STATEMENT OF ACCOUNTS 2013/14

CONTENTS

A Financial Review from the Leader (2013/14) and the Assistant Chief Executive

For 2013/14 the District Council approved a net Revenue expenditure Budget of £11.8m.

The net revenue expenditure for all of the Council's services was £12,639k, this includes identified transfers from earmarked reserves of £102k. This compared to a revised budget of £12,238k has resulted in a service overspend of £401k. In addition to this underspend, and following a review of the Council's provisions, £378k has been identified to return to the General Fund along with £240k in respect of the Regulatory Services funding agreed as part of the budget process. These amounts, together with the original budgeted contribution to reserves of £546k, give an overall positive General Fund Reserve movement of £763k.

Major income received was £6.7m from general Government Grant and the National Non-Domestic Rate pool, plus £8.6m (inclusive of Parish Precepts) from Council Tax payers. The Council Tax levy at Band D was £128.05 per domestic property per year.

The 2013/14 Capital Expenditure Amended Estimate (inclusive of 2012/13 slippage) was £3.8m, comprising mainly of £363k for Planned Maintenance, £550k for Disabled Facilities Grants, £187k for Home Repairs Grants, £222k for Empty Homes Grants, £741k for Social Housing and £1.1m for Section 106 Projects. Due to circumstances beyond the control of the Council, including progress by external bodies or organisations, spending on some major projects was deferred until 2014/15. The final 2013/14 capital expenditure was £3.3m.

At 31 March 2014 the Council held a total £4,363k in General Fund Balance with £11,076k in available capital resources and had no outstanding debt.

Foreword

Introduction

1. This foreword provides an explanation of the financial aspects of the Council's activities and endeavours to provide an understandable guide to the significant matters reported in the accounts.

2. All local authority income and expenditure is classified as either revenue or capital.

   i) Revenue income and expenditure for the year is summarised within the Comprehensive Income and Expenditure Statement. This Statement details the net operating expenditure or the running costs of the Council for the year and the extent to which this has been financed from government grant and local taxpayers. Expenditure of a revenue nature must be financed in the year of that expenditure as the goods and services bought are deemed to have also been consumed in the year. A separate revenue account is maintained for the Collection Fund, which includes income and expenditure in respect of Tax, Non-domestic Rates ('Business Rates') and residual Community Charge. Transactions between the Comprehensive Income and Expenditure Statement and this account are shown "below the line" within the Comprehensive Income and Expenditure Statement.

   ii) Capital expenditure is expenditure that results in the creation or enhancement of assets. The benefits resulting from this expenditure are deemed to last for more than one year. Capital income comes from receipts due to the sale of assets, and also grants and contributions towards specific capital projects. Capital income and expenditure are recorded within the Balance Sheet. There are implications for revenue accounts in respect of the amount of capital expenditure financed by revenue resources.

Revenue Income and Expenditure

3. The net District Expenditure for 2013/14 was £12,639k compared to a budgeted £12,238k. This overspend together with the £168k identified slippage that will be financed in 2014/15 leads to an effective overspend of £569k.

4. The major variances, comparing actual expenditure against the revised budget and taking the use of earmarked reserves into account, contained within the Comprehensive Income and Expenditure statement include: -

	£000's
Appropriations	(1,047)
CDC Chief Executive	(50)
CDC Resources	1,057
Corporate Budget	(54)
Council Tax	90
Housing	774
Housing Benefits	73
Investment Interest	46
Member Services	(51)
Monitoring Officer	247
Non-Distributed Costs	(63)
Off-Street Parking	(106)
On-Street Parking	(49)
Other	(295)
Public Conveniences	115
Residual Costs	(118)
Total	**569**

Foreword (cont….)

5. The Comprehensive Income and Expenditure Statement details the gross costs of service provision amounting to £54,373,230. This expenditure has been analysed as follows:

	£000's
Direct Employee expenses	5,135
Service costs	2,201
Third party payments	8,713
Transfer payments	29,116
Support services	5,037
Capital charges	4,171
Total	**54,373**

Direct employee expenses comprises payments to and on behalf of the Council's employees. It includes salaries, employer's national insurance and superannuation contributions, training, professional subscriptions, recruitment, and health and safety costs.

A breakdown of the total employee costs of the Council are given in the table below:-

	£000's
Salary	7,140
National Insurance	534
Superannuation	1,155
Total	**8,829**

Service costs are running expenses and include the cost of maintaining buildings, operating vehicles and the purchase of goods.

Third Party Payments are payments to others in respect of the provision of services and include mainly contract payments to companies providing services on the Council's behalf.

Transfer payments are payments made to others for which no goods or services are received and are principally in respect of housing and council tax benefits.

Support services are provided mainly by the Assistant Chief Executive, Legal and Democratic Services and Customer Access to direct services of the Council. These costs include support service employee costs and any equipment and licences in the case of Customer Access.

Capital charges comprise depreciation/impairments and represent the real cost of using assets to provide services.

Foreword (cont….)

6. The gross income of £35,832,398 shown in the Comprehensive Income and Expenditure Statement has been analysed as follows:

	£000's
Government Grants	30,188
Rent income	63
Sales, Fees and Charges	3,932
Other income	1,649
Total	**35,832**

Government grant income is received towards the cost of Council Tax Benefits, Housing Benefits, their administration, National Non-Domestic Rate administration, Disabled Facilities Grants and New Homes Bonus.

Rent income comprises mainly rents in respect of industrial and commercial properties.

Income from sales, fees and charges including building control fees, planning fees, land charges fees and licensing fees.

7. The net cost of services within the Comprehensive Income and Expenditure Statement is £18,540,832. The services provided for this amount are summarised below:

	£000's
Central Services	1,212
Cultural and Related Services	2,117
Environment and Regulatory Services	5,929
Planning Services	2,771
Highways and Transport Services	202
Housing	3,299
Corporate and Democratic Core	2,955
Non-Distributed Costs	56
Total	**18,541**

Precepts to town and parish councils, investment income, income from Council Tax payers, and Government grant to finance overall Council expenditure, along with various appropriations, are shown below the net cost of services within the Comprehensive Income and Expenditure Statement. After these items, there is a contribution to reserves for the year of £763k. This compares to a budgeted contribution to reserves of £546k.

8. Pensions liabilities are the estimated underlying commitments that the Council has in the long term to pay retirement benefits. The total liability of £99,501k has a significant impact on the net worth of the Council as recorded in note 17 on page 38. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme's Actuary.

Foreword (cont….)

Capital Expenditure

9. Capital expenditure amounted to £3.3m in 2013/14. This compares to an original estimate of £2m which was subsequently revised to £3.8m (inclusive of slippage).

10. A summary of capital expenditure in 2013/14 is shown below:

	£000's
Disabled Facilities Grants	390
Home Repair Assistance Grants	158
Affordable Housing	239
ICT – e-government	56
Public Offices	52
Car Parks	43
Public Conveniences	2
Area Grants/Market Towns	3
Land Drainage	18
Leisure Facilities	333
Empty Homes	39
Section 106 Schemes	328
Heart of England Housing Association	1,500
Other Capital Projects	211
Total	**3,372**

11. Capital receipts received in year amounted to £931k in 2013/14. This figure mainly comprises: Right to Buy Receipts (£897k) and minor receipts (£34k).

The level of capital receipts held as at the year end was £11,077k. Capital slippage of £1.9m (Affordable Housing Investment Programme (£285k), LPSA2 for rural housing projects (£153k), Disabled Facilities Grants (£160k), Empty Homes Grants (£180k), Section 106 Projects (£826k) and various other schemes (£315k) has been approved, which will be financed from accumulated capital receipts, giving an adjusted level of receipts of £9.1m.

12. Asset revaluation increases are included on the Balance Sheet at £1.6m for 2013/14, due mainly to revaluations of Leisure Centres, Public Conveniences and the Recreation Ground Pavilion.

The Future

13. The Council has adequate revenue balances to provide financial security and a safety mechanism for unforeseen events.

The General Fund Balance stood at £4.363m as at 31 March 2014. However, this is reduced to £3.97m after allowing for revenue slippage of £168k. The Authority also holds £0.56m in Earmarked Reserves.

Foreword (cont….)

14. Accumulated usable capital receipts amounted to over £11m at 31 March 2014. The Council's capital budget for 2014/15 amounts to £6.6m which will include the refurbishment of the Stratford Leisure & Visitor Centre, E-Government Action Plan, Planned Maintenance, Disabled Facilities Grants, Home Repair Assistance Grants, Empty Homes Grants and Business Support.

This is expected to be financed by Disabled Facilities Grant (£278k), Capital Grants (£100k) and capital receipts (£6.2m).

The Financial Statements

15. The Council's financial statements for the year 2013/14 are as follows:

Page

9 **Movement in Reserves Statement.** This statement shows the movement in the year on the different reserves held by the Authority.

11 **Comprehensive Income and Expenditure Statement.** This account brings together all the functions of the Authority and summarises all of the resources that the Authority has generated, consumed or set aside in providing services during the year.

12 **Balance Sheet.** This statement sets out the financial position of the Council as at the 31 March 2014. It shows the assets and liabilities of the Council as a whole including those relating to the Collection Fund.

13 **Cash Flow Statement.** This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

14 **Notes to the Accounts.** The policies and concepts used in the preparation of the accounts and explanatory notes.

72 **Collection Fund.** This is concerned with Council Tax, Business Rates and residual Community Charge. Stratford-on-Avon District Council is responsible for collecting local taxes on behalf of Warwickshire County Council, Warwickshire Police Authority and the District Council itself. Town and parish council precepts are included within the District Council's demand on the Collection Fund.

81 **Independent Auditors Report.** This report contains the auditor's opinion on whether the Authority's accounts show a true and fair view of its financial affairs.

Where relevant, equivalent figures for the previous year 2012/13 are shown for comparative purposes.

Further Information

16. Further information about the Council's finances is available from:

Assistant Chief Executive
Stratford-on-Avon District Council
Elizabeth House
Church Street
Stratford-upon-Avon
CV37 6HX
e-mail address – finance@stratford-dc.gov.uk

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

i) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Assistant Chief Executive (the Authority's Chief Financial Officer);

ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

iii) approve the Statement of Accounts.

The Assistant Chief Executive's Responsibilities

The Assistant Chief Executive is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the code').

In preparing this statement of accounts, the Assistant Chief Executive has:

i) selected suitable accounting policies and then applied them consistently;

ii) made judgements and estimates that were reasonable and prudent;

iii) complied with the local authority Code.

