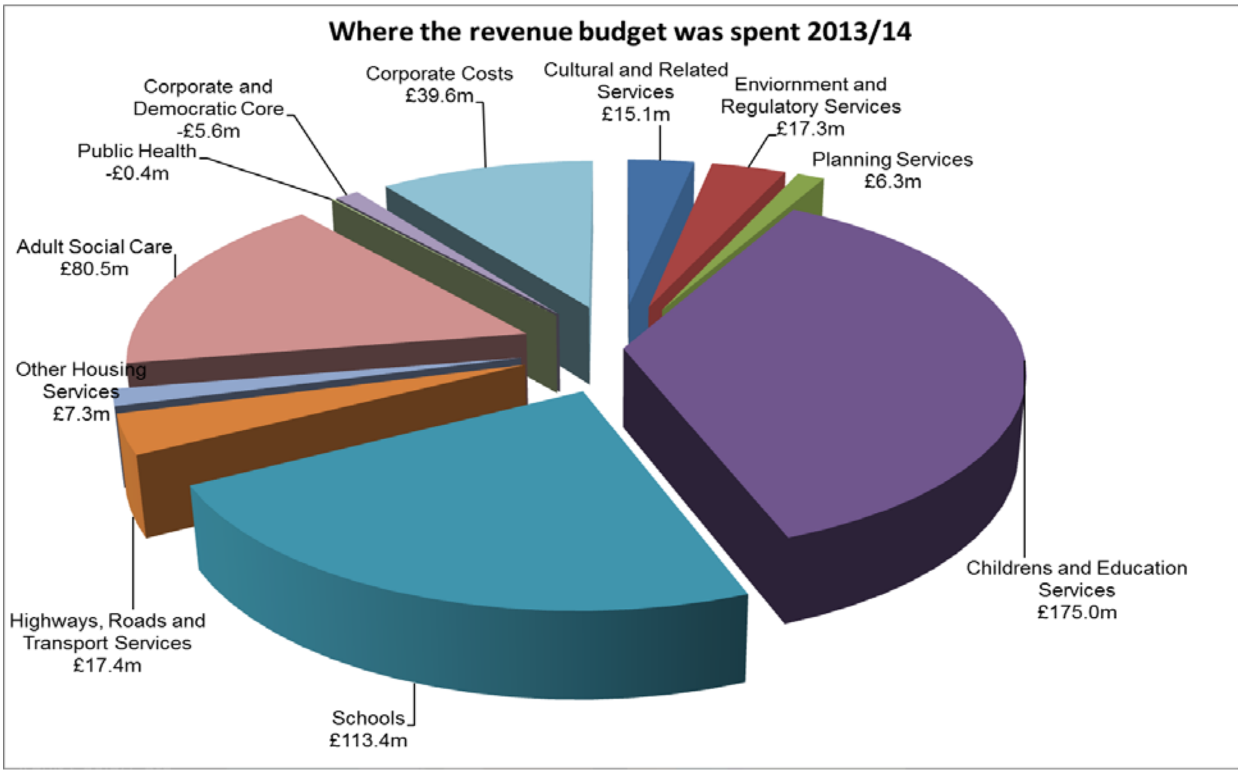
The Directorate is reporting an underspend of £0.939m. The out-turn is a net position and includes overspends of £1.763m, that relates to the high cost of transitional care of children becoming adults. This pressure is unable to be mitigated within the Directorate and is being funded through the MTFP in 2014/15. Within the Directorate extensive periods of consultation and lead-in time to achieve the 2013/14 MTFP savings target have been undertaken to ensure the proposals are legally and financially robust and this has resulted in delays in achieving full year targets. These pressures were offset via the use of underspends in other areas of the General Fund. The Public Health Service transferred into the Directorate from 1 April 2013 with a £10.052m budget.

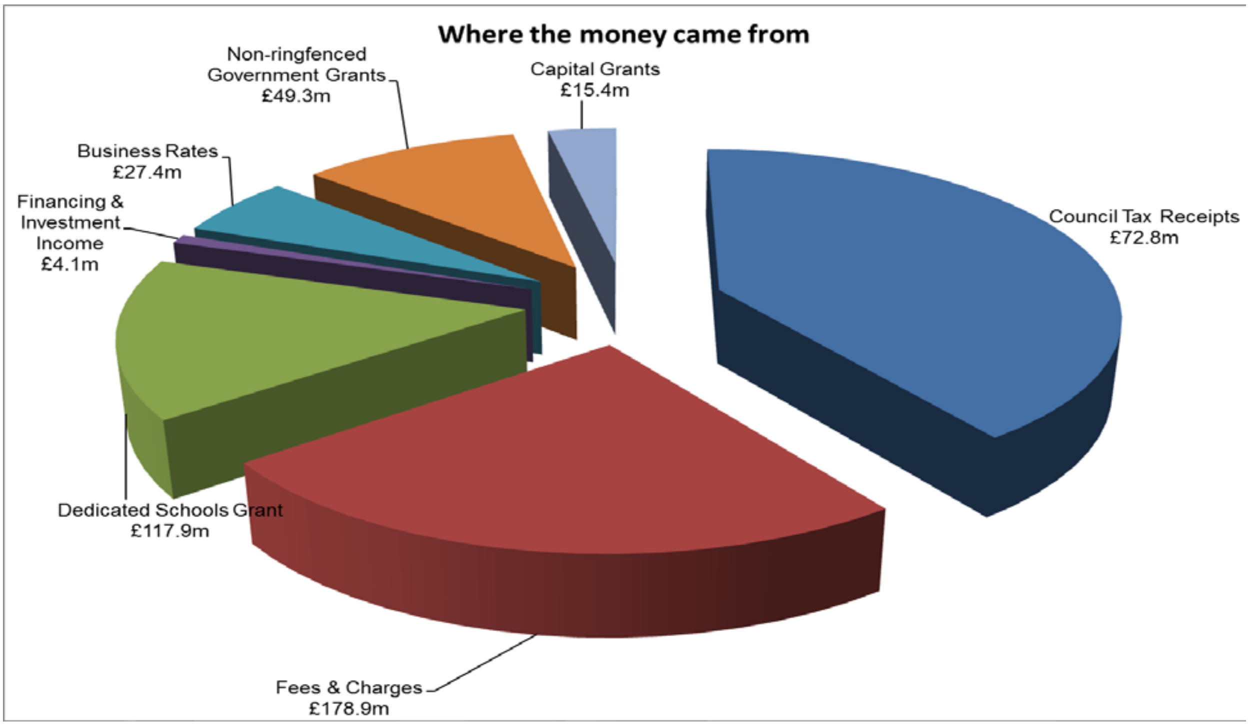
Economic Regeneration, Growth and Environment

The Directorate is reporting a balanced outturn (£0.003m underspend). The Directorate continue to experience significant overspends on income targets as a result of the current economic climate, with a shortfall of around £1.125m for the year. This has been managed by reduced employee costs and vacancy savings across the Directorate, additional income in other areas and a reduction in contract payments following a robust review of contracts.

Corporate and Cross Cutting

The service is reporting an overspend of £0.246m. During the year an underspend has been forecast on the Housing Benefit subsidy paid to the Council by Government to fund Housing benefit payments made. This subsidy amounts to around £60m p.a. and is a very volatile and unpredictable budget to manage. At the end of the year the subsidy outturn is around £1.5m (2.5%) less than expected and as a result the service is reporting a provisional overspend.





6. CAPITAL PROGRAMME

The Council manages its capital investment plans through its capital programme. For 2013/14 the Council, set an ambitious programme with a great emphasis being on regeneration. The approved budget and capital outturn position together with their funding can be seen in the tables below:

2013/14 Capital Programme	2013/14 Revised Budget £m	2013/14 Outturn £m	2013/14 Variance £m	% Spent
Families & Wellbeing	16.887	16.686	(0.201)	99%
Resources & Strategic Commissioning	6.045	3.614	(2.431)	60%
Economic Regeneration, Growth & Environment	20.629	13.474	(7.155)	65%
2013/14 Capital Programme (excluding Invest to Save)	**43.561**	**33.775**	**(9.786)**	**78%**
Invest to Save Programme	150.808	9.238	(141.570)	6%
2013/14 Invest to Save Programme	**150.808**	**9.238**	**(141.570)**	**6%**
Total 2013/14 Capital Programme	**194.369**	**43.013**	**(151.356)**	**22%**

2013/14 Capital Programme Funding	2013/14 Actual Funding £m
Unsupported Borrowing	20.024
Capital Grants and Reserves	15.980
Capital Receipts	4.742
Revenue Funding	2.059
External Funding	0.208
2013/14 Capital Programme Funding	**43.013**

The table above summarises the 2013/14 capital programme budget variances. The actual level of capital expenditure for 2013/14 was £43.013m which equates to 22% of the revised budget. The major variance is due to the Invest to Save schemes (schemes the Council invests in to generate a saving to the Council). If Invest to Save schemes are excluded, the programme spend was 78%. The financing of the capital programme shows the major funding source was Prudential Borrowing and Government grants and contributions.

The Invest to Save programme spent at 6% of budget. However, if committed spend is included this rises to 79%. The £140m of loans granted to Housing Registered Providers (RPs) in 2013/14 are committed spend as opposed to actual spend, as the facilities have yet to be drawn down.

As can be seen from above there was a variation between forecast capital programme and the final outturn. The majority of the expenditure will, however be reprofiled into 2014/15 together with the financing and does not therefore present any financial issues for the Council to address.

Capital expenditure of £43.013m was incurred in 2013/14 on a number of key capital projects. Some of the main highlights included:

- Primary Schools – Total Spend £9.166m
- Secondary Schools – Total Spend £0.580m
- Special Schools – Total Spend £3.801m
- Other Schools -- Total Spend £0.231m
- Social Care – Total Spend £0.473m

- Culture, Leisure & Community – Total Spend £1.664m
- Transportation – Total Spend £8.292m
- ICT – Total Spend £1.611m
- Invest To Save – Total Spend £9.216m
- Housing – Total Spend £2.027m
- Environment & Regeneration – Total Spend £4.727m

Updates on individual capital programme schemes including a detailed explanation of variances can be found in the Capital Outturn report which was reported to the Executive Board on 10 June 2014 at the following link or by Contacting the Director of Finance and Information Services:

http://goo.gl/04H9F5

7. **BALANCE SHEET**

The Council's net worth increased by £13.547m. This is predominantly due to a decrease in the pension liability of £20.437m.

8. **RECEIPT OF FURTHER INFORMATION**

If you would like to receive further information about these accounts, please do not hesitate to contact me at 5th Floor, Resources & Strategic Commissioning Directorate, New Town House/Quattro, Buttermarket Street, Warrington or e-mail me directly at **lgreen@warrington.gov.uk**.

Lynton Green CPFA
Director of Finance and Information Services

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Chief Finance Officer's Responsibilities

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

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

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Local Authority Code

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

The Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Signed

Dated 26th September 2014

Lynton Green CPFA

Director of Finance and Information Services

Movement in Reserves Statement for the Year Ended 31 March 2014	Note(s)	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves of the Authority £'000
Balance as at 31 March 2012		**1,282**	**32,534**	**-**	**2,021**	**11,392**	**47,229**	**275,660**	**322,889**
Movement in Reserves during the year									
Restated Surplus or (deficit) on provision of services	**CIES**	(66,104)	-	-	-	-	**(66,104)**	-	**(66,104)**
Other Comprehensive Income and Expenditure									
Surplus or (deficit) on revaluation on non-current assets	**37**	-	-	-	-	-	**-**	1,117	**1,117**
Restated Actuarial gains or (losses) on pensions reserve	**36**	-	-	-	-	-	**-**	(35,773)	**(35,773)**
Total Comprehensive Income and Expenditure		**(66,104)**	**-**	**-**	**-**	**-**	**(66,104)**	**(34,656)**	**(100,760)**
Restated Adjustments between accounting basis & funding basis under regulations	**6**	66,451	-	-	(2,021)	1,010	**65,440**	(65,440)	**-**
Net Increase or (Decrease) before Transfers to Earmarked Reserves		**347**	**-**	**-**	**(2,021)**	**1,010**	**(664)**	**(100,096)**	**(100,760)**
Transfers (to) or from Earmarked Reserves	**7**	(336)	336	-	-	-	**-**	-	**-**
Increase or (Decrease) in Year		**11**	**336**	**-**	**(2,021)**	**1,010**	**(664)**	**(100,096)**	**(100,760)**
Balance as at 31 March 2013		**1,293**	**32,870**	**-**	**-**	**12,402**	**46,565**	**175,564**	**222,129**
Movement in Reserves during the year									
Surplus or (deficit) on provision of services	**CIES**	(35,417)	-	-	-	-	**(35,417)**	-	**(35,417)**
Other Comprehensive Income and Expenditure							**-**		
Surplus or (deficit) on revaluation of non-current assets	**37**	-	-	-	-	-	**-**	15,283	**15,283**
Surplus or (deficit) on revaluation of financial assets	**37**	-	-	-	-	-	**-**	4,873	**4,873**
Actuarial gains or (losses) on pensions reserve	**36**	-	-	-	-	-	**-**	28,808	**28,808**
Total Comprehensive Income and Expenditure		**(35,417)**	**-**	**-**	**-**	**-**	**(35,417)**	**48,964**	**13,547**
Adjustments between accounting basis & funding basis under regulations	**6**	40,062	-	588	-	(2,248)	38,402	(38,402)	-
Net Increase or (Decrease) before Transfers to Earmarked Reserves		**4,645**	**-**	**588**	**-**	**(2,248)**	**2,985**	**10,562**	**13,547**
Transfers (to) or from Earmarked Reserves	**7**	(4,236)	4,236	-	-	-	-	-	-
Increase or (Decrease) in Year		**409**	**4,236**	**588**	**-**	**(2,248)**	**2,985**	**10,562**	**13,547**
Balance as at 31 March 2014		**1,702**	**37,106**	**588**	**-**	**10,154**	**49,550**	**186,126**	**235,676**

Comprehensive Income and Expenditure Statement as at 31 March 2014

2012/13 Gross Expenditure £'000	2012/13 Gross Income £'000	2012/13 Net Expenditure £'000		Note(s)	2013/14 Gross Expenditure £'000	2013/14 Gross Income £'000	2013/14 Net Expenditure £'000
88,524	(78,411)	10,113	Central Services to the Public		76,608	(69,687)	6,921
25,001	(3,669)	21,332	Cultural and Related Services		16,662	(3,011)	13,651
20,351	(5,277)	15,074	Enviornment and Regulatory Services		20,108	(5,178)	14,930
6,350	(3,502)	2,848	Planning Services		7,988	(4,776)	3,212
215,403	(170,497)	44,906	Childrens and Education Services		195,517	(148,322)	47,195
20,810	(3,462)	17,348	Highways, Roads and Transport Services		19,138	(3,324)	15,814
10,348	(2,427)	7,921	Other Housing Services		8,667	(1,825)	6,842
83,933	(31,715)	52,218	Adult Social Care		85,844	(32,674)	53,170
-	-	-	Public Health		7,895	(8,911)	(1,016)
4,648	(45)	4,603	Corporate and Democratic Core		4,163	(911)	3,252
(168)	-	(168)	Non-Distributed Cost		(1,664)	-	(1,664)
475,200	**(299,005)**	**176,195**	**Cost of Services**		**440,926**	**(278,619)**	**162,307**
		53,012	Other Operating Expenditure	**9**			25,824
		9,998	Restated Financing & Investment Income & Expenditure	**10**			11,612
		(173,101)	Taxation and Non-Specific Grant Income	**11**			(164,326)
		66,104	**(Surplus) or Deficit on Provision of Services**				**35,417**
		(1,117)	(Surplus) or Deficit on revaluation of non-current assets	**37**			(15,283)
		-	(Surplus) or Deficit on revaluation of financial assets	**37**			(4,873)
		35,773	Restated Remeasurement of the net defined benefit liability	**36**			(28,808)
		34,656	**Other Comprehensive Income and Expenditure**				**(48,964)**
		100,760	**Total Comprehensive Income and Expenditure**				**(13,547)**

Balance Sheet as at 31 March 2014

	Notes	31st March 2013 £000	31st March 2014 £000
Property, Plant & Equipment	**22**	424,084	423,860
Heritage Assets	**23**	13,652	14,227
Investment Property	**24**	37,328	33,845
Intangible Assets	**25**	1,581	948
Long Term Investments	**38**	1,038	17,290
Long Term Debtors	**28**	43,067	45,217
Long Term Assets		**520,750**	**535,387**
Assets Held for Sale	**29**	1,669	-
Short Term Investments		2,174	115
Inventories		771	940
Short Term Debtors	**30**	39,440	29,958
Cash and Cash Equivalents	**31**	8,336	32,668
Current Assets		**52,390**	**63,681**
Cash and Cash Equivalents	**31**	(6,674)	(3,559)
Short Term Borrowing	**38**	(2,365)	(12,336)
Short Term Creditors	**32**	(28,349)	(33,551)
Provisions	**33**	(1,187)	(3,049)
Current Liabilities		**(38,575)**	**(52,495)**
Long Term Creditors	**32**	(5,012)	(4,714)
Grants Receipts in Advance - Capital		(326)	(352)
Grants Receipts in Advance - Revenue		(13,361)	(12,971)
Provisions	**33**	(934)	(1,235)
Long Term Borrowing	**38**	(122,961)	(142,220)
Other Long Term Liabilities	**36**	(169,842)	(149,405)
Long Term Liabilities		**(312,436)**	**(310,897)**
Net Assets		**222,129**	**235,676**
Usable Reserves	**8**	46,565	49,550
Unusable Reserves	**37**	175,564	186,126
Total Reserves		**222,129**	**235,676**

Cash Flow Statement as at 31 March 2014

2012/13 £'000		Note(s)	2013/14 £'000
66,104	Net (surplus) or deficit on the provision of services		35,417
(79,972)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**40**	(75,558)
33,689	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	**40**	22,962
19,821	**Net Cash Flows from Operating Activities**		**(17,179)**
(5,304)	Investing Activities	**41**	18,871
(3,026)	Financing Activities	**42**	(29,139)
11,491	**Net (increase) or decrease in cash and cash equivalents**		**(27,447)**
(13,153)	Cash and cash equivalents at the beginning of the reporting period		(1,662)
(1,662)	**Cash and cash equivalents at the end of the reporting period**	**31**	**(29,109)**

Notes to the Single Entity Financial Statements

1 Statement of Accounting Policies

There has been one change of note to existing accounting policies following adoption by the 2013/14 Code of changes to IAS 19 Employee Benefits. The amendments include new classes of components of defined benefit cost to be recognised in the financial statements. These are re-measurements of the net defined benefit liability/(asset) and net interest on the net defined benefit liability/(asset). There has also been an amendment to the recognition criteria for past service cost and termination benefits.

The adoption of the changes to IAS 19 have not had a material impact on the accounts and does not require the publication of a third Balance Sheet at the beginning of the earliest comparative period. Disclosure to this effect is included in the Changes to Accounting Policies (Accounting Policy II). However re-statement of the 2012/13 figures is required. The Council's actuary Hymans Robertson has provided revised figures to enable restatement of the 2012/13 comparatives.

There have also been amendments to IAS 1 Presentation of Financial Statement which have been adopted by the Code. The amendments require separate disclosure of gains and losses reclassifiable into the Surplus or Deficit on the Provision of Services if there are any. This is only expected to affect gains and losses on Available for Sale assets. The gain or loss on this reserve will be entirely insignificant therefore this change to IAS 1 does not currently affect this Council.

The accounting policy on acquisitions has been expanded to document the statutory transfer of Public Health responsibilities from 1 April 2013. The transfer will be accounted for as an acquisition in accordance with section 2.5.2.1 of the Code.

The following accounting policies have been deleted from the 2012/13 accounting policies. This is due to either they are deemed to be immaterial or no longer applicable to the accounts (e.g. Landfill Allowances Trading Scheme ended on 31 March 2013):

- Intangible Assets
- Inventories and Long Term Contracts
- Minimum Revenue Provision
- Landfill Allowances Trading Scheme (LATS)
- Foreign Currency Transactions
- Carbon Reduction Commitment Scheme
- Warrington Sports Holdings Limited

1.1 New Accounting Policies

There are no new accounting policies adopted by the 2013/14 Code affecting the Council however there has been the following changes:

- To aid users understanding, an accounting policy has been included to describe the way the Council accounts for its share of Council Tax and Business Rates.

- A new paragraph has been added to General Principles (section 1.1) to highlight that materiality has been used to determine appropriate disclosures to be made. Work is progressing to remove non-material notes from the 2013/14 Statement of Accounts. As a consequence of this a number of accounting policies are proposed for removal.

The full list of Accounting Policies can be found at Annexe A

2 Accounting Standards that have been issued but have not yet been adopted

Accounting Standards that have been issued before 1 January 2014 but not yet adopted by the Code. If these had been adopted for the financial year 2013/14 there would be no material changes as detailed below:

IFRS 10 – Consolidated Financial Statements - This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. No changes to current consolidation of Warrington Borough Transport are expected.