The Assistant Chief Executive has also:

i) kept proper accounting records which were up to date;

ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts from page 9 as presented give a true and fair view of the financial position of Stratford-on-Avon District Council as at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Signature:

Date 22 September 2014

Assistant Chief Executive (S151 Officer)

Financial Statements

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (ie: those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The 'net increase/(decrease) before transfers to the Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

Movement in Reserves Statement 2013/14	**General Fund Balance (Note 31) £000's**	**Earmarked Reserves (Note 10) £000's**	**Usable Capital Receipts Reserve (Note 31) £000's**	**Capital Grants Unapplied Account (Note 31) £000's**	**Total Usable Reserves £000's**	**Unusable Reserves (Note 32) £000's**	**Total Authority Reserves £000's**
Balance at 1 April 2013	**3,376**	**665**	**12,569**	**677**	**17,287**	**22,977**	**40,264**
Surplus/(Deficit) on provision of services	(3,584)	0	0	0	(3,584)	0	(3,584)
Other Comprehensive Expenditure and Income (see item (a) on face of CI and E)	0	0	(2,409)	0	(2,409)	3,702	1,293
Total Comprehensive Expenditure and Income	**(3,584)**	**0**	**(2,409)**	**0**	**(5,993)**	**3,702**	**(2,291)**
Adjustments between accounting basis and funding basis under regulations (note 9)	4,469	0	917	(224)	5,162	(5,162)	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	**885**	**0**	**(1,492)**	**(224)**	**(831)**	**(1,460)**	**(2,291)**
Transfers (to)/from Earmarked Reserves (note 10)	102	(102)	0	0	0	0	0
Increase/(Decrease) in year	**987**	**(102)**	**(1,492)**	**(224)**	**(831)**	**(1,460)**	**(2,291)**
Balance at 31 March 2014	**4,363**	**563**	**11,077**	**453**	**16,456**	**21,517**	**37,973**

Financial Statements

Movement in Reserves Statement

Movement in Reserves Statement 2012/13	General Fund Balance (Note 31) £000's Restated	Earmarked Reserves (Note 10) £000's	Usable Capital Receipts Reserve (Note 31) £000's	Capital Grants Unapplied Account (Note 31) £000's	Total Usable Reserves £000's Restated	Unusable Reserves (Note 32) £000's Restated	Total Authority Reserves £000's Restated
Balance at 1 April 2012	**3,115**	**876**	**13,139**	**630**	**17,760**	**28,765**	**46,525**
Surplus/(Deficit) on provision of services	(4,143)	0	0	0	(4,143)	0	(4,143)
Other Comprehensive Expenditure and Income (see item (a) on face of CI and E)	0	0	(923)	0	(923)	(1,195)	(2,118)
Total Comprehensive Expenditure and Income	**(4,143)**	**0**	**(923)**	**0**	**(5,066)**	**(1,195)**	**(6,261)**
Adjustments between accounting basis and funding basis under regulations (note 9)	4,193	0	353	47	4,593	(4,593)	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	**50**	**0**	**(570)**	**47**	**(473)**	**(5,788)**	**(6,261)**
Transfers (to)/from Earmarked Reserves (note 10)	211	(211)	0	0	0	0	0
Increase/(Decrease) in year	**261**	**(211)**	**(570)**	**47**	**(473)**	**(5,788)**	**(6,261)**
Balance at 31 March 2013	**3,376**	**665**	**12,569**	**677**	**17,287**	**22,977**	**40,264**

Financial Statements

Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2012/13 Gross Expenditure £000's Restated	2012/13 Gross Income £000's Restated	2012/13 Net Expenditure £000's Restated		2013/14 Gross Expenditure £000's	2013/14 Gross Income £000's	2013/14 Net Expenditure £000's
9,563	(8,446)	1,117	Central Services to the Public	2,281	(1,069)	1,212
2,833	(547)	2,286	Cultural and Related Services	2,721	(604)	2,117
7,463	(1,258)	6,205	Environment and Regulatory Services	7,346	(1,417)	5,929
4,542	(2,061)	2,481	Planning Services	5,324	(2,553)	2,771
222	(3)	219	Highways and Transport Services	205	(3)	202
31,803	(30,211)	1,592	Housing	33,406	(30,107)	3,299
2,390	(12)	2,378	Corporate and Democratic Core	3,017	(62)	2,955
455	0	455	Non-Distributed Costs	73	(17)	56
59,271	**(42,538)**	**16,733**	**Cost of Services**	**54,373**	**(35,832)**	**18,541**
2,709	(356)	2,353	Other Operating Income and Expenditure (note 6)	2,489	(918)	1,571
4,738	(4,594)	144	Financing and Investment Income and Expenditure (note 7)	4,218	(5,256)	(1,038)
		(15,087)	Taxation and Non-Specific Grant Income (note 8)			(15,489)
		4,143	**(Surplus) / Deficit on Provision of Services**			**3,585**
		(1,953)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets (a) (note 32b)			(2,896)
		18	Impairment losses on non-current assets charged to the Revaluation Reserve (a) (note 32b)			324
		4,053	Actuarial (Gains)/Losses on pension assets/liabilities (a) (note 17)			1,278
		2,118	**Other Comprehensive Income and Expenditure**			**(1,294)**
		6,261	**Total Comprehensive Income and Expenditure Account**			**2,291**

Financial Statements
Balance Sheet

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

31 March 2013 £000's		31 March 2014 £000's
40,737	Property, Plant and Equipment (note 19)	42,147
8,303	Investment Properties (note 22)	8,780
2,365	Heritage Assets (note 21)	2,365
947	Intangible Assets (note 24)	581
1,728	Long Term Debtors (note 25)	1,725
54,080	**Long Term Assets**	**55,598**
17,870	Investments (note 27)	22,000
28	Inventories (note 41)	99
7,170	Short Term Debtors (note 28)	2,888
222	Cash and Cash Equivalents (note 38)	2,202
25,290	**Current Assets**	**27,189**
(2,504)	Short Term Creditors (note 29)	(2,579)
(1,517)	Provisions (note 30)	(3,789)
(1,889)	Accruals	(2,536)
(5,910)	**Current Liabilities**	**(8,904)**
(2)	Deferred credits	(1)
(2,643)	Capital Grants Receipts in Advance (note 33)	(2,414)
(30,551)	Pensions (note 17)	(33,495)
(33,196)	**Long Term Liabilities**	**(35,910)**
40,264	**Net Assets**	**37,973**
(17,287)	Usable Reserves (note 31)	(16,456)
(22,977)	Unusable Reserves (note 32)	(21,517)
(40,264)	**Total Reserves**	**(37,973)**

The notes on pages 14 to 71 form part of the financial statements.

Date: 22 September 2014

Assistant Chief Executive (S151 Officer)

Financial Statements

Cash Flow Statement

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

2012/13 £000's Restated		**2013/14 £000's**
4,143	**Net (surplus) / deficit for the year (note 34)**	**3,585**
(5,795)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 34)	(11,400)
1,201	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 34)	1,654
(451)	**Net cash flows from Operating Activities (note 34)**	**(6,161)**
129	Investing Activities (note 36)	1,819
2,999	Financing Activities (note 37)	(1,768)
2,677	**Net (increase)/decrease in cash and cash equivalents**	**(6,110)**
(20,769)	Cash and cash equivalents at the beginning of the reporting period	(18,092)
(18,092)	**Cash and cash equivalents at the end of the reporting period (note 38)**	**(24,202)**

Notes to the Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the *Service Reporting Code of Practice 2013/14*, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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 instrument. The principal accounting policies have been applied consistently throughout the year.

ii. Accruals of Income and Expenditure

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

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

iii. Exceptional Items

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

iv. 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, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Notes to the Accounts (cont….)

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v. Government Grants and Contributions

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

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

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

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

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

vi. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2013/14* (S*e*RCOP).

The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority’s status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

Notes to the Accounts (cont….)

vii. Property, Plant and Equipment

These are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition
Expenditure on the acquisition, creation or enhancement of these assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services it provides for more than one financial year. Expenditure that does not fall under this remit on assets, eg repair and maintenance, is charged to revenue as it is incurred.

Measurement
Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, vehicles, plant and equipment, community assets and assets under construction – depreciated historical cost;
- all other assets – fair value, the amount that would be paid for the asset in its existing use. The valuation is on the basis of existing use value (EUV) and where it is significantly different MV is used. All of the assets which were valued in March 2014 were valued on the basis of Fair Value (EUV) as MV was not seen to be significantly higher.

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

Assets included in the Balance Sheet at current value are revalued where there have been material changes in value, but at least every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Component Accounting
The 2010/11 Accounting Code of Practice introduced the following requirement that an authority shall account for depreciation of significant components of an asset.

The Council's level of materiality has been set at £500,000. This will result in depreciation being charged for each individual item of capital expenditure with a value of £500,000 or more. The depreciation period will be dependent upon the estimated useful life of individual components, agreed by the Council as follows:-

- Walls, floors and ceilings
- Windows and doors
- Roofs
- Mechanical, electrical, plumbing and drainage.

The Council revalues its assets on a one-fifth annual rolling basis. As one-fifth comes up for valuation, each land and building asset within that tranche will be assessed for component depreciation and if there is a material increase in depreciation compared with depreciation charged on the whole asset, that asset will be accounted for and depreciated based on its separate components.

Impairment
Assets are assessed at each year-end as to whether there is any indication that an asset may be

Notes to the Accounts (cont….)

impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

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

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

Assets that are to be abandoned or scrapped are not classified 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 (ie 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 in excess of £10,000 received from disposals are credited to the Usable Capital Receipts reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated through the Movement in Reserves Statement by adjustments between accounting basis and funding basis under regulations.

The written-off value of disposals is not a charge against council tax, as the cost of 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.

Depreciation
The depreciation charge is based on the depreciable amount allocated over the useful life of the asset, using a depreciation method that reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed. Straight line depreciation is provided for on all assets with a determinable finite life, by allocating the value of the assets in the balance sheet over the periods expected to benefit from their use.

Notes to the Accounts (cont.…)

Depreciation is calculated on the following basis:-

- other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight line allocation over the useful life of the asset as advised by a suitably qualified officer
- infrastructure assets - straight line allocation over the useful life of the asset as advised by a suitably qualified officer
- community assets - straight line allocation over the useful life of the asset as advised by a suitably qualified officer

An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction) where depreciation will be charged in the year of disposal.

Revaluations 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.

viii. Investment Properties

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 year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

ix. Charges to Revenue for Non-current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation.

x. Intangible Assets

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

Notes to the Accounts (cont….)

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets' costs are IT software and training and are included in the balance sheet at cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement. There have been no impairments in 2013/14.

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

xi. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute are payments classified as capital but do not result in the creation of an asset. These have been charged to the relevant service revenue account in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources, a transfer to the Capital Adjustment Account then reverses out the amounts charged through the Movement in Reserves Statement by adjustments between accounting basis and funding basis under regulations so there is no impact on the level of council tax.

xii. Financial Instruments

In line with the introduction of IFRS 7, the Authority shows financial liabilities and financial assets on its balance sheet when it becomes involved in the contract relating to the financial instrument.

Financial Liabilities: Are measured at their fair value (the amount that the liability could be settled for). However, they are measured on the Balance Sheet at their amortised cost (current value) using the method needed under accounting rules called the 'effective interest method'.

Financial Assets: Are measured at their fair value (the amount that the asset could be exchanged for) and class them on the balance sheet as:-

Loans and Receivables -
Loans and Receivables (assets that have fixed or set payments but are not quoted on the market) are shown on the balance sheet at their amortised cost. Details of the financial instruments held are given in note 27 to the financial statements on page 55.

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

Notes to the Accounts (cont….)

presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, where the Authority has made loans to voluntary organisations at less than market rates (soft loans), a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited 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 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 the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xiii. Inventories

Inventories are shown in the Balance Sheet as determined by the cost of replacement in accordance with the requirements of IAS 2.

xiv. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the notes to the accounts (note 32).

xv. Provisions and Contingencies

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are

Notes to the Accounts (cont….)

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.

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

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in note 39 to the accounts.

xvi. The Local Government Pension Scheme

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

- The liabilities of the Warwickshire County Council pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 6.1% (based on the indicative rate of return on high quality corporate bond, the iBoxx Sterling Corporates AA Over 15 Years Index).
- The assets of the Warwickshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value based on information provided by the Administering Authority and allowing for index returns where necessary and an analysis of which can be found on page 41.

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

1. 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
2. past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
3. interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
4. expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
5. gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

Notes to the Accounts (cont….)

6. actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve
7. contributions paid to the Warwickshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

xvii. Events After the Reporting Period

Any material post balance sheet events, which provide additional evidence relating to conditions existing at the balance sheet date or indicate that application of the going concern concept is not appropriate, have been included in the accounts. Any material post balance sheet events that concern conditions that did not exist at the balance sheet date have been disclosed as a separate note to the accounts.

xviii. VAT

Value Added Tax is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure as appropriate. VAT receivable is excluded from income.

xix. Leases

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

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

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

Finance Leases
The Authority as Lessor
Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease,

the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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.

Notes to the Accounts (cont....)

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 posted out of the General Fund Balance to [the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of 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

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

The Authority as Lessor
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg 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.

xx. Cash and Cash Equivalents

Cash is represented by cash in hand and current account bank balances. Cash equivalents are the authority's investments with financial institutions which are repayable on demand or within 24 hours.

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

xxi. Heritage Assets

The Council's Heritage Assets comprise 3 statues situated in the Town of Stratford-upon-Avon. They are detailed as follows:-

- The Gower Memorial – a stone memorial to Shakespeare which has bronze characters including Lady Macbeth, Prince Hal and Hamlet situated around it;
- Narcissus Statue – a bronze statue situated on the Bancroft; and
- The Jester - a bronze statue situated on a Hornton stone and green Westmorland Slate plinth base and applied plaques.