IFRS 11 – Joint Arrangements - This standard addresses the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition proportionate consolidation can no longer be used for jointly controlled entities. The Council have one Joint venture in Wire Regeneration Limited but this is not expected to be material.

IFRS 12 – Disclosures of Interests in Other Entities - This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. Further disclosure is required for Wire Regeneration Limited but this will not be material.

IAS 27 – Separate Financial Statements & IAS 28 – Investments in Associates and Joint Ventures - These statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there would be no changes in the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact as a result of changes in IAS 27 and IAS 28.

IAS 32 – Financial Instrument Presentation - The Code references to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore no further disclosure is required.

IAS 1 - Presentation of the Financial Statements - The changes clarifies the disclosure requirements in respect of comparative information of the preceding period. The Statement of Accounts fully discloses comparative information for the preceding period therefore these changes will not have a material impact on the Statement of Accounts.

3 Critical Judgements in Applying Accounting Policies

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

Leases. Based on IAS17 (Leases) and IFRIC 4 (determining whether an arrangement contains a lease) the Council has determined the treatment of its leases into operating and finance leases. These judgements have been decided on the professional opinion of the Council's Valuers and Accountants and are approved by the Fixed Assets Sub Group. The relevant accounting policy is applied based on the outcome of the assessment. Details of judgement applied to leases can be found in note 36 to the accounts.

Private Finance Initiative. The Council is deemed to control the services provided under the Private Finance Initiative (PFI) agreement for 105 social houses in Anson & Blenheim Close and 38 self-contained flats at John Morris House. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and are recognised as Property, Plant and Equipment on the Council's Balance Sheet. This judgement was made by Finance staff and Valuers and independently assured by PricewaterhouseCoopers. PFI assets are valued at £7.208m and are recognised as Property, Plant and Equipment on the Council's Balance Sheet. Further details of how this judgement has been applied can be found in note 34 to the accounts.

Investment properties have been estimated using the identifiable criteria under IAS40 of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which is subject to interpretation.

Group Accounts boundaries have been determined in accordance with the Code and the Group Accounts in Local Authorities: Practitioners' Workbook. In line with the Code, Warrington Borough Transport, Wire Regeneration Limited, LiveWire and Culture Warrington have been found to be immaterial to the single entity financial statements and can be excluded from the Group Accounts. However, Warrington Borough Transport is a wholly owned subsidiary for which the Council is the sole shareholder and as such has been consolidated into the Group Accounts. The Council does not have an investment in either LiveWire or Culture Warrington and these have therefore been excluded from the Group Accounts.

Contingent Assets and Liabilities. In deciding whether the Council's exposure to possible losses is to be accounted for as a provision or a contingent liability, a contingent liability decision tree has been used by the Council's professional Finance and Legal staff.

Warrington Sports Holdings. The Council has an investment of 22,222 shares valued at £1.65m representing at 15.66% shareholding in Warrington Sports Holding Ltd (WSHL). It has been determined that the Council does not have control of the company and it is not a subsidiary of the Council. As the fair value of the shares cannot be easily determined due the shares having no quoted market price in an active market, the fair value of the investment has been taken from the net asset value of WSHL, which is £9.7m, plus the greatest value of the tax loss of £914k which totals a valuation of around £10.6m. Warrington has 15.66% of the shares so the Council's share of the value of £10.6m is £1.650m (as detailed in a report and correspondence of Capita Treasury Services).

Grants. The Council exercises judgement to determine whether the conditions of grant and contribution monies received have been met before recognising them as income in the Comprehensive Income and Expenditure Statement. Where conditions require specified expenditure to have taken place, the grant monies will not be recognised until this happens. Equally, where conditions specify that a grant or contribution must be repaid in the event of non-expenditure, the income is not recognised until the expenditure is incurred.

Property Assets. The Council has determined that there have been no material changes in the value of the Council's property assets from the current carrying values on the Balance Sheet at 31 March 2014 other than those identified in the revaluations that have taken place during the year based on professional research and publication of index of yields. When such a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of the Valuers assumptions and estimates in accordance with the RICS Valuation Standards "The Red Book".

Valuations. All valuations are undertaken by qualified members of the RICS who are also RICS Registered Valuers.

Componentisation. In determining the significant components of Property, Plant and Equipment assets and their related useful lives for depreciation purposes the Componentisation Policy contained with the Accounting Policies section of the accounts has been used.

Future financial climate. There is a high degree of uncertainty about future levels of funding for Local Government. The Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Schools. The accounting treatment for schools non-current assets is currently open to interpretation. CIPFA/LASAAC consulted on a proposed accounting treatment, however found the results to be inconclusive and the current guidance is to refer back to LAAP 88. LAAP 88 refers to the Code's definition of an asset and this is where the treatment becomes open to interpretation.

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The Council has 42 Community Schools. In accordance with the 2013/14 Code's definition of an asset the Council has determined that it would receive future economic benefit from these assets and therefore they have been included in the Council's Balance Sheet as part of Property, Plant and Equipment.

The Council has 35 Voluntary Aided (VA) Schools. The Council has determined that it would not receive future economic benefits from these assets and therefore these assets are not included in the Council's Balance Sheet. The Council carries all Non Voluntary Aided High Schools as Property, Plant and Equipment on its Balance Sheet at 31 March 2014.

When a school that is held on the Council's balance sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration, on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

Termination Benefits. Provisions on termination benefits are consistent with current communicated plans.

Local Authority Mortgage Scheme. The Council has recorded Local Authority Mortgage Scheme expenditure as capital expenditure in the accounts. This is in accordance with regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Section (1) (c) of the regulation defines that "the giving of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the Council, be capital expenditure shall be treated as being capital expenditure."

Minimum Revenue Provision (MRP) is not charged against the Golden Square lease. A long term debtor has been created with repayments charged against the debtor. The repayments are charged over the 200 year period of the lease, with the largest repayments occurring in the latter years. MRP is also not charged against the Local Authority Mortgage Scheme cash backed deposit. The future debt liability will be met from the capital receipt which will be released after a 5 year period when the deposit matures. Any repossession losses against the scheme will be charged to the LAMS reserve. MRP is also not charged on loans to Registered Providers. The debt liability is met from the yearly capital receipt generated.

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

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. Hymans Robertson actuaries are contracted to provide the Council with the estimate of the net liability.

During 2013/14 the Council's actuaries advised that the net pension liability had decreased by £20.437m as a result of updating of the assumptions.

The pension liability and reserve will vary should any of the assumptions prove inaccurate. The table below gives examples of the impact on the Council from changing assumptions.

Change in assumptions at year ended 31 March 2014:	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
0.5% decrease in Real Discount Rate	10%	65,563
1 year increase in member life expectancy	3%	19,307
0.5% increase in the Salary Increase Rate	3%	21,196
0.5% increase in the Pension Increase Rate	7%	43,595

Accruals and provisions
The accounts of the Council are prepared on an accruals basis meaning that the sums due to or from the Council during the year are included in the accounts, whether or not the cash has actually been received or paid in the year in question. Accruals may be made on exact amounts where invoices, although not received in time to be processed in the correct year, are received in time to inform the amount provided for. Where it is known that amounts are due to or from the Council relating to the current year, but no exact information is available to inform this, an estimate of the amounts has to be made.

If the amount estimated is different to the eventual invoice amount, the value of debtor and creditor balances included in the Balance Sheet will not have been correct and there will be a knock on effect of under or over provision in the following year's Comprehensive Income and Expenditure Statement as the balances are written out. Many of the Council's accruals are based on invoiced amounts, but some are based on estimated data.

A liability that becomes apparent in the financial year as a result of a past event and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation, results in a provision being made rather than an accrual. Provisions are different to accruals in that they are of uncertain timing or amount as to when they will be discharged, but a charge is still made to the Comprehensive Income and Expenditure Statement in the year. Depending on the certainty of the amount provided for, there is a risk that it may be insufficient and further amounts may need to be charged when the actual payment is made.

Conversely, if the actual payment is less, the over provided amount is credited back to the Comprehensive Income and Expenditure Statement in the year the liability is discharged.

Details of the provisions, totalling £4.284m at 31 March 2014 are given in Note 33. The best estimate amounts provided for are based on the professional opinion of the officer best placed to make it.

If the outflow of resources is only possible rather than probable, then no estimated charge is made to the accounts until the circumstances change, only narrative disclosure is made in the Contingent Liabilities note.

Valuations and depreciation charges
Professional opinions of the values of land and buildings are made by the Estates Service and estimates of the useful lives of property, plant and equipment are made by the relevant officers who have knowledge of such issues based on their professional judgement e.g. useful lives of properties are provided by in-house RICS qualified valuers. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

The present pressure on public sector expenditure could potentially have implications for the useful economic lives of the Council's property due to reduced spending on repairs leading to a decline in the condition of its buildings. There is no evidence that the estimated economic lives are being materially affected at this time, but this issue will be monitored.

The Council revalues its assets on a five year rolling cycle. It is possible that property values could fluctuate considerably within this five year timeframe.

These values and the useful economic lives impact on the depreciation, impairment and revaluation charges that are made to services for usage of the assets in question as well as the carrying value of the assets. Depreciation and impairment charges totalled £10.561m and net revaluation losses charged were £9.698m in 2013/14. These charges do not, however, impact on the General Fund Balance as they are reversed out under the statutory mitigation provisions.

Debt Impairment Allowance
At 31 March 2014 the Council had a balance of debtors of £87.480m. A review of significant balances suggested that an impairment of doubtful debts of £12.984m was appropriate. Net debtors balance at 31 March 2014 was £74.496m as shown in notes 28 & 30. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Insurance Reserve
The insurance reserve holds funding set aside to meet the cost of future potential insurance claims. The amount set aside is based on an annual independent review. However, an increase in the anticipated level of insurance claims could result in insufficient funds being set aside to meet the cost of claims.

Private Finance Initiative (PFI)

The Council's two PFI schemes have been considered to have an implied finance lease within the agreements. In reassessing the leases the Council has estimated the implied interest rate within the leases to calculate interest and principal payments. In addition the future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract.

Warrington Sports Holdings Ltd

The Council's shareholding in Warrington Sports Holding Ltd remains at 15.66% as at 31 March 2014. A firm of financial experts and valuers were engaged by the Council to provide an independent valuation. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised. These shares are carried in the accounts at £1.65m at 31 March 2014.

Business Rates

Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2012/13 earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2014. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2014.

5 Events After the Balance Sheet Date

During the period after the presentation of the June accounts to Members to the final sign off for the September Governance meeting, three registered providers have drawn down £27m from the loan facilities previously approved as part of the Council's Capital Programme.

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.

2013/14	Note(s)	Usable Reserves General Fund Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account						
Reversal of items debited or credited to the CIES						
Charges for depreciation and impairment of non-current assets	22	(10,561)	-	-	-	10,561
Revaluation loss on PPE	22	(9,698)	-	-	-	9,698
Amortisation of intangible assets	25	(748)	-	-	-	748
Movements in the market value of investment properties	24	(1,573)	-	-	-	1,573
Revenue expenditure funded from capital under statute	27	(4,926)	-	-	-	4,926
Carrying amount of non-current assets sold	22,24 &29	(29,444)	-	-	-	29,444
Insertion of items not debited or credited to the CIES						
Statutory provision for the financing of capital investment	27	4,381	-	-	-	(4,381)
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the CIES	8	13,302	-	-	(13,302)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	8	2,698	-	-	15,550	(18,248)
Adjustments involving the Capital Receipts Reserve						
Use of the Capital Receipts Reserve to finance new capital expenditure	27	-	4,740	-	-	(4,740)
Proceeds from sale of non-current assets	8	5,293	(5,293)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	8	-	(35)	-	-	35
Adjustments involving the Financial Instruments Adjustment Account						
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	37	(93)	-	-	-	93
Adjustments involving the Pensions Reserve						
Reversal of items relating to retirment benefits debited or credited to the CIES	36	(23,745)	-	-	-	23,745
Employer's pensions contributions and direct payments to pensioners payable in the year	36	15,374	-	-	-	(15,374)
Adjustments involving the Collection Fund Adjustment Account						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	37	(914)	-	-	-	914
Adjustments involving the Unequal Pay Back Pay Adjustment Account						
Amount by which amounts charged for Equal Pay claims to the CIES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	37	197	-	-	-	(197)
Adjustments involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to short-term compensated absences	37	395	-	-	-	(395)
Total Adjustments		**(40,062)**	**(588)**	**-**	**2,248**	**38,402**

2012/13	Note(s)	Usable Reserves Restated General Fund Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Restated Movement in Unusable Reserves £'000
<u>Adjustments involving the Capital Adjustment Account</u>						
Reversal of items debited or credited to the CIES						
Charges for depreciation and impairment of non-current assets	22	(12,271)	-	-	-	12,271
Revaluation loss on PPE	22	(12,745)	-	-	-	12,745
Amortisation of intangible assets	25	(723)	-	-	-	723
Movements in the market value of investment properties	24	(542)	-	-	-	542
Revenue expenditure funded from capital under statute	27	(5,889)	-	-	-	5,889
Carrying amount of non-current assets sold	22,24 &29	(54,439)	-	-	-	54,439
Insertion of items not debited or credited to the CIES						
Statutory provision for the financing of capital investment	27	2,969	-	-	-	(2,969)
<u>Adjustments primarily involving the Capital Grants Unapplied Account</u>						
Capital grants and contributions unapplied credited to the CIES	8	16,608	-	-	(16,608)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	8	4,052	-	-	17,619	(21,671)
<u>Adjustments involving the Capital Receipts Reserve</u>						
Use of the Capital Receipts Reserve to finance new capital expenditure	27	-	3,252	-	-	(3,252)
Proceeds from sale of non-current assets	8	3,080	(3,080)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	8	-	(172)	-	-	172
<u>Adjustments involving the Financial Instruments Adjustment Account</u>						
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	37	(63)	-	-	-	63
<u>Adjustments involving the Pensions Reserve</u>						
Restated Reversal of items relating to retirment benefits debited or credited to the CIES	36	(21,647)	-	-	-	21,647
Employer's pensions contributions and direct payments to pensioners payable in the year	36	15,076	-	-	-	(15,076)
<u>Adjustments involving the Collection Fund Adjustment Account</u>						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	37	(31)	-	-	-	31
<u>Adjustments involving the Unequal Pay Back Pay Adjustment Account</u>						
Amount by which amounts charged for Equal Pay claims to the CIES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	37	-	-	-	-	-
<u>Adjustments involving the Accumulating Compensated Absences Adjustment Account</u>						
Adjustments in relation to short-term compensated absences	37	114	-	-	-	(114)
Total Adjustments		**(66,451)**	**-**	**2,021**	**(1,010)**	**65,440**

7 Transfers To/From Earmarked Reserves

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

	Balance at 31 March 2012 £'000	Transfers out 2012/13 £'000	Transfers in 2012/13 £'000	Balance at 31 March 2013 £'000	Transfers out 2013/14 £'000	Transfers in 2013/14 £'000	Balance at 31 March 2014 £'000	Purpose of Reserve
Schools								
School Balances	5,080	(5,080)	6,513	6,513	(6,513)	5,851	5,851	
School Loans Scheme	(109)	-	89	(20)	-	20	-	
Schools Re-organisation Contingency	2,350	(1,080)	-	1,270	-	1,449	2,719	To contribute to the school deficit upon closure
Total Schools Reserves	**7,321**	**(6,160)**	**6,602**	**7,763**	**(6,513)**	**7,320**	**8,570**	
Council								
Assistant Chief Executives	188	(188)	1,030	1,030	(1,030)	2,591	2,591	To fund future expenditure in Assistant Chief Excuitves
Arpley Street	41	(41)	-	-	-	-	-	Ring fenced for use by the Culture Warrington
Anson & Blenheim PFI	1	-	-	1	-	-	1	Ring fence of PFI credits to mitigate any future liabilities
Children's Services	2,709	(2,709)	2,622	2,622	(2,622)	2,929	2,929	To fund future expenditure in Children's Services
Children's Comfort Funds	7	-	-	7	-	-	7	Held on behalf of children in care and not available to the Council
Colonel Edleston	61	(61)	-	-	-	-	-	Ring fenced for use by Culture Warrington
Community Drug & Alcohol Misuse Service	-	-	-	-	-	433	433	To fund the Council's drug and alcohol misuse strategy
Community Investment Fund	-	-	91	91	-	-	91	To fund Community Investment Schemes
Coroners Judicial Review	10	-	-	10	-	43	53	To fund any one off costs of future judicial reviews
Criminal Injuries Compensation	12	-	-	12	-	-	12	To provide for any criminal injury claims from children in care
Early Years	254	-	-	254	-	-	254	To fund early years provision
Environment Services	315	(84)	314	545	(455)	130	220	To fund future expenditure in Environment Services
FWB Adults	-	-	-	-	-	20	20	To fund FWB(Adults) with specific criteria
Home to School Transport	-	-	44	44	-	-	44	Future potential home to school transport claims
Homelessness	47	-	9	56	-	-	56	Closing the Gap proposals
Insurance Fund	3,220	-	312	3,532	(446)	-	3,086	Third party Insurance Claim excesses and self insure certain areas of risk
Joint Funding Liability	-	-	-	-	-	314	314	To fund liability for s.117 clients
LAMS	-		130	130	-	138	268	Potential future LAMS defaults
Local Land Charges	57	(64)	20	13	-	7	20	Statutory fund to ring-fence surpluses/deficits over three year cycle for fee setting purposes
Mayor's Charity	3	-	-	3	-	-	3	Money's collected on behalf of the mayoral supported charities
Members Voluntary Initiative	8	-	-	8	-	-	8	To fund International Partnerships initiative
MMI	-	-	381	381	-	-	381	To fund future potential MMI clawback
MTFP	6,023	(884)	1,804	6,943	(3,913)	5,865	8,895	To ensure th council's future financial sustainability
Museum Arts	93	-	-	93	(80)	-	13	To fund future museum exhibitions or art acquisitions
Neighbourhood & Community Services	10	(10)	2,746	2,746	(2,746)	456	456	To fund future Neighbourhood & Community expenditure
Paddington Meadows	18	-	-	18	(18)	-	-	Future environmental improvement works
Prison Substance Misuse Service	-	-	-	-	-	98	98	To fund the Council's prison substance misuse strategy
Public Health Grant	-	-	-	-	-	789	789	To fund public health expenditure
Revenue Grants Unapplied	4,121	(4,121)	-	-	-	-	-	Revenue Grants carried forward for earmarked schemes
Salary Sacrifice Car Lease	-	-	23	23	-	-	23	Potential future liability on salary sacrifice car leasing scheme
SALIX Revolving Fund	33	(28)	-	5	(172)	251	84	Energy efficiency schemes
Sinking Fund	-	-	-	-	-	73	73	To contribute to any refurbishment or enhancements of Alder Lodge Homeless Unit.

	Balance at 31 March 2012 £'000	Transfers out 2012/13 £'000	Transfers in 2012/13 £'000	Balance at 31 March 2013 £'000	Transfers out 2013/14 £'000	Transfers in 2013/14 £'000	Balance at 31 March 2014 £'000	Purpose of Reserve
Solar Panels Lifecycle Fund	-	-	43	43	-	123	166	Future replacement cost on solar panels
Strategic Reserve	4,760	-	-	4,760	-	-	4,760	To cover emergency events such as unforeseen financial liabilities or natural disasters
Supporting People	1,588	(2,144)	556	-	-	-	-	Future grant reductions on welfare services
Taxi Account	44	-	17	61	-	-	61	Ringfenced account with surpluses/losses earmarked for use in respect of this service
Time Square	629	(394)	-	235	-	19	254	Regeneration of Time Square area in accordance with the Bridge Street Quarter plan
Town Centre Sinking Fund	390	-	-	390	-	-	390	Potential future Town Centre overspends
Union Learner Reps	20	(20)	19	19	(19)	-	-	Monies set aside to increase participation in union training services
Unitary Charge	-	-	326	326	-	186	512	Future variations on unitary charge on PFI schemes
Unitary Development	15	-	-	15	(15)	-	-	Part fund costs borne by the creation of the new Unitary Development Plan
Walton Hall	50	(4)	-	46	(41)	-	5	Walton Hall refurbishment
Winwick Road	-	-	-	-	-	111	111	To contribute to any refurbishment or enhancements of Alder Lodge Homeless Unit.
Winwick Street	30	-	-	30	(30)	-	-	30 and 36/8 Winwick Street demolition costs
2 Way YOT	456	-	57	513	(80)	-	433	Warrington and Halton Council's joint provision of Youth Offending services
3 Way YOT	-	-	102	102	-	520	622	Warrington, Halton and Cheshire West Council's joint provision for the provision of Youth Offending services
Total Council Reserves	**25,213**	**(10,752)**	**10,646**	**25,107**	**(11,667)**	**15,096**	**28,536**	
Total Earmarked Reserves	**32,534**	**(16,912)**	**17,248**	**32,870**	**(18,180)**	**22,416**	**37,106**	
Net Transfer to/(from) Reserves			**336**			**4,236**		

8 Usable Reserves

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

	Note(s)	31/03/13 £'000	31/03/14 £'000
Held for Revenue Purposes			
General Fund	MiRS	1,293	1,702
Earmarked Reserves	7	32,870	37,106
		34,163	**38,808**
Held for Capital Purposes			
Capital Receipts Reserve	MiRS	-	588
Capital Grants Unapplied Reserve	MiRS	12,402	10,154
Total Usable Reserves		**46,565**	**49,550**

Capital Receipts Reserve

The Capital Receipts Reserve contains cash receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

	Note(s)	31/03/13 £'000	31/03/14 £'000
Balance as at 1 April		**-**	**-**
Tfr from Deferred Capital Receipts	6	172	35
Capital receipts from year	6	3,080	5,293
		3,252	**5,328**
Less:			
Capital receipts used for financing	6	(3,252)	(4,740)
Balance as at 31 March		**-**	**588**

Capital Grants Unapplied

	Note(s)	31/03/13 £'000	31/03/14 £'000
Balance as at 1 April		**11,392**	**12,402**
Grants received in year	6	22,681	13,302
Tfr to Capital Adjustment Account in year	6	(21,671)	(15,550)
Balance as at 31 March		**12,402**	**10,154**

The following three notes detail amounts that are included in the (Surplus) or Deficit on Provision of Services on the CIES but are not included in the Cost of Services as these relate to items of Council wide income and expenditure that cannot be allocated to a specific service line.