Notes to the Accounts (cont….)

These items are reported in the Balance Sheet at a replace and replicate valuation, used for insurance purposes and are updated on an annual basis. The Statues are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The Council also holds some small items of civic regalia such as water colours and Japanese gifts that are not considered material enough to include on the Balance Sheet. Such items will however be kept under review.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg 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 Authority's general policies on impairment – see note vii in this summary of significant accounting policies. The Authority's will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see notes xii and vii in this summary of significant accounting policies).

xxii. Employee Benefits

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

The Authority terminated three contracts in 2013/14, incurring redundancy payments of £8,489 (£33,842 in 2012/13) due to ongoing efficiency exercises. Further information on these figures are disclosed in note 40.

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, eg 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

Notes to the Accounts (cont….)

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The following accounting standards have been issued but not yet adopted:-

Change Published	Published by IASB	Financial year for which the change first applies
IFRS 13 Fair Value Measurement	May 2011	Effective from 2013/14. Delayed by HM Treasury. To be adopted from 2015/16
IAS 32 Financial Instruments: Presentation amendment. Offsetting financial assets and liabilities	December 2011	Effective from 2014/15

The Council considers that this will not have a material impact on the financial statements.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out from page 14, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about the future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- A provision has been included in the Accounts for a potential legal claim against the Authority. For reasons of a commercially sensitive nature the details have not been disclosed.

Notes to the Accounts (cont….)

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £412k for every year useful lives had to be reduced.
Provisions	The Authority has made provision of £3.8m for various claims, the details of which can be found in note 30 on page 61.	An increase over the forthcoming year of 10% in settlements would add £380k to the provision needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes to individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £9.4m. However, the assumptions interact in complex ways. During 2013/14, the Authority's actuaries advised that the net pensions liability had increased by £4.4m which was attributable to updating of the assumptions.
Arrears	At 31 March 2014, the Authority had a balance of debtors for £4.5m (note 28). A review of the significant balances suggested that an impairment of doubtful debts of 35% (£1,585k) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additonal £1,585k set aside as an allowance.

Notes to the Accounts (cont….)

5. Events After the Reporting Period

The financial statements were authorised for issue by the Assistant Chief Executive (S151 Officer) to the Authority on the 22 September 2014. All events relevant to the financial year ended 31 March 2014 have been taken into consideration up to this date and where considered material recognised in the statement of accounts. There can be no reasonable expectation that events could have been taken into account by the Authority after this date.

Heart of England Housing Association and Stratford-on-Avon District Council have been involved in a dispute and court proceedings in connection with properties transferred by the Council to the Association in 1996. An amicable settlement of the dispute has now been reached and the court proceedings have been brought to an end.

6. Other Operating Income and Expenditure

	2012/13 £000's	2013/14 £000's
Parish Council precepts	2,699	2,488
Payments to Housing Capital Receipts Pool	2	1
Right to Buy Clawback and other windfall capital receipts	(356)	(918)
(Gains)/Losses on the disposal of non-current assets	8	0
Total	**2,353**	**1,571**

7. Financing and Investment Income and Expenditure

	2012/13 £000's Restated	2013/14 £000's
Interest payable and similar charges	2	0
Interest receivable and similar income	(373)	(257)
Pension interest cost and expected return on pension assets	1,212	1,380
Income and expenditure in relation to investment properties and changes in their fair value	(460)	(1,075)
Trading Operations - Expenditure	3,524	2,837
Trading Operations - Income	(3,761)	(3,923)
Total	**144**	**(1,038)**

8. Taxation and Non-Specific Grant Income

	2012/13 £000's	2013/14 £000's
Council Tax Income	(9,372)	(8,596)
Contribution from National Non-Domestic Pool	(4,587)	(1,959)
General Government Grants:-		
Revenue Support Grant	(92)	(2,609)
Local Services Support Grant	(99)	(99)
Council Tax Grant	(337)	(235)
New Homes Bonus	(597)	(1,100)
Council Tax Discount Grant	0	(790)
Council Tax Support Grant	0	(53)
Other Government Grants	0	(48)
Capital Grants and Contributions (note 33)	(3)	0
Total	**(15,087)**	**(15,489)**

Notes to the Accounts (cont….)

9. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied Account

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

Notes to the Accounts (cont….)

2013/14	**Usable Reserves**			
	General Fund Balance	**Capital Receipts Reserve**	**Capital Grants Unapplied Account**	**Movement in Unusable Reserves**
Adjustments primarily involving the Capital Adjustment Account:	**£000's**	**£000's**	**£000's**	**£000's**
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):-				
Charges for depreciation and impairment of non-current assets (items marked (*) in note 19)	(1,683)	0	0	1,683
Amortisation of intangible assets	(379)	0	0	379
Revenue expenditure funded from capital under statute	(2,836)	0	0	2,836
Capital grants and contributions applied	721	0	0	(721)
Movements in the market value of Investment Properties	476	0	0	(476)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	5	0	(5)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	229	(229)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	918	(918)	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(1)	1	0	0
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	11	0	0	(11)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 17)	(2,914)	0	0	2,914
Employer's pension contributions and direct payment to pensioners payable in the year	1,248	0	0	(1,248)
Adjustments primarily 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	(6)	0	0	6
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(29)	0	0	29
Total Adjustments	**(4,469)**	**(917)**	**224**	**5,162**

Notes to the Accounts (cont….)

2012/13 Comparative	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account:	£000's	£000's	£000's	£000's
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):-	**Restated**			**Restated**
Charges for depreciation and impairment of non-current assets (items marked (*) in note 19)	(2,195)	0	0	2,195
Amortisation of intangible assets	(471)	0	0	471
Revenue expenditure funded from capital under statute	(1,325)	0	0	1,325
Capital grants and contributions unapplied credited to the CIES	630	0	0	(630)
Movements in the market value of Investment Properties	(75)	0	0	75
Amounts of non-current assets written off on disposal to the CIES	(8)	0	0	8
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	207	0	(207)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	160	(160)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	355	(355)	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(2)	2	0	0
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	11	0	0	(11)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 17)	(2,518)	0	0	2,518
Employer's pension contributions and direct payment to pensioners payable in the year	1,203	0	0	(1,203)
Adjustments primarily 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	3	0	0	(3)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(8)	0	0	8
Total Adjustments	**(4,193)**	**(353)**	**(47)**	**4,593**

Notes to the Accounts (cont….)

10. Transfers (To)/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure:-

	Balance at 1April 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance at 31 March 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance at 31 March 2014
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Earmarked Reserves:-							
Risk Management (Insurance Reserve)	**(200)**	0	0	**(200)**	29	0	**(171)**
Investment Income (Interest Equalisation Reserve)	**(64)**	0	0	**(64)**	0	0	**(64)**
Beacon Award (IT Programmes Reserve)	**(21)**	21	0	**0**	0	0	**0**
Local Authority Business Growth Incentive (LABGI)	**(77)**	77	0	**0**	0	0	**0**
Building Control Trading Account ((Surplus)/Deficit for trading side of building control)	**(66)**	4	0	**(62)**	0	(37)	**(99)**
New Homes Bonus Reserve (to meet Corporate objectives)	**(218)**	98	0	**(120)**	0	0	**(120)**
Maintenance Reserve (maintenance of the Authority's properties)	**(230)**	230	0	**0**	0	0	**0**
Insurance Excess Reserve (to meet insurance excess payments)	**0**	0	(50)	**(50)**	0	0	**(50)**
Community Transport Reserve (to meet future funding of transport scheme)	**0**	0	(110)	**(110)**	110	0	**0**
ICT Graduate Reserve	**0**	0	(60)	**(60)**	0	0	**(60)**
Total	**(876)**	**430**	**(220)**	**(666)**	**139**	**(37)**	**(564)**

Notes to the Accounts (cont….)

11. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, the following breakdown is provided in the same format as the budget monitoring with the head of service being the reporting basis of performance and resource allocation. The allocation of resources is decided by Council with delegated authority for in year amendments and budget monitoring responsibilities being given to The Cabinet. The following is prepared on the same basis as the budget monitoring and differs from the accounting policies used in the financial statement as follows:-

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

2013/14	**Chief Executive**	**Assistant Chief Executive**	**Legal & Democratic Services**	**Customer Access**	**Enterprise, Housing & Revenues**	**Environment & Planning**	**Technical Services**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Fees, charges and other service income	(43)	(277)	(289)	(80)	(685)	(2,481)	(6,542)	(10,397)
Government Grants	(4)	(20)	(3)	0	(29,881)	0	(9)	(29,917)
Total Income	**(47)**	**(297)**	**(292)**	**(80)**	**(30,566)**	**(2,481)**	**(6,551)**	**(40,314)**
Employee Expenses	746	485	567	2,140	1,584	1,813	1,763	9,098
Other operating Expenses	341	1,509	820	663	30,574	1,383	8,043	43,333
Total operating expenses	**1,087**	**1,994**	**1,387**	**2,803**	**32,158**	**3,196**	**9,806**	**52,431**
Cost of Services	**1,040**	**1,697**	**1,095**	**2,723**	**1,592**	**715**	**3,255**	**12,117**

2012/13 Comparative	**Chief Executive**	**Assistant Chief Executive**	**Legal & Democratic Services**	**Customer Access**	**Enterprise, Housing & Revenues**	**Environment & Planning**	**Technical Services**	**Total**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Fees, charges and other service income	(2)	(397)	(150)	(165)	(668)	(1,700)	(6,152)	(9,234)
Government Grants	0	0	(78)	(71)	(37,437)	0	0	(37,586)
Total Income	**(2)**	**(397)**	**(228)**	**(236)**	**(38,105)**	**(1,700)**	**(6,152)**	**(46,820)**
Employee Expenses	300	797	1,130	2,028	1,481	1,777	1,736	9,249
Other operating Expenses	54	1,305	1,200	773	37,528	698	8,352	49,910
Total operating expenses	**354**	**2,102**	**2,330**	**2,801**	**39,009**	**2,475**	**10,088**	**59,159**
Cost of Services	**352**	**1,705**	**2,102**	**2,565**	**904**	**775**	**3,936**	**12,339**

Notes to the Accounts (cont….)

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

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

2013/14	**£000's**
Net expenditure in the Heads of Service Analysis	12,117
Internal recharges included within the Comprehensive Income and Expenditure Statement	4,006
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	2,418
Cost of Services in Comprehensive Income and Expenditure Statement	**18,541**

2012/13 Comparative	**£000's**
Net expenditure in the Heads of Service Analysis	12,339
Internal recharges included within the Comprehensive Income and Expenditure Statement	3,326
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	1,068
Cost of Services in Comprehensive Income and Expenditure Statement	**16,733**

Notes to the Accounts (cont….)

Reconciliation to Subjective Analysis

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

2013/14	Service Analysis £000's	Internal Recharges £000's	Not included in CI and E £000's	Allocation of Recharges £000's	Net Cost of Services £000's	Corporate Amounts £000's	Total £000's
Fees, charges and other service income	(10,397)	0	0	(7,107)	(17,504)	0	(17,504)
Interest and Investment Income	0	0	257	0	257	(257)	0
Income from Council Tax	0	0	0	0	0	(8,596)	(8,596)
Government grants and contributions	(29,917)	0	0	0	(29,917)	(6,894)	(36,811)
Total Income	**(40,314)**	**0**	**257**	**(7,107)**	**(47,164)**	**(15,747)**	**(62,911)**
Employee Expenses	9,098	0	0	0	9,098	0	9,098
Other service expenses	43,333	321	2,161	0	45,815	(1,698)	44,117
Support Service recharges	0	0	0	7,107	7,107	0	7,107
Depreciation, amortisation and impairment	0	3,685	0	0	3,685	0	3,685
Precepts and levies	0	0	0	0	0	2,488	2,488
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1	1
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0	0
Total Operating Expenses	**52,431**	**4,006**	**2,161**	**7,107**	**65,705**	**791**	**66,496**
Surplus or deficit on the provision of services	**12,117**	**4,006**	**2,418**	**0**	**18,541**	**(14,956)**	**3,585**

2012/13 Comparative	Service Analysis £000's	Internal Recharges £000's	Not included in CI and E £000's	Allocation of Recharges £000's	Net Cost of Services £000's	Corporate Amounts £000's Restated	Total £000's Restated
Fees, charges and other service income	(9,233)	0	0	(6,621)	(15,854)	0	(15,854)
Interest and Investment Income	0	0	373	0	373	(373)	0
Income from Council Tax	0	0	0	0	0	(9,372)	(9,372)
Government grants and contributions	(37,586)	0	0	0	(37,586)	(5,716)	(43,302)
Total Income	**(46,819)**	**0**	**373**	**(6,621)**	**(53,067)**	**(15,461)**	**(68,528)**
Employee Expenses	9,249	0	0	0	9,249	0	9,249
Other service expenses	49,909	(225)	697	0	50,381	160	50,541
Support Service recharges	0	0	0	6,621	6,621	0	6,621
Depreciation, amortisation and impairment	0	3,559	0	0	3,559	0	3,559
Interest payments	0	0	(2)	0	(2)	2	0
Precepts and levies	0	0	0	0	0	2,699	2,699
Payments to Housing Capital Receipts Pool	0	0	0	0	0	2	2
Gain or Loss on Disposal of Fixed Assets	0	(8)	0	0	(8)	8	0
Total Operating Expenses	**59,158**	**3,326**	**695**	**6,621**	**69,800**	**2,871**	**72,671**
Surplus or deficit on the provision of services	**12,339**	**3,326**	**1,068**	**0**	**16,733**	**(12,590)**	**4,143**

Notes to the Accounts (cont….)

12. Trading Operations

Trading operations are activities of the Council of a commercial nature that are financed substantially by income from tenants and parking fees and charges. Part of Avenue Farm Depot and Miscellaneous Properties in Stratford-upon-Avon are operated on such a basis. The financial results of each are summarised below:-

2013/14	**Avenue Farm Depot £000's**	**Miscellaneous Properties £000's**	**Recreation Ground £000's**	**Parking £000's**	**Total £000's**
Income from commercial rents	(67)	(17)	(121)	(59)	(264)
Fees and charges income	(1)	5	(12)	(3,651)	(3,659)
Total income	(68)	(12)	(133)	(3,710)	(3,923)
Expenditure	15	171	30	2,631	2,847
Surplus on trading	(53)	159	(103)	(1,079)	(1,076)
Capital Charges	6	108	17	(141)	(10)
(Surplus)/Deficit after asset rental charge	**(47)**	**267**	**(86)**	**(1,220)**	**(1,086)**

2012/13	**Avenue Farm Depot £000's**	**Miscellaneous Properties £000's**	**Recreation Ground £000's**	**Parking £000's**	**Total £000's**
Income from commercial rents	(67)	(13)	(118)	(67)	(265)
Fees and charges income	(1)	(4)	(14)	(3,477)	(3,496)
Total income	(68)	(17)	(132)	(3,544)	(3,761)
Expenditure	16	179	29	2,548	2,772
Surplus on trading	(52)	162	(103)	(996)	(989)
Capital Charges	243	101	17	391	752
(Surplus)/Deficit after asset rental charge	**191**	**263**	**(86)**	**(605)**	**(237)**

Notes to the Accounts (cont….)

13. Operating Leases

Rentals paid under operating leases by this Authority amounted to £49k in 2013/14 and are in respect of printing equipment.

	2012/13 £000's	2013/14 £000's
(a) Not later than one year	46	49
(b) Later than one year and not later than five years	60	36
Total	**106**	**85**

14. External Audit Costs

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

	2012/13 £000's	2013/14 £000's
Fees payable to the appointed auditors with regard to external audit services carried out by the appointed auditor for the year	70	62
Fees payable to the appointed auditor for the certification of grant claims and returns for the year	39	21
Total	**109**	**83**

15. Members' Allowances

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

	2012/13 £000's	2013/14 £000's
Allowances	306	308
Expenses	19	19
Total	**325**	**327**

Amounts paid to members are open to public inspection by prior arrangement with the Assistant Chief Executive (Telephone 01789 260425). Details of allowances paid to individual councillor can also be found on the Council's website.

Notes to the Accounts (cont….)

16. Employees' Remuneration

The Accounts and Audit Regulations 2011 require disclosure of the number of employees whose remuneration falls in each bracket of a scale in multiples of £5,000 starting with £50,000 (excluding employer's pension contributions and compensation for loss of office) and these are as follows:-

Remuneration Band	Number of Employees 2012/13	Number of Employees 2013/14
£115,000 - £119,499	1	0
£110,000 - £114,999	0	1
£70,000 - £74,999	1	1
£65,000 - £69,999	0	1
£60,000 - £64,999	3	3
£55,000 - £59,999	1	1

Individual remuneration details by post title for senior employees who have the responsibility for the management of the Authority are disclosed below:-

Post Title		Salary (Including fees and allowances) £	Expenses Allowances £	Total Remuneration excluding Pension Contributions £	Pensions Contributions £	Total Remuneration including Pension Contrbutions £
	2013/14	**111,108**	**3,626**	**114,734**	**18,636**	**133,370**
Chief Executive	2012/13	111,665	6,668	118,333	17,847	136,180
	2013/14*	**8,300**	**0**	**8,300**	**0**	**8,300**
Monitoring Officer *	**2013/14****	**29,034**	**620**	**29,654**	**5,429**	**35,083**
Monitoring Officer **	2012/13	41,085	382	41,467	3,402	44,869
	2013/14	**70,057**	**1,624**	**71,681**	**13,101**	**84,782**
Section 151 Officer	2012/13	70,057	2,114	72,171	12,400	84,571
Head of Enterprise,	**2013/14**	**60,195**	**2,430**	**62,625**	**11,704**	**74,329**
Housing & Revenues	2012/13	60,195	2,237	62,432	11,044	73,476
Head of Technical	**2013/14**	**58,119**	**1,275**	**59,394**	**10,868**	**70,262**
Services	2012/13	56,046	1,275	57,321	9,920	67,241
Head of Customer	**2013/14**	**60,945**	**4,290**	**65,235**	**11,397**	**76,632**
Access	2012/13	60,195	3,940	64,135	10,655	74,790
Head of Environment &	**2013/14**	**60,195**	**2,201**	**62,396**	**11,256**	**73,652**
Planning	2012/13	60,195	2,019	62,214	10,655	72,869
	2013/14	**457,953**	**16,066**	**474,019**	**82,391**	**556,410**
Total	2012/13	459,438	18,635	478,073	75,923	553,996

* Post was occupied part-time on a secondment basis for part of 2012/13
** Post permanently occupied with effect from 30 September 2013

Notes to the Accounts (cont….)

17. Pension Costs

The Warwickshire Local Government Pension Fund is a defined benefit scheme set up under the Local Government Pension Scheme Regulations 1997.

The Scheme is a statutory scheme, established by an Act of Parliament, the Superannuation Act 1972. The Scheme is governed by the following regulations:

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008 (as amended)
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended).

The fund is open to employees of the five district and borough councils and other organisations. The fund does not cover teachers, police officers or firefighters as these staff have alternative pension arrangements.

Under the scheme rules, members receive a lump sum retirement grant in addition to a pension. Lump sum retirement grants are accounted for at the date members retire. If a member chooses to take a greater retirement grant in return for a reduced pension, we account for these amounts on an accruals basis from the date the member takes this option. Other benefits are accounted for on the date the member leaves the plan or dies.

The Pension Fund's activities expose it to a variety of risks:

***Credit risk**:* the possibility that other parties might fail to pay amounts due to the Pension Fund.

***Liquidity risk**:* the possibility that the Pension Fund might not have funds available to meet its commitments to make payments.

***Market risk**:* the possibility that financial loss might arise for the Pension Fund as a result of changes in such measures as interest rates and stock market movements.

Interest rate risk: the risk to which the Pension Fund is exposed to changes in interest rates and mainly relates to holdings in bonds. This risk is managed by Legal & General and BlackRock who are the Fund's appointed bond portfolio investment managers.

Currency Risk: For investments denominated in non-sterling currencies, the Pension Fund is exposed to currency risk as a result of possible fluctuations in foreign currency exchange rates. So far as the Fund's equity investments are concerned, these risks are mitigated to some extent by the global nature of their underlying businesses. Furthermore, investment fund managers will take account of currency risk in their investment decisions.

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefit 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:-

Notes to the Accounts (cont….)

	2012/13 £000's	2012/13 £000's Restated	2013/14 £000's
Comprehensive Income and Expenditure Statement			
Cost of Services:-			
Service cost comprising:			
- Current Service Cost	(1,209)	(1,209)	(1,534)
- Past Service Costs	(97)	(97)	0
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	(1,306)	(1,306)	(1,534)
Other Post-employment benefits 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)	5,082	5,463	3,109
Actuarial gains and losses arising on changes to demographic assumptions	0	0	193
Actuarial gains and losses arising on changes to financial assumptions	(9,516)	(9,516)	(2,452)
Other	0	0	(2,128)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(4,434)	(4,053)	(1,278)
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	2,137	2,518	2,914
Actual amount charged against the General Fund Balance for pensions in the year			
Employers contributions payable to scheme	1,203	1,203	1,248

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2012/13 £000's Restated	2013/14 £000's
Present value of the defined benefit obligation	(92,370)	(99,501)
Fair value of plan assets	61,819	66,006
Net liability arising from defined benefit obligation	**(30,551)**	**(33,495)**

Notes to the Accounts (cont….)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	2012/13 £000's	2013/14 £000's
Opening fair value of scheme assets	55,008	61,819
Interest Income	2,610	2,743
Remeasurements gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	5,463	3,109
Contributions from employer	1,203	1,248
Contributions from employees into the scheme	399	404
Benefits paid	(2,864)	(3,317)
Net Pensions Assets as at 31 March	**61,819**	**66,006**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded Liabilities: Local Government Pension Scheme £000's		Unfunded Liabilities: Discretionary benefits £000's	
	2012/13	**2013/14**	**2012/13**	**2013/14**
Opening balance at 1 April	**78,418**	**90,729**	**1,773**	**1,641**
Current service cost	1,209	1,534	0	0
Interest cost	3,739	4,052	83	71
Contributions from scheme participants	399	404	0	0
Remeasurement (gains) and losses:				
Actuarial (gains)/losses arising from changes in demographic assumptions	0	(226)	0	33
Actuarial (gains)/losses arising from changes in financial assumptions	9,630	2,432	(114)	20
Other	0	2,174	0	(46)
Past service cost	97	0	0	0
Benefits paid	(2,763)	(3,218)	(101)	(99)
Closing balance at 31 March	**90,729**	**97,881**	**1,641**	**1,620**

Scheme History

	2009/10 As restated £000's	2010/11 Total £000's	2011/12 Total £000's	2012/13 Total £000's	2013/14 Total £000's
Present value of liabilities	(81,478)	(75,634)	(80,191)	(92,370)	(99,501)
Fair value of assets	50,434	54,792	55,008	61,819	66,006
Surplus/(Deficit) in the Scheme	**(31,044)**	**(20,842)**	**(25,183)**	**(30,551)**	**(33,495)**

The liabilities show the estimated underlying commitments that the Council has in the long term to pay retirement benefits. The total liability of £99,501k has a significant 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 scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme's Actuary.

Notes to the Accounts (cont….)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the last formal valuation of the fund as at 31 March 2013. The principal assumptions adopted were:-

ACTUARIAL ASSUMPTIONS	2012/13	2013/14
Rate of RPI inflation	3.6%	3.7%
Rate of CPI inflation	2.8%	2.9%
Rate of increase in salaries	5.1%*	5.1%*
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.5%	4.5%
Take-up of option to convert annual pension into retirement grant	50.0%	50.0%
Mortality Assumptions:-		
Longevity at 65 for current pensioners		
- Men	21.9	22.4
- Women	23.6	24.4
Longevity at 65 for future pensioners		
- Men	22.8	24.3
- Women	25.9	26.6

* Salary increases are assumed to be 1% pa until 31 March 2015 reverting to the long term assumption shown hereafter.