9 Other Operating Expenditure

2012/13 £'000		2013/14 £'000
1,541	Parish council precepts	1,557
51,359	Gains/losses on the disposal of non-current assets	24,151
112	Levies	116
53,012		**25,824**

Gains/losses on the disposal of non-current assets include the disposal of Academies totalling £20.036m (Note 12).

10 Financing and Investment Income and Expenditure

Restated 2012/13 £'000		2013/14 £'000
5,549	Interest payable and similar charges	5,299
6,117	Pensions interest cost and expected return on pension assets	7,618
(2,467)	Interest receivable and similar income	(3,125)
799	Income and expenditure in relation to investment properties and changes in their fair value	1,820
9,998		**11,612**

11 Taxation and Non Specific Grant Incomes

2012/13 £'000		2013/14 £'000
(81,922)	Council Tax Income	(72,828)
(52,888)	NDR Redistribution	(26,759)
(19,409)	Non-ringfenced government grants	(49,299)
(18,882)	Capital grants	(15,440)
(173,101)		**(164,326)**

12 Material Items of Income and Expense

In the year the Comprehensive Income and Expenditure Statement was charged with the following items of material (greater than £5m) expenditure. This is included within the land and buildings disposals figures on Note 22 PPE.

	2013/14 £'000
Loss on disposal (conversion) of Academies:	
Birchwood Community High School	13,207
Penketh High School	6,829
	20,036

13 Trading Operations

A trading operation is a Council service provided to the public, but is treated as a separate business activity. The performance of the trading operations is included in the CIES within the Cost of Services with the exception of Commercial Properties and Industrial Estates which are shown in Financing and Investment Income and Expenditure (see note 10).

2012/13 Income £'000	2012/13 Expenditure £'000	2012/13 (Surplus)/ Deficit £'000		2013/14 Income £'000	2013/14 Expenditure £'000	2013/14 (Surplus)/ Deficit £'000
(2,874)	796	**(2,078)**	**Commercial Properties and Industrial Estates** The Council manages the land and buildings owned for the purposes of a property investment portfolio. The tenants are predominantly local business. All work is undertaken by the Council to ensure professional guidelines are met. The majority of lettings are at Market Value, with a limited number granting concessions to Charitable or Community Groups.	(2,838)	1,355	**(1,483)**
(1,131)	1,395	**264**	**Retail Market** The Council owns and operates Warrington Market. This includes the management, letting, cleaning, maintenance, security of over 200 market stalls and additional store rooms. We provide enterprise opportunities to the Market Traders and support to enable them to run their businesses.	(1,185)	1,438	**253**
(854)	1,033	**179**	**Car Parks** This is the day to day management of the Warrington Borough Council parking contract which includes the operational activity of the council owned 'off street' car parks and the issuance of penalty charge notices both on and off street. The activity is not carried out on a commercial basis as under the Traffic Management Act the service is expected to be cost neutral.	(905)	1,013	**108**
(3,801)	3,576	**(225)**	**School Meals** The service provides school meals to school children at 70 primary, 2 special and 2 high schools and aims to deliver a quality value for money service which meets legislative standards. There is a commercially driven approach to the service and any deficit would need to be recharged to the Dedicated Schools Grant.	(3,681)	3,958	**277**
(8,660)	**6,800**	**(1,860)**	**Total**	**(8,609)**	**7,764**	**(845)**

14 Agency Services

The Council is the lead authority for the Cheshire Coroner's service and recharges these services to Cheshire East, Cheshire West and Chester and Halton Borough Council.

	2012/13 £'000	2013/14 £'000
Recharge to Cheshire West & Chester	431	466
Recharge to Cheshire East	475	513
Recharge to Halton	157	170
Cost of service to Warrington Borough Council	293	327
Total Cost of Coroner's Service	**1,356**	**1,476**

15 Members' Allowances

During the year allowances paid to Members were £0.677m (£0.667m in 2012/13) and expenses paid were £0.100m (£0.104m in 2012/13).

16 Officers' Remuneration

The remuneration paid to the Council's senior employees is included in the table below. The list contains the Chief Executive, Executive Directors and officers at Assistant Director level and equivalent. Positions held by agency staff are not included within this disclosure as it relates to employees only.

		Salary, Fees & Allowances £	Expenses Allowances £	Taxable Benefits £	Other Non-cash Benefits £	Compensation for Loss of Office £	Pension Contribution £	Total Remuneration £
Steven Broomhead	**2013/14**	**123,300**	**1,239**	**-**	**-**	**-**	**-**	**124,539**
Chief Executive (Start Date : 25/06/12)	2012/13	94,530	1,824	-	-	-	-	96,354
Deputy Chief Executive	**2013/14**	**110,713**	**1,239**	**-**	**4,812**	**-**	**22,891**	**139,655**
	2012/13	110,619	870	770	2,406	-	22,275	136,940
Executive Director	**2013/14**	**117,617**	**644**	**1,948**	**408**	**-**	**24,313**	**144,929**
Families & Wellbeing	2012/13	112,821	240	4,030	204	-	22,718	140,013
Executive Director	**2013/14**	**113,025**	**1,239**	**-**	**-**	**-**	**23,283**	**137,547**
Economic Regeneration, Growth & Environment	2012/13	113,025	2,123	-	-	-	22,718	137,866
Director of Finance & Information Services	**2013/14**	**80,370**	**1,239**	**-**	**10,799**	**-**	**16,670**	**109,078**
	2012/13	84,462	1,239	-	2,876	-	17,179	105,756
Director of Public Health (start date 01-04-13)	**2013/14**	**112,411**	**-**	**-**	**-**	**-**	**15,738**	**128,148**
	2012/13	-	-	-	-	-	-	-
Solicitor to the Council	**2013/14**	**87,390**	**1,239**	**-**	**-**	**-**	**17,992**	**106,620**
	2012/13	85,682	1,033	-	-	-	17,555	104,270
Assistant Director	**2013/14**	**92,338**	**1,239**	**-**	**-**	**-**	**19,022**	**112,599**
Targeted Services	2012/13	92,298	1,239	-	-	-	18,552	112,089
Assistant Director	**2013/14**	**87,338**	**1,239**	**-**	**-**	**-**	**17,992**	**106,569**
Business Planning & Resources	2012/13	87,338	1,239	-	-	-	17,555	106,132
Assistant Director	**2013/14**	**86,230**	**1,239**	**-**	**1,108**	**-**	**17,992**	**106,569**
Transportation, Engineering & Operations	2012/13	87,338	1,066	389	-	-	17,555	106,348
Assistant Director	**2013/14**	**88,116**	**530**	**488**	**2,222**	**-**	**18,152**	**109,508**
Integrated Adult Health & SCC	2012/13	87,338	-	934	-	-	17,555	105,827
Assistant Director	**2013/14**	**93,355**	**496**	**1,237**	**2,636**	**-**	**-**	**97,724**
Adult & Social Care	2012/13	88,809	-	2,267	204	-	-	91,280
Assistant Director	**2013/14**	**84,769**	**1,239**	**-**	**-**	**-**	**17,462**	**103,470**
Partnerships & Performance	2012/13	79,632	1,239	-	-	-	16,006	96,877
Assistant Director	**2013/14**	**73,714**	**1,239**	**-**	**-**	**-**	**-**	**74,953**
Human Resources (Start Date: 21/01/13)	2012/13	14,114	243	-	-	-	-	14,357
Managing Director Warrington & Co	**2013/14**	**31,720**	**413**	**-**	**136**	**-**	**5,821**	**38,090**
(start date 01-12-13)	2012/13	-	-	-	-	-	-	-
Assistant Director, Regulatory and Public	**2013/14**	**21,828**	**-**	**506**	**-**	**-**	**4,813**	**27,147**
Protection (start date 01-12-13)	2012/13	-	-	-	-	-	-	-
Chief Executive	**2013/14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(End Date: 10/07/12)	2012/13	45,310	848	-	-	-	8,578	54,736
Executive Director	**2013/14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Neighbourhood & Community	2012/13	109,917	2,123	-	3,108	-	22,134	137,282
Assistant Director	**2013/14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Neighbourhood & Cultural Services (End Date:?)	2012/13	13,055	160	-	-	-	2,265	15,480
Assistant Director	**2013/14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Regeneration, Development & Housing	2012/13	83,859	-	1,714	3,120	-	17,556	106,249
Chief Customer Access & Technology Officer	**2013/14**	**54,943**	**826**	**-**	**272**	**-**	**11,374**	**67,416**
	2012/13	74,758	1,239	-	204	-	15,067	91,268
Assistant Director	**2013/14**	**20,746**	**293**	**-**	**102**	**-**	**4,248**	**25,388**
Universal Services	2012/13	87,134	1,239	-	204	-	17,555	106,132
Assistant Director	**2013/14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Organisational Change (End Date: 02/09/12)	2012/13	31,323	523	-	1,215	48,905	6,540	88,506
Head of Strategic Communications (End Date:?)	**2013/14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2012/13	21,953	413	-	-	16,378	4,172	42,916
Assistant Director	**2013/14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
HR Advisory Service (End Date: 20/07/12)	2012/13	23,211	122	512	360	-	4,196	28,401

- Note 1: The table above excludes amounts paid to the Chief Executive for Returning Officer duties. Also the Chief Executive is 0.8 full time equivalent.
- Note 2: The remuneration for Assistant Director Integrated Adult Health & SCC is 50% funded by Warrington PCT.

The number of Council employees including teachers and senior employees receiving more than £50,000 remuneration for the year is included in the following table. The numbers included within this table differ from the first table as employer's pension contributions are excluded.

2012/13					2013/14			
No. of Non-school Employees	**No. of School Employees**	**No. of Agency Staff**	**Total No. of Staff**	**Bandings**	**No. of Non-school Employees**	**No. of School Employees**	**No. of Agency Staff**	**Total No. of Staff**
27	41	1	**69**	£50,000 to £54,999	19	40	-	59
8	36	1	**45**	£55,000 to £59,999	18	24	1	43
12	17	1	**30**	£60,000 to £64,999	19	17	2	38
6	3	-	**9**	£65,000 to £69,999	2	5	-	7
3	6	1	**10**	£70,000 to £74,999	2	5	1	8
1	4	-	**5**	£75,000 to £79,999	1	1	-	2
3	-	-	**3**	£80,000 to £84,999	-	1	-	1
8	2	-	**10**	£85,001 to £89,999	4	-	-	4
3	-	-	**3**	£90,000 to £94,999	3	-	-	3
1	2	-	**3**	£95,000 to £99,999	1	1	-	2
1	-	-	**1**	£100,000 to £104,999	-	1	-	1
-	-	-	**-**	£105,000 to £109,999	-	-	-	-
2	-	-	**2**	£110,000 to £114,999	2	-	-	2
4	-	-	**4**	£115,000 to £119,999	1	-	-	1
-	-	-	**-**	£120,000 to £124,999	2	-	-	2
79	**111**	**4**	**194**		**74**	**95**	**4**	**173**

Exit Packages 2013/14

Exit Package Cost Band (including special payments)	No. of Compulsory Redundancies			No. of Other Departures Agreed			Total No. of Exit Packages			Total Cost of Exit Packages		
	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools £	Non-Schools £	Total £
£0 - £20,000	4	5	**9**	19	24	**43**	**23**	**29**	**52**	150,372	287,352	**437,724**
£20,001 - £40,000	-	3	**3**	1	11	**12**	**1**	**14**	**15**	24,745	366,255	**391,000**
£40,001 - £60,000	-	1	**1**	-	4	**4**	**-**	**5**	**5**	-	227,549	**227,549**
£60,001 - £80,000	-	-	**-**	-	3	**3**	**-**	**3**	**3**	-	197,497	**197,497**
£80,001 - £100,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	84,998	**84,998**
Total	**4**	**9**	**13**	**20**	**43**	**63**	**24**	**52**	**76**	**175,117**	**1,163,650**	**1,338,767**

Exit Packages 2012/13

Exit Package Cost Band (including special payments)	No. of Compulsory Redundancies			No. of Other Departures Agreed			Total No. of Exit Packages			Total Cost of Exit Packages		
	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools £	Non-Schools £	Total £
£0 - £20,000	21	12	**33**	3	44	**47**	**24**	**56**	**80**	169,074	543,155	**712,230**
£20,001 - £40,000	6	2	**8**	1	28	**29**	**7**	**30**	**37**	172,850	844,791	**1,017,641**
£40,001 - £60,000	2	1	**3**	-	9	**9**	**2**	**10**	**12**	97,617	487,633	**585,251**
£60,001 - £80,000	-	-	**-**	-	3	**3**	**-**	**3**	**3**	-	188,351	**188,351**
£80,001 - £100,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	81,046	**81,046**
Total	**29**	**15**	**44**	**4**	**85**	**89**	**33**	**100**	**133**	**439,542**	**2,144,976**	**2,584,518**

17 Termination Benefits

The Council terminated the contracts of 76 employees in 2013/14, incurring redundancy liabilities of £933,364 (2012/13 £2,541,140) and pension fund liabilities of £405,403 (2012/13 £700,815) as part of the Council's budget savings. In addition to these costs the Council has created a provision of £1,708,679.25 for potential future payments for redundancy and pension costs (see note 33).

18 External Audit Costs

The fee payable to Grant Thornton with regard to external audit services carried out for the year was £168,480 (no change to 2012/13). The fee payable to Grant Thornton for the certification of grant claims and returns for the year was £12,300 (£29,700 in 2012/13).

19 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service in the CIES is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Executive Board 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, including:

- 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
- no Income or Expenditure relating to Revenue Expenditure Funded From Capital Under Statute (REFCUS) is included, however this is included on the CIES
- no charges relating to the IFRS Employee Accrual have been included in the budget reports, however these do appear on the CIES

The income and expenditure of the Council's directorates recorded in the budget reports for the year was as follows.

2013/14	Environment, Regeneration & Economy £'000	Families & Wellbeing £'000	Resources & Commissioning £'000	Corporate Financing £'000	Net Expenditure/ (Income) £'000
Income					
Fees, charges & other service income	(15,852)	(57,961)	(9,130)	(2,462)	**(85,405)**
Government Grants	(47)	(130,983)	(2,224)	(72,028)	**(205,282)**
Interest and Investment Income	-	-	-	(1,309)	**(1,309)**
Income in relation to Investment Properties	(2,820)	-	-	-	**(2,820)**
Internal Recharges	(20,672)	(109,784)	(18,152)	(5)	**(148,613)**
	(39,391)	**(298,728)**	**(29,506)**	**(75,804)**	**(443,429)**
Expenditure					
Employee expenses	20,307	136,391	19,697	2,382	**178,777**
Other Service Expenditure	21,584	145,114	3,292	83,424	**253,414**
Depreciation, amortisation and impairment	5,552	11,674	3,259	(14,215)	**6,270**
Interest Payable	-	-	-	5,299	**5,299**
Expenditure in relation to Investment Propertie	1,198	-	-	-	**1,198**
Internal Recharges	20,672	109,784	18,152	5	**148,613**
	69,313	**402,963**	**44,400**	**76,895**	**593,571**
Net	**29,922**	**104,235**	**14,894**	**1,091**	**150,142**

2012/13	Environment, Regeneration & Economy £'000	Families & Wellbeing £'000	Resources & Commissioning £'000	Corporate Financing £'000	Net Expenditure/ (Income) £'000
Income					
Fees, charges & other service income	(5,427)	(50,512)	(19,259)	(857)	**(76,055)**
Government Grants	(46)	(153,513)	(1,705)	(71,240)	**(226,504)**
Interest and Investment Income	-	-	-	(648)	**(648)**
Income in relation to Investment Properties	(2,929)	-	-	-	**(2,929)**
Internal Recharges	(33,254)	(130,479)	(14,400)	-	**(178,133)**
	(41,656)	**(334,504)**	**(35,364)**	**(72,745)**	**(484,269)**
Expenditure					
Employee expenses	20,232	158,856	21,090	3,828	**204,006**
Other Service Expenditure	24,640	129,316	17,432	77,547	**248,935**
Depreciation, amortisation and impairment	4,446	5,916	10,831	(21,346)	**(153)**
Interest Payable	-	-	-	5,108	**5,108**
Expenditure in relation to Investment Properties	602	-	-	-	**602**
Internal Recharges	21,244	145,363	8,826	2,700	**178,133**
	71,164	**439,451**	**58,179**	**67,837**	**636,631**
Net	**29,508**	**104,947**	**22,815**	**(4,908)**	**152,362**

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

The reconciliation shows how the figures in the analysis of directorate income and expenditure (which are produced for management information purposes) relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2012/13 £'000	2013/14 £'000
Net Expenditure in the Directorate Analysis	152,362	150,142
Net expenditure of services and support services not included in the Directorate Analysis	4,117	4,540
Amounts included in the Directorate Analysis b	19,716	7,625
Cost of Services (as per CIES)	**176,195**	**162,307**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure (which are produced for management information purposes) relate to the subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2013/14	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Amounts reported but not included in Cost of Services £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Income							
Fees, charges & other service income	(85,405)	(747)	187	-	**(85,965)**	(20,733)	**(106,698)**
Government Grants	(205,282)	-	-	-	**(205,282)**	(76,058)	**(281,340)**
Interest and Investment Income	(1,309)	-	1,309	-	**-**	(3,125)	**(3,125)**
Income in relation to Investment Properties	(2,820)	-	2,820	-	**-**	(1,004)	**(1,004)**
Internal Recharges	(148,613)	-	-	148,613	**-**	-	**-**
Income from Council Tax	-	-	-	-	**-**	(72,828)	**(72,828)**
	(443,429)	**(747)**	**4,316**	**148,613**	**(291,247)**	**(173,748)**	**(464,995)**
Expenditure							
Employee expenses	178,777	358	-	-	**179,135**	-	**179,135**
Other Service Expenditure	253,414	4,929	(4,409)	-	**253,934**	-	**253,934**
Depreciation, amortisation and impairment	6,270	-	14,215	-	**20,485**	5,293	**25,778**
Interest Payable	5,299	-	(5,299)	-	**-**	5,299	**5,299**
Expenditure in relation to Investment Properties	1,198	-	(1,198)	-	**-**	2,824	**2,824**
Internal Recharges	148,613	-	-	(148,613)	**-**	-	**-**
Parish Precepts	-	-	-	-	**-**	1,557	**1,557**
Precepts & Levies	-	-	-	-	**-**	116	**116**
(Gains)/losses on the disposal of non-current assets	-	-	-	-	**-**	24,151	**24,151**
Pensions interest cost and expected return on pensior	-	-	-	-	**-**	7,618	**7,618**
	593,571	**5,287**	**3,309**	**(148,613)**	**453,554**	**46,858**	**500,412**
Net	**150,142**	**4,540**	**7,625**	**-**	**162,307**	**(126,890)**	**35,417**

2012/13	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Amounts reported but not included in Cost of Services £'000	Allocation of recharges £'000	Cost of Services £'000	Restated Corporate Amounts £'000	Surplus or (Deficit) on Provision of Services £'000
Income							
Fees, charges and other service income	(76,055)	(682)	-	-	**(76,737)**	-	**(76,737)**
Government grants	(226,504)	(1,087)	-	-	**(227,591)**	(91,179)	**(318,770)**
Interest and investment income	(648)	-	648	-	**-**	(2,467)	**(2,467)**
Income in relation to investment properties	(2,929)	-	4,184	-	**1,255**	(2,493)	**(1,238)**
Internal recharges	(178,133)	-	-	178,133	**-**	-	**-**
Income from Council Tax	-	-	-	-	**-**	(81,922)	**(81,922)**
	(484,269)	**(1,769)**	**4,832**	**178,133**	**(303,073)**	**(178,061)**	**(481,134)**
Expenditure							
Employee Expenses	204,006	340	-	-	**204,346**	-	**204,346**
Other service expenditure	248,935	5,546	(3,308)	-	**251,173**	-	**251,173**
Depreciation, amortisation and impairment	(153)	-	25,738	-	**25,585**	-	**25,585**
Interest payable	5,108	-	(5,108)	-	**-**	5,549	**5,549**
Expenditure in relation to investment properties	602	-	(2,438)	-	**(1,836)**	3,292	**1,456**
Internal recharges	178,133	-	-	(178,133)	**-**	-	**-**
Parish Precepts	-	-	-	-	**-**	1,541	**1,541**
Precepts & levies	-	-	-	-	**-**	112	**112**
Gain/ loss on disposal of non-current assets	-	-	-	-	**-**	51,359	**51,359**
Restated Pension interest cost and return on assets	-	-	-	-	**-**	6,117	**6,117**
	636,631	**5,886**	**14,884**	**(178,133)**	**479,268**	**67,970**	**547,238**
Net Expenditure	**152,362**	**4,117**	**19,716**	**-**	**176,195**	**(110,091)**	**66,104**

20 Dedicated Schools Grant

The Council's expenditure on schools and education is funded primarily by the Dedicated Schools Grant (DSG). An element of DSG is provided to fund academy schools within the Borough. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2013/14 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Issue Total £'000	Funding Total £'000
Final DSG for 2013/14 before academy recoupment				146,400
Academies figure recouped for 2013/14				(30,472)
Total DSG after academy recoupment for 2013/14				115,928
Plus: Brought forward from 2012/13				1,951
Less: Carry forward to 2014/15				
Agreed initial budgeted distribution in 2013/14	14,332	110,402	124,735	
In-year adjustments	1,855	(8,711)	(6,856)	
Final budget distribution for 2013/14	16,187	101,691	117,879	117,879
Less: Actual Central Expenditure	(14,746)		(14,746)	
Less: Actual Individual Schools Budget deployed to schools		(101,691)	(101,691)	
Carry forward to 2014/15	**1,441**	**-**	**1,441**	**-**

21 Grant Income

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

The grants that are credited to Taxation and non-Specific Grant Income are shown in the following table. The revenue grants shown are the non-ringfenced Grants that, once combined with the Council Tax Income, form the Council's Net Budget for the year.