The Scheme assets consist of the following categories, by proportion of the total assets held:-

	Period Ended 31 March 2013				Period Ended 31 March 2014			
Asset Category	**Quoted prices in active markets £000's**	**Quoted prices not in active markets £000's**	**Total £000's**	**% of Total Assets**	**Quoted prices in active markets £000's**	**Quoted prices not in active markets £000's**	**Total £000's**	**% of Total Assets**
Equity Securities:								
Consumer	6,474	0	6,474	10%	7,064	0	7,064	11%
Manufacturing	3,552	0	3,552	6%	3,713	0	3,713	6%
Energy & Utilities	1,798	0	1,798	3%	1,585	0	1,585	2%
Financial Institutions	2,653	0	2,653	4%	3,124	0	3,124	5%
Health & Care	1,124	0	1,124	2%	1,313	0	1,313	2%
Information Technology	2,293	0	2,293	4%	2,309	0	2,309	3%
Other	989	0	989	2%	1,947	0	1,947	3%
Private Equity:								
All	0	539	539	1%	0	715	715	1%
Real Estate:-								
UK Property	5,665	0	5,665	9%	6,158	0	6,158	9%
Overseas Property	135	0	135	0%	118	0	118	0%
Investment Funds & Unit Trusts:								
Equities	18,748	0	18,748	30%	18,805	0	18,805	29%
Bonds	9,351	0	9,351	15%	10,324	0	10,324	16%
Hedge Funds	0	2,788	2,788	5%	0	2,989	2,989	5%
Commodities	0	0	0	0%	0	0	0	0%
Infrastructure	0	0	0	0%	0	0	0	0%
Other	5,485	0	5,485	9%	5,570	0	5,570	8%
Cash & Cash Equivalents:								
All	0	225	225	0%	0	272	272	0%
Total	**58,267**	**3,552**	**61,819**	**100%**	**62,030**	**3,976**	**66,006**	**100%**

Notes to the Accounts (cont….)

Sensitivity Analysis

IAS 19 requires the disclosure of the sensitivity of the results to the methods and assumptions used.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:-

Change in assumptions at year ended 31 March 2014	Approximate % increase to Employer	Approximate monetary amount £000's
0.5% decrease in Real Discount Rate	9%	9,405
1 year increase in member life expectancy	3%	2,985
0.5% increase in the Salary Increase Rate	3%	2,671
0.5% increase in the Pension Increase Rate	7%	6,617

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Employer of a one year increase in left expectancy. For sensitivity purposes, this ias assumed to be increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in left expectancy will depend on the structure of the revised assumption (ie if improvements to survival rates predominately apply at younger or older ages).

Please note the above figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation.

This analysis has been provided by the schemes actuaries.

Projected defined benefit cost for the period to 31 March 2015

Period Ended 31 March 2015	Assets	Obligations	Net(liability)/asset	
	£000's	£000's	£000's	% of pay
Projected Current service cost*	0	1,463	(1,463)	(23.7%)
Total Service Cost	**0**	**1,463**	**(1,463)**	**(23.7%)**
Interest income on plan assets	2,803	0	2,803	45.4%
Interest cost on defined benefit obligation	0	4,246	(4,246)	(68.8%)
Total Net Interest Cost	**2,803**	**4,246**	**(1,443)**	**(23.4%)**
Total Included in Profit and Loss	**2,803**	**5,709**	**(1,443)**	**(47.1%)**

* The current service cost includes an allowance for administration expenses of 0.6% of payroll

The future employer rate is 19.3%. As a result of pay restraint and reductions in active members the actuary has asked for the past service costs to be paid as a cash lump sum. The rate for active members will therefore be 13.6% for the year 2014/15 with a lump sum of £391,000 in respect of past service.

Notes to the Accounts (cont….)

The maturity profile was assessed and is based on the last actuarial valuation dated 31 March 2013:-

Employer Valuation Results	**31 March 2010**	**31 March 2013**
	£000's	**£000's**
Actives	27,065	27,861
Deferred Pensioners	6,216	14,451
Pensioners	31,140	43,075
Total	**64,421**	**85,387**
Asset Share	**51,746**	**63,153**
Surplus / (Deficit)	**(12,675)**	**(22,233)**
Funding Level	**80%**	**74%**

Further information can be found in Warwickshire County Council's Superannuation Fund Actuarial Report which is available on request from the Strategic Director of Resources, Warwickshire County Council, P.O. Box 3, Shire Hall, Warwick, CV34 4RH and also on the county website at http://www.warwickshire.gov.uk/pensions.

Notes to the Accounts (cont….)

18. Related Parties

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

Central Government
Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in note 11 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2014 are shown in note 33.

Council Members and Chief Officers
The information as relates to this Authority for 1 April 2013 to 31 March 2014 is as follows:

Expenditure Transactions

	Creditor Transactions 2012/13 £000's	Balance 31 March 2013 £000's	Creditor Transactions 2013/14 £000's	Balance 31 March 2014 £000's
Orbit Heart of England Housing Association – excludes Benefit Payments (note a)	252	0	105	0
Pension Service (note b)	1,615	0	1,704	0
Warwickshire County Council – excludes Precepts (note c)	1,255	0	1,199	22
Stratford Town Council – excludes Precepts (note d)	35	0	59	0

a. The majority of the transactions were in respect of home repair grants, homelessness and temporary accommodation payments.

b. Payments to Warwickshire County Council in respect of the Authority's contributions to the Pension Fund.

c. These payments mainly relate to On-Street Parking, Planning Enquiry fees, audit fees, tree works, ecological and archaeological enquiries.

d. These payments relate to Shakespeare Birthday Celebrations, consultancy for markets and hire of the Town Hall for Planning Enquiries.

Notes to the Accounts (cont….)

e. Other Public Bodies:

The Council collects precepts on behalf of Warwickshire County Council, Warwickshire Police Authority and the Town and Parish Councils. Some Stratford-on-Avon District Council Councillors are also members of these bodies.

Major transactions (£5k and over – excluding precepts) for 2013/14 where Stratford District Councillors are also members of Parish Councils are shown below:-

Parish Councils	No of Members	Creditor Payments £000's	Balance 31 March 2013 £000's	No of Members	Creditor Payments £000's	Balance 31 March 2014 £000's
Alcester: Marketing and promotion	3	10	0	3	0	0
Stratford-upon-Avon: Shakespeare Celebrations and Hire of Halls for Planning Enquiries	7	30	0	7	31	0
Wellesbourne: Payment towards community hall (S106)	1	30	0	1	0	0

Major transactions (£5k and over) for 2013/14 where Stratford District Councillors are also members of public bodies are shown below:-

Public Bodies	No of Members	Creditor Payments £000's	Balance 31 March 2013 £000's	No of Members	Creditor Payments £000's	Balance 31 March 2014 £000's
Citizens Advice Bureau: Stratford Branch	1	46	0	1	46	0
Cotswold Conservation Board	1	8	0	1	8	0
Warwick District Council	1	128	0	1	125	0
Warwickshire Rural Community Council	1	38	0	1	38	0

f. Other Outside Bodies:-

Major transactions (£5k and over) for 2013/14 where Stratford District Councillors are also members of other outside bodies are shown below:-

Other Outside Bodies	No of Members	Creditor Payments £000's	Balance 31 March 2013 £000's	No of Members	Creditor Payments £000's	Balance 31 March 2014 £000's
Perkins Foundation	1	5	0	1	6	0
Act on Energy	1	14	0	1	14	0
Stratforward Business Improvement District Ltd	2	375	0	2	379	0

Notes to the Accounts (cont….)

19. Property, Plant and Equipment

Movement in Assets – 31 March 2014

	Land and Buildings £000's	Vehicles, Plant and Equipment £000's	Infrastructure £000's	Community £000's	Total Property, Plant and Equipment £000's
Cost or valuation at 1 April 2013	**33,855**	**5,849**	**6,151**	**893**	**46,748**
Additions	429	43	49	0	521
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,641	0	0	0	1,641
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services (*)	(71)	0	0	0	(71)
At 31 March 2014	**35,854**	**5,892**	**6,200**	**893**	**48,839**
Accumulated Depreciation and Impairment at 1 April 2013	**(603)**	**(4,082)**	**(1,081)**	**(245)**	**(6,011)**
Depreciation charge (*)	(1,919)	(389)	(147)	(25)	(2,480)
Depreciation written out to the Revaluation Reserve	1,254	0	0	0	1,254
Impairments losses/(reversals) recognised in the Revaluation Reserve	(324)	0	0	0	(324)
Impairments losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services (*)	869	0	0	0	869
At 31 March 2014	**(723)**	**(4,471)**	**(1,228)**	**(270)**	**(6,692)**
Net book value at 31 March 2014	**35,131**	**1,421**	**4,972**	**623**	**42,147**
Net book value at 31 March 2013	**33,252**	**1,767**	**5,070**	**648**	**40,737**

Items marked (*) can be found in note 9 and 32a

Notes to the Accounts (cont….)

Movement in Assets – 31 March 2012

	Land and Buildings £000's	Vehicles, Plant and Equipment £000's	Infrastructure £000's	Community £000's	Total Property, Plant and Equipment £000's
Cost or valuation at 1 April 2012	**33,864**	**5,789**	**6,137**	**878**	**46,668**
Additions	277	60	14	15	366
Revaluation increases/(decreases) recognised in the Revaluation Reserve	177	0	0	0	177
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services (*)	(195)	0	0	0	(195)
Derecognition - disposals	(93)	0	0	0	(93)
Other movements in costs or valuation	(175)	0	0	0	(175)
At 31 March 2013	**33,855**	**5,849**	**6,151**	**893**	**46,748**
Accumulated Depreciation and Impairment at 1 April 2012	**(990)**	**(3,632)**	**(935)**	**(212)**	**(5,769)**
Depreciation charge (*)	(1,814)	(450)	(146)	(33)	(2,443)
Depreciation written out to the Revaluation Reserve	1,776	0	0	0	1,776
Impairments losses/(Reversals) recognised in the Revaluation Reserve	(18)	0	0	0	(18)
Impairments losses/(Reversals) recognised in the (Surplus)/Deficit on the Provision of Services (*)	443	0	0	0	443
At 31 March 2013	**(603)**	**(4,082)**	**(1,081)**	**(245)**	**(6,011)**
Net book value at 31 March 2013	**33,252**	**1,767**	**5,070**	**648**	**40,737**
Net book value at 31 March 2012	**32,874**	**2,157**	**5,202**	**666**	**40,899**

Items marked (*) can be found in note 9 and 32a

Notes to the Accounts (cont….)

Depreciation

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

Buildings: 10 – 50 years
Vehicles, Plant and Equipment: 5 - 70 years
Infrastructure: 40 years
Community Assets: 5 – 40 years

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by an external independent valuer (Gerald Eve Chartered Surveyors) as at 31 March 2014 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. For information the basis of valuations and impairments is set out in the Statement of Accounting Policies (note vii). Assets valued at 31 March 2014 include all Public Conveniences in the district and the Recreation Ground Pavilion in Stratford-upon-Avon all of which were valued at depreciated replacement cost or fair value.

The programme for future valuations of the Council's main assets is as follows:-

2015 - No valuations are due to take place
2016 - Elizabeth House, Stratford/Pathlow Gypsy Site/Avenue Farm Depot (part)/Shipston Leisure Centre
2017 - Globe House, Alcester/Studley Leisure Centre

	Land and Buildings £000's	Vehicles, Plant and Equipment £000's	Infrastructure £000's	Community £000's	Total Property, Plant and Equipment £000's
Carried at historical cost	0	1,421	4,972	623	7,016
Valued at fair value as at:-					
31 March 2014	1,254	0	0	0	1,254
31 March 2013	20,597	0	0	0	20,597
31 March 2012	3,500	0	0	0	3,500
31 March 2011	9,780	0	0	0	9,780
Total Cost or Valuation	**35,131**	**1,421**	**4,972**	**623**	**42,147**

Notes to the Accounts (cont….)

20. Capital Commitments

The Authority has capital commitments of approximately £318k as at 31 March 2014 and these will be financed from 2014/15 resources in accordance with recommended practice.

An analysis of the commitments is given below:-

	31 March 2013	31 March 2014
	£000's	£000's
Projects:-		
CCTV	22	0
Leisure	39	300
Empty Homes	9	0
World Class Stratford	4	7
Information Technology	0	11
Total	**74**	**318**

21. Heritage Assets

Heritage assets held by this Authority for their historical and cultural significance are the statues in the Bancroft Gardens and in Henley Street, Stratford-upon-Avon. These are the Gower Memorial, the Narcissus Statue and the Jester Statue.

The carrying amount of these assets will be reviewed with sufficient frequency to ensure that the valuations remain current. The last revaluation took place in 2011/12.

Depreciation will not be charged on the above assets as they have an indefinite life, therefore, there will be no changes to the depreciation charged in the financial statements.

There have been no revaluations, additions, disposals or impairments during the 2013/14 financial year, therefore, the carrying value of Heritage Assets held by the authority is shown in the table below:-

	31 March 2013	31 March 2014
	£000's	£000's
Opening and Closing Balance	**2,365**	**2,365**

Notes to the Accounts (Cont….)

22. Investment Properties

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

	31 March 2013 £000's	31 March 2014 £000's
Rental income from investment property	594	695
Direct operating expenses arising from investment property	(59)	(96)
Net gain / (loss)	**535**	**599**

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

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

	31 March 2013 £000's	31 March 2014 £000's
Balance at start of year	8,179	8,303
Additions	24	1
Net gain/(loss) from fair value adjustments	(75)	476
Transfer (to)/from Property, Plant and Equipment	175	0
Balance at end of the year	**8,303**	**8,780**

Notes to the Accounts (Cont….)

23. Capital Expenditure and Capital Financing

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

	31 March 2013 £000's	31 March 2014 £000's
Opening Capital Financing Requirement	**(440)**	**(440)**
Capital Investment:		
Property, Plant and Equipment	366	521
Investment Properties	24	1
Intangible Assets	97	13
Revenue Expenditure Funded from Capital under Statute	1,325	2,836
Sources of finance:		
Capital receipts	(1,022)	(2,422)
Grants / contributions	(790)	(949)
Closing Capital Financing Requirement	**(440)**	**(440)**

Notes to the Accounts (cont….)

24. Intangible Assets

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

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

	Internally Generated Assets	**Other Assets**
3 years	PC Replacement Programme (to 31/03/11)*	PC Replacement Programme (to 31/03/11)*
5 years	PC Replacement Programme (from 01/04/11)*	PC Replacement Programme (from 01/04/11)*
5 years	Website Development, Remote Working and various systems	Website Development, Remote Working and various system

(* - the impact on the change in life of the PC Replacement Programme is as follows:- £63k additions, therefore, impact on future periods is £63k/5 = £13k less £63k/3 = £21k. Approximately £8k less amortisation charged in subsequent periods for 2011/12 additions)

	Internally Generated Assets £000's	**Other Assets £000's**	**Total £000's**	**Internally Generated Assets £000's**	**Other Assets £000's**	**Total £000's**
Balance at start of year:						
Gross carrying amounts	2,307	2,367	4,674	2,307	2,464	4,771
Accumulated Amortisation	(1,223)	(2,130)	(3,353)	(1,592)	(2,232)	(3,824)
Net carrying amount at start of year	1,084	237	1,321	715	232	947
Additions:-						
Purchases	0	97	97	0	13	13
Amortisation for the period	(369)	(102)	(471)	(301)	(78)	(379)
Net carrying amount at end of year	**715**	**232**	**947**	**414**	**167**	**581**
Comprising:						
Gross carrying amounts	2,307	2,464	4,771	2,307	2,477	4,784
Accumulated Amortisation	(1,592)	(2,232)	(3,824)	(1,893)	(2,310)	(4,203)
Total	**715**	**232**	**947**	**414**	**167**	**581**

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £379k charged to revenue in 2013/14 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings as described in the Comprehensive Income and Expenditure Statement.

Notes to the Accounts (cont….)

25. Long Term Debtors

	31 March 2013 £000's	31 March 2014 £000's
Mortgages (a)	2	1
Stratford Football Club – Loan (b)	204	215
Grove Road Car Park – Finance Lease (c) – See note 26	131	131
Cox's Yard – Finance Lease (c) – See note 26	1,234	1,223
4/5 Sheep Street – Finance Lease (c) – See note 26	157	155
Balance at 31 March	**1,728**	**1,725**

(a) Mortgages relate to mortgages on the sale of council houses;
(b) Loan to Stratford Football Club; and
(c) These are leases that transfer all the risks and rewards of ownership of an asset to the lessee. Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease repayments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

26. Leases – The Authority as Lessor

Finance Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. Following a review of valuations for each element the land value is not considered material and the accounting for the leases therefore remains unchanged.

As listed in note 25 above, the Authority has a gross investment in the leases, 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 Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:-

	31 March 2013 £000's	31 March 2014 £000's
Finance lease debtor (net present value of minimum lease payments):		
Current	14	14
Non Current	1,390	1,377
Unearned finance income	8,388	8,340
Gross investment in the lease	**9,792**	**9,731**

Notes to the Accounts (cont….)

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

	Net Investments in the Lease		Minimum Lease Payments	
	31 March 2013 £000's	31 March 2014 £000's	31 March 2013 £000's	31 March 2014 £000's
Not later that one year	14	14	93	93
Later than one year and not later than five years	70	70	465	465
Later than five years	1,320	1,307	9,234	9,173
Total	**1,404**	**1,391**	**9,792**	**9,731**

Operating Leases - The Authority as Lessor

The Authority leases out a number of properties on a commercial basis in order to derive rental income.

The value of investment properties included in the Balance Sheet at 31 March 2014 is £8.8m.

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

	31 March 2013 £000's	31 March 2014 £000's
Not later that one year	849	712
Later than one year and not later than five years	2,437	2,072
Later than five years	18,780	21,723
Total	**22,066**	**24,507**

Notes to the Accounts (cont….)

27. Financial Instruments

The financial instruments disclosed in the Balance Sheet consist of the following categories:

Financial Assets	Long Term 31 March 2013 £000's	Current 31 March 2013 £000's	Long Term 31 March 2014 £000's	Current 31 March 2014 £000's
Loans and Receivables:-				
Loan	204	0	215	0
Mortgages	2	0	1	0
Finance Lease Lessor - Debtor	1,522	25	1,508	25
Trade Debtors	0	816	0	909
Money Market Funds	0	17,870	0	22,000
Financial Asset - Interest	106	106	105	105
Bank	0	222	0	2,202
Total	**1,834**	**19,039**	**1,829**	**25,241**

Financial Liabilities	Long Term 31 March 2013 £000's	Current 31 March 2013 £000's	Long Term 31 March 2014 £000's	Current 31 March 2014 £000's
Amortised Cost:-				
Trade Creditors	0	881	0	1,067
Total	**0**	**881**	**0**	**1,067**

Gains and losses recognised in the Comprehensive Income and Expenditure Statement:

Financial Assets	Loans and Receivables 31 March 2013 £000's	Loans and Receivables 31 March 2014 £000's
Interest Received	(373)	(257)
Total	**(373)**	**(257)**

Financial Liabilities	At Amortised Cost 31 March 2013 £000's	At Amortised Cost 31 March 2014 £000's
Interest Paid	2	0
Total	**2**	**0**

Notes to the Accounts (cont….)

Fair Value of Assets and Liabilities carried at amortised cost

Financial liabilities and financial assets, including loans and receivables and creditors, represented by Borrowings and Investments 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:

- PWLB and Market debt; estimated interest rates at 31 March 2014 for new debt with the same maturity date from comparable lenders.
- Investments; long term – estimated interest rates at 31 March 2014 for equivalent loans.
- Investments; short term – carrying amounts in the balance sheet approximate to fair value.

The fair values calculated are as follows:

Financial Assets	**Carrying Amount 31 March 2013 £000's**	**At Fair Value 31 March 2013 £000's**	**Carrying Amount 31 March 2014 £000's**	**At Fair Value 31 March 2014 £000's**
Short Term:-				
Money Market Funds	17,870	17,870	22,000	22,000
Financial Asset - Interest	106	106	105	105
Trade Debtors	841	841	933	933
Bank	222	222	2,202	2,202
Long Term:-				
Loan	204	204	215	215
Finance Lease Lessor	1,522	1,522	1,508	1,508

Financial assets – where an instrument is due to mature within 12 months the carrying amount is assumed to approximate fair value. The carrying value of the long term assets are valued the same as fair value as the loan is fixed at market rate and the finance lease lessor has been valued and stated at fair value. We do not expect any change to this assumption.

Financial Liabilities	**Carrying Amount 31 March 2013 £000's**	**At Fair Value 31 March 2013 £000's**	**Carrying Amount 31 March 2014 £000's**	**At Fair Value 31 March 2014 £000's**
Short Term:-				
Trade Creditors	881	881	1,067	1,067

The Council has no borrowings as at 31 March 2014 (none at 31 March 2013).
Financial Liabilities - where an instrument is due to mature within 12 months the carrying amount is assumed to approximate fair value.

Notes to the Accounts (cont….)

Disclosure of nature and extent of risks arising from financial instruments

Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first liquidity second and then return.

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, The Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Capita ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

(i) Credit risk

This Council applies the creditworthiness service provided by Capita. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

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

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands*:*

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi-nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used

The Capita creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

(ii) Liquidity risk

The Authority currently has a strategy to take on no long term borrowing. Short term borrowing for cash flow purposes is covered in the Treasury Management Strategy and is limited to £10m in total.

The only financial liability as at 31 March 2014 is the trade and other creditors that are due to be paid in less than one year.

Notes to the Accounts (cont….)

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions:-

31 March 2014	Amount at 31 March 2014	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2014	Estimated maximum exposure to default and uncollectability
	£000's	%	%	£000's
Deposit held with Fund	22,000	0	0	0
Sales Ledger	825	0.72%	0.73%	6

31 March 2013	Amount at 31 March 2013	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2013	Estimated maximum exposure to default and uncollectability
	£000's	%	%	£000's
Deposit held with Fund	17,870	0	0	0
Sales Ledger	644	0.64%	0.65%	4.2

The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits, with financial instructions.

Credit limits are not generally imposed on customers and clients of Council services.

The sales ledger debt is £825k (£644k in 2012/13). The sales ledger debt can be analysed by age as follows:

	31 March 2013 £000's	Past due but not impaired £000's	31 March 2014 £000's	Past due but not impaired £000's
Less than a year	413	413	602	602
More than one year	231	195	223	178
Total	**644**	**608**	**825**	**780**

All classes of debt are assessed for impairment on the basis of a provision being made of 25%, 50% and 75% for debts 1 to 2 years, 2 to 3 years and over 3 years respectively. Historical default rates have proved this calculation to be sufficient. The only exception to this are the debts raised in respect of the Rent Express scheme totalling £110k as at 31 March 2014. These invoices are repaid via the housing benefit system or landlord when the tenant moves out so there is no default expected on these debts.

Notes to the Accounts (cont….)

(iii) Market risk

Interest rate risk

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

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the assets will fall

Changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance pound for pound.

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 charges to be accommodated.

According to this assessment strategy, at 31 March 2014, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000's
Increase in interest receivable on variable rate investments	201
Impact on Comprehensive Income and Expenditure Statement	201

The interest rate sensitivity analysis is prepared using a 1% change – this is considered to be reasonable and informative whilst overall rates remain low.

Notes to the Accounts (cont….)

28. Short Term Debtors

	31 March 2013 £000's	31 March 2014 £000's
Central Government	2,208	1,142
Other local authorities	1,194	579
Other entities and individuals	4,481	2,752
	7,883	4,473
Less Provision for bad and doubtful debts:-		
General Revenue Account	(239)	(292)
Housing Benefit overpayments	(42)	(42)
Collection Fund	(432)	(1,251)
Total	**7,170**	**2,888**

The amount charged in year for bad and doubtful debts amounts to £872k.

29. Short Term Creditors

	31 March 2013 £000's	31 March 2014 £000's
Central Government	(320)	(623)
Other Local Authorities	(1)	(118)
Other entities and individuals	(2,183)	(1,838)
Total	**(2,504)**	**(2,579)**

Notes to the Accounts (cont….)