Credited to Taxation and Non-specific Grant Income	**2012/13 £'000**	**2013/14 £'000**
Revenue		
National Non Domestic Rates Redistribution	52,888	-
Business Rates Retention Scheme Income	-	27,412
Revenue Support Grant	1,025	41,140
Education Services Grant	-	3,298
Early Intervention Grant	8,694	-
New Homes Bonus	1,560	2,814
Council Tax Freeze Grant	2,004	-
Learning Disability and Health Reform	4,912	-
Other Grants credited to Taxation & Non Specific Grant Income	1,215	2,047
Total Revenue Grants	**72,298**	**76,711**
Capital Grants and Contributions	18,882	15,440
Total	**91,180**	**92,151**

In 2013/14, NNDR Redistribution was replaced by the Business Rates Retention Scheme allowing Councils to keep a portion of their Business Rates, whereas

previously this was all reallocated from a national pool. The increase in the Revenue Support Grant (RSG) in 2013/14 has occurred due to a change in the underlying distribution model and is linked to the changes in Business Rates distribution.
The grants and contributions shown below are specific to certain services and are therefore included on specific income lines in the Cost of Services.

Credited to Services	**2012/13 £'000**	**2013/14 £'000**
Grants		
Dedicated Schools Grant	136,358	115,928
Rent Allowance Subsidy	55,062	55,962
Public Health Grant	-	10,052
Council Tax Benefit	13,449	-
Pupil Premium	3,285	4,195
Support for Social Care	-	2,948
Admin Subsidy	1,374	1,308
Schools Sixth Form	4,942	1,255
Capital Grant Income to fund Revenue Expenditure	1,087	675
Other Grants	6,845	7,121
Total Grants	**222,402**	**199,444**
Contributions		
High Costs Care Packages Contributions	2,782	2,503
NHS England partner contributions	-	1,236
Other Contributions	5,826	9,107
Total Contibutions	**8,608**	**12,845**
Total	**231,010**	**212,289**

The following grants have yet to be recognised as income in the CIES as they have grant conditions which have not yet been met and will be repayable if not used for the specified purpose.

Grants Receipts in Advance (Short and Long-term)	**2012/13 £'000**	**2013/14 £'000**
Capital Grants	**934**	**278**
Revenue Grants		
Commuted Sums	8,724	8,283
S106 Agreements	4,638	4,669
Dedicated Schools Grant	1,713	1,441
Misc. Revenue Grants	932	222
Total Revenue Grants	**16,007**	**14,615**
Total	**16,941**	**14,893**

22 Property, Plant and Equipment (PPE)

Movements on Balances

Movements in 2013/14:

	Council Dwellings £'000	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000	PFI Assets included in PPE £'000
Cost or Valuation									
Balance as at 1 April 2013	**7,686**	**279,338**	**128,711**	**39,340**	**10,741**	**4,079**	**4,858**	**474,753**	**10,904**
Additions (Note 36)	-	2,908	7,390	3,653	442	16,682	3	**31,078**	
Accumulated depreciation & impairment written out to GCA	(2,828)	(28,852)	-	-	-	-	(78)	**(31,758)**	**(5,950)**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,135	12,040	-	-	-	176	378	**14,729**	**2,807**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(9,231)	-	-	-	(476)	(14)	**(9,721)**	
Derecognition - disposals	(553)	(24,770)	-	(1,778)	-	(134)	-	**(27,235)**	**(553)**
Reclassifcations & transfers	-	3,464	761	5,369	-	(9,965)	371	**-**	
Reclassified (to)/from Investment Properties	-	(1,232)	-	-	-	-	-	**(1,232)**	
Balance as at 31 March 2014	**6,440**	**233,665**	**136,862**	**46,584**	**11,183**	**10,362**	**5,518**	**450,614**	**7,208**
Depreciation and Impairment									
Balance as at 1 April 2013	**2,797**	**30,209**	**11,221**	**6,346**	**6**	**-**	**90**	**50,669**	**5,899**
Depreciation charge	31	4,052	3,150	3,204	-	-	124	**10,561**	**51**
Accumulated depreciation written out to GCA	(2,828)	(28,852)	-	-	-	-	(78)	**(31,758)**	**(5,950)**
Depreciation - disposals	-	(2,354)	-	(336)	-	-	-	**(2,690)**	
Reclassifcations & transfers	-	(22)	-	-	-	-	22	**-**	**-**
Reclassified (to)/from Investment Properties	-	(28)	-	-	-	-	-	**(28)**	
Balance as at 31 March 2014	**-**	**3,005**	**14,371**	**9,214**	**6**	**-**	**158**	**26,754**	**-**
Net Book Value									
Balance as at 31 March 2014	**6,440**	**230,660**	**122,491**	**37,370**	**11,177**	**10,362**	**5,360**	**423,860**	**7,208**
Balance as at 31 March 2013	**4,889**	**249,129**	**117,490**	**32,994**	**10,735**	**4,079**	**4,768**	**424,084**	**5,005**

PFI Assets are those relating to Private Finance Initiatives. The derecognition – disposals total includes schools that have transferred to Academies of £20.036m (Note 12).

Comparative Movements in 2012/13:

	Council Dwellings £'000	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000	PFI Assets included in PPE £'000
Cost or Valuation									
Balance as at 1 April 2012	**7,832**	**320,270**	**122,590**	**43,341**	**10,434**	**26,137**	**-**	**530,604**	**10,904**
Additions (Note 36)	-	6,303	6,121	3,618	194	11,478	-	**27,714**	**-**
Accumulated depreciation & impairment written out to GCA	-	(4,422)	-	-	-	-	(763)	**(5,185)**	**-**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	647	-	-	-	-	78	**725**	**-**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(12,745)	-	-	-	-	-	**(12,745)**	
Derecognition - disposals	(146)	(52,794)	-	(13,297)	-	-	-	**(66,237)**	**-**
Reclassifcations & transfers	-	22,569	-	5,678	113	(33,536)	5,176	**-**	**-**
Reclassified (to)/from Investment Properties	-	(490)	-	-	-	-	367	**(123)**	**-**
Balance as at 31 March 2013	**7,686**	**279,338**	**128,711**	**39,340**	**10,741**	**4,079**	**4,858**	**474,753**	**10,904**
Depreciation and Impairment									
Balance as at 1 April 2012	**2,766**	**40,385**	**8,056**	**5,107**	**-**	**-**	**-**	**56,314**	**5,860**
Depreciation charge	31	5,158	3,165	3,917	-	-	-	**12,271**	**39**
Accumulated depreciation written out to GCA	-	(4,422)	-	-	-	-	(763)	**(5,185)**	**-**
Depreciation - disposals	-	(10,048)	-	(2,588)	-	-	-	**(12,636)**	**-**
Reclassifcations & transfers	-	(769)	-	(90)	6	-	853	**-**	**-**
Reclassified (to)/from Investment Properties	-	(95)	-	-	-	-	-	**(95)**	**-**
Balance as at 31 March 2013	**2,797**	**30,209**	**11,221**	**6,346**	**6**	**-**	**90**	**50,669**	**5,899**
Net Book Value									
Balance as at 31 March 2013	**4,889**	**249,129**	**117,490**	**32,994**	**10,735**	**4,079**	**4,768**	**424,084**	**5,005**
Balance as at 31 March 2012	**5,066**	**279,885**	**114,534**	**38,234**	**10,434**	**26,137**	**-**	**474,290**	**5,044**

Depreciation
Depreciation is provided for on all Property, Plant and Equipment (PPE) assets by the allocating their depreciable amounts over their useful lives, however some exceptions apply. See Accounting Policy 1.22 in Annexe A. Depreciation is calculated on the following basis:

- Dwellings & other buildings and plant & services components from other buildings – straight line allocation over 5 to 60 years, dependant on the initial value of the asset
- vehicles, plant, furniture and equipment – straight line allocation over 3 to 10 years, dependant on the initial value of the asset
- infrastructure – straight line allocation over 40 years

Capital Commitments

The total capital commitments (excluding Invest to Save) as at 31 March 2014 were £10.228m. This includes the following major projects:

- SEN Review (relocation of Fox Wood and Green Lane) - £3.798m
- Additional Highways Structural Maintenance - £1.038m

Similar commitments at 31 March 2013 were £8.138m relating to the Woolston Primary School Replacement and Bewsey Lodge Primary School Remodelling.

Revaluations

The Council carries out a rolling programme of revaluations in accordance with Accounting Policy 1.22 (Annexe A). The valuations were undertaken by the Estates Division of the Council in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors. All assets were valued as at 31 March 2014.

	Council Dwellings £'000	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000
Carried at historic cost	-	-	136,862	5,635	11,177	10,362	-	**164,036**
Valued at fair value as at:								
31 March 2014	6,440	227,933	-	36,762	-		5,157	**276,292**
31 March 2013	-	189	-	-	-	-	-	**189**
31 March 2012	-	995	-	2,909	-	-	-	**3,904**
31 March 2011	-	1,233	-	815	-	-	312	**2,360**
31 March 2010	-	3,316	-	463	6	-	49	**3,834**
Total Cost or Valuation	**6,440**	**233,666**	**136,862**	**46,584**	**11,183**	**10,362**	**5,518**	**450,615**

23 Heritage Assets

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

The Council's Heritage Assets held on the Balance Sheet at insurance valuation constitute:

- Museum Exhibits and Artworks
- Civic Regalia
- Ornamental Gates

- Statues and Town Centre Artwork

Insurance valuations increase annually by the increase in the rebuild annual index for estate items in the absence of any other relevant indices.

	Museum Exhibits & Artworks £'000	Civic Regalia £'000	Ornamental Gates £'000	Statues & Town Centre Artwork £'000	Total Assets £'000
Cost or Valuation					
Balance as at 31 March 2012	**8,052**	**255**	**2,211**	**2,742**	**13,260**
Revaluations	293	15	71	13	**392**
Balance as at 31 March 2013	**8,345**	**270**	**2,282**	**2,755**	**13,652**
Revaluations	364	-	53	158	**575**
Balance as at 31 March 2014	**8,709**	**270**	**2,335**	**2,913**	**14,227**

Additions, Disposals and Donations of Heritage Assets

There were no additions or disposals of Heritage Assets during 2013/14 or 2012/13 and there have been no movements in acquisitions, donations or disposals over the past five years.

24 Investment Properties

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

	2012/13 £'000	2013/14 £'000
Rental income from investment property	(4,312)	(1,004)
Net gains/(losses) from fair value adjustments	542	1,573
Direct operating expenses arising from investment property	2,315	1,251
Net (gain)/loss	**(1,455)**	**1,819**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or 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 of these assets.

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

	2012/13 £'000	2013/14 £'000
Balance as at the start of the year	**38,439**	**37,328**
Disposals	(688)	(3,230)
Net gains/(losses) from fair value adjustments	(542)	(1,573)
Additions	-	116
Transfers (to)/ from Assets Held for Sale	91	-
Transfers (to)/ from Property, Plant and Equipment	28	1,204
Balance as at end of the year	**37,328**	**33,845**

25 Intangible Assets

The Council accounts for its software as intangible assets. The intangible assets include both purchased licences and internally generated software.

All software is given a finite useful life, based on the period of its expected use. The useful lives assigned are 5 years straight line. The carrying amount of intangible assets is amortised on a straight line basis and absorbed as overhead across all the service headings in the Net Expenditure of Services.

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

	2012/13 £'000	2013/14 £'000
Balance at the start of the year		
Gross carrying amount	3,632	3,755
Accumulated amortisation	(1,451)	(2,174)
Net carrying amount at start of the year	**2,181**	**1,581**
Additions	123	115
Amortisation	(723)	(748)
Balance at the end of the year		
Gross carrying amount	3,755	3,870
Accumulated amortisation	(2,174)	(2,922)
Net carrying amount at end of the year	**1,581**	**948**

26 Impairment Losses & Reversals

There were no impairments in financial year 2013/14.

27 Capital Expenditure and Capital Financing

Total capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and Public Finance Initiative (PFI) contracts), together with the relevant financing. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	Note(s)	2012/13 £'000	2013/14 £'000
Opening Capital Financing Requirement		**155,874**	**168,896**
Capital Investment			
Property, Plant and Equipment	22	27,714	31,078
Investment Properties	24	-	116
Intangible Assets	25	123	115
Revenue Expenditure Funded by Capital Under Statute		5,889	4,926
Long Term Debtor - Warrington Housing Association		3,806	-
Long Term Debtor - Golden Gates Housing		1,742	-
Long Term Debtor - Local Authority Mortgage Schemes		1,500	2,000
Long Term Debtor - Warrington Borough Transport		-	650
		40,774	**38,885**
Sources of Finance			
Capital Receipts	8	(3,252)	(4,740)
Deferred Capital Receipts		139	-
Government Grants & Other Contirbutions		(20,082)	(16,745)
Payments Received for:			
Long Term Debtor - Warrington Housing Association		-	(96)
Long Term Debtor - Golden Gates Housing		-	(41)
Long Term Debtor - Warrington Borough Transport		-	(260)
Sums set aisde from Revenue:			
General Fund		(49)	(252)
Developers Contribution (S106)		(1,539)	(1,252)
Minimum Revenue Provision		(2,969)	(4,381)
		(27,752)	**(27,767)**
Closing Capital Financing Requirment		**168,896**	**180,014**
Explanations of movements in year			
Increase in underlying need for borrowing		13,022	11,118

28 Long Term Debtors

The Council’s long term debtors (over 12 months) are as follows:

	31/03/13 £'000	31/03/14 £'000
Long-term Debtors		
Other entities and individuals		
- Staff Car Loans	21	3
- Deferred Car Charges	1,975	1,930
- Finance Leases (Where Council is Lessor)	32,022	31,983
- Local Authority Mortgage Schemes	3,500	5,500
- Warrington Housing Association	3,807	3,710
- Warrington Borough Transport	-	390
- Golden Gates Housing	1,742	1,701
Total Long-term Debtors	**43,067**	**45,217**

29 Assets Held for Sale

Where the Council expects to sell assets within twelve months of the balance sheet date and is actively marketing their sale they are shown under Assets Held for Sale which is classified as a current asset.

As the true value of these assets to the Council will now be their disposal value they are held at Market Value less any costs of disposal rather than a value based on their continuing use by the Council.

	Note(s)	2012/13 £'000	2013/14 £'000
Balance Outstanding at Start of Year		**1,909**	**1,669**
Assets declassified as Held for Sale			
Tfr to Investment Properties	24	(91)	-
Assets Sold		(149)	(1,669)
Balance Outstanding at End of Year		**1,669**	**-**

30 Debtors

The Council's short term debtors (under 12 months) are as follows:

	31/03/13 £'000	31/03/14 £'000
Short-term Debtors		
Central Government Bodies	18,679	7,860
Other Local Authorities	2,663	2,038
NHS Bodies	1,943	881
Public Corporations and Trading Funds	2	242
Other Entities and Individuals	16,153	18,937
Total Short-term Debtors	**39,440**	**29,958**

31 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31/03/13 £'000	31/03/14 £'000
Cash on hand and balances with banks	3,370	(968)
Short-term Deposits	4,966	33,636
Total Cash and Cash Equivalents	**8,336**	**32,668**
Cash Overdrawn	(6,674)	(3,559)
Net Cash and Cash Equivalents	**1,662**	**29,109**

32 Creditors

The Council's creditors are as follows:

	31/03/13 £'000	31/03/14 £'000
Short-term Creditors		
Central Government Bodies	4,467	6,972
Other Local Authorities	2,632	4,745
NHS Bodies	184	21
Public Corporations and Trading Funds	21	2
Other Entities and Individuals	21,045	21,811
Total Short-term Creditors	**28,349**	**33,551**
Long-term Creditors		
Other Entities and Individuals	5,012	4,714
Total Creditors	**33,361**	**38,265**

33 Provisions

	Injury and Damage Compensation Claims £'000	Other Provisions £'000	Total £'000
Balance at 31 March 2012	**1,287**	**1,889**	**3,176**
Additional provisions made in year	2,716	61	2,777
Amounts used in year	(2,292)	-	(2,292)
Unused amounts reversed in year	(828)	(712)	(1,540)
Balance at 31 March 2013	**883**	**1,238**	**2,121**
Additional provisions made in year	316	2,659	2,975
Amounts used in year	(12)	(603)	(615)
Unused amounts reversed in year	-	(197)	(197)
Balance at 31 March 2014	**1,187**	**3,097**	**4,284**

	31/03/13 £'000	31/03/14 £'000
Short-term Provisions	1,187	3,049
Long-term Provisions	934	1,235
Total Provisions	**2,121**	**4,284**

The provision for Injury and Damage Compensation Claims was established to meet excesses insurance claims taken out with third party organisations and to self-insure and for certain areas of risk.

Other provisions relate to:

- Staff provisions for potential future payments for redundancy.
- The Carbon Reduction Commitment (CRC) provision for future obligation to purchase and surrender CRC Allowances in relation to carbon dioxide emissions.
- MMI provision for future obligation to pay insurance payment clawback arising from Municipal Mutual Insurance (MMI) Scheme of Arrangement. This is a long term provision.
- NDR Appeals Provision - As from 1st April 2013 the Council has taken over the liability generated by any appeals against the valuation amount with regard to Business Rates. This provision is based on the Council's best estimate of that liability.

34 Private Finance Initiatives

The Council has two PFI Schemes, both of which were in the 7th year of a 30 year contract in 2013/14. The Anson Close and Blenheim Close scheme is for the construction, maintenance and tenancy management of 105 social houses and the John Morris House scheme is for the construction, maintenance and tenancy management of 38 self-contained flats for social housing. This scheme focused on providing supported housing for 16 to 25 year olds with short to medium term housing needs.

The Council has nomination rights over all the social dwelling on both schemes and at the end of the term, has the following options:

- Purchase the dwellings at their open market value at existing use for social housing purposes (both schemes)
- Retender the provision of the services (Anson Close and Blenheim Close)
- Do neither of the above and walk away (Anson Close and Blenheim Close)
- Return the dwellings to the Operator (John Morris House)

In return for these combined construction and operations contract, the Council will make quarterly unitary charge payments to the Operator. The payments may vary according to the quality/performance of the service and availability of dwellings, but in substance, it is not expected there would be any significant unavailability of the dwellings. This means that the Council is in substance committed to a fixed payment stream independent of the demand for the assets. The payments are not subject to any indexation. The Operator is also able to charge rents to the tenants. These are set in accordance with the Warrington Area Target Registered Providers rent.

Property, Plant and Equipment

The assets used to provide services at both schemes are recognised on the Council's Balance Sheet and movements in their value over the year are detailed in the analysis of the movement on the PPE balance in Note 22.

Payments

Payments remaining to be made under the PFI contract at 31 March 2014 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Anson & Blenheim Close

Total at 31/03/2013 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2014 £'000
305	Payable in 2014/15	39	41	225	305
1,218	Payable within 2 to 5 years	159	202	857	1,218
1,523	Payable within 6 to 10 years	204	367	952	1,523
1,523	Payable within 11 to 15 years	211	557	755	1,523
1,522	Payable within 16 to 20 years	220	848	454	1,522
989	Payable within 21 to 25 years	84	532	68	684
-	Payable within 26 to 30 years	-	-	-	-
7,080		**917**	**2,547**	**3,311**	**6,775**

John Morris House

Total at 31/03/2013 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2014 £'000
187	Payable in 2014/15	34	43	110	187
750	Payable within 2 to 5 years	140	198	412	750
937	Payable within 6 to 10 years	179	313	445	937
937	Payable within 11 to 15 years	184	407	346	937
937	Payable within 16 to 20 years	191	530	216	937
843	Payable within 21 to 25 years	178	463	54	695
39	Payable within 26 to 30 years	-	-	-	-
4,630		**906**	**1,954**	**1,583**	**4,443**

The payments made to the Operator have been calculated to compensate the Operator for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the Operator for capital expenditure incurred is as follows:

Anson & Blenheim Close

	2012/13 £'000	2013/14 £'000
Balance outstanding at start of year	(2,620)	(2,585)
Payments during the year	35	38
Balance outstanding at end of year	**(2,585)**	**(2,547)**

John Morris House

	2012/13 £'000	2013/14 £'000
Balance outstanding at start of year	(2,034)	(1,995)
Payments during the year	39	41
Balance outstanding at end of year	**(1,995)**	**(1,954)**

35 Leases

Council as Lessee

Finance Leases

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

	31 March 2013 £'000	31 March 2014 £'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	125	125
Non-current	904	778
Finance costs payable in future years	7,933	7,837
Minimum lease payments	**8,962**	**8,740**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000
Not later than one year	222	222	125	125
Later than one year and not later than five years	599	474	213	88
Later than five years	8,141	8,045	690	690
	8,962	**8,740**	**1,029**	**904**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2013/14 £102,975 contingent rents were payable by the Council (2012/13 £102,975).

The Council has sub-let some of the retail accommodation held under these finance leases. The above disclosure shows the net result of the lessee and lessor finance leases in relation to this accommodation. The Council currently incurs a rental charge of £201k and receives rental income of £22k in relation to these properties.

The council also sub-let other property resulting in total sub-lease rental income of £372k (2012/13 £430k).

Operating Leases

The Council has acquired numerous vehicles, plant and equipment and land and buildings by entering into operating leases, with a range of typical lives. The future minimum lease payments due under non-cancellable leases in future years are:

	Restated 2012/13 £'000	**2013/14 £'000**
Leases rolling over regularly	751	822
Not later than one year	2,132	1,462
Later than one year and not later than five years	5,349	4,468
Later than five years	8,356	7,200
	16,588	**13,952**

The expenditure charged to each directorate line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2013/14	**Resources and Strategic Commission £'000**	**Families and Wellbeing: Children £'000**	**Economic Regeneration, Growth & Environment £'000**	**Families and Wellbeing: Adults £'000**	**Total £'000**
Minimum lease payments	8	664	1,891	71	**2,633**
Sublease payments receivable	-	-	(14)	-	**(14)**
	8	**664**	**1,877**	**71**	**2,619**

2012/13	**Resources and Strategic Commission £'000**	**Families and Wellbeing: Children £'000**	**Economic Regeneration, Growth & Environment £'000**	**Families and Wellbeing: Adults £'000**	**Total £'000**
Minimum lease payments	26	837	1,995	237	**3,095**
Sublease payments receivable	-	-	(14)	-	**(14)**
	26	**837**	**1,981**	**237**	**3,081**

Council as Lessor

Finance Leases

The Council has leased out land and buildings at various locations on finance leases with remaining terms of 5 to 191 years.

Included within these leases is a material lease relating to Golden Square Shopping Centre Development. As at 31 March 2014, the total outstanding receivable amount remaining on this lease was £30.615m, repayable over a 191 year period. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term, and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2013 £'000	31 March 2014 £'000
Finance lease debtors (net present value of minimum lease payments):		
Current	35	39
Non-current	32,022	31,983
Unearned finance income	300,713	298,896
Gross investment in the lease	**332,770**	**330,918**

The unearned finance income relates to future income due from tenants over the term of the leases. The longest of these leases will be running for the next 191 years.

The gross investment in the lease and minimum lease payments will be received over the following periods:

	Gross investment in the lease		Minimum Lease Payments	
	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000
Not later than one year	1,851	1,851	1,851	1,851
Later than one year and not later than five years	7,355	7,302	7,355	7,302
Later than five years	323,564	321,766	323,564	321,766
	332,770	**330,918**	**332,770**	**330,918**

As there is a possibility that worsening financial circumstances might result in lease payments not being made, the Council has set aside an allowance for uncollectable amounts as part of its sundry debtor impairment which includes rental income debtors raised by the Estates Department. The level of debtor impairment required is reviewed on an annual basis and is based on average actual collection rates.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2013/14 £52,125 contingent rents were receivable by the Council (2012/13 £52,125).

Operating Leases

The Council leases out land and buildings under operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are:

	2012/13 £'000	2013/14 £'000
Leases rolling over regularly	1,017	1,332
Not later than one year	2,540	3,075
Later than one year and not later than five years	8,122	8,463
Later than five years	75,197	77,173
	86,876	**90,043**

The minimum lease payments receivable include rents that were contingent on events taking place after the lease was entered into up until 31 March 2014, such as adjustments following rent reviews. The minimum lease payments do not include future contingent rents such as adjustments following rent reviews from 1 April 2014 onwards.

The authority leases out both land and property under operating leases. The value of these assets are included within Land & Buildings (Note 22) and Investment Properties (Note 24), and is presented below:

	31/03/13 NBV £'000	31/03/14 NBV £'000
Investment Property	6,123	5,375
Land & Buildings	26,186	29,514
	32,309	**34,888**

36 Pension Schemes

Defined Contribution Pension Schemes

Teachers Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2013/14, the Council paid £6,384,901 to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2012/13 were £8,287,988 and 14.1%. There were no contributions remaining payable at the year end. Six primary schools presently use external payroll providers and for these the schools have verified the amounts paid.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme.

NHS Pensions Schemes Accounted for as Defined Contribution Schemes

Public Health professionals employed by the Council are members of the NHS Pension Scheme administered by the Department of Health. The Scheme provides lifestyle professionals with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department of Health uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2013/14, the Council paid £107,922 to NHS Pensions in respect of Public Health professionals' retirement benefits, representing 14% of pensionable pay (£26,092 and 14% in 2012/13). There were no contributions remaining payable at the year end.

Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Cheshire Pension Fund by Cheshire West and Chester 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 liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised 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 required to be made 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.

	2012/13 £'000	2013/14 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising		
Current service cost	14,117	17,791
Past service costs (including curtailments)	1,384	348
(Gains) and losses on settlements	(1,552)	(2,012)
Effects of business combinations and disposals	1,581	-
Financing and Investment Income and Expenditure		
Net interest expense	6,117	7,618
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	**21,647**	**23,745**
Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(35,654)	1,215
Actuarial gains and losses arising on the changes in demographic assumptions	-	(13,034)
Actuarial gains and losses arising on the changes in other experience	(810)	17,274
Actuarial gains and losses arising on changes in financial assumptions	72,237	(34,263)
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	**57,420**	**(5,063)**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	6,571	8,371
Actual amount charged against the General Fund balance for pensions in the year		
Employers' contribution payable to the scheme	(15,076)	(15,374)

Pension Assets and Liabilities Recognised in the Balance Sheet

	2012/13 £'000	2013/14 £'000
Present value of the defined benefit obligation	(644,874)	(643,561)
Fair value of plan assets	475,032	494,156
Sub-total	**(169,842)**	**(149,405)**

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £149,405k has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. 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 actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2015 is £15,260k.

Assets and Liabilities in Relation to Post-Employment Benefits
Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2012/13 £'000	2013/14 £'000
Opening balance as at 1 April	**539,463**	**644,874**
Current service cost	14,117	17,791
Interest cost	25,916	28,930
Contributions by scheme participants	4,633	4,595
Remeasurement gains and (losses):		
Actuarial gains and losses arising on the changes in demographic assumptions	-	(13,034)
Actuarial gains and losses arising on changes in financial assumptions	72,237	(34,263)
Other	(810)	17,274
Past service costs (including curtailments)	1,384	348
Liabilities assumed on entity combinations	11,633	-
Benefits paid	(16,991)	(19,290)
Liabilities extinguished on settlements	(6,708)	(3,664)
Closing balance as at 31 March	**644,874**	**643,561**

Reconciliation of fair value of the scheme (plan) assets:

	2012/13 £'000	2013/14 £'000
Opening fair value of scheme assets	**411,965**	**475,032**
Interest income	19,799	21,312
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	35,654	(1,215)
Other		-
The effect of changes in foreign exchange rates	-	-
Contributions from employers	15,076	15,374
Contributions from employees into the scheme	4,633	4,595
Benefits paid	(16,991)	(19,290)
Other	4,896	(1,652)
Closing fair value of scheme assets	**475,032**	**494,156**

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 about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as a 31 March 2010.

The principal assumptions used by the actuary have been:

	2012/13	2013/14
Long-term expected rate of return on assets in the scheme:		
Equity investments	4.5%	4.3%
Bonds	4.5%	4.3%
Property	4.5%	4.3%
Cash	4.5%	4.3%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.9 years	22.3 years
Women	25.7 years	24.4 years
Longevity at 65 for future pensioners:		
Men	24.9 years	24.1 years
Women	27.7 years	26.7 years
Inflation/pension increase rate	2.8%	2.8%
Salary increase rate	5.1%	3.6%
Rate of increase in pensions	4.5%	4.3%
Rate for discounting scheme liabilities	4.5%	4.3%
Take-up option to convert annual pension into retirement lump sum:		
Service to April 2008	50.0%	50.0%
Service post April 2008	75.0%	75.0%

The Discretionary Benefit arrangements have no assets to cover its liabilities. The Local Government Pension Scheme’s assets consist of the following categories, by proportion of the total assets held:

	Period Ended 31 March 2014			
Asset Category	**Quoted prices in active markets £'000**	**Quoted prices not in active markets £'000**	**Total £'000**	**Percentage of Total Assets**
Equity Securities:				
Consumer	65,032	-	**65,032**	13%
Manufacturing	22,573	-	**22,573**	5%
Energy and Utilities	13,539	-	**13,539**	3%
Financial Institutions	24,748	-	**24,748**	5%
Health and Care	6,019	-	**6,019**	1%
Information Technology	19,303	-	**19,303**	4%
Other	15,267	-	**15,267**	3%
Debt Securities:				
Other	-	29,443	**29,443**	6%
Private Equity:				
All	-	26,868	**26,868**	5%
Real Estate:				
Uk Property	-	31,179	**31,179**	6%
Overseas Property	-	1,703	**1,703**	1%
Investment Funds and Unit Trusts:				
Equities	80,897	-	**80,897**	16%
Bonds	86,272	-	**86,272**	17%
Hedge Funds	-	69,359	**69,359**	14%
Cash and Cash Equivalents:				
All	-	1,954	**1,954**	1%
Totals	**333,650**	**160,506**	**494,156**	100%

	Period Ended 31 March 2013			
Asset Category	**Quoted prices in active markets £'000**	**Quoted prices not in active markets £'000**	**Total £'000**	**Percentage of Total Assets**
Equity Securities:				
Consumer	60,049	-	**60,049**	13%
Manufacturing	24,350	-	**24,350**	5%
Energy and Utilities	10,711	-	**10,711**	2%
Financial Institutions	18,666	-	**18,666**	4%
Health and Care	6,240	-	**6,240**	1%
Information Technology	15,712	-	**15,712**	3%
Other	15,755	-	**15,755**	3%
Debt Securities:				
Other	-	27,364	**27,364**	6%
Private Equity:				
All	-	30,114	**30,114**	6%
Real Estate:				
Uk Property	-	27,679	**27,679**	6%
Overseas Property	-	1,913	**1,913**	1%
Investment Funds and Unit Trusts:				
Equities	100,501	-	**100,501**	21%
Bonds	66,106	-	**66,106**	14%
Hedge Funds	-	67,730	**67,730**	14%
Cash and Cash Equivalents:				
All	-	2,142	**2,142**	1%
Totals	**318,090**	**156,942**	**475,032**	100%

37 Unusable Reserves

	31/03/2013 £000	31/03/2014 £000
Capital Adjustment Account	221,887	196,418
Revaluation Reserve	96,579	107,750
Financial Instruments Adjustment Account	(141)	(234)
Available-for-Sale Reserve	-	4,873
Pensions Reserve	(169,842)	(149,405)
Deferred Capital Receipts Reserve (England and Wales)	32,057	32,022
Collection Fund Adjustment Account	133	(781)
Unequal Pay Back Pay Account	(197)	-
Accumulating Compensated Absences Adjustment Account	(4,912)	(4,517)
Total Unusable Reserves	**175,564**	**186,126**

Capital Adjustment Account

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

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

	Note(s)	Restated 31/03/13 £'000	31/03/14 £'000
Balance as at 1 April		**263,860**	**221,887**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
Depreciation and impairment of non-current assets	22	(12,271)	(10,561)
Revaluation loss on PPE	22	(12,745)	(9,698)
Amortisation of intangible assets	25	(723)	(748)
Revenue expenditure funded from capital under statute	27	(5,889)	(4,926)
Carrying amount of non-current assets sold		(38,739)	(26,203)
		(70,367)	**(52,136)**
Adjusting amounts written out of the Revaluation Reserve		1,172	871
Net written out of the cost of non-current assets consumed in year		**(69,195)**	**(51,265)**
Capital financing applied in year:			
Restated Use of the Capital Receipts Reserve	8	3,113	4,740
Application of grants from the Capital Grants Unapplied Account	6	21,671	18,248
Statutory provision for the financing of capital investment		2,969	4,381
		27,753	**27,369**
Movements in the market value of Investment Properties	24	(531)	(1,573)
Balance as at 31 March		**221,887**	**196,418**

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

Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its PPE. The balance is reduced when assets with accumulated gains are:

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

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

	31/03/13 £'000	31/03/14 £'000
Balance as at 1 April	**112,345**	**96,579**
Upward revaluation of assets	1,117	15,283
Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services	**1,117**	**15,283**
Disposal of non-curent assets	(15,711)	(3,241)
Difference between fair value depreciation and hsitorical cost depreciation	(1,172)	(871)
Balance as at 31 March	**96,579**	**107,750**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. Warrington Borough Council uses the Account to manage amounts that are charged to the Comprehensive Income and Expenditure Account, but reversed out of the General Fund Balance to the Account in the Movement in reserves Statement. Over time the income or expense is posted back to the General Fund Balance in accordance with statutory arrangements. This account includes amounts relating to a discount on the early redemption of loans and interest adjustments relating to two step loans, and two soft loans.

	31/03/13 £'000	31/03/14 £'000
Balance as at 1 April	**(78)**	**(141)**
Amount by which finance costs to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(63)	(93)
Balance as at 31 March	**(141)**	**(234)**

Available-for-Sale Financial Instrument Reserve

The Available-for-Sale Financial Instruments Reserve contains the gains made by the Authority arising from the increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are: -

- Revalued downwards or impaired and the gains are lost;
- Disposed of and the gains are realised.

	31/03/13 £'000	31/03/14 £'000
Balance at 1 April	**-**	**-**
Surplus or deficit on revaluation of financial assets not posted to the Surplus on the Provision of Services	-	4,873
Balance as at 31 March	**-**	**4,873**

Deferred Capital Receipts Reserve
The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the 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.

	Restated 31/03/13 £'000	31/03/14 £'000
Balance as at 1 April	**32,090**	**32,057**
Restated Tfr to Capital Receipts Reserve	(33)	(35)
Balance as at 31 March	**32,057**	**32,022**

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 amount to the General Fund from the Collection Fund.

	31/03/13 £'000	31/03/14 £'000
Balance as at 1 April	**164**	**133**
Amount by which council tax income to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(31)	(914)
Balance as at 31 March	**133**	**(781)**

Unequal Pay Back Account
The Unequal Pay Back Account compensates for the differences between the rate at which the Council provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability to understand statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants.

	31/03/13 £'000	31/03/14 £'000
Balance as at 1 April	**(197)**	**(197)**
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-	197
Balance as at 31 March	**(197)**	**-**

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

	31/03/13 £'000	31/03/14 £'000
Balance as at 1 April	**(5,026)**	**(4,912)**
Settlement or cancellation of accrual made at the end of the preceding year	5,026	4,912
Amounts accrued at the end of the current year	(4,912)	(4,517)
Balance as at 31 March	**(4,912)**	**(4,517)**

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. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31/03/13 £'000	31/03/14 £'000
Balance as at 1 April	**(127,498)**	**(169,842)**
Actuarial gains or losses on pensions assets and liabilities	(38,666)	28,808
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	(3,678)	(8,371)
Balance as at 31 March	**(169,842)**	**(149,405)**

38 Financial Instruments, Risk and Collateral

Categories of Financial Instruments
The Council's financial instruments include financial assets (cash and cash equivalents and loans and receivables) and financial liabilities (trade payables arising from day-to-day operations and borrowings). The main purposes of the Council's financial instruments are to raise finance to support the Council's day-to-day operations

(by investing surplus cash balances where appropriate) and finance investment undertaken through the capital programme.

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

	Long-term		Short-term	
	31/03/2013	31/03/2014	31/03/2013	31/03/2014
	£'000	£'000	£'000	£'000
Investments				
Loans & receivables	-	-	3,841	29,224
Available for sale financial assets	-	14,752	-	-
Unquoted equity investment at cost	150	2,538	-	-
Total Investments	**150**	**17,290**	**3,841**	**29,224**
Debtors				
Loans & receivables	41,092	43,287	-	-
Financial assets carried at contract amounts	-	-	15,396	10,971
Total Debtors	**41,092**	**43,287**	**15,396**	**10,971**
Borrowings				
Financial liabilities at amortised cost	118,460	137,803	2,286	12,252
Total Borrowings	**118,460**	**137,803**	**2,286**	**12,252**
Other Long Term Liabilities				
PFI & finance lease liabilities	9,513	9,131	204	209
Total Other Long Term Liabilities	**9,513**	**9,131**	**204**	**209**
Creditors				
Financial liabilities carried at contract cost	-	-	16,540	14,377
Total Creditors	**-**	**-**	**16,540**	**14,377**

The following gives an analysis of borrowing by type of debt.

	Long-term		Short-term	
	31/03/2013	31/03/2014	31/03/2013	31/03/2014
	£'000	£'000	£'000	£'000
Public Works Loan Board	8,530	8,131	305	400
Money Market Loans	109,273	129,260	-	5,000
Other Temporary Loans	657	412	1,981	6,853
	118,460	**137,803**	**2,286**	**12,253**

Long Term Equity Investments

The Council has an investment of 22,222 shares valued at £1.65m representing at 15.66% shareholding in Warrington Sports Holding Ltd (WSHL). It has been determined that the Council does not have control of the company and it is not a subsidiary of the Council. As the fair value of the shares cannot be easily determined due the shares having no quoted market price in an active market, the fair value of the investment has been taken from the net asset value of WSHL, which is £9.7m, plus the greatest value of the tax loss of £914k which totals a valuation of around £10.6m. Warrington have 15.66% of the shares so the Council's share of the value of £10.6m is £1.650m (as detailed in a report and correspondence of Capita Treasury Services).

Reclassifications

In 2013/14 the Council has not made any reclassifications.

Income, Expense, Gains and Losses

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

	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Available-for-sale assets £'000	2012/13 £000	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Available-for-sale assets £'000	2013/14 £000
Interest expense	(5,549)	-	-	**(5,549)**	(5,299)	-	-	**(5,299)**
Impairment losses	-	(693)	-	**(693)**	-	(2,512)	-	**(2,512)**
Total expense in Surplus or Deficit on the Provision of Services	**(5,549)**	**(693)**	**-**	**(6,242)**	**(5,299)**	**(2,512)**	**-**	**(7,811)**
Interest income	-	2,467	-	**2,467**	-	3,125	-	**3,125**
Total income in Surplus or Deficit on the Provision of Services	**-**	**2,467**	**-**	**2,467**	**-**	**3,125**	**-**	**3,125**
Net gain/(loss) for the year	**(5,549)**	**1,774**	**-**	**(3,775)**	**(5,299)**	**613**	**-**	**(4,686)**

Fair Values of Assets and Liabilities

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

- estimated ranges of rates at 31 March 2014 of 1.44% to 4.29% for loans from the PWLB and 4.44% and 4.82% for other loans receivable and payable, based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

	31/03/2013		31/03/2014	
	Carrying Amount £'000	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
Long-term Financial liabilities	127,973	128,183	146,934	163,691
Short-term Financial liabilities	2,490	1,852	12,462	1,680
Long-term creditors	-	-	-	-
Short-term creditors	16,540	16,540	14,377	14,377

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2014).