30. Provisions

	Insurances £000's	Department of Work and Pensions £000's	Pension Strain £000's	Local Land Charges £000's	Heart of England Housing Association £000's	Total £000's
Balance at 1 April 2013	**(8)**	**(100)**	**(210)**	**(131)**	**(1,068)**	**(1,517)**
Additional provisions made in year	0	(50)	0	0	(2,600)	(2,650)
Amounts used in year	0	0	0	0	0	0
Unused amounts reversed in year	0	100	210	0	68	378
Balance at 31 March 2014	**(8)**	**(50)**	**0**	**(131)**	**(3,600)**	**(3,789)**

Provisions are charged to the appropriate account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Settlements are reviewed at the end of the financial year and where this is not required or a lower settlement than anticipated is made the provision is reversed and credited back to the relevant account.

Insurances
The insurance provision covers all insurance claims for which the Council has a potential legal liability. It is expected that these will be resolved within 12 months and any payments due will be made within this period.

Department of Work and Pensions
This provision covers all outstanding issues in relation to the 2013/14 Housing and Council Tax Benefit subsidy claim. It is expected that these will be resolved within 12 months and any payments due will be made within this period.

Local Land Charges
A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £131,000 plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

Heart of England Housing Association
See note 5 on page 27.

It is anticipated that the above provisions will be settled within 12 months.

Notes to the Accounts (cont….)

31. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 9.

	31 March 2013 £000's	31 March 2014 £000's
Usable Capital Receipts Reserve (Proceeds of asset sales to be used to fund capital expenditure)	(12,569)	(11,077)
Earmarked Reserves (note 10)	(665)	(563)
Capital Grants Unapplied Account (Grants received from outside bodies to fund capital expenditure)	(677)	(453)
General Fund Balance (Resources available to meet future expenditure)	(3,376)	(4,363)
Total	**(17,287)**	**(16,456)**

32. Unusable Reserves

	31 March 2013 £000's	31 March 2014 £000's
Capital Adjustment Account (note 32a)	(40,251)	(39,637)
Revaluation Reserve (note 32b)	(12,053)	(14,188)
Deferred Capital Receipts Reserve (note 32c)	(1,394)	(1,381)
Pensions Reserve (note 32d)	30,551	33,495
Collection Fund Adjustment Account (note 32e)	(6)	0
Accumulated Absences Account (note 32f)	141	170
Financial Instruments Adjustment Account (note 32g)	35	24
Total	**(22,977)**	**(21,517)**

Notes to the Accounts (cont….)

32a. Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and 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.

It should be noted that the account is matched by assets within the Balance Sheet and is not resources available to the Authority.

		31 March 2013 £000's		31 March 2014 £000's
Balance at 1 April		**(42,221)**		**(40,251)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment (see items marked (*) in note 9 and 19)	2,195		1,683	
Amortisation of Intangible Assets	471		379	
Revenue Expenditure Funded from Capital under Statute	1,325		2,836	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	93	4,084	0	4,898
Adjusting amounts written out of the Revaluation Reserve		(377)		(436)
		(38,514)		(35,789)
Capital financing applied in the year:				
Capital expenditure financed from capital receipts	(1,022)		(2,423)	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(630)		(721)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(160)	(1,812)	(228)	(3,372)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		75		(476)
Balance at 31 March		**(40,251)**		**(39,637)**

Notes to the Accounts (cont….)

32b. Revaluation Reserve

The above Reserve contains gains made by the Authority arising from increases in the value of its assets. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, used in the provision of services and the gains 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 before that date are consolidated into the balance on the Capital Adjustment Account.

		31 March 2013 £000's		31 March 2014 £000's
Balance at 1 April		(10,495)		(12,053)
Upward revaluation of assets	(1,953)		(2,896)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	18		324	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(1,935)		(2,572)
Difference between fair value depreciation and historical cost depreciation	327		436	
Transfer of asset to Investment Properties	50		0	
Amount written off to the Capital Adjustment Account		377		436
Balance at 31 March		**(12,053)**		**(14,189)**

32c. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement takes place the amounts are transferred to the Capital Receipts Reserve.

	31 March 2013 £000's	31 March 2014 £000's
Balance at 1 April	(1,408)	(1,394)
Transfer to Capital Receipts Reserve upon receipt of cash	14	13
Balance at 31 March	**(1,394)**	**(1,381)**

Notes to the Accounts (cont….)

32d. Pensions Reserve

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

	31 March 2013 £000's Restated	31 March 2014 £000's
Balance at 1 April	25,183	30,551
Actuarial (gains) or losses on pensions assets and liabilities	4,053	1,278
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the provision of Services in the Comprehensive Income and Expenditure Statement	2,518	2,914
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,203)	(1,248)
Balance at 31 March	30,551	33,495

32e. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31 March 2013 £000's	31 March 2014 £000's
Balance at 1 April	(3)	(6)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements:-		
Council Tax	(3)	(51)
Business Rates	0	57
Balance at 31 March	**(6)**	**0**

Notes to the Accounts (cont….)

32f. Accumulated Absences Account

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

	31 March 2013 £000's	31 March 2014 £000's
Balance at 1 April	133	141
Settlement or cancellation of accrual made at the end of the preceding year	8	29
Balance at 31 March	**141**	**170**

32g. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account shows the amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements. The difference has arisen due to a soft loan, a loan with a below market interest rate. 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 the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited 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.

	31 March 2013 £000's	31 March 2014 £000's
Balance at 1 April	46	35
Interest Received	(11)	(11)
Balance at 31 March	**35**	**24**

Notes to the Accounts (cont….)

33. Grant Income

The Council has credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

	31 March 2013 £000's	31 March 2014 £000's
Credited to Taxation and Non-Specific Grant Income:-		
Revenue Support Grant	92	2,609
Redistributed Non-Domestic Rates	4,587	1,959
Homelessness Prevention	99	99
Council Tax Grant	337	235
New Homes Bonus	597	1,100
Council Tax Discount	0	790
Council Tax Support	0	53
Other Government Grants	0	49
Capital Grants and Contributions:		
Stratford Leisure Centre (SLM)	3	0
Total	**5,715**	**6,894**
Credited to Services:-		
DWP subsidy for benefits	37,043	29,290
Disabled Facilities Grant (DCLG)	368	283
S106 contributions towards social housing, leisure facilities etc	320	278
Housing and Homelessness	307	520
NNDR Administration Grant	220	217
Social Transport	202	20
Market Town Funding	55	61
CCTV	39	57
Various small grants and contributions	13	24
Crime Reduction and Anti-Social Behaviour	8	11
Sports Development, Recreation and Leisure	5	0
Land Drainage	4	4
Food Safety	4	4
Council Tax New Burdens	0	40
Act on Energy	0	12
Tourism	0	43
Shopmobility	0	5
Capitalisation Provision	0	17
Local Economy	0	20
Total	**38,588**	**30,906**

Notes to the Accounts (cont….)

The Council has received a number of grants and contributions that have yet to be recognised as income as they have legally binding conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:-

Capital Grants/Contributions Receipts in Advance	**31 March 2013** **£000's**	**31 March 2014** **£000's**
Regional Housing Pot (DCLG)	163	163
Stratford Skate Park	0	2
LPSA2 - Affordable Housing	318	153
Virtual District Grant – e-gov	150	150
S106 contributions towards social housing, leisure facilities, car parking etc	2,012	1,946
Total	**2,643**	**2,414**

34. Reconciliation of (Surplus)/Deficit to Net Cash Inflow from Revenue Activities

		31 March 2013 **£000's** **Restated**		**31 March 2014** **£000's**
(Surplus)/Deficit on provision of services (page 11)		**4,143**		**3,585**
Adjustments to net surplus or deficit on the provision of services for non-cash movements:				
Charges for depreciation and impairment	(2,195)		(1,683)	
Amortisation of Intangible Assets	(471)		(379)	
Revenue Expenditure Funded from Capital under Statute	(1,326)		(2,836)	
Pensions	(1,315)		(1,666)	
Collection Fund	3		(6)	
Accumulated Absences Account	(8)		(29)	
Movement in market value of investment properties	(75)		476	
Transfers (from)/to earmarked reserves	211		102	
Gains/Losses on disposal of non-current assets	(8)		0	
Other (movement in debtors, creditors etc)	(611)	(5,795)	(5,379)	(11,400)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:				
Right to Buy clawback and other windfall receipts	355		918	
Housing Pooled Capital Receipts	(2)		(1)	
Government grants used against capital expenditure	837		726	
Financial Instruments Adjustment Account	11	1,201	11	1,654
Net cash flows from Operating Activities		**(451)**		**(6,161)**

Notes to the Accounts (cont….)

35. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2012/13 £000's	2013/14 £000's
Interest received	(467)	(247)
Interest paid	2	0
Total	**(465)**	**(247)**

36. Cash Flow Statement – Investing Activities

	2012/13 £000's	2013/14 £000's
Purchase of property, plant and equipment, investment property and intangible assets	516	478
Other payments for investing activities	1,198	2,768
Other receipts from investing activities	(1,585)	(1,427)
Total	**129**	**1,819**

37. Cash Flow Statement – Financing Activities

	2012/13 £000's	2013/14 £000's
Other payments for financing activities	2,999	(1,768)
Total	**2,999**	**(1,768)**

38. Cash and Cash Equivalents

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

	As at 31 March 2013 £000's	As at 31 March 2014 £000's	Movement in year £000's
Bank current accounts	222	2,202	(1,980)
Temporary investments	17,870	22,000	(4,130)
Total	**18,092**	**24,202**	**(6,110)**

Notes to the Accounts (cont….)

39. Contingent Liabilities

There is one possible contingent liability and this is as follows:-

(a) During 2012/13 following the Government's changes to national planning policy, the Council made a number of decisions in relation to planning applications for housing developments refusing planning permission, which was in accordance with local community's wishes. In the absence of an approved Core Strategy and, more importantly, an identified five years supply of housing land, developers are bringing forward appeals against the Council's decisions. There is a cost of defending the Council's position in such actions and the possibility that costs could also be awarded against the Council. Whilst it is not possible to quantify these costs and no specific provision has been created it is appropriate that this issue is highlighted as a contingent liability as the appeal often does not take place in the same year as the original decision.

40. Termination Benefits

As part of ongoing efficiency exercises the Authority terminated the contracts of a number of employees in 2012/13 and 2013/14. The total number of packages are detailed below:-

	2012/13			2013/14		
Bands	No of Packages Compulsory	No of Packages Other	No of Packages Total	No of Packages Compulsory	No of Packages Other	No of Packages Total
Up to £20,000	1	0	1	2	1	3
£20,001 - £40,000	1	0	1	0	0	0
Total	**2**	**0**	**2**	**2**	**1**	**3**

These packages incurred redundancy costs as follows:-

	2012/13			2013/14		
Bands	£000's Compulsory	£000's Other	£000's Total	£000's Compulsory	£000's Other	£000's Total
Up to £20,000	7	0	7	2	6	8
£20,001 - £40,000	27	0	27	0	0	0
Total	**34**	**0**	**34**	**2**	**6**	**8**

Notes to the Accounts (cont….)