	31/03/2013		31/03/2014	
	Carrying Amount £'000	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
Long-term financial assets	150	150	16,402	16,402
Short-term financial assets	3,841	4,028	29,224	29,224
Long-term debtors	41,092	41,092	43,287	43,287
Short-term debtors	15,396	15,396	10,971	10,971

The fair value of the assets has been accounted for as the valuation of the Council's portfolio of investments.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in measures such as interest rates and stock market movements

Overall procedures for managing risk
The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services. It maintains and operates a Treasury Management Policy comprising an overview of the principles and practices to which the activity will comply. Alongside this Policy, the Department for Communities and Local Government has issued guidance under section 15(1) (a) of the Local Government Act 2003, to which local authorities must have regard. Annually the Council approves a Treasury Management Strategy for the forthcoming year. A yearly outturn report is also reported to Full Council. The Council's Audit and Corporate Governance Committee is also charged with the Governance of treasury management and receive quarterly update reports on its activities.

The annual Treasury Management Strategy for 2013/14 which incorporates the prudential indicators (treasury management governing indicators) was approved by Council on 4 March 2013.

The key issues within the strategy were:

- the Authorised Limit for 2013/14 was set at £720.8m. This is the maximum limit of external borrowings or other long term liabilities
- the Operational Boundary was set at £665.3m. 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 40%
- The use of investments to fund the capital programme, thus reducing borrowing costs

The Council operated within its 2013/14 Treasury Management Strategy during 2013/14 and a full 2013/14 Treasury Management Outturn Report will be reported to full Council in September 2014.

All Treasury Management Policies and strategies are implemented by the Council's Treasury Management Team. The Council maintains written principles for overall operation of Treasury Management (Treasury Management Practices Statement TMPS) which are annually reported to the Audit and Corporate Governance Committee.

The Council also employ Treasury Management Advisors (Sector), who advise on risk mitigation strategies and keep the Council up to date daily on treasury market developments.

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

The 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, as laid down by Fitch, Moody's and Standard and Poors Rating Services. The Annual Investment Strategy also imposes a maximum sum to be invested and a maximum length of investment with a financial institution located within each category.

The Council uses the creditworthiness service provided by our Treasury Management Consultants (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 Swap (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

Institutions are split into colour bandings for length of investment though for the amount credit ratings for Standard and Poor's are used.

Length of investment – based on colour

- yellow: unlimited funds;

- purple: Nationalised Banks and Government support – Investment for up to 2 years
- blue: nationalised or semi nationalised UK banks – investment for up to 1 year
- orange: up to 1 year
- red: up to 6 months
- green: up to 3 months
- no colour - not to be used

Limit on amount of investment

Counterparty type/rating	**Maximum Limit**
1. Specified Investments (limit per counterparty)	
UK Government	Unlimited
Local Authorities	£20.0m
Money Market Funds with a minimum rating AAA	£20.0m
Institutions with a minimum rating of AAA/A1	£20.0m
Institutions with a minimum rating of AA-/A2	£15.0m
Institutions with a minimum rating of A-/A2	£10.0m
Building Societies – assets greater than £5,000 million	£5.0m
Building Societies – assets greater than £1,000 million	£2.5m
Building Societies – assets greater than £250 million	£1.0m
Building Societies – for Local Authority Mortgage Scheme	£1.0m
2. Non-specified Investments (limit per counterparty)	
Investments for more than 365 days	£20.0m
Other non-specified investments	£10.0m
3. Other Limits (on day of investment)	
Aggregate value of Non-specified Investments	£30.0m

The full investment strategy for 2013/14 was approved by the Council on 4 March 2013.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and parameters set by the Council.

The Council had a total of £43.636m deposited with a number of banks and financial institutions at 31 March 2014, the full amount is potentially exposed to credit risk, there is a specific risk attached to amounts deposited with the individual institutions based on their ability to make interest payments and repay the principal outstanding, it is however more difficult to assess the risk in general terms. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2014 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk on its financial assets, based on experience of default and uncollectability over the last three financial years.

Counterparties	Capita Credit Rating	Counterparty Type/Rating	Amount at 31 March 2013 £'000	Amount at 31 March 2014 £'000	Historical experience of default %	Adjustment for market conditions at 31 March 2014 %	Expected maximum exposure to default at 31 March 2014 £'000	Expected maximum exposure to default at 31 March 2013 £'000
Deposits with Banks and Financial Institutions								
Santander	Green	A/A1	-	9,985	0	0	-	-
National Westminster	Blue	A-/A2	4,966	9,026	0	0	-	-
Handelsbanken	Orange	AA-/A1+	-	14,600	0	0	-	-
CCLA Money Market Fund	Yellow	AAA	-	25	0	0	-	-
Bank of Scotland	Blue	A/A1	1,000	-	0	0	-	-
Bank of Scotland	Blue	A/A1	1,000	-	0	0	-	-
CCLA Property Fund	Blue	AAA	-	11,049	0	0	-	-
Total Banks and Financial Institutions			**6,966**	**44,685**			**-**	**-**
Debtors								
Trade Debtors			13,236	7,841	1.050	1.050	117	139
Other Debtors			37,546	46,417	1.050	1.050	404	394
Total Debtors			**50,782**	**54,258**			**521**	**533**
Total			**57,748**	**98,943**			**521**	**533**

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

The Council does not generally allow any credit for customers but some of the current balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31/03/2013 £'000	**31/03/2014 £'000**
Less than three months	6,687	3,097
Three to six months	1,197	917
Six months to one year	845	1,672
More than one year	4,507	2,155
	13,236	**7,841**

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To this extent rates are monitored to ensure that limits are adhered to regarding the maturity structure of Fixed Rate Debt to negate against a significant proportion of the debt portfolio being repayable at any one time. The maturity analysis of financial liabilities is as follows:

	31/03/2013 £'000	31/03/2014 £'000
Less than 1 year	610	10,573
Between 1 and 2 years	267	292
Between 2 and 5 years	2,767	17,232
Between 5 and 10 years	-	5,278
Between 10 and 20 years	281	4
Between 20 and 30 years	35,097	50,720
Between 30 and 40 years	15,769	-
Between 40 and 50 years	778	778
More than 50 years	63,500	63,500
	119,069	**148,377**

The above analysis within the 'over 20 year categories' includes £110m of LOBO (Lender Option Borrower Option) loans that could potentially be called by the lender in the next financial year. However, given the level on the low interest rate environment it is not expected they will be called or require repayment.

All trade and other payables are due to be paid in less than one year.

Market Risk

The Council is exposed to market risk in terms of the value that an instrument will fluctuate due to changes in:

Interest Rate Risk

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

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

Borrowings are not carried at fair value, 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. Policy is to aim to keep a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rates loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

If interest rates had been 1% higher throughout the year, based on the transactions undertaken in year and all other variables constant, the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement would have benefited by £0.0025m, comprising £0.0041m additional interest income on investments and £0.0016m extra interest payments on borrowing costs. The decrease in fair value of fixed rate borrowing liabilities (no impact on Comprehensive Income and Expenditure Statement) would have been £19.881m. A 1% fall in interest rates would result in movements being reversed.

Price Risk
The Council does not generally invest in equity shareholding but does have a £1.65m investment in Warrington Sports Holdings Limited, an unquoted long term investment. Consequently the Council is not exposed to losses arising from movements in share prices.

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

Collateral

The Council has not pledged any financial assets as collateral for liabilities or contingent liabilities in 2013/14 as this is not permited under Section 13 of the Local Government Act 2003.

Collateral held
Where the Council is permitted to sell or re-pledge collateral in the absence of default by the owner of the collateral, the Code requires its fair value to be disclosed. At 31 March 2014 this was £13.072m and is made up of:

Deferred Care Charges
These are charges against people's properties for receiving adult social care packages. The Council meets the cost of the care package and the costs are met the eventual sale of the clients property. The value for 2013/14 is £6.448m (£8.150m 2012/13).

Loans to Registered Providers (RP's)
The Council has three loans to RP's to promote housing development in the Borough. Collateral is held against the organisations properties to the value of the loan plus 10%. The value for 2013/14 is £6.103m (£6.248m 2012/13)

Warrington Borough Transport (WBT)
The Council has provided a loan to WBT of £0.520m in 2013/14 for which collateral is held against the organisations fleet for the full value of the loan

A legal case for which collateral was held in 2012/13 to the value of £0.052m against the estate of a bankrupt person has been resolved.

No collateral is held for council tax and non-domestic rates as permitted by the Code. Collateral held for Right to Buy Discounts is also excluded because the amount receivable is determined by the selling price of properties.

The Council holds collateral by way of security on property for Social Services Residential Charges, legal charges loans held by the Council and general credit debts. The Council chooses not to sell or repledge the collateral it holds on the basis of the vulnerability of many of the parties concerned, the time-expiry of the discounts, loans and grants and the considered opinion that the categories are thought to be of such little commercial value that it is unlikely that they would be an attractive proposition for a third party.

39 Contingent Assets and Liabilities

Contingent Assets

A contingent asset is an asset that may be received but only if a certain future event occurs. The Council has identified the following contingent assets as at 31 March 2014.

Housing Stock VAT reclaim
Following the transfer of its Housing Stock to Golden Gates Housing Trust the Council entered into an agreement to reclaim the VAT on Improvement Works to dwellings. The estimated value of these works is £276m over the next 25 years and so it is expected that £55m of VAT would be recoverable. The agreement put in place means that WBC would expect to receive up to £28m.

Prescribed Right to Buy
The Council has entered into an agreement with Golden Gates Housing Trust relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants until November 2040.

Capital receipts from sold properties
The Council will receive capital receipts at the end of each financial year for any dwellings sold within the year. The only exclusion to this agreement is former Commission for New Town dwellings where the sale proceeds must be passed onto the Homes and Community Agency. The Council will receive 100% of the receipt generated net of administrative costs and net income foregone that is detailed in Schedule 13 of the Transfer Agreement. The Council received £895.3k of right to buy receipts in 2013/14.

Section 106 agreements
The Council has contingent assets in relation to Section 106 Agreements.

Trade Waste VAT
The Council provides trade waste services for which a charge is levied to users of the service. The charge has historically included Value Added Tax. Her Majesty's Revenues and Customs have now determined that the provision of trade waste services by a Local Authority is a non-business activity. The Council is anticipating a net recovery of output tax on the provision of trade waste services of up to £0.279m.

Contingent Rents
Contingent Rents (contingent rent is such amount that is paid as part of lease payments but is not fixed or agreed in advance at the inception of the lease rather the amount to be paid is dependent on some future event) for 2013/14 were £0.52m.

Contingent Liabilities

A Contingent Liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2014.

NNDR Appeals
The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

Land Charges
Land Charges legislation changed in 2010 and the fee paid to Councils was revoked. Clients are able to apply for a refund for personal searches of the local land charges register they had paid for going back to January 2005. A Contingent Liability of £3.104m exists for this.

Planning conditions
A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers.

MMI
The Municipal Insurance Scheme of Arrangement was enacted in 2012/13. The liability upon the Council as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not reported between 1974 and 1992. Whilst the council has considered the financial impact in producing its Statement of Final Accounts there is a risk that the Council's financial liability could change.

Grants
The Council submits grant claims on an on-going basis. From time to time the interpretation of legislation may be a matter of professional and technical judgement. In

this context it may lead to possible grant qualifications by the external auditors. It is not possible to produce a reliable forecast for the cost of any grant qualifications.

40 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

31/03/13 £'000		Note(s)	31/03/14 £'000
(2,453)	Interest received		(3,184)
7,049	Interest paid		5,239
4,596			**2,055**

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

Restated 31/03/13 £'000		Note(s)	31/03/14 £'000
(12,271)	Depreciation	22	(10,561)
(13,287)	Revaluation loss		(11,271)
(723)	Amortisation	25	(748)
(2,060)	Increase/decrease in impairment for bad debts		(4,162)
6,962	Increase/decrease in creditors		(4,833)
11,214	Increase/decrease in debtors		(2,024)
(60)	Increase/decrease in inventories		169
(6,571)	Restated Movement in pension liability		(8,371)
(64,388)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised		(31,113)
1,212	Other non-cash items charged to the net surplus or deficit on the provision of services		(2,644)
(79,972)			**(75,558)**

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

31/03/13 £'000		Note(s)	31/03/14 £'000
3,080	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		5,293
20,660	Proceeds from sale of property, plant and equipment, investment property and intangible assets		16,000
9,949	Any other items for which the cash effects are investing or financing cashflows		1,669
33,689			**22,962**

41 Cash Flow Statement – Investing Activities

31/03/13 £'000		Note(s)	31/03/14 £'000
27,462	Purchases of property, plant & equipment, investment propert and intangible assets		31,237
2,000	Purchase of short-term and long-term investments		11,379
(3,080)	Proceeds from the sale of property, plant & equipment, investment property and intangible assets		(5,293)
(9,949)	Proceeds of short-term and long-term investments		(1,669)
(21,737)	Other receipts for investing activities		(16,783)
(5,304)			**18,871**

42 Cash Flow Statement – Financing Activities

31/03/13 £'000		Note(s)	31/03/14 £'000
(3,313)	Cash receipts of short-term and long-term borrowing		(30,084)
167	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		169
120	Repayments of short-term and long-term borrowing		776
(3,026)			**(29,139)**

43 Related Parties

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

- Central Government
- Members
- Officers
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

Materiality
Materiality has been assessed with regards to the Council and the related party.

Central Government
Central Government 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. council tax bills, housing benefits). Grants received from Government departments are set out in the subjective analysis in Note 19 Amounts Reported for Resource Allocation Decisions. Grant receipts outstanding at 31 March 2014 are shown in Note 21. Any

debtors and creditors relating to Central Government are shown in Notes 30 and 32, respectively.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2013/14 is shown in Note 15.

Members are required to complete a declaration of interests, disclosing any party where they, or their spouse, have control or influence.

The register of Members' interests is available for public inspection at the Town Hall upon request.

Members also have to declare interests in any matter on Committee/Executive Board agendas and any offers of hospitality.

Business Activities

In 2013/14 seventeen Members held material interests in the following organisations with whom the Council carried out business.

Payments to Organisations where Members or their spouse hold a personal interest	Expenditure 2012-13 £	Expenditure 2013-14 £	Creditors 31 Mar 2014 £
Keate House Residential Home	613,471	558,095	-
Golden Gates Housing Trust	744,142	211,646	3,360
Warrington Wolves Foundation	34,842	90,346	-
Helena Partnerships	3,639	6,385	-
Warrington Borough Transport	1,364,428	997,666	48,206
Livewire	1,016,342	5,835,138	1,392
Culture Warrington	241,437	1,909,706	-
Healthwatch Warrington	-	60,000	-
Langtree Group plc	59,303	78,320	-
North West Employers	77,223	39,527	-
Warrington Labour Group	15,495	14,288	-
Cheshire Day Nursery	87,384	75,953	-
Warrington Community Transport	211,554	166,810	-
Priestley College	121,870	215,209	1,000
Seashell Trust	91,869	193,716	-
Warrington YMCA	52,738	84,325	-
Warrington Housing Association	819,928	529,515	-

Receipts from Organisations where Members or their spouse hold a personal interest	Income 2012-13 £	Income 2013-14 £	Debtors 31 March 2014 £
Keate House Residential Home	5,347	-	-
Golden Gates Housing Trust	1,206,820	1,094,936	62,987
Warrington Wolves Foundation	3,173	4,073	180
Warrington Borough Transport	153,886	458,271	-
Livewire	-	790,845	87,337
Culture Warrington	-	66,475	37,332
Langtree Group plc	-	3,070	-
North West Employers	-	6,563	
Priestley College	14,843	21,307	-
Warrington YMCA	830	482	-
Warrington Housing Association	53,423	226,464	3,936

In each of these cases, Members are not involved in the commissioning of services from these organisations, and the level of activity with each party is not unusual.

Also Golden Gates Housing Trust and Warrington Housing Association have loans with Warrington Borough Council, which are classed as long term debtors and shown in Note 38 Financial Instruments.

Grants Made

The following grants were made to local voluntary groups where eight Members have a level of influence; however, grants were not awarded by Members directly.

Grants to Organisations where Members or their close relatives hold a personal interest	Expenditure 2012-13 £	Expenditure 2013-14 £	Creditors 31 Mar 2014 £
Latchford Baptist Church	100	-	-
St Rocco's Hospice	1,600	970	-
Tim Parry & Jonathan Ball Foundation for Peace	1,490	7,403	504
Sankey Canal Restoration Trust	-	855	-
Culcheth Age Conern	-	2,000	-
Latchford West Community Forum	-	3,000	-
Warrington District Citiziens Advice Bureau	426,830	582,284	-
Howley Credit Union	1,500	720	-

Officers

All Executive Directors of the Council, plus Assistant and Operational Directors were required to complete a declaration of interests. Individual Departmental Management Teams also had discretion to cascade the forms down to lower levels of budget holder if deemed appropriate.

Most of the officers' declarations were immaterial, or it could not be demonstrated that the officer had influence over the transactions.

There were five material declarations, but none were pecuniary interests.

Payments to Organisations where Officers or their spouse hold a personal interest	Expenditure 2012-13 £	Expenditure 2013-14 £	Creditors 31 Mar 2014 £
Warrington Wolves Foundation	34,842	90,346	-
Low Carbon Lymm	17,107	20,683	-
Alternative Futures	103,113	1,030,805	-
MT Dawe Ltd	43,236	74,646	-
Marketing Cheshire	224,504	184,990	-

The Chief Executive is a Director of the Warrington Wolves Rugby League Club but plays no part in the commissioning of services or awarding of grants.

The Executive Director for Economic Regeneration, Growth & the Environment is a Director of Marketing Cheshire – the Cheshire and Warrington Tourist Board.

The Climate Change manager is the secretary of Low Carbon Lymm, a local pressure group.

One consultant with Warrington and Co., is under a long term contract and his company is MT Dawe Ltd. These payment represent his remuneration.

The Head of Adult Assessment and Care Management has a relative involved with Alternative Futures, however the contract between the Council and the related party predates any involvement of the member of staff and their relative.

Receipts from Organisations where Officers or their spouse hold a personal interest	Income 2012-13 £	Income 2013-14 £	Debtors 31 March 2014 £
Warrington Wolves Foundation	3,173	4,073	180
Alternative Futures	150	-	-
Marketing Cheshire	-	617	-

Officers' remunerations are detailed in Note 16.

Other Public Bodies

The following table shows the precepts and levies during the year 2013/14.

Precepting & Levying Bodies	Precepts/Levies 2012-13 £	Other Expenditure 2012-13 £	Precepts/Levies 2013-14 £	Other Expenditure 2013-14 £
Police & Crime Commissioner for Cheshire	10,625,598	326,323	9,410,005	296,806
Cheshire Fire Authority	4,699,499	2,240	5,181,550	374
Town and Parish Councils	1,541,486	3,107	1,556,558	3,237
Cheshire West and Chester Council	834,048	4,190,888	789,009	3,556,416
Environment Agency	115,956	83,000	115,956	456,982

The precepts paid to the Cheshire Fire Authority, Cheshire Police Authority and the Town and Parish Councils are to distribute Council Tax collected on behalf of the related party.

The levy paid to Cheshire West and Chester Council is with regard to historic Pension costs. There were various other payments made to Cheshire West and Chester Council, with £2.35m for Concessionary Travel reimbursements, being the most significant.

The payment to the Environment Agency is the Flood Defence levy, where there was some other expenditure primarily for drainage works.

Three Council Members sit on the Board for Cheshire Fire Authority, and two Members sit on the Board for Cheshire Police Authority.

The Council also provided Treasury Management services to the Cheshire Fire Authority during 2013/14. The total income received was £5,500, an increase of £100 from the previous year.

Entities Controlled or Significantly Influenced by the Council

In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The Council had interests in one limited company during the financial year:

- Warrington Borough Transport

Warrington Borough Transport is wholly owned by Warrington Borough Council and is consolidated into the Group Accounts as a subsidiary.

Pension fund
Warrington Borough Council is a member of the Cheshire Pension Fund but is not an administering Council.

One Member sits on the Board of Cheshire Pension Fund.

Details of the Fund can be found in Note 36.

44 Trust Funds

The Council acts as one of several trustees for the Alderman Bennett Trust. The purpose of the trust is to conserve, preserve, protect, improve and enhance the amenities of the town. In 2013/14 the trust has assets of £0.02m, no change from 2012/13. The Council also holds monies on behalf of residents who are unable to manage their own affairs. For 2013/14 these funds amounted to £4.0m (£3.145m in 2012/13) and are managed in an independent client account outside of the Council's main bank account.

45 Prior Period Adjustments

Loans to Registered Providers
As part of the 2012/13 financial year the Council loaned monies to two registered providers (RPs). These were treated as long term debtors and deferred capital receipts were created to represent the future repayments. The deferred capital receipts were created by adjusting the Capital Adjustment Account (CAA). The net adjustment amounted to £5.680m.

In October, after the 2012/13 Statement of Accounts had been approved CIPFA provided further guidance on these type of accounting transactions, and it was clear that the creation of the deferred capital receipts was in error.

IAS 8 requires that once an error in the accounts is identified that is corrected in the earliest period. The following notes to the accounts have been restated in accordance with IAS 8, and the restatements are shown below:

- Note 27: Capital Expenditure and Financing
- Note 37: Unusable Reserves

	Note(s)	2012/13 £'000	Restated 2012/13 £'000	Prior Period Adjustment £'000
Opening Capital Financing Requirement		**155,874**	**155,874**	**-**
Capital Investment				
Property, Plant and Equipment	22	27,714	27,714	-
Intangible Assets	25	123	123	-
Revenue Expenditure Funded by Capital Under Statute		5,889	5,889	-
Long Term Debtor - Warrington Housing Association		3,806	3,806	-
Long Term Debtor - Golden Gates Housing		1,742	1,742	-
Long Term Debtor - Local Authority Mortgage Schemes		1,500	1,500	-
		40,774	**40,774**	**-**
Sources of Finance				
Capital Receipts	8	(3,252)	(3,252)	-
Deferred Capital Receipts		5,819	139	(5,680)
Government Grants & Other Contirbutions		(20,282)	(20,082)	200
Sums set aisde from Revenue:				
General Fund		(50)	(50)	-
Developers Contribution (S106)		(1,539)	(1,539)	-
Minimum Revenue Provision		(2,968)	(2,968)	-
		(22,272)	**(27,752)**	**(5,480)**
Closing Capital Financing Requirment		**174,376**	**168,896**	**(5,480)**
Explanations of movements in year				
Increase in underlying need for borrowing		18,502	13,022	(5,480)

Note 37: Unusable Reserves

	31/03/13 £'000	Restated 31/03/13 £'000	Prior Period Adjustment £'000
Capital Adjustment Account	216,207	221,887	5,680
Revaluation Reserve	96,579	96,579	-
Financial Instruments Adjustment Account	(141)	(141)	-
Deferred Capital Receipts Reserve	37,737	32,057	(5,680)
Collection Fund Adjustment Account	133	133	-
Unequal Pay Back Pay Account	(197)	(197)	-
Accumulating Comsensated Absences Account	(4,912)	(4,912)	-
Pensions Reserve	(169,842)	(169,842)	-
Total Unusable Reserves	**175,564**	**175,564**	**-**

Deferred Capital Receipts Reserve

	31/03/13 £'000	Restated 31/03/13 £'000	Prior Period Adjustment £'000
Balance as at 1 April	**32,090**	**32,090**	**-**
Tfr to Capital Receipts Reserve	5,647	(33)	(5,680)
Balance as at 31 March	**37,737**	**32,057**	**(5,680)**

Capital Adjustment Account

	Note(s)	31/03/13 £'000	Restated 31/03/13 £'000	Prior Period Adjustment £'000
Balance as at 1 April		**263,860**	**263,860**	**-**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Depreciation and impirment of non-current assets	22	(12,271)	(12,271)	-
Revaluation loss on PPE	22	(12,745)	(12,745)	-
Amortisation of intangible assets	25	(723)	(723)	-
Revenue expenditure funded from capital under statute	27	(5,889)	(5,889)	-
Carrying amount of non-current assets sold		(38,739)	(38,739)	-
		(70,367)	**(70,367)**	**-**
Adjusting amounts written out of the Revaluation Reserve		1,172	1,172	-
Net written out of the cost of non-current assets consumed in year		**(69,195)**	**(69,195)**	**-**
Capital financing applied in year:				
Use of the Capital Receipts Reserve	8	(2,567)	3,113	5,680
Application of grants from the Capital Grants Unapplied Account	8	21,671	21,671	-
Statutory provision for the financing of capital investment		2,969	2,969	-
		22,073	**27,753**	**5,680**
Movements in the market value of Investment Properties	24	(531)	(531)	-
Balance as at 31 March		**216,207**	**221,887**	**5,680**

IAS19 Change to Accounting Standard

There have been significant changes in relation to the international accounting standard IAS19 Employee Benefits. This has resulted in changes to accounting treatment for financial years on or after 1 January 2013. There is no impact on the Balance Sheet and the main changes are as follows:

Expected Return on Assets

This is in relation to the return on Pension Scheme assets such as those held by Cheshire West and Chester Local Government Pension Fund. Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using expected return on assets assumptions).

Asset Disclosures

IAS 19 requires a much more detailed breakdown of the pension fund assets. The values of the assets, broken down into different classes that distinguish between the nature and risk now need to be disclosed. A further breakdown is also needed showing those assets that have a quoted market price and those that do not. The disclosure included in the Council's 2012/13 published financial statements only showed the main categories of equities, bonds, property and cash as required. As a result of the change some of these categories are split further.

Disclosure Presentation

In order to be consistent with new requirements of the IAS19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012/13. By making these changes to the accounting standard, it is intended that the presentation of the information is easier for the user to understand (see note 36).

46 Acquired & Discontinued Operations

The Council has acquired Public Health operations from the NHS in April 2013. With the transfer brought a number of commissioning responsibilities for the Council, together with overall responsibility for improving health at borough level. The national Public Health outcomes framework has been developed, which sets out key outcomes of interest for partners in improving health including some mandatory services including :- the National Child Measurement Programme; NHS health check assessments; comprehensive sexual health services (including testing and treatment for sexually transmitted infections, contraception outside of the GP contract and sexual health promotion and disease prevention; the local authority role in dealing with health protection incidents, outbreaks and emergencies; providing public health support to health care commissioners. (No operations were acquired in the year to 31 March 2013)

Collection Fund

2012/13				2013/14		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
-	**(194)**	**(194)**	**Opening fund Balance**	**-**	**(159)**	**(159)**
			Amounts required by statute to be credited to the Collection Fund:			
-	(98,099)	(98,099)	Council Tax (net receivable)	-	(87,933)	(87,933)
(94,900)	-	(94,900)	Non-domestic rates (net receivable)	(104,790)	-	(104,790)
-	-	-	Transitional protection payments non-domestic rates	1,318	-	1,318
			Amounts required by statute to be debited to the Collection Fund:			
			Precepts and demands from major preceptors and the authority - council tax			
-	10,593	10,593	- *Cheshire Police Authority*	-	9,435	9,435
-	4,685	4,685	- *Cheshire Fire Service*	-	4,172	4,172
-	81,699	81,699	- *Warrington Borough Council and Parishes*	-	72,836	72,836
			Shares of non-domestic rating income to major preceptors and the authority - non-domestic rates			
-	-	-	- *Cheshire Fire Service*	988	-	988
-	-	-	- *Warrington Borough Council and Parishes*	50,000	-	50,000
94,589	-	94,589	Payment with respect to central share of the non-domestic rating income to be paid to central government by billing authorities	49,416	-	49,416
			Impairment of debts/appeals for council tax:	-	-	
-	7	7	- *write-offs of uncollectable amounts*	-	-	-
-	850	850	- *allowance for impairment*	-	682	682
			Impairment of debts/appeals for non-domestic rates:			
-	-	-	- *write-offs of uncollectable amounts*	7	-	7
-	-	-	- *allowance for impairment*	2,672	-	2,672
311	-	311	Charge to General Fund for allowable collection costs for non-domestic rates	308	-	308
-	-	-	Other transfers to General Fund in accordance with non-domestic rates regulations	1,652	-	1,652
-	300	300	Contributions towards previous year's Collection Fund surplus - council tax	-	-	-
-	**35**	**35**	**Movement on fund balance**	**1,572**	**(809)**	**764**
-	**(159)**	**(159)**	**Closing fund Balance**	**1,572**	**(968)**	**605**

With the introduction of the changes to the National Non-Domestic Rates (see Note 2 of the Collection Fund) the Authority has reformatted the main Collection Fund Statement to present Council Tax and NNDR separately. For 2012/13 this is a presentational change only and does not affect the prior year comparators or Collection Fund balance. This presentational change has been made to make the accounts more transparent and readable to the user, and follows IAS1.

Notes to the Collection Fund Statement

1 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands by estimating 1 April 1991 values. Individual charges are set by calculating the amount of income to be achieved from Council Tax and dividing this by the Council Tax Base (the total number of properties in each band converted to an equivalent number of Band D properties). The tax for a Band D property is multiplied by the appropriate ratio to give an amount due for properties in each band.

Band	Value Range	Number of Dwellings after Discounts and Exemptions	Ratio	Band D Equivalents
Disabled A	Up to £40,000	33	5/9	18
A	Up to £40,000	22,132	6/9	14,755
B	£40,000 - £52,000	16,982	7/9	13,208
C	£52,000 - £68,000	17,054	8/9	15,159
D	£68,000 - £88,000	10,438	9/9	10,438
E	£88,000 - £120,000	6,194	11/9	7,570
F	£120,000 - £160,000	4,118	13/9	5,948
G	£160,000 - £320,000	2,450	15/9	4,082
H	£320,000 and over	155	18/9	310
		79,556		**71,488**

The total number of Band D Equivalents is then adjusted for non-collection, new properties and other adjustments to produce the Council Tax Base.

Calculation of Tax Base	
Total properties converted to Band D equivalent	71,488
Change in assumptions	80
	71,568
Less allowance for non-collection	(715)
Increase due to decrease of second home discount	160
Council Tax Base for Tax Setting	**71,013**

2 National Non-Domestic Rates (NNDR)

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. The Government specifies a rate in the pound (47.1p for 2013/14 and 46.2p for small businesses) which is then multiplied by the rateable value to produce a charge to each business. The aggregate rateable value or total value of properties for Warrington is £253,607,487.

In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Warrington the local share is 49%. The remainder is distributed to preceptors and in the case of Warrington these are Central Government: 50% and Cheshire Fire Authority: 1%.

The business rates shares payable for 2013/14 were estimated before the start of the financial year as £51.020m to Central Government, £1.020m to Cheshire Fire Authority and £50.000m to Warrington Council. These sums have been paid in 2013/14 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Warrington paid a tariff to Central Government in 2013/14 to the value of £22.588m.

3 Collection Fund Surplus

An estimate is made on 15 January each year of the surplus/deficit on the Collection Fund which is then distributed between the billing authorities in the following year. Warrington Borough Council predicted a break even position in 2012/13, which was distributed as shown below:

2012/13 £'000		2013/14 £'000
253	Warrington Borough Council	-
32	Cheshire Police Authority	-
15	Cheshire Fire Authority	-
300	**TOTAL**	**-**

4. Movement on Collection Fund Adjustment Account

The Collection Fund contains monies collected on behalf of Warrington Borough Council, Cheshire Police Authority and Cheshire Fire Authority. The table below shows how the movement in the Collection Fund balance is split between the three precepting bodies. Only the Council's share of the movement is shown in the Comprehensive Income and Expenditure Account, and the corresponding entry is shown in Note 6 (Adjustments between Accounting Basis and Funding Basis under Regulations).

2012/13 Business Rates £'000	2012/13 Council Tax £'000	2012/13 Total £'000		2013/14 Business Rates £'000	2013/14 Council Tax £'000	2013/14 Total £'000
-	35	35	Movement on Collection Fund Balance	1,572	(809)	764
			Less adjustments for:			
-	(2)	(2)	- Cheshire Police Authority	-	104	104
-	(2)	(2)	- Cheshire Fire Authority	-	46	46
-	**31**	**31**	**TOTAL**	**1,572**	**(659)**	**914**

Group Accounts

Introduction

The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these accounts is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities. Before group accounts can be produced, the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity
- Assess the nature of the relationship between the Council and the entity

Inclusion within the Group Accounts

The Council has relationships with a number of entities over which it has varying degrees of control or influence. The Code of Practice requires these to be classified into the categories of subsidiaries, associates and joint ventures. The meanings of these are outlined below.

Subsidiary

An entity is a subsidiary of the reporting Council if the Council is able to exercise control over the operating and financial policies of the entity and the Council is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

The following entities are classified as subsidiaries of the Council and have been consolidated:

Warrington Borough Transport (WBT)

Warrington Borough Transport is a company set up in accordance with the provision of the Transport Act 1985 to take over the Council's passenger transport undertaking. Warrington Borough Council wholly owns WBT but is not liable for any losses that it may make.

Copies of the audited accounts can be obtained from the following address when available:

Warrington Borough Transport Ltd
Wilderspool Causeway
Warrington
WA4 6PT

Special Purpose Entity

As part of the preparation of the accounts it was identified that the two trusts, LiveWire and Culture Warrington, meet with the tests as outlined in SIC12 – Consolidation Special Purpose Entities and are therefore Special Purpose Entities and should be consolidated into the Council's Group Accounts. However, as the Council has no actual financial investment in the trusts and they are both immaterial to the single entity financial statement, in accordance with paragraph 9.1.1.6 of the Code, the two trusts have not been consolidated into the Group Accounts.

Joint Venture

An entity in which the reporting Council has an interest on a long term basis and which is jointly controlled by the reporting Council and one or more other entities under a contractual or other binding arrangement.

On March 3rd, 2014 Warrington Borough Council (WBC) and Langtree Land and Property PLC entered into an agreement to create a joint venture company (JVC) "Wire Regeneration Limited". Both WBC and Langtree were issued 3,701,870 £1 Shares in the JVC. Each party has a total of three directors on the board, with WBC being represented by elected members. In accordance with paragraph 9.1.1.6 of the Code, the JVC has been not consolidated into the Group Accounts and the Council's holdings are deemed to be immaterial.

Determining the Group Boundary

To ensure that the Group entities incorporated into the Group Accounts are correct, a detailed exercise was carried out, but no companies, other than those detailed above, were determined to be a Group Entity.

Please note that although Warrington Borough Council does have an investment in Warrington Wolves, it was determined that there is no Group Relationship as WBC does not have a significant influence over the organisation as our shareholding is less than 14% and we only have one board member who has a connection with the Council.

Main Statements

The Group Accounts replicate the main statements in the single entity accounts and narrative explanations are given on the single entity main statements.

Group Movement in Reserves Statement

This statement shows the movement in the reserves of the Group entities, and shows how the reserves have been adjusted from the single entity accounts to those shown on the Group Balance Sheet. A full breakdown of the single entity statement is shown in Notes 6, 7, 8 and 23 of the main statements.

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves of the Authority £'000	Authority's Share of Reserves of Subsidiary £'000	Total Reserves of the Group £'000
Balance as at 31 March 2012	**1,282**	**32,534**	**-**	**2,021**	**11,392**	**47,229**	**275,660**	**322,889**	**2,529**	**325,418**
Movement in reserves during the year										
Restated Surplus or (deficit) on provision of services	(63,211)	-	-	-	-	**(63,211)**	**-**	**(63,211)**	902	**(62,309)**
Other Comprehensive Income and Expenditure										
Surplus or (deficit) on revaluation of non-current assets	-	-	-	-	-	**-**	**1,117**	**1,117**	**-**	**1,117**
Actuarial gains or (losses) on pensions reserve	-	-	-	-	-	**-**	**(38,666)**	**(38,666)**	**-**	**(38,666)**
Total Comprehensive Income and Expenditure	**(63,211)**	**-**	**-**	**-**	**-**	**(63,211)**	**(37,549)**	**(100,760)**	**902**	**(99,858)**
Restated Adjustments Between Accounting Basis & Funding Basis Under Regulations	63,558	-	-	(2,021)	1,010	**62,547**	(62,547)	-	-	**-**
Net Increase or (Decrease) before Transfers to Earmarked Reserves	**347**	**-**	**-**	**(2,021)**	**1,010**	**(664)**	**(100,096)**	**(100,760)**	**902**	**(99,858)**
Transfers (to) or from Earmarked Reserves	(336)	336	-	-	-	**-**	**-**	**-**	**-**	**-**
Increase or (Decrease) in Year	**11**	**336**	**-**	**(2,021)**	**1,010**	**(664)**	**(100,096)**	**(100,760)**	**902**	**(99,858)**
Balance Sheet as at 31 March 2013	**1,293**	**32,870**	**-**	**-**	**12,402**	**46,565**	**175,564**	**222,129**	**3,431**	**225,560**
Movement in reserves during the year										
Surplus or (deficit) on provision of services	(35,417)	-	-	-	-	**(35,417)**	-	**(35,417)**	(919)	**(36,336)**
Other Comprehensive Income and Expenditure										
Surplus or (deficit) on revaluation of non-current assets	-	-	-	-	-	**-**	15,283	**15,283**	-	**15,283**
Surplus or (deficit) on revaluation of financial assets	-	-	-	-	-		4,873	**4,873**	-	**4,873**
Actuarial gains or (losses) on pensions reserve	-	-	-	-	-	**-**	28,808	**28,808**	-	**28,808**
Total Comprehensive Income and Expenditure	**(35,417)**	**-**	**-**	**-**	**-**	**(35,417)**	**48,964**	**13,547**	**(919)**	**12,628**
Adjustments Between Accounting Basis & Funding Basis Under Regulations	40,062	-	588	-	(2,248)	**38,402**	(38,402)	-	-	**-**
Net Increase or (Decrease) before Transfers to Earmarked Reserves	**4,645**	**-**	**588**	**-**	**(2,248)**	**2,985**	**10,562**	**13,547**	**(919)**	**12,628**
Transfers (to) or from Earmarked Reserves	(4,236)	4,236	-	-	-	-	-	-	-	**-**
Increase or (Decrease) in Year	**409**	**4,236**	**588**	**-**	**(2,248)**	**2,985**	**10,562**	**13,547**	**(919)**	**12,628**
Balance Sheet as at 31 March 2014	**1,702**	**37,106**	**588**	**-**	**10,154**	**49,550**	**186,126**	**235,676**	**2,512**	**238,188**

Group Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services provided by the Group entities in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The taxation position is shown in the Group Movement in Reserves Statement.

2012/13 Gross Expenditure £'000	2012/13 Gross Income £'000	2012/13 Net Expenditure £'000		2013/14 Gross Expenditure £'000	2013/14 Gross Income £'000	2013/14 Net Expenditure £'000
88,524	(78,411)	10,113	Central Services to the Public	76,608	(69,687)	6,921
25,001	(3,669)	21,332	Cultural and Related Services	16,662	(3,011)	13,651
20,351	(5,277)	15,074	Enviornment and Regulatory Services	20,108	(5,178)	14,930
6,350	(3,502)	2,848	Planning Services	7,988	(4,776)	3,212
215,403	(170,497)	44,906	Childrens and Education Services	195,517	(148,322)	47,195
30,109	(13,713)	16,396	Highways, Roads and Transport Services	30,979	(14,250)	16,729
10,348	(2,427)	7,921	Other Housing Services	8,667	(1,825)	6,842
83,933	(31,715)	52,218	Adult Social Care	85,844	(32,674)	53,170
-	-	-	Public Health	7,895	(8,911)	(1,016)
4,648	(45)	4,603	Corporate and Democratic Core	4,163	(911)	3,252
(168)	-	(168)	Non-Distributed Cost	(1,664)	-	(1,664)
484,499	**(309,256)**	**175,243**	**Cost of Services**	**452,767**	**(289,545)**	**163,222**
		53,081	Other Operating Expenditure			25,828
		10,173	Restated Financing & Investment Income & Expenditure			11,612
		(173,101)	Taxation and Non-Specific Grant Income			(164,326)
		65,396	**(Surplus) or Deficit on Provision of Services**			**36,336**
		(194)	Tax expenses of subsidiaries			-
		65,202	**Group (Surplus) or Deficit**			**36,336**
		(1,117)	(Surplus) or Deficit on revaluation of non-current assets			(15,283)
		-	(Surplus) or Deficit on revaluation of financial assets			(4,873)
		35,773	Restated Remeasurement of the net defined benefit liability			(28,808)
		34,656	**Other Comprehensive Income and Expenditure**			**(48,964)**
		99,858	**Total Comprehensive Income and Expenditure**			**(12,628)**

Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group entities.

	31st March 2013 £'000	31st March 2014 £'000
Property, Plant & Equipment	432,583	431,389
Heritage Assets	13,652	14,227
Investment Property	37,328	33,845
Intangible Assets	1,581	948
Long Term Investments	150	16,402
Long Term Debtors	43,067	45,217
Long Term Assets	**528,361**	**542,028**
Assets Held for Sale	1,669	-
Short Term Investments	2,174	115
Inventories	924	1,081
Short Term Debtors	39,588	30,508
Cash and Cash Equivalents	8,388	32,936
Current Assets	**52,743**	**64,640**
Cash and Cash Equivalents	(6,674)	(3,559)
Short Term Borrowing	(2,365)	(12,336)
Short Term Creditors	(30,931)	(35,088)
Provisions	(1,187)	(3,049)
Current Liabilities	**(41,157)**	**(54,032)**
Long Term Creditors	(5,012)	(4,714)
Grants Receipts in Advance - Capital	(799)	(817)
Grants Receipts in Advance - Revenue	(13,361)	(12,971)
Provisions	(1,074)	(1,375)
Long Term Borrowing	(122,961)	(144,707)
Other Long Term Liabilities	(170,915)	(149,405)
Deferred Tax Liability	(265)	(459)
Long Term Liabilities	**(314,387)**	**(314,448)**
Net Assets	**225,560**	**238,188**
Usable Reserves	49,162	51,228
Unusable Reserves	176,398	186,960
Total Reserves	**225,560**	**238,188**

Group Cash Flow

The Cash Flow Statement shows the changes on cash and cash equivalents of the Group entities during the reporting period. The statement shows how the Group entities generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Restated 2012/13 £'000		**2013/14 £'000**
65,396	Net (surplus) or deficit on the provision of services	36,336
(80,981)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(76,813)
34,190	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	22,962
18,605	**Net cash flows from Operating Activities**	**(17,515)**
(3,212)	Investing Activities	18,909
(3,792)	Financing Activities	(29,057)
11,601	**Net (increase) or decrease in cash and cash equivalents**	**(27,663)**
(13,315)	Cash and cash equivalents at the beginning of the reporting period	(1,714)
(1,714)	**Cash and cash equivalents at the end of the reporting period**	**(29,377)**

Explanatory Notes to the Group Accounts

Only the main statements are shown for the Group Accounts, as the figures in the explanatory notes do not differ materially from the single entity.

The notes below are specific to the Group Accounts.

G1 Reconciliation of Single Entity Deficit for the Year to the Group Deficit

2012/13 £'000		2013/14 £'000
63,211	(Surplus)/Deficit on the authority's single entity Income and Expenditure Account for the year	35,417
	Add:	
(902)	Surplus or deficit arising from other entities included in the group accounts analysed into the amounts attributable to subsidiary: WBT (Surplus)/Deficit	919
62,309	**Group Account (Surplus)/Deficit for the year**	**36,336**

G2 Financial Position of Subsidiaries

The table below shows the financial positions of Warrington Borough Transport.

2012/13 £'000	Warrington Borough Transport	2013/14 £'000
(708)	**(Surplus) / Deficit in Year**	**919**
7,664	Long Term Assets	6,695
937	Current Assets	1,047
(3,166)	Current Liabilities	(1,625)
(1,950)	Long Term Liabilities	(3,551)
3,485	**Net Assets**	**2,566**

G3 Group Accounting Policies

The Accounting Policies of Subsidiary companies have been aligned with the Council's Accounting Policies. The Council's Accounting Policies are contained in Annexe A - Accounting Polices of the Council's Explanatory Notes to the Core Financial Statements, where applicable.

Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to Subsidiary Companies.

Subsidiaries are consolidated on a line-by-line basis.

Glossary of Terms

AAA FITCH RATING
Highest credit quality - ‘AAA’ ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING
Very high credit quality - ‘AA’ ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING
High credit quality - ‘A’ ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD
The period of time covered by the accounts; normally a period of twelve months commencing on 1st April. The end of the accounting period is the Balance Sheet date.

ACCRUALS
Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET
An item having value to the Council in monetary terms. Assets are categorised as either current or fixed:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Council’s financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING
Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

CAPITAL FINANCING
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME
The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government but they cannot be used to finance revenue expenditure.

CLAW-BACK
Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Council, i.e. it is "clawed-back" by the Government.

CIPFA
The Chartered Institute of Public Finance and Accountancy.

COLLECTION FUND
A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY
The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

CONTINGENT LIABILITY
A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that Local Authorities engage in specifically because they are elected, multi-purpose Authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR
Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR
Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFERRED CHARGES
Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

DEFINED BENEFIT PENSION SCHEME
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS
Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

GOING CONCERN
The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS
Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of

the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS
A system of financial assistance to individuals towards certain housing costs administered by Authorities and subsidised by central Government.

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT
A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT
The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS
Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVENTORIES
Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, Authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.

- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY
The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NEGATIVE SUBSIDY
If the Subsidy Housing Revenue Account produces a result, which assumes that the Council's income is higher than its expenditure, a "negative subsidy" situation arises. In this case the Council must pay an amount equivalent to the deficit, from its Housing Revenue Account to the Government.

NET BOOK VALUE
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT
The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)
The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the Government and multiplied by the assessed rateable value of the

premises they occupy. It is collected by the Council on behalf of central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS
Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where the ownership of the non-current asset remains with the lessor.

OPERATIONAL ASSETS
Non-current assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT
The levy made by precepting Authorities by billing Authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting polices or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the Government can borrow itself.

RATEABLE VALUE
The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES
There is a detailed definition of related parties in IAS 24. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS
The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES
The accumulation of surpluses, deficits and appropriations over past years. Reserves are reported in two categories – usable and unusable. Usable reserves are those the Council may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitation on their use. Unusable reserves are those the Council may not use to provide services and are technical adjustments or specific capital reserves.

RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)
Items of capital expenditure that do not result in, or remain matched by, the Council's property, plant and equipment.

REVENUE SUPPORT GRANT
A grant paid by Central Government to Authorities contributing towards the general cost of their services.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Council will derive benefits form the use of a non-current asset.

WORK IN PROGRESS (WIP)
The cost of work performed on an uncompleted project at the year end.

STATEMENT OF ACCOUNTING POLICIES

1.1 General Principles

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts are prepared on a going concern basis.

As permitted under the Code, the concept of materiality has been utilised when determining appropriate disclosures to be made in the financial statements. Information is not material if omitting or misstating it would not influence the decisions of an informed user of the statements.

1.2 Accruals of Income and Expenditure

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

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

written down and a charge made to revenue for the income that might not be collected.

1.3 Acquisitions and Discontinued Operations

Acquired operations
Acquired operations occur as a result of the reorganisation of local government, or the transfer of services acquired as a consequence of legislation. All operations acquired in year will be treated in line with the Council's accounting policies, and are accounted for in line with IFRS 3 Business Combinations.

As a result of restructuring under The Health and Social Care Act 2012, Public Health responsibilities transferred to the Council from the NHS as at 1 April 2013. No assets or liabilities were transferred as part of the transfer. More detail can be found in Note 46 to the core financial statements.

Discontinued Operations
The results of discontinued operations are shown as a single amount on the face of the Comprehensive Income and Expenditure account comprising the profit or loss of discontinued operations and the gain or loss recognised either on measurement to fair value less costs to sell or on the disposal of the discontinued operation. A discontinued operation is a cash generating unit or a group of cash generating units that has been disposed of, or is classified as held for sale and represents a separate entity within our group accounts.

1.4 Cash and Cash Equivalents

Cash includes all bank credit balances and overdrafts held by the Council as part of its normal cash management, including all deposit accounts accessible without notice.

Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash Equivalents include investments with a fixed maturity of three months or less from the date of acquisition and available for sale assets such as cash placed in money market funds.

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

1.5 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 fixed assets during the year:

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

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the 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.

1.6 Exceptional Items

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

1.7 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The Council does not award long term employee benefits i.e. those which are not expected to be paid or settled within 12 months of the balance sheet date.

Termination Benefits

Termination benefits, whether they are 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, are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund 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 such amounts payable but unpaid at the year-end.

Post-Employment Benefits
Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, is an unfunded scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, known as the Cheshire Pension Fund and administered by Cheshire West and Chester Council.
- Public Health employees transferred from the NHS – this scheme is administered on behalf of the NHS by NHS Pensions.

All schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

Teachers' and NHS Pension Schemes
The arrangements for the teachers' and the NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet and the service revenue account in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to the Teachers' and NHS Pensions in the year.

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

- The liabilities of the Cheshire Pension Fund scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the indicative rate of return on iBoxx Sterling Corporate Index, AA over 15 years)
- The assets of Cheshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value
- The change in the net pensions liability is analysed into the following 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years; debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- *net interest on the net deferred liability (asset)* i.e. net interest expense for the authority the charge during the periodis the net deferred liability (asset) that came from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the net defined liability (asset) at the beginning of the period taking into account any changes to the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
- *the return on fund assets excluding amounts included in net interest on the net defined benefit liability (asset) charged to the Pension Reserve as Other Comprehensive Income and Expenditure.*
- *actuarial gains and losses* – changes on the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions; charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- *contributions paid to the Cheshire 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 transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the 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 earned by employees.

Employer contribution rates are reviewed every three years. The last review took place at 31 March 2013; effective from 1 April 2013. The employer contribution rate set for the Council was 21.1% for 2013/14 (20.1% in 2012/13). In accordance with current regulations the actuary set the rate at a level sufficient to enable the Pension Fund to meet 100% of existing prospective liabilities, including pension increases.

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

1.8 Events after the Reporting Period

Events after the reporting period 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 – the Statement of Accounts are not adjusted to reflect such events, but 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. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that 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.

The bonds issued by the Council in previous years are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders as a material amount of costs incurred in its issue is being financed over the life of the stock.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are 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. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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

Any gains and losses that arise on 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.

Available-for-Sale Assets

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

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event the payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

1.10 Grants and Contributions

Revenue, Revenue Expenditure Funded from Capital under Statute (REFCUS) and Capital grants with conditions attached are held as receipts in advance on the Balance Sheet until such time as the condition no longer applies, at which point the grant is recognised as income in the Comprehensive Income and Expenditure Statement. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset or service 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.

Specific revenue and REFCUS grants are accrued and credited to income within service revenue accounts when the conditions regarding their use are met. Any income credited to service revenue accounts in excess of the expenditure they are intended to fund are, subject to approval, appropriated to revenue grants and contributions unapplied earmarked reserves from the General Fund Balance in the Movement in Reserves Statement until the expenditure is incurred. When the expenditure is incurred, the grant is appropriated back to the General Fund in the Movement in Reserves Statement to ensure that there is no adverse impact on the council tax position. REFCUS grants are reversed out of the General Fund Balance in the Movement in Reserves Statement to either the Capital Adjustment Account if the grant has been used to finance capital expenditure in the year, or to the Capital Grants Unapplied Account Reserve until it is applied to fund capital expenditure, at which point it is transferred to the Capital Adjustment Account.

Non-specific revenue grants, including Revenue Support Grant are credited to Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement.

General revenue grants are subject to the normal carry-forward processes attributable to General Fund balances.

Grants relating to the funding of non-current asset (capital) expenditure are credited to Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement when the conditions regarding their use are met. These charges are reversed out in the Movement in Reserves Statement to either the Capital Adjustment Account if the grant has been used to finance capital expenditure in the year, or to the Capital Grants Unapplied Account Reserve until it is applied to fund capital expenditure, at which point it is transferred to the Capital Adjustment Account.

1.12 Interest in Companies and Other Entities

The Council has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce group accounts.
In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

The Council had interests in two limited companies during the financial year:

- Warrington Borough Transport

- Wire Regeneration Limited

Warrington Borough Transport is wholly owned by Warrington Borough Council and is consolidated into the Group Accounts as a subsidiary.

Wire Regeneration Limited is a Joint Venture Company with Langtree Land and Property PLC, with each investor owning a 50% share in the joint venture. The Council's investment is shown as an investment on the single entity balance sheet.

1.14 Interest Receivable or Payable

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at amortised cost, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

1.15 Internal Interest

Interest earned is recorded initially in the Comprehensive Income and Expenditure Statement. Subsequent allocations are made to certain other individual funds based on individual cash flows and an average rate of interest.

1.16 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the balance sheet date (year-end). Gains and losses on revaluation are recorded in 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 recorded in the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.17 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Council recognises the assets that it controls and the liabilities that it incurs on the Balance Sheet and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other ventures', with the assets being used to obtain benefits for the ventures. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

1.18 Leases

In accordance with IAS 17 all leases are assessed and classified as to whether they are finance leases or operating leases. Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lesser 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 Council as Lessee

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

Lease payments are apportioned between:

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

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

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

Operating Leases
Rentals paid under operating leases are charged in the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the 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 Council as Lessor

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property; applied to write down the lease debtor (together with any premiums received) and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

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

Operating Leases
Where the 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.

1.20 Overheads and Support Services

The cost of Overheads and Support Services are charged to those that benefit from the supply of services based on use and in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) Service Reporting Accounting Code of Practice 2013/14 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

These two 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.

1.21 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 the transactions, other events and the conditions on the Council’s financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

There are two changes in accounting policy for 2013/14:

- The Code adopted amendments to IAS 19 employee benefits and this is deemed to be a change in the accounting policy for 2013/14. The amendments include new classes of components of defined benefits cost to be recognised in the financial statements. These are remeasures of the net defined benefits liability (asset). There has also been an amendment to the recognition criteria for past service cost and remuneration benefits.
- The adoption of the amendments to IAS 1 presentation of Financial Statements by the Code is also a change in accountancy policy. The amendments require separate disclosure on gains and losses reclassifiable into the Surplus or Deficit on the Provision of Services if there are any.

The nature of the impact of these changes is explained further in Note 2 to the core financial statements and further IAS 19 disclosures are included in notes 36.

A change in accounting policy generally requires the disclosure of three Balance Sheets to reflect the impact on the current period, the end of the preceding period and the impact on the opening Balance Sheet of the previous period.

The adoption of IAS 1 and IAS 19 amendments will not have a material impact on the accounts and does not require the publication of a third Balance Sheet at the beginning of the earliest comparative period.

In accordance with the requirements of the 2013/14 Code the financial statements do not include the measurement and disclosure requirement of IFRS 13 Fair Value Measurement. Adoption of IFRS has been deferred to the 2014/15 Code.

Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change, there is no prior period adjustment.

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

1.22 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
Assets are capitalised in accordance with the Council's capitalisation and componentisation policies.

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.

The Council does not have a formal de minimis level for capital expenditure. However in normal circumstances, individual items of expenditure below £10,000 would be treated as revenue expenditure, except in regard to vehicles, which by their nature can be purchased at an amount lower than £10,000. Where a specific case can be made for capitalising the expenditure where it relates to a capital grant, where there are many items below the de minimis limit that in aggregate are above the limit or where not capitalising expenditure would present a pressure on the revenue budget, items under £10,000 can be capitalised.

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
- 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 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.

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

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

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

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying amount is not materially different from their fair value at the year-end. All PPE Assets are formally revalued over a 5 year period. Any PPE asset that is not formally valued in a financial year will have a desktop valuation undertaken at the end of the Accounting period to determine if there is any material difference that requires further consideration.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- 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, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Revaluations

The Council carries out a rolling programme of revaluations that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. If material capital expenditure takes place on a capital scheme, the scheme in question will be revalued upon completion of the additional capital expenditure. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second–hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values of the PPE property assets were for those assets valued on the Depreciated Replacement Cost method whereby they were valued by adopting the "instant build" approach as set in the Government Financial Reporting Manual. The Council carries out a revaluation of property assets classed as investment assets every year.

Impairment
Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have incurred include:

- significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset
- evidence of obsolescence or physical damage of an asset
- a commitment by the Council to undertake a significant reorganisation
- a significant adverse change in the statutory or other regulatory environment in which the Council operates

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 as follows:

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

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

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

Depreciation is calculated on the following basis:

- dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight line allocation over 3 to 10 years, dependant on the initial value of the asset or where the item is in fact a component of a land and building asset the asset is depreciated on a straight line basis over the useful life as estimated by the valuer
- infrastructure – straight line allocation over 40 years

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

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

Componentisation Policy
Component accounting is a concept involving the splitting of assets into significant component parts.

The main purpose of component accounting is to produce accurate primary statements with the cost of the use of an asset correctly reflected in the Comprehensive Income and Expenditure Statement by carrying the correct depreciation associated with fixed assets and also with the correct values of fixed assets presented in the Balance Sheet.

Components have also been depreciated over different lives than the host (main) asset and recognised where they have a significant value when compared to the value of the host assets.

The Council has adopted a policy that recognises that material assets when revalued i.e. assets that have a building value of over £500,000 are to be recognised separately. The component has to have a value of at least 20% of the building value and a useful life which is at least 20% lower than the asset as a whole.

Disposals and Non-current Assets Held for Sale
When it becomes probable that the carrying amount of an asset (or disposal group) 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 (or disposal group) 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 recorded 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 previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets (or disposal group) 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.

A ‘disposal group’ is a group of assets, possibly with some associated liabilities, which the Council intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any resulting loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

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.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is 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 Council'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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Heritage Assets

Heritage Assets are tangible assets with historic, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Due to the cost of obtaining valuations for Heritage Assets outweighing the accounting benefit, especially in the current climate of local government funding cuts, the policy adopted is to carry these assets at their insured value.

A de minimis level of £10,000 has been established for inclusion of Heritage Assets on the asset register. Any assets with a value of less than the de-minimis are not significant, e.g. fossils, minor water-colour paintings etc. The Council does not hold any Heritage Assets which have a value in excess of the de minimis which are not disclosed on the Balance Sheet.

Any new Heritage Assets will be recognised and subsequently measured at valuation or cost. For significant Heritage Assets donated to the Council a valuation will be obtained where possible, at which value the asset shall be recognised. If a valuation cannot be obtained, the asset will not be recognised on the Balance Sheet but will be disclosed in the notes to the core financial statements, along with the reason why a valuation cannot be given.

The carrying amounts of Heritage Assets are reviewed 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.

No depreciation is charged on these assets as they are deemed to have indeterminable lives.

Any disposals will follow the Council's de-recognition of Non-Current Asset Policy, including the legislative arrangements to ensure no impact on the General Fund for gains and losses on disposal.

Further details on Heritage Assets can be found in note 23 to the accounts.

1.23 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under the PFI schemes, and as ownership of the property, plant and equipment may pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The Council has two housing PFI schemes. Anson and Blenheim Close where the operator was responsible for constructing 105 new dwellings for social housing, the maintenance of the properties and tenancy management services. John Morris House is the second scheme where the operator was responsible for constructing 38 new self-contained flats for social housing and the maintenance of the properties together with a tenancy management service. These PFI schemes have been accounted for as in the paragraph above.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For John Morris House the liability was written down by an initial capital contribution of £395k. No applicable contribution was recorded for Anson and Blenheim Close.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 5.718% for John Morris House and 9.040% for Anson and Blenheim Close on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and is recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out

With both the Council's PFI schemes the operator is allowed to retain third party income (the operator keeps all the rental income from the dwellings). This is accounted for by the credit side of the PFI scheme being pro-rated between a finance lease creditor and a deferred income balance. Essentially, the deferred income balance represents the benefits that the Council is to receive over the life of the contract. This balance is then released to the Comprehensive Income and Expenditure Statement over the life of the contract.

The MRP charged on the Council's two PFI schemes will be reversed out of the accounts via the Capital Adjustment Account.

1.24 Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. In accordance with the Code, provisions are made when the Council has a present obligation (either legal or constructive) as a result of a past event; it is probable that a transfer of economic benefit will be required to settle it; and a reliable estimate can be made of the financial obligation. If it becomes probable that a transfer of economic benefit is no longer required to settle the obligation, the provision is reversed.

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.

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

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.

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.

1.25 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 against the Surplus of Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The appropriate reserve amount 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, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.26 Self Insurance

The Council maintains an Insurance Fund to meet the excess amount of any insurance claims not covered by its external insurers and to self insure for a number of risks. The Fund consists of an Insurance Provision to cover known actual claims made and an Insurance Reserve which provides an additional contingency to meet further claims.

1.27 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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.

1.28 Revenue Recognition

The revenue recognition policy covers the sale of goods (produced by the Council for the purpose of sale or purchased for resale), the rendering of services (excluding services directly related to construction contracts), interest, royalties and dividends, non-exchange transactions (i.e. council tax) and where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria.

Revenue is recognised and measured at the fair value of the consideration receivable. However, if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments received is recognised as interest revenue in the Surplus or Deficit on provision of services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions i.e. revenue relating to council tax and business rates, and therefore these transactions are measured at their full amount receivable.

1.29 Trade and Other Creditors

Trade and other creditors are not recognised when the Council becomes committed to purchase the goods or services but when the ordered goods or services have been delivered or rendered. With the exception of financial instruments, creditors are recognised and measured in accordance with the revenue recognition policy.

1.30 Trade and Other Debtors

Trade and other debtors are not recognised when the Council becomes committed to supply the goods or services but when the goods or services have been supplied or rendered. With the exception of financial instruments, debtors are recognised and measured in accordance with the revenue recognition policy.

1.31 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.

1.32 Local Taxation

The authority is a Council Tax and Business Rates Billing Authority collecting on behalf of other authorities as well as itself. The collectiobn on behalf of other authorities is treated as being on an agency basis and thus only the elements of Council Tax and Business Rates that relate to the authorities are included in its main financial statements. The collection fund account covers all local taxation collected by the authority on behalf of itself, other local authorities and the government.