41. Inventories

	Vending £000's	Stationery £000's	Pest Control £000's	Printing £000's	Sports Equipment £000's	Refuse Collection - Bins £000's	Total £000's
Balance at 1 April 2013	**2**	**4**	**5**	**5**	**12**	**0**	**28**
Purchases	0	8	0	0	11	59	**78**
Recognised as an expense in the year	0	(5)	(1)	(1)	0	0	**(7)**
Balance at 31 March 2014	**2**	**7**	**4**	**4**	**23**	**59**	**99**

SUPPLEMENTARY FINANCIAL STATEMENTS

Collection Fund

2012/13 £000's	Council Tax	2013/14 £000's
	Income	
(71,693)	Income from Council Taxpayers	(72,994)
	Transfers from General Revenue Account:-	
(7,315)	Council Tax benefits	0
3	Transitional reduction scheme	(2)
(49,687)	Income from Business Ratepayers (note 7)	0
(128,692)	**Total Income**	**(72,996)**
	Expenditure	
	Precepts and Demands:-	
60,195	Warwickshire County Council	55,251
9,429	Warwickshire Police Authority	8,655
9,371	Stratford-on-Avon District Council	8,612
	Contributions from estimated Collection Fund Surplus (note 5):-	
(19)	Warwickshire County Council	(92)
(3)	Warwickshire Police Authority	(14)
(2)	Stratford-on-Avon District Council	(10)
	Business Rates:-	
49,500	Payable to national pool	0
217	Cost of Collection allowance	0
	Provisions for Bad and Doubtful Debts:-	
156	Council Tax	188
(156)	Council Tax - Write Offs (note 7)	(173)
491	Business Rates	0
(521)	Business Rates - Write Offs (note 7)	0
128,658	**Total Expenditure**	**72,417**
(34)	**(Surplus) / Deficit for the year**	**(579)**
(36)	Balance at 1 April	(70)
(34)	(Surplus) / Deficit for the year	(579)
(70)	**(Surplus) / Deficit balance at 31 March**	**(649)**

Collection Fund

2012/13 £000's	Business Rates	2013/14 £000's
	Income	
0	Income from Business Ratepayers (note 7)	(51,445)
0	**Total Income**	**(51,445)**
	Expenditure	
	Pool Payments:-	
0	Central Government	25,204
0	Warwickshire County Council	5,041
0	Stratford-on-Avon District Council	20,054
0	Cost of Collection allowance	217
0	Provision for Appeals	2,623
	Provisions for Bad and Doubtful Debts:-	
0	Business Rates	371
0	Business Rates - Write Offs (note 7)	(352)
0	**Total Expenditure**	**53,158**
0	**(Surplus) / Deficit for the year**	**1,713**
0	Balance at 1 April	0
0	(Surplus) / Deficit for the year	1,713
0	**(Surplus) / Deficit balance at 31 March**	**1,713**

The deficit is split between:-

Stratford-on-Avon District Council	685
Central Government	857
Warwickshire County Council	171
Total	**1,713**

NB: This is the first year of the NNDR Pool so there are no comparable 2012/13 figures to report

Notes to the Collection Fund

1. General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. The Collection Fund shows transactions relating to Council Tax, Business Rates and residual Community Charge. In addition, it illustrates the way in which the income is distributed.

2. Business Rate Pooling

Following the Local Government Finance Bill, with effect from 1 April 2013, the District Council agreed to participate in the Warwickshire & Coventry Business Rates Pool consisting of the following authorities:-

Coventry City Council;
North Warwickshire Borough Council;
Nuneaton and Bedworth Borough Council;
Rugby Borough Council;
Stratford-on-Avon District Council;
Warwick District Council; and
Warwickshire County Council

Under the new legislation, 50% of business rates collected by the billing authority is retained locally, the other 50% is paid to the government. The locally retained business rate is then split 80% to the Pool and 20% to Warwickshire County Council.

Notes to the Collection Fund

3. Council Tax

Council Tax is calculated by estimating the amount of income required from the Collection Fund by the District Council, Warwickshire County Council and Warwickshire Police Authority for the forthcoming year and dividing this by the Council Tax base.

The Council Tax base for 2013/14 was estimated as follows (***figures have been rounded***):-

	Number of Properties	Adjustments for Discounts	Notional Properties	Band 'D' Ratio	Band 'D' Equivalents
Band A*	10	(1)	9	5/9	5
Band A	3,133	(437)	2,696	6/9	1,797
Band B	7,238	(847)	6,391	7/9	4,971
Band C	14,967	(1,386)	13,581	8/9	12,072
Band D	8,911	(742)	8,169	9/9	8,169
Band E	8,463	(555)	7,908	11/9	9,665
Band F	4,952	(268)	4,684	13/9	6,766
Band G	4,593	(201)	4,392	15/9	7,320
Band H	781	(38)	743	18/9	1,486
	53,048	(4,475)	48,573		52,251
Estimated change to band 'D' equivalent net of discount (new properties)					302
Estimated changes to discounts and exemptions					(34)
Estimated changes due to Council Tax Support, empty and homes discounts/exemptions					(4,560)
Gross estimate of new taxbase 2013/14					47,959
Add estimated contributions in lieu of Ministry of Defence properties					77
					48,036
Less estimated non-collection (0.4%)					(210)
Tax Base					**47,826**

The basic amount of Council Tax for a Band ‘D’ property is multiplied by the relevant ratio above to calculate the amount due for each property band.

Band ‘A’* - represents those taxpayers that are eligible for a disabled reduction. They are charged on the next lower band because there is not a band lower than ‘A’. They get a reduction that is calculated as five ninths of the Band D charge.

Notes to the Collection Fund

4. Business Rates

Subject to the effects of transitional arrangements, local businesses pay an amount equivalent to the rateable value of property multiplied by the Government specified national non-domestic rate multiplier for the year. With effect from April 2013 the non-domestic rate multiplier was 46.2p for small businesses and 47.1p for larger businesses. The total non-domestic rateable value at 4 March 2013, used to raise accounts for the District Council area for 2013/14, was £132,849,841 (£133,158,862 at 8 March 2012).

The Non-Domestic Rate Pool is maintained by Central Government. All Business Rates are paid into this Pool, with the money being re-distributed to local authorities based on population.

5. Collection Fund – Estimated Surplus and Deficits

The estimated surplus or deficit on the Collection Fund at the end of each year is required to be distributed to the District Council, Warwickshire County Council and Warwickshire Police Authority. An estimated deficit in respect of Council Tax was identified in 2013/14. The estimated deficit totalling £116k was shared in 2013/14 according to the respective amounts of precepts made on the Collection Fund in 2012/13:

Council Tax	**2012/13 £000's**	**2013/14 £000's**
Warwickshire County Council	19	92
Warwickshire Police Authority	3	14
Stratford-on-Avon District Council	2	10
Total	**24**	**116**

For NNDR, no estimated (surplus)/deficit figure was identified for 2013/14 due to the newness of the scheme.

6. Town and Parish Councils

This Authority's demand on the Collection Fund includes an amount in respect of Town and Parish Councils which precept directly on the Council's Comprehensive Income and Expenditure Statement (see note 6 of the core financial statements) and are as follows:-

	2012/13 £000's	**2013/14 £000's**
Town/Parish Council Precepts	2,699	2,488
Total	**2,699**	**2,488**

Notes to the Collection Fund

7. Council Tax and Business Rates Written Off

In accordance with generally accepted accounting principles, a charge for provision for bad and doubtful Council Tax and Business Rate debts is made to the Collection Fund Revenue Account. Council Tax written off against this provision amounted to £173,491 in 2013/14 (£156,442 in 2012/13). This amount is included within the £72,993,630 included under Income from Council Taxpayers (page 71). Business Rates written off against this provision amounted to £351,843 in 2013/14 (£521,025 in 2012/13). This amount is included within the £51,444,792 detailed under Income from Business Ratepayers (page 72).

Summarised provisions that have been made against possible non-collection of debt relating to the Collection Fund:

	Council Tax 31 March 2013 £000's	NNDR 31 March 2013 £000's	Council Tax 31 March 2014 £000's	NNDR 31 March 2014 £000's
Brought Forward 1 April	(394)	(428)	(394)	(397)
Add Provisions made in year	(156)	(490)	(188)	(371)
Less Amounts written off	156	521	173	352
Carried Forward 31 March	**(394)**	**(397)**	**(409)**	**(416)**

8. Collection Fund Balance

Council Tax

The Collection Fund Balance represents the overall balance of the council tax due but not recovered from the precepting authorities. The deficit/(surplus) is to be shared amongst the precepting authorities (pro-rata to the amount of the total precepts). The amount attributable to this Authority is £57k surplus apportioned as per the 2013/14 precept split. This amount is shown within the Equity in the Balance Sheet as the Collection Fund Balance in the Collection Fund Adjustment Account. The remainder is shown within short term debtors (see under Current Assets on page 12).

	2012/13 £000's	2013/14 £000's
Stratford-on-Avon District Council Collection Fund Balance	(3)	(57)
Debtor – Other Precepting Bodies	(31)	(592)
Total	**(34)**	**(649)**

Notes to the Collection Fund

NNDR

The Collection Fund Balance in relation to NNDR represents the NNDR due but not recovered from DCLG and other Pool members. The (surplus)/deficit is to be shared on the basis of the prescribed legislation. The amount attributable to this authority is a deficit of £685k. This amount is shown within the Equity in the balance Sheet as the Collection Fund Balance for NNDR in the Collection Fund Adjustment Account. The remainder is shown with short term creditors (see under Current Liabilities on page 12).

	2012/13	2013/14
	£000's	£000's
Stratford-on-Avon District Council Collection Fund Balance	0	685
Creditor – Other Precepting Bodies	0	1,028
Total	**0**	**1,713**

GLOSSARY OF TERMS

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

ACCRUALS
Income and expenditure are shown in the accounts in period they are earned or incurred, not as money is received or paid.

ASSETS
Something this Authority owns that has monetary value – for example, land and buildings.

BALANCE SHEET
A financial statement summarising the Authority's assets, liabilities and other balances at the end of each accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition, construction or enhancement of an asset that will be used to provide services for more than one year.

CAPITAL EXPENDITURE FINANCED FROM REVENUE
Revenue resources used to finance capital expenditure.

CAPITAL FINANCING
The various sources of money used to pay for capital expenditure – for example, usable capital receipts, capital grants, capital contributions, Section 106 monies and direct revenue financing.

CAPITAL RECEIPTS
Income from the sale of capital assets, such as land or buildings, which would be available to finance other items of capital expenditure. Capital receipts cannot be used to fund revenue services.

COLLECTION FUND
A separate fund recording the expenditure and income relating to council tax and non-domestic rates.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
This account brings together income and expenditure relating to all of the Authority's functions. It demonstrates how the costs have been financed from government grants, income from local taxpayers and other fees and charges.

CREDITORS
Amounts owed by the Authority for work done, goods and services that have been supplied in the accounting period but not paid for.

DEBTORS
Amounts owed to the Authority by others for goods and services that have been supplied but remain unpaid at the end of the accounting period.

DEPRECIATION
This is a charge made to the revenue account each year to reflect the reduction in the value of Property, Plant and Equipment used to deliver services.

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

GOVERNMENT GRANTS
Grants made by the Government towards either revenue or capital expenditure to help with the provision of services and capital projects. Some government grants have restrictions on how they may be used whilst others are general purpose.

GLOSSARY OF TERMS (continued)

HOUSING BENEFITS
This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord accommodation or privately owned accommodation whose incomes fall below prescribed amounts. The governments subsidises the cost of this service.

IMPAIRMENT
This is a reduction in the value of an asset below its carrying amount on the balance sheet arising from damage to the property or a significant reduction in market value.

LIABILITY
A liability is included in the financial statements when the Authority owes money to others – for example, creditors or cash overdrawn.

NON-DISTRIBUTED COSTS
These are costs which cannot reasonably be charged to the cost of individual services and include, for example, contributions to meet pension charges.

PRECEPT
The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PROVISIONS
Monies set aside to meet any liabilities or losses that are likely or will be incurred but where the amount due or the timing of the payment is not known with any certainty.

RATEABLE VALUE
The annual assumed rental value of a property that is used for business purposes.

RESERVES
Reserves result from the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Authority's discretion.

REVENUE EXPENDITURE
Expenditure incurred on the day to day provision of services.

REVENUE SUPPORT GRANT
A general grants paid by the Government to local authorities as a contribution towards the cost of their services.

Independent auditors' report to the Members of the Stratford-on-Avon District Council (the "Authority")

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

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

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Stratford-on-Avon District Council, comprise:

- the Balance Sheet as at 31 March 2014;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Movement in Reserves Statement for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Collection Fund for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 supported by the CIPFA Service Reporting Code of Practice 2013/14.

In applying the financial reporting framework, the Responsible Financial Officer has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Code of Audit Practice

In our opinion the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Responsible Financial Officer

As explained more fully in the Statement of Responsibilities, the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 15 October 2013, we are satisfied that, in all significant respects, Stratford-on-Avon District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 15 October 2013, as to whether the Authority has proper arrangements for:

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

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

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

Our responsibilities and those of the Authority

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

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

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

Certificate

We certify that we have completed the audit of the financial statements of Stratford-on-Avon District Council in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

M Jones

Mark Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Date: 30 September 2014

(a) The maintenance and integrity of the Stratford-on-Avon District Council website is the responsibility of the Authority; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions