

Statement of Accounts for year ended 31 March 2014

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Explanatory Foreword

Introduction

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which is based on International Financial Reporting Standards.

The Statement of Accounts brings together on the following pages the major financial statements of the Council and consists of:

a) Core financial statements:

- i) the Movement in Reserves Statement which shows the movement in the year on the different reserves analysed into usable reserves, that can be applied to fund expenditure or reduce local taxation, and other reserves;
- ii) the Comprehensive Income and Expenditure Statement which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices;
- iii) the Balance Sheet which shows the value at the year-end of assets and liabilities recognised by the Council; and
- iv) the Cash Flow Statement which shows the changes in cash and cash equivalents during the year arising from the inflows and outflows of cash;

with associated notes, including the accounting policies, grouped together for all the core financial statements.

b) Supplementary financial statements:

- i) the Housing Revenue Account which shows revenue expenditure and income on Council housing for the year and is a ring-fenced account within the General Fund to prevent any cross-subsidy between general income and rents; and
- ii) the Collection Fund which includes the council taxes and business rates collected by South Cambridgeshire District Council on behalf of those authorities responsible for services within the district and the government, and the way in which these monies have been distributed among the authorities and the government.

Comprehensive Income and Expenditure Statement

This Statement records the day-to-day expenditure incurred in providing services such as salaries and wages, other running costs and financing costs and income due from fees and charges and government grants. Also included are various costs to comply with the generally accepted accounting practices which do not impact on the level of council tax. This Statement consolidates the General Fund (services for the whole community) and the Housing Revenue Income and Expenditure Account (Council housing).

The additional costs to comply with accounting practices are reversed out in the Movement in Reserves Statement. If the two Statements are combined, then the position for General Fund Services and the council tax can be summarised as:

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

General Fund	Original estimate	Actual
	£'000	£'000
Expenditure		
Net Portfolio expenditure excluding depreciation	16,225	14,947
Internal drainage boards	156	166
Interest and investment income	(425)	(437)
Amount to be met from Government Grant and local taxpayers	15,956	14,676
Income		
Principal sources of finance		
District element of Council Tax	(6,934)	(6,934)
Formula Grant (a general Government grant towards expenditure)	(3,372)	(3,426)
Retained Business Rates	(2,912)	(4,786)
New Homes Bonus	(2,702)	(3,190)
Council Tax Freeze Grant	(173)	0
Other items	13	13
	(16,080)	(18,323)
Deficit/(Surplus) for the year	(124)	(3,647)

When the council tax for the financial year ending 31 March 2014 was set in February 2013, the surplus was estimated at £124,360. The variance of £3,523,125 is attributable to the following:

General Fund		Underspending/slippage ()		
Actual to Original Estimate			Over spending+	
Services	Reason for variance	%	£'000	£'000
Housing Benefits	Improving economic conditions resulting in lower benefits demand, high overpayments recovery, lower recharges	(47)	(371)	
Cost of collecting NNDR	Lower recharges and income	(249)	(113)	
Discretionary NNDR relief	change to accounting treatment	(100)	(118)	
Cost of collecting council tax	Higher recharges	16	91	
Democratic Representation	Lower recharges; reduced service costs and expenses	(7)	(82)	
Policy and Performance	Lower recharges: lower expenditure on service costs and expenses	(57)	(77)	
Refuse Collection and Recycling	Reduced contractor costs and recharges offset by higher recharges	(3)	(93)	
Northstowe	Preapplication fees not received in 2013-14	207	113	
Development Control	Higher planning fees received	(48)	(811)	
Conservation	Higher service costs and recharges	138	245	
Economic Development	Lower recharges; lower expenditure and income on service (£50k broadband)	(58)	(113)	
Growth Agenda	Lower recharges	(18)	(110)	
Arts Development	Lower recharges; reduced service costs and expenses	(44)	(57)	
Net cuts/savings	now allocated to services	100	20	
Reduction for vacancies	now allocated to services	100	450	
				(1,026)
Precautionary Items	Contingency not needed	(100)	(75)	
Retained Business Rates	Lower levy due to increased appeals provision	(64)	(1,874)	
Other grant	Additional grant	(46)	(370)	
Formula Grant		(2)	(54)	
New Homes Bonus		2	56	
Other items individually under £50,000				(180)
				(3,523)
Less underspendings in 2013-14 which will now be incurred in 2014-15				(96)
				(3,619)

Housing Revenue Account

This Account deals with the provision, management and maintenance of Council dwellings, as summarised below:

Housing Revenue Account	Original estimate	Actual
	£'000	£'000
Expenditure		
Repairs and maintenance	3,526	3,862
Management and services	5,940	5,630
Depreciation of fixed assets	10,378	10,378
Capital Asset Charges Accounting Adjustment	(4,836)	(4,830)
Transfer to reserves	2,500	4,000
Interest payable	7,193	7,193
Capital expenditure met from revenue	4,068	2,549
Other	159	108
	<u>28,928</u>	<u>28,890</u>
Income		
Rents and charges	(28,270)	(28,487)
Receipt from General Fund	(146)	(150)
Other	(270)	(291)
Interest	(68)	(27)
	<u>(28,754)</u>	<u>(28,955)</u>
Deficit/(Surplus) for the year	<u>174</u>	<u>(65)</u>

These figures exclude items which are subsequently reversed in or out through the Movement on the Housing Revenue Account Statement.

When rents for the financial year ending 31 March 2014 were set in February 2013, the estimated rent increase was set in line with government guidance at 3.1% and the deficit was estimated at £174,480. The variance of £239,619 is attributable to the following:

Housing Revenue Account Actual to Original Estimate	Reason for variance	Underspending/slippage()	Overspending+
Services		%	£'000 £'000
Dwellings Rents	Shorter void periods; more new tenants		(213)
Charges for Services and Facilities	Service and recoverable charges; sales		(28)
Repairs and Maintenance	Higher expenditure on non-response		335
Supervision and Management - repairs and maintenance	Repairs administration, supported housing, lower recharges		(310)
			<u>(216)</u>
Interest Payable			0
Capital Expenditure met from revenue	Slippage on new build programme		(1,519)
Transfer to investment/repayment reserve	Additional provision as underspend on capital funding		1,500
Other items individually under £50,000			(5)
			<u>(24)</u>
			<u>(240)</u>

Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £13.20 million. The major part of the programme involved the provision of housing; with £9.75 million being invested in the Council's own housing stock.

Treasury Management

At the 31 March 2014, investments (excluding accrued interest) totalled £29.3 million, an increase of £6.3 million over the previous year-end. These investments produced interest of over £0.43 million, which was used towards the cost of services.

The Council has debt of £205 million following Housing Revenue Account Self-Financing.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £11.12 million (to be partly offset by a future liability on the Collection Fund) and £2.49 million respectively as at 31 March 2014 - this compares to the proposed minimum level of balances of £2.5 million (General Fund) and £2.0 million (Housing Revenue Account). These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £4.15 million, consisting of the usable capital receipts reserve and capital grants unapplied. After having to reduce the capital programme for several years, it is now projected to increase from an original estimate of £8.33 million in 2011-12 to £19.37 million in 2017-18 as a result of additional funding available on the housing account.

Pensions

The accounting policy relating to pensions reflects International Accounting Standard 19 Employee Benefits whereby pension liabilities incurred during the year are charged to the cost of services and then reversed out with the pension deficit being shown as a liability in the balance sheet.

South Cambridgeshire's pension deficit is estimated at £48.245 million as at 31 March 2014 on an IAS 19 basis. With 78% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2013-14 was 21.7%. The formal triennial valuation as at 31 March 2013 of assets and liabilities, for the purposes of determining contribution rate to be effective from 31 March 2014, showed a 61% funding level, being the extent to which assets cover liabilities. The Council's five-year financial projections allow for an increase in predicted rates up to a maximum of 25% in view of the Government's intention to review the long-term affordability of public sector pensions.

The triennial valuation discounts future liabilities at a rate based on the expected return from the pension fund's investments which are mainly stocks and shares. A valuation using a risk free discount rate, that is, based on Government Bonds, would give a much lower funding level and the employer's contribution rate would be substantially higher.

In view of the uncertainty over future pension costs, an additional 3.3% of pensionable pay has been charged against the General Fund and the Housing Revenue Account and placed in a reserve for use in future years (Notes 6, 23 and 44).

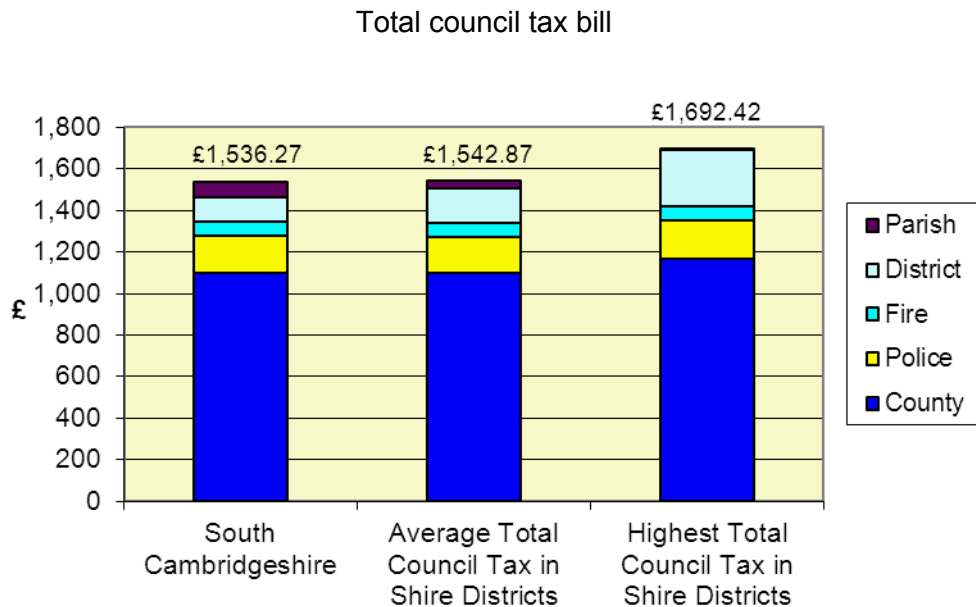
Change in Accounting Policy

Pensions

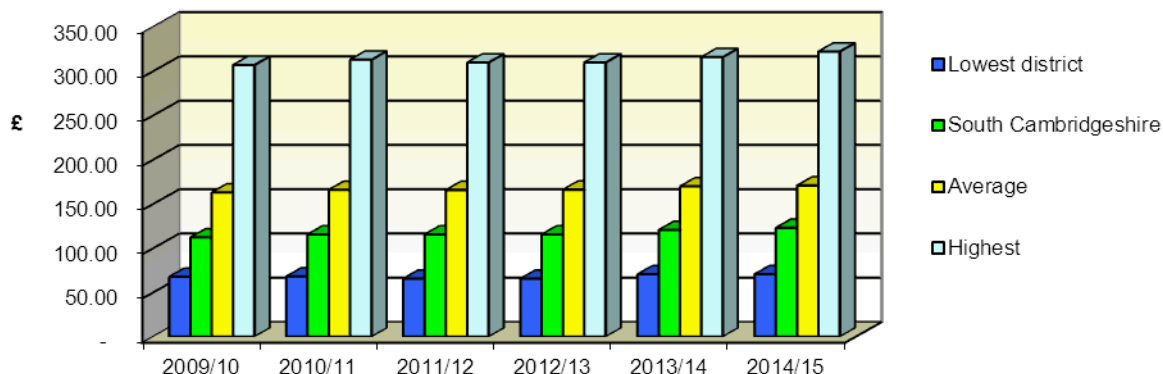
The 2013-14 CIPFA Code includes the amendments to International Accounting Standard (IAS) 19 introduced in 2011, effective from 1 April 2013, these include new classes of components of defined benefit cost to be recognised in the financial statements (i.e. net interest on the defined benefit liability (asset) and remeasurements of the net defined liability (asset)), and, where there is a material impact, new definitions or recognition criteria for service costs, e.g. past service costs and new recognition criteria for termination benefits. This represents a change in accounting policy which has required the restatement of the 2012-13 Comprehensive Income and Expenditure account and notes as it relates to pension.

Council Tax

The council tax is set in terms of a band D property which is in the valuation band from £68,001 to £88,000 at 1991 prices. For a band D property, the council tax for 2013-14 was £1,536.27. This was one of the lowest tax levels in the country and most of the money was raised on behalf of the County Council as shown below:



However, looking only at the district element of the overall tax bill, South Cambridgeshire is the 15th lowest in 2013-14 at £120.46 in a range of £70.46 to £315.81, with the average being £169.73



The ranking is:

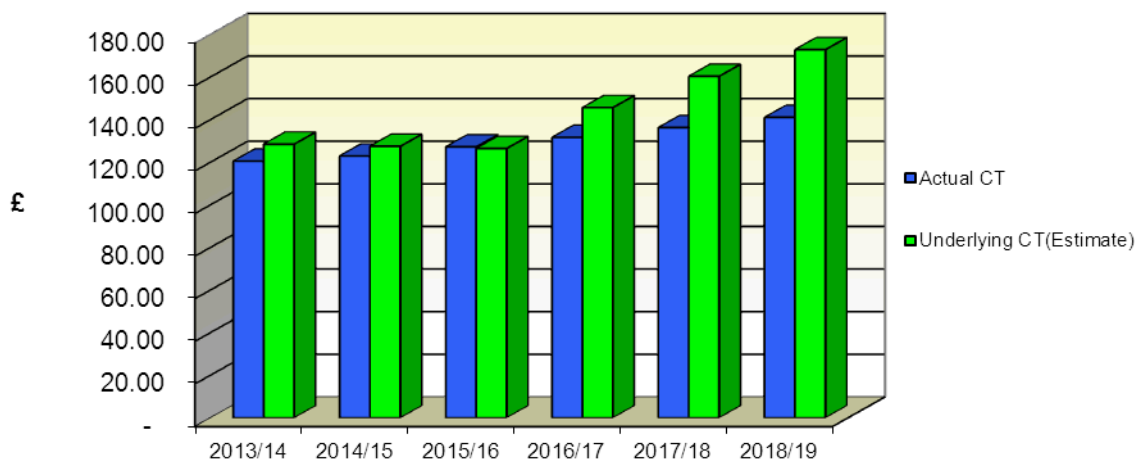
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
South Cambridgeshire	12th lowest	13th lowest	13th lowest	13th lowest	15th lowest	17th lowest
Total number of shire districts	201	201	201	201	201	201

The Council has to provide the same services and meet the same demands as other district councils but with substantially less council tax income and is not compensated for this lower council tax income through the system of Government grants.

Current and future developments

Council Tax

Council Tax was introduced in 1993-94 and since then the Council Tax set by this Council has been substantially below the average charged by other shire districts as the Council was using its reserves (savings) to keep down the amount of Council Tax residents would have to pay. Without the use of reserves, the Council Tax would be at its higher, underlying level, and this use of reserves continues in future years. The Council's financial strategy is monitored and reviewed on a regular basis.



Localised Council Tax Support Scheme

From 1 April 2013, as a result of the Government welfare reforms, Council Tax Benefit was replaced and each local authority has designed their individual Council Tax Support Scheme. These reforms saw the end of the council tax benefit scheme through which our less well-off residents were able to get help towards the cost of meeting their council tax bill. Until then, council tax benefit had been funded entirely through national funds but the government concluded that this system was too expensive in the current financial climate and that, in some circumstances, it operated as a disincentive to claimants to seek employment. From April therefore, district councils were required to design and implement their particular localised council tax support schemes (LCTSS). Under the legislation, the council is required to grant the equivalent discount in cash terms as benefit for pensioners, so they will not notice any change to their bills. South Cambridgeshire District Council also decided to grant equivalent discounts for certain vulnerable groups (principally the disabled, their carers and some families with very young children). All other claimants received discounts that were broadly equivalent to at least 91.5% of the current benefits receivable. To partially offset the impact of the new LCTSS, the district council took the opportunity to cease discounts granted to owners of second and empty homes.

Like the district and county councils, most parish councils, therefore, saw a reduction to their council tax base. This is because the granting of discounts is treated as a reduction to the amount chargeable as opposed to council tax benefit which is treated as a reduction to the amount payable by the claimant. To fund these discounts the government gave the major precepting authorities a new fixed grant equivalent to 90% of the cost of the current benefit scheme. The district council paid a share of this grant to parish councils in 2013 to compensate for the loss in tax base.

Retained Business Rates

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. It also enables local authorities to implement tax increment financing, giving the ability to undertake borrowing against future business rates growth, supported by the forecast tax increment that accrues from additional development.

These new arrangements for the retention of business rates came into effect on 1 April 2013, at which time the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which will include

amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities has been recognised in the 2013-14 accounts.

Reporting Cycle

The General Fund and Housing Revenue Account estimates are presented to Cabinet and Council for approval every year, in February, and are published on the Council website at: <http://scams.moderngov.co.uk/ieListDocuments.aspx?CId=293&MId=5780&Ver=4>

During the year expenditure and income is monitored and significant variances reported to Cabinet. The Council's Forward Plan providing information on key reports is published on the Council's website <http://scams.moderngov.co.uk/mqListPlans.aspx?RPId=293&bcr=1>

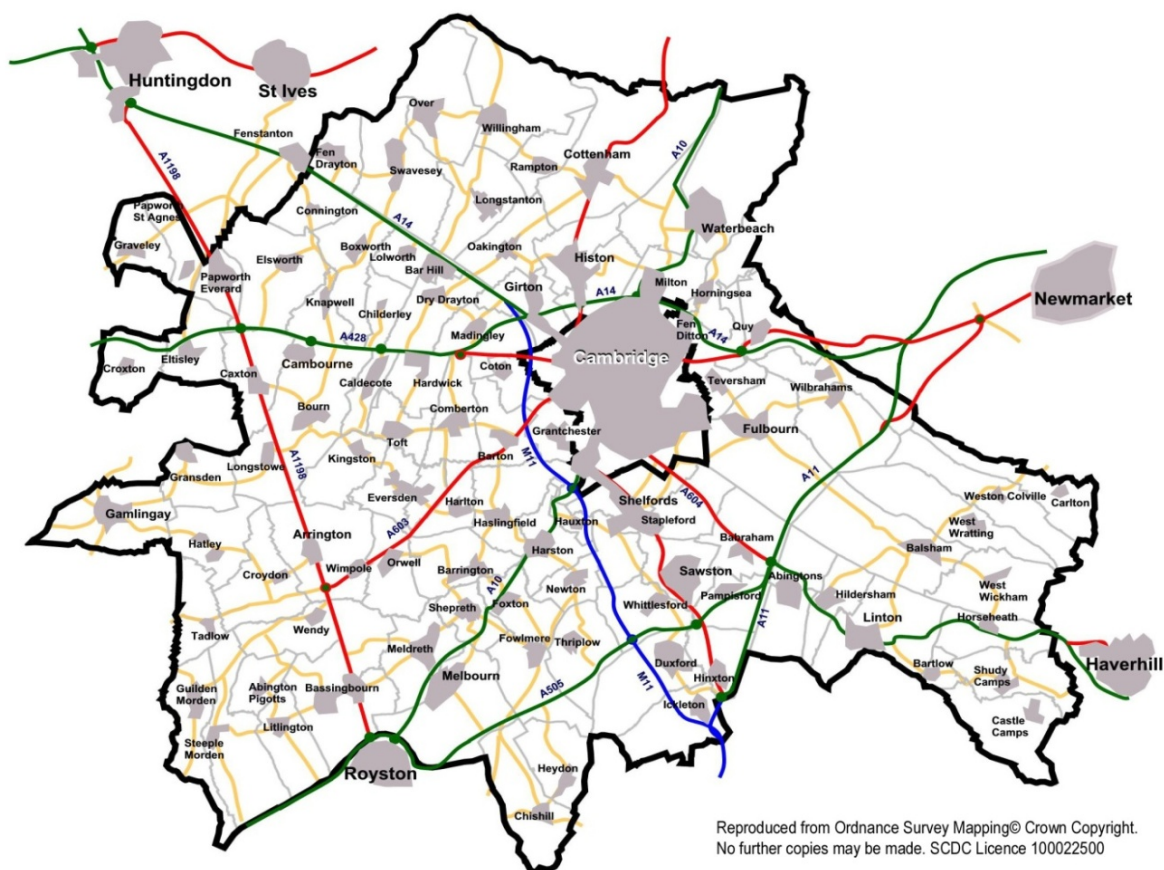
The Council regularly monitors performance against key performance indicators, this information is available from: <https://www.scams.gov.uk/council-aims-and-objectives>

Corporate plan

The Council has published its Aims and Objectives for 2014-15 and the Corporate Plan for 2014-19 on its website at: <https://www.scams.gov.uk/council-aims-and-objectives>

Population growth

The District population of 131,000 people in 2001 is projected to increase to 174,000 by 2021, the estimate for June 2014 being 151,100. This is a reflection of the development of large numbers of additional houses in the district, particularly through the creation of a new settlement at Northstowe and the development of the Cambridge fringe areas. The officer capacity to develop these policies has to be paid for now. These initial costs are not reflected in Government grants or in the Council's tax base for raising income locally. However, when new dwellings come into use, the Council now receives the New Homes Bonus government grant.



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The Current Economic Climate and other significant risks

The Government's actions to reduce the fiscal deficit mainly by reducing public spending have resulted in substantial cuts for local government. The Council's medium term financial strategy is in its strategic risk register with an assessed risk of extreme impact / likely. The financial situation is dependent amongst other things on the continuation of New Homes Bonus and the outcome of the redistribution of retained business rates from 2013-14 onwards.

Other items which are on the Council's strategic risk register above the tolerance line and thereby requiring active management are:

- welfare reform including localised council tax benefits with reduced Government funding;
- lack of development progress and not meeting housing needs; and
- illegal traveller encampments/developments.

Affordable housing

Following on from the Housing Revenue Account self-financing debt settlement at the end of March 2012, the Council has now embarked upon a new build development programme, with four new properties being completed and tenanted in 2013. The programme will continue in 2014-15 with the addition of an estimated 30 properties.

The Council has identified that an estimated investment surplus of £30 million will be available by 2022, this will assist in the provision of around 200 new homes being built for people in housing need.



New homes for Linton (2013)

South Cambs Ltd

A company, wholly owned by the Council, has been set up to facilitate a new approach to delivering equity share, market sale and private rented properties, there were no transactions during 2013-14. In April 2014 the Council acquired the lease for 28 properties in Waterbeach enabling the company to support the Council's aim for the provision of additional affordable housing in the district; further additions are planned later in the year.

City Deal

Government has invited a number of cities to propose deals that change or widen their powers to enable or unblock growth. The City Deal initiative is a proposal focussing on connecting homes and jobs via improved infrastructure, funding will be in three stages payable on results achieved with the first stage expected 2015/16 – 2019/20. South Cambridgeshire is part of a partnership with Cambridge City Council, Cambridgeshire County Council, GCGP Local Enterprise Partnership and Cambridge University the intention is to form a Combined Authority with a commitment to borrow to fund the required transport infrastructure for the area.

Community Infrastructure Levy

The Community Infrastructure Levy (CIL) is a levy that Councils can choose to charge on new developments in their area to fund infrastructure that the Council, local community and neighbourhoods want. Consultation on the draft charging schedule will begin in April 2014.

Auditor's Opinion

The Statement of Accounts has been issued subject to audit.

Alex Colyer
Executive Director and Chief Finance Officer

Dated: 13 June 2014

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director (Corporate Services) who is the chief financial officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The responsibilities of the Executive Director (Corporate Services) as chief financial officer

The Executive Director (Corporate Services) as chief financial officer is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice on Local Authority Accounting in the United Kingdom - (the Code).

In preparing this Statement of Accounts, the Executive Director (Corporate Services) as chief financial officer has:

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

The Executive Director (Corporate Services) as chief financial officer has also:

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

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

Alex Colyer
Executive Director (Corporate Services) as Chief Financial Officer
Dated: 13 June 2014

I confirm that these accounts were approved by the Corporate Governance Committee held on 26 September 2014.

Chairman of the Corporate Governance Committee

Dated: 26 September 2014

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH
CAMBRIDGESHIRE DISTRICT COUNCIL**

Main Financial Statements

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement

Movement in Reserves

This statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other resources. The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £	Earmarked General Fund Reserves £ (Note 6)	Housing Revenue Account (HRA) £	Earmarked HRA Reserves £ (Note 49)	Capital Receipts Reserve £ (Note 11)	Capital Grants Unapplied £ (Note 11)	Total Usable Reserves £ (Note 11)	Unusable Reserves £ (Note 12)	Total Authority Reserves £	
2012-13 restated for IAS 19 adjustments*										
Balance as at 31st March 2012	(7,374,077)	(2,911,671)	(2,689,955)	0	(1,096,879)	(622,022)	(14,694,604)	(139,556,451)	(154,251,055)	
Movement in reserves during 2012-13										
Deficit / (Surplus) on provision of services (accounting basis)*	1,505,844		(12,986,194)	0	0	0	(11,480,350)	0	(11,480,350)	
Other comprehensive expenditure and income*	5	0	0	0	0	0	0	688,790	688,790	
Total comprehensive income and expenditure	1,505,844	0	(12,986,194)	0	0	0	(11,480,350)	688,790	(10,791,560)	
Adjustments between accounting basis and funding basis under regulations*	5	(1,744,042)	0	8,748,674	0	(1,635,337)	31,894	5,401,189	(5,401,189)	0
Net (increase) / decrease before transfers to earmarked reserves	(238,198)	0	(4,237,520)	0	(1,635,337)	31,894	(6,079,161)	(4,712,399)	(10,791,560)	
Transfers (to) / from earmarked reserves	6	127,287	(127,287)	4,500,000	(4,500,000)	0	0	0	0	0
(Increase) / Decrease in year	(110,911)	(127,287)	262,480	(4,500,000)	(1,635,337)	31,894	(6,079,161)	(4,712,399)	(10,791,560)	
Balance as at 31st March 2013	(7,484,988)	(3,038,958)	(2,427,475)	(4,500,000)	(2,732,216)	(590,128)	(20,773,765)	(144,268,850)	(165,042,615)	
Movement in reserves during 2013-14										
Deficit / (Surplus) on provision of services (accounting basis)	773,968		(10,980,862)	0	0	0	(10,206,894)	0	(10,206,894)	
Other comprehensive expenditure and income	5	0	0	0	0	0	0	5,507,712	5,507,712	
Total comprehensive income and expenditure	773,968	0	(10,980,862)	0	0	0	(10,206,894)	5,507,712	(4,699,182)	
Adjustments between accounting basis and funding basis under regulations	5	(5,519,656)	0	6,915,723	0	(836,276)	5,948	565,739	(565,739)	0
Net (increase) / decrease before transfers to earmarked reserves	(4,745,688)	0	(4,065,139)	0	(836,276)	5,948	(9,641,155)	4,941,973	(4,699,182)	
Transfers (to) / from earmarked reserves	6/46	1,109,580	(1,109,580)	4,000,000	(4,000,000)	0	0	0	0	0
Increase / Decrease in year	(3,636,108)	(1,109,580)	(65,139)	(4,000,000)	(836,276)	5,948	(9,641,155)	4,941,973	(4,699,182)	
Balance as at 31st March 2014	(11,121,096)	(4,148,538)	(2,492,614)	(8,500,000)	(3,568,492)	(584,180)	(30,414,920)	(139,326,877)	(169,741,797)	

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 £	2012-13 Gross Income £	Restated 2012-13 Net Expenditure £		2013-14 Gross Expenditure £	2013-14 Gross Income £	2013-14 Net Expenditure £
			Expenditure on services			
2,687,075	(99,149)	2,587,926	Corporate and Democratic Core	2,680,195	(110,049)	2,570,146
8,779,491	(7,534,240)	1,245,251	Central Services to the Public	2,148,717	(937,458)	1,211,259
			Cultural, Environmental and Planning Services			
615,994	0	615,994	Cultural and Related Services	922,624	(60,062)	862,562
7,996,870	(2,523,852)	5,473,018	Environmental Services	7,759,433	(2,219,470)	5,539,963
5,668,884	(1,693,436)	3,975,448	Planning and Development Services	5,649,853	(2,272,367)	3,377,486
37,783	(361)	37,422	Highways, Roads and Transport Services	58,908	(1,116)	57,792
			Non HRA Housing			
580,052	(138,384)	441,668	Personal Social Services	509,890	(74,991)	434,899
28,725,501	(28,479,366)	246,135	Housing Benefit and Administration	29,053,261	(28,946,682)	106,579
968,360	(526,845)	441,515	Private Sector Housing Renewal	1,193,941	(487,691)	706,250
25,021	0	25,021	Supporting People	25,647	(255)	25,392
126,478	(480,649)	(354,171)	Other Non HRA Housing Services Expenditure	653,194	(490,624)	162,570
141,544	0	141,544	Other Contributions to/from HRA	132,034	0	132,034
0	(28,000)	(28,000)	Non -distributed Costs	0	(93,000)	(93,000)
56,353,053	(41,504,282)	14,848,771	General Fund Services-Continuing operations	50,787,697	(35,693,765)	15,093,932
7,278,101	(27,732,525)	(20,454,424)	Housing Revenue Account Services	11,622,894	(28,927,505)	(17,304,611)
63,631,154	(69,236,807)	(5,605,653)	Net cost of services	62,410,591	(64,621,270)	(2,210,679)
		4,199,745	Other operating expenditure		Note 7	3,457,570
		8,413,113 *	Financing and investment income and expenditure		Note 8	8,797,242
		(18,487,555)	Taxation and non-specific grant income		Note 9	(20,251,028)
		(11,480,350)	Surplus or deficit on the provision of services			(10,206,895)
		(3,288,210)	(Surplus)/deficit on revaluation of non-current assets			4,800,713
		3,977,000 *	Actuarial (gain)/loss on pension assets and liabilities		Note 23	707,000
		(10,791,560)	Total comprehensive income and expenditure			(4,699,182)

Balance Sheet

31 March 2013		Notes	31 March 2014
£			£
396,143,688	Property, Plant and Equipment	29	397,638,404
624,665	Heritage Assets	29	0
307,952	Intangible Assets	27	284,244
2,000,110	Long Term Investments	38	2,000,110
379,716	Long Term Debtors		332,057
399,456,131	Long Term Assets		400,254,815
21,201,018	Short Term Investments	38	25,126,957
57,491	Inventories	31	47,069
2,778,268	Short Term Debtors	32	4,062,138
614,712	Cash and Cash Equivalents	16	2,654,990
1,255,934	Assets held for sale	29	807,071
25,907,423	Current Assets		32,698,225
(883,465)	Cash and cash equivalents	16	(723,069)
(8,670,274)	Short Term Creditors	33	(8,887,438)
(219,400)	Provisions	34	(221,318)
(9,773,139)	Current Liabilities		(9,831,825)
(45,424,800)	Other Long Term Liabilities	23/39	(48,256,418)
(205,123,000)	Long Term Borrowing	39	(205,123,000)
(250,547,800)	Long Term Liabilities		(253,379,418)
165,042,615	Net Assets		169,741,797
(20,773,765)	Usable reserves	11	(30,414,920)
(144,268,850)	Unusable reserves	12	(139,326,877)
(165,042,615)	Total Reserves		(169,741,797)

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, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserves that may only be used to fund capital or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold: and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Signed:

Alex Colyer
Executive Director (Corporate Services) as Chief Finance Officer

Dated: 13 June 2014

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 (i.e. borrowing) to the authority.

2012-13 £		Note	2013-14 £
	Cash Flows from operating activities		
(96,715,192)	Cash receipts		(86,059,122)
<u>75,600,063</u>	Cash payments		<u>59,736,479</u>
(21,115,129)	Net cash flows from Operating Activities	13	(26,322,643)
12,646,427	Investing Activities	14	10,199,136
<u>8,818,244</u>	Financing Activities	15	<u>13,922,833</u>
349,542	Net increase or decrease in cash and cash equivalents		(2,200,674)
(80,789)	Cash and cash equivalents at the beginning of the reporting period		268,753
268,753	Cash and cash equivalents at the end of the reporting period	16	(1,931,921)

Notes to Main Financial Statements

Notes to the Statement of Accounts

1 Statement of Accounting Policies

a. General

The accounts have been prepared in accordance with the 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.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of non-current assets.

b. Accruals of Income and Expenditure

The accounts of the Council are maintained on an accruals basis, that is, sums due to the Council for goods/services provided or due from the Council for goods/services received during the year are included as income or expenditure whether or not the cash has actually been received or paid in the year.

Exceptions to this principle relate, for example, to quarterly payments where payments are charged in the year rather than apportioning charges between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts. Grants payable to other organisations are included in the accounts on a payments basis.

Where income and expenditure has been recognised in the accounts but cash has not been received or paid, a debtor or creditor is recorded in the balance sheet.

c. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

d. 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 policies are only made when required by proper accounting practices or the change provides more reliable or relevant information on the Authority's financial position or performance. Where a change is made, it is applied

retrospectively by adjusting opening balances and comparative amounts for the prior period.

Changes in accounting estimates are accounted for prospectively in the current and future years affected by the change and do not give rise to a prior period adjustment.

e. Charges to Revenue for Non-Current Assets

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

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

Any depreciation, revaluation and impairment losses and amortisation charged to the relevant accounts is reversed out in the movement in reserves statement and transferred to the capital adjustment account so that these charges are not met by council tax or rents.

The Authority is required to charge an annual provision to revenue as a contribution towards reducing its overall borrowing requirement. This provision, known as the Minimum Revenue Provision (MRP), is an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. No minimum revenue provision is currently charged on the debt acquired in relation to Housing Revenue Account self-financing as this is outside the scope of this regime.

The provisions for charges to revenue for non-current assets in the HRA were amended on 1 April 2012 following the introduction of self-financing. The Authority is required to charge the Housing Revenue Account a notional amount for depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvement works. The transition period will continue till 2017-18, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2018-19.

f. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render services to the Authority. Other long term benefits are those benefits not falling wholly before twelve months after the end of the annual reporting period and are accounted for in the same manner as defined benefit post-employment benefits.

An accrual is made for the cost of holiday entitlements and/or other forms of leave earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the cost of services in the comprehensive income and expenditure account but then reversed out in the movement in reserves statement and transferred to the accumulating compensated absences adjustment account.

Other long term benefits

Long term benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination 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 relevant service account or, where applicable, to Non Distributed Costs in the Comprehensive Income and Expenditure account at the earlier of when the authority can no longer withdraw the offer of those benefits, or when the authority recognises the costs for a restructuring that is within the scope of the Code and involves the payment of termination benefits.

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 year end.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination and short-term benefits) that are payable after the completion of employment.

Employees and Councillors of the Authority are eligible to be members of the Local Government Pension Scheme, administered by Cambridgeshire County Council, which is accounted for as a defined benefit scheme whereby:

- the Authority's share of the liabilities of the pension fund are included in the balance sheet on an actuarial basis using the projected unit cost method, that is, 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 earnings for current employees;
- these liabilities are then discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds;

- the Authority's share of the assets of the pension fund are included in the balance sheet at their fair value being

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

- the change in the net pensions liability is analysed into seven components:
 - i. current service cost being the increase in liabilities as a result of the years of service earned in the current year where the cost is allocated in the comprehensive income and expenditure account to the services on which the employees worked;
 - ii. past service cost being the increase or decrease in liabilities arising from decisions in the current year affecting liabilities incurred in past years where the cost is charged or credited to non-distributed costs in the comprehensive income and expenditure account;
 - iii. net interest on the net defined benefit liability (asset), that is, the net interest expense for the authority being the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged where the cost is charged to financing and investment income and expenditure in the comprehensive income and expenditure Statement.;

Remeasurements comprising:

 - iv. expected return on assets being expected annual investment return on the fund assets, excluding amounts included in net interest on the defined benefit liability (asset), based on the average of the expected long term returns where the return is credited to the financing and investment section of the comprehensive income and expenditure account;
 - v. gains or losses on settlements, being the result of actions to relieve the Authority of liabilities, and curtailments, being events that reduce the expected future service or accrual of benefits of employees, where the gains or losses are credited or charged to non-distributed costs in the comprehensive income and expenditure account;
 - vi. actuarial gains and losses being 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 where the gains and losses are credited or charged to the pensions reserve; and
 - vii. contributions paid to the pension fund in the year being the payments made by the Authority as employer, that is, cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The charges and credits to the comprehensive income and expenditure account mentioned above are reversed out in the movement in reserves statement to the pensions reserve and replaced with the contributions paid.

The negative balance on the pensions reserve in the balance sheet measures the future liability in respect of benefits due to members of the fund.

Discretionary benefits

The Authority also has powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any employee are accrued in the year of the decision to make the award.

g. Events After the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period; the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the end of the reporting period; the Statement of Accounts is not adjusted to reflect such events but, where an event would have a material effect, disclosure is made in the notes of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

h. Financial Instruments

Financial liabilities

Financial liabilities 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 and carried at their amortised cost. Annual charges to the financing and investment section of the Income and Expenditure Account for interest are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that discounts estimated future cash payments over the life of the instrument to the fair value at which it was originally recognised.

The only financial liabilities for this Council are trade payables of short duration, measured at original or estimated invoice amount, and long term borrowing which is shown in the balance sheet as the outstanding principal repayable with interest charged to the comprehensive income and expenditure account being the amount payable for the year in accordance with the loan agreement.

Financial assets

Financial assets consist of:

- loans and receivables and
- available-for-sale assets – financial instruments

The only financial assets applicable to this Council are loans and receivables which have the defining characteristics of fixed and determinable payments and are not quoted in an active market.

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 carried at amortised cost. Annual credits to the financing and investment section of the comprehensive income and expenditure account for interest are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans and receivables owed to the Council, the amount shown in the balance sheet is the outstanding principal or invoice amount receivable and interest credited to the comprehensive income and expenditure account is the amount receivable for the year in the loan agreement.

The Council has made a number of loans for disabled facilities and renovation of dwellings to individuals and landlords at a nil rate of interest repayable on the sale/transfer of the property. As these loans have no fixed or determinable repayment, they have not been classified as loans and receivables but have been shown as long-term debtors.

i. Government and Other Grants and Contributions

Government grants and other contributions and donations are recognised as due to the Authority when there is a reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the comprehensive income and expenditure statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor, i.e. if the grant or contribution is not used as intended, then it has to be repaid.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors (receipts in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service (attributable revenue grants and contributions) or to the taxation and non-specific grant income section (non-ringfenced 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 in the movement in reserves statement:
to the capital grants unapplied reserve if the grant has yet to be used to finance capital expenditure; or
to the capital adjustment account if the grant has been used to finance capital expenditure.

Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account when they are applied to fund capital expenditure.

j. Heritage Assets

Heritage assets have cultural, environmental or historical associations that make their preservation for future generations important and are maintained principally for their contribution to knowledge and culture.

Heritage assets are recognised in the balance sheet where the Council has information on the cost or value of the asset. Where such information is not available, and the cost of obtaining the information outweighs the benefits to the users of the accounts, heritage assets are not shown in the balance sheet but are disclosed in note 29 to the accounts.

Heritage assets may be valued by any method that is appropriate and relevant and, where valuations are not practicable, may be carried at historical cost. Where appropriate, the Authority's heritage assets have been included in the balance sheet at insurance valuation. Depreciation is not required on heritage assets which have indefinite lives and impairment reviews are only required where there is evidence of physical deterioration or breakage or where new doubts arise as to authenticity.

Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. The Authority may occasionally dispose of heritage assets, 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.

k. Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion and intangible assets are, therefore, carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the comprehensive income and expenditure statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired and any impairment losses recognised are charged to the other operating expenditure section in the comprehensive income and expenditure statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is charged to the relevant service line in the comprehensive income and expenditure statement.

Amortisation, impairment losses and disposal gains and losses charged to the comprehensive income and expenditure statement are reversed out in the movement in reserves statement and transferred to the capital adjustment account and the capital receipts reserve for any sale proceeds greater than £10,000.

l. Inventories and Long-Term Contracts

Inventories are included in the balance sheet at the lower of cost or net realisable value. Long-term contracts are accounted for on the basis of charging the relevant service in the comprehensive income and expenditure statement with the value of works and services received under the contract during the financial year.

m. 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 and 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.

Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as an expense of the service benefiting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease

Arrangements such as contract hire agreements 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 the fulfilment of the arrangement is dependent on the use of specific assets.

n. Overheads and Support Services

The costs of overheads and support services are charges to those services which benefit from the provision of the overheads and support services in accordance with the costing principles in the Service Reporting Code of Practice. The full cost of overheads and support services are charged out to users in proportion to the benefits received, with the exception of:

- the corporate and democratic core costs relating to the Authority's status as a multi-functional, democratic organisation; and
- non-distributed costs include pension costs, relating to past service costs and gains and losses on settlements and curtailments, and any depreciation and impairment losses chargeable on assets held for sale. Pension costs, depreciation and impairment are reversed out in the movement in reserves statement.

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

o. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority.

Assets are then carried in the balance sheet using the following measurement bases:

- infrastructure, community assets and assets under construction
 - depreciated historical cost;
- dwellings
 - fair value, determined using the basis of existing use value for social housing;
- non-property assets that have short useful lives and/or low values
 - depreciated historical cost basis is used as a proxy for fair value; and
- all other assets
 - fair value, determined as the amount that would be paid for the asset in its existing use

Assets included in the balance sheet at fair value are revalued sufficiently regularly (at least every five years) to ensure that their carrying amount is not materially different from their fair value at the year-end.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of a loss previously charged to a service.

Decreases in valuations are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining decrease in value to the relevant service in the comprehensive income and expenditure statement.

The revaluation reserve only contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

Impairment

Assets are assessed at the end of each year as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where

this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Impairment losses are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining impairment to the relevant service in the comprehensive income and expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided on all property, plant and equipment calculated on a straight-line allocation over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, if any, and assets that are not yet available for use, i.e. assets under construction, if any.

Where property, plant and equipment assets have major components whose cost is significant in relation to the total cost of the asset, depreciation on the components has been calculated and is not materially different from depreciation on the depreciable part of the whole asset. Components have not, therefore, been depreciated separately.

Revaluation gains are also depreciated by an amount equal to the difference between the current value depreciation charges on the assets and the historic cost depreciation charges on the assets, with this difference being transferred each year from the revaluation reserve to the capital adjustment account.

Disposals and non-current assets held for sale

An asset is reclassified as an asset held for sale when it becomes probable that the carrying amount of the asset will be recovered principally through a sale transaction. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any subsequent decrease to fair value less costs to sell is posted to the other operating expenditure section in the comprehensive income and expenditure account but any gains in fair value are only recognised up to the amount of any previously recognised losses. Depreciation is not charged on assets held for sale.

Assets no longer meeting the criteria to be classified as assets held for sale are reclassified back to non-current assets and valued at the lower of

their carrying amount before they were classified as held for sale adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and

their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of, the carrying amount of the asset in the balance sheet is written off and any receipts on disposal are credited to the other operating expenditure

section in the comprehensive income and expenditure account so that this section shows the net gain or loss on the disposal of non-current assets. The net gain or loss is then reversed out in the movement in reserves statement with the carrying amount transferred to the capital adjustment account and the receipts on disposal credited to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

Any revaluation gains in the revaluation reserve in respect of the asset are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

A proportion of capital receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government and shown in the other operating expenditure section in the comprehensive income and expenditure. This is then reversed out in the movement in reserves statement to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

p. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation in the future that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service in the comprehensive income and expenditure statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties. Any payments eventually made are charged against the provision, provisions are reviewed at the end of each financial year and any reduction in the need for the provision is credited back to the relevant service.

Contingent Liabilities

Contingent liabilities arise where events have taken place that give the Authority possible obligations 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 where a provision would otherwise be made but either it is not probable that a settlement will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

Contingent assets

Contingent assets arise where events have taken place that give the Authority possible assets whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

q. Reserves and Developers' Contributions

The Authority sets aside certain amounts as reserves for expenditure in future years 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 relevant service in the comprehensive income and expenditure account and an equivalent amount is appropriated back to the general fund balance in the movement in reserves statement so that the expenditure is not a charge against the council tax.

Some reserves, as set out in the unusable reserves note to the accounts, are kept for accounting purposes and do not represent usable resources for the Authority.

Developers' contributions are monies received from developers under Section 106 of the Town and Country Planning Act 1990 for future expenditure on affordable housing, drainage, community costs and development, etc. Any unused balances of these contributions are shown as receipts in advance under creditors.

r. Revenue Expenditure Funded from Capital under Statute

Expenditure which is incurred during the year and which may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement. Such expenditure which is met from capital resources or from borrowing is then transferred out in the movement in reserves statement from the General Fund balance to the Capital adjustment account then reverses out the charge so that there is no impact on the council tax.

s. VAT

VAT is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

2 Accounting Standards that have been issued but not yet adopted

The following are the accounting policies that have been issued but not yet adopted by the Council at the Balance Sheet date:

IFRS 10 – Consolidated Financial Statements

The standard establishes principles for the presentation and preparation of consolidated financial statements when the Council controls one or more entities. This standard is not applicable to the Council, at this time, as it does not exert control over any other entities, this will be kept under review.

IFRS 11 – Joint Arrangements

This standard outlines the accounting required by the Council in respect of jointly controlling an arrangement. Joint control involves the contractually agreed sharing of control and arrangements subject to joint control that are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounts for accordingly).

The Council is in a joint arrangement with Huntingdonshire District Council and Cambridge City Council in respect of the Cambs Home Improvement Agency;

whose role is to approve Disabled Facilities Grants. The Council's interest is not material.

IFRS 12 – Disclosure of Interests in Other Entities

A consolidation disclosure standard that requires a wide range of disclosure about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated "structure entities".

The applicability of this standard will be in line with IFRS 11 – Joint Arrangements.

IFRS 13 Fair value measurement

IAS 27 – Separate Financial Statements

This standard outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements.

It is considered that this standard will have limited applicability to the Council.

IAS 28 - Investments in Associates and Joint Ventures

This standard outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those policies).

The applicability of this standard will be in line with IFRS 11 – Joint Arrangements.

IAS 32 Financial Instruments: Presentation

This standard outlines the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

As a presentational change this will be applicable to the Council.

3 Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events, this includes a degree of uncertainty about the 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 reduce levels of service provision or through changes to arrangements for service provision.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Pensions Liability

The main item in the Council's balance sheet as at 31 March 2014 for which there is a significant risk of material adjustment is the estimation of the pension liability by a consulting Actuary engaged by the pension fund administrator, Cambridgeshire County Council.

The estimation is over several decades where a small change in one of the assumptions can have a large effect on the liability and the Actuary has provided the following sensitivity analysis:

Change in assumption	2013/14 Increase in liability (£ million)	2012/13 Increase in liability (£ million)
0.5% decrease in real discount rate	11.86	9.69
1 year increase in member life expectancy	3.78	3.09
0.5% increase in salary increase rate	3.5	2.42
0.5% increase in pensions increase rate	8.21	7.22

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. If the Council did not sustain its current spending on repairs and maintenance the useful lives currently assigned to assets may be reduced.

If the useful life of assets is reduced, depreciation increases and the carrying value of the asset will decrease. The largest category of assets is Council dwellings and it is estimated that the annual depreciation charge for these would increase by approximately £450,913 for every year that useful lives had to be reduced.

Business Rates

Following the introduction of the business rates retention scheme which came into effect from 1 April 2013 the Authority, acting as agent on behalf of the major preceptors, central government and itself is required to make provision for refunding ratepayers who have

successfully appealed against the rateable value of their properties on the rating list, this includes amounts relating to non-domestic rates charged to businesses in 2012-13 and earlier financial years. The Council has estimated an amount, included in the collection fund which is considered to reflect the present obligation.

5 Adjustments between Accounting Basis and Funding Basis under Regulations and other comprehensive expenditure and income

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper practices to arrive at the movement in funds on a statutory basis which are available to meet future expenditure.

Restated 2012-13 £	General Fund	2013-14 £
	Reversal of items included in the Comprehensive Income and Expenditure Account	
(740,844)	Depreciation of non-current assets	(813,588)
(17,627)	Impairment of non-current assets	0
975,133	Reversal of impairment of non-current assets	565,703
(306,248)	Revenue expenditure funded from capital under statute	(526,197)
(35,137)	Net gain/(loss) on sale of non-current assets	(15,979)
	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	
(1,485,767) *		(1,745,762)
	Amount by which council tax and non domestic rating income in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	
42,965		(2,785,389)
	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	
14,394		3,998
	Insertion of items not included in the Comprehensive Income and Expenditure Account	
	Transfer from Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	
(355,972)		(395,851)
31,406	Capital expenditure charged against the General Fund	57,487
133,655	Statutory provision for financing of capital investment	135,922
<u>(1,744,042)</u>	Total adjustments	<u>(5,519,656)</u>
	Housing Revenue Account	
	Reversal of items included in the Comprehensive Income and Expenditure Account	
11,505,731	Reversal of Impairment of non-current assets (net)	7,873,983
	Excess of depreciation over major repairs allowance element of housing subsidy	
(4,608,699)		(4,829,666)
109,850	Capital Grants and contributions applied to capital financing	412,578
378,325	Net gain/(loss) on sale of non-current assets	1,353,880
	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	
(312,233) *		(438,238)
	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	
(5,308)		(5,916)
	Insertion of items not included in the Comprehensive Income and Expenditure Account	
1,681,008	Capital expenditure charged against the Housing Revenue Account	2,549,102
<u>8,748,674</u>	Total adjustments	<u>6,915,723</u>
	Capital Receipts Reserve	
	Transfer of sale proceeds credited to net gain/loss on disposal of non-current assets in the Comprehensive Income and Expenditure Statement	
(4,226,319)		(5,576,383)
1,968,155	Use of Capital Receipts Reserve to finance new capital expenditure	4,364,788
266,855	Capital receipts transferred to reserves	(20,531)
	Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	
355,972		395,851
<u>(1,635,337)</u>	Total adjustments	<u>(836,275)</u>
<u>5,369,295</u>	Total adjustments	<u>559,792</u>

Movement in other comprehensive income and expenditure

Decrease / (Increase) 2012-13 £		Decrease / (Increase) 2013-14 £
	Movement in Unusable Reserves	
(2,788,167)	Revaluation Reserve	4,998,419
(7,540,835)	Capital Adjustment Account	(5,673,160)
5,696,000	Pensions Reserve	2,846,000
(42,965)	Collection Fund Adjustment Account	2,785,389
(27,346)	Deferred Capital Receipts	(16,593)
	Accumulating Compensated Absences Adjustment Account	1,918
<u>(4,712,399)</u>		<u>4,941,973</u>
	Adjustment between accounting basis and funding basis under regulations	
(1,744,042)	General Fund	(5,519,656)
8,748,674	Housing Revenue Account	6,915,723
(1,635,337)	Capital Receipts	(836,275)
31,894	Capital Grants Unapplied	5,948
<u>5,401,189</u>		<u>565,740</u>
<u><u>688,790</u></u>		<u><u>5,507,713</u></u>

6 Movement in Reserves Statement – Transfers (to)/ from Earmarked Reserves

This note sets out the amount 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 in 2013-14.

	31 March 2012 £	Transfers out 2012-13	Transfers in 2012-13	31 March 2013 £	Transfers out 2013-14	Transfers in 2013-14	31 March 2014 £
Capital							
Preservation of Historic Buildings Fund	(54,622)	0	0	(54,622)	19,876	0	(34,746)
Arts Grants	(73,390)	105,915	(40,000)	(7,475)	1,000	0	(6,475)
Dual Use Recreational Facilities	(22,648)	22,648	0	0	0	0	0
Community Development	(153,247)	87,189	(249,789)	(315,847)	121,213	0	(194,634)
Sports Development	(167,288)	92,393	(100,000)	(174,895)	95,062	0	(79,833)
Other	(192,820)	53,642	(27,256)	(166,434)	35,712	(84,860)	(215,582)
Revenue							
Conservation Reserves	(668)	0	0	(668)	0	0	(668)
Building Control Reserve	(142,581)	24,213	0	(118,368)	0	(27,964)	(146,332)
Arts Reserve	(4,979)	0	0	(4,979)	4,978	0	(1)
Planning Reserve	(712,287)	326,530	(100,036)	(485,793)	335,252	(179,461)	(330,002)
Community Safety & Grants Reserve	(13,355)	4,000	(4,500)	(13,855)	2,500		(11,355)
Sports Reserve	(12,185)	10,000	0	(2,185)	135	(4,650)	(6,700)
Travellers Reserve	(703,931)	48,913	(61,890)	(716,908)	20,848	(75,160)	(771,220)
Infrastructure	0	0	0	0	0	(849,370)	(849,370)
Additional Pension Reserve -Notes 23/47	(195,937)	0	(290,968)	(486,905)	0	(348,373)	(835,278)
Other	(461,733)	14,634	(42,925)	(490,024)	21,613	(197,931)	(666,342)
	(2,911,671)	790,077	(917,364)	(3,038,958)	658,189	(1,767,769)	(4,148,538)
Total - Capital	(664,015)	361,787	(417,045)	(719,273)	272,863	(84,860)	(531,270)
Revenue	(2,247,656)	428,290	(500,319)	(2,319,685)	385,326	(1,682,909)	(3,617,268)
	(2,911,671)	790,077	(917,364)	(3,038,958)	658,189	(1,767,769)	(4,148,538)

7 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

2012-13 Net Expenditure £	Other operating expenditure	Note	2013-14 Net Expenditure £
4,039,148	Precepts of Local Precepting Authorities		4,233,499
147,813	Internal Drainage Boards		166,121
355,972	Payment to the Government for Housing Pooled		395,851
(343,188)	Capital receipts		(1,337,901)
	Loss (Gain) on disposal of non-current assets	5	
4,199,745			3,457,570

8 Comprehensive Income and Expenditure Statement - Financing and Investment Income and Expenditure

2012-13 Restated Net Expenditure £	Financing and investment income and expenditure	Note	2013-14 Net Expenditure £
1,900,000	* Pensions interest cost and expected return on pension assets	23	2,043,000
7,192,805	Interest Payable		7,192,805
(679,692)	Interest and investment income		(438,563)
8,413,113			8,797,242

9 Comprehensive Income and Expenditure Statement - Taxation

2012-13 Net Expenditure £	Taxation and non-specific grant income and expenditure	Note	2013-14 Net Expenditure £
(11,035,199)	Income from Council Tax		(11,268,449)
(5,309,295)	Business rates income and expenditure		(1,899,535)
(2,033,211)	Non-ringfenced Government Grants	36	(6,670,466)
(109,850)	Capital Grants and contributions		(412,578)
(18,487,555)			(20,251,028)

10 Material items of income and expenditure

There are no material items in the comprehensive income and expenditure statement in 2013-14.

11 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and notes 5 and 6.

2012-13 £		Note	2013-14 £
(2,732,216)	Usable Capital Receipts Reserve		(3,568,492)
(3,038,958)	Earmarked Reserve-General fund	6	(4,148,538)
(4,500,000)	Earmarked Reserve-Housing Revenue Account	46	(8,500,000)
(590,128)	Capital Grants Unapplied		(584,180)
(7,484,988)	General Fund		(11,121,096)
(2,427,475)	Housing Revenue Account		(2,492,614)
(20,773,765)			(30,414,920)

Usable Capital Receipts Reserve

2012-13 £		2013-14 £
(1,096,879)	Balance at 1 April	(2,732,216)
(4,226,319)	Capital receipts received	(5,576,383)
1,968,155	Capital receipts applied	4,364,788
355,972	Payments to DCLG	395,851
266,855	Transfers to/ (from) reserves	(20,532)
(2,732,216)	Balance at 31 March	(3,568,492)

Capital Grants Unapplied

2012-13		2013-14
£		£
(584,050)	Planning Delivery Grant	(584,050)
(5,800)	Council Tax - efficiency changes	0
(278)	Other	(130)
(590,128)		(584,180)

12 Unusable Reserves

Movements in the Authority's unusable reserves are detailed in the Movement in Reserves Statement and detailed below.

2012-13		2013-14
£		£
(17,708,665)	Revaluation Reserve	(12,710,246)
(172,104,072)	Capital Adjustment Account	(177,777,232)
45,399,000	Pensions Reserve	48,245,000
(833)	Collection Fund Adjustment Account	2,784,556
(73,680)	Deferred Capital Receipts	(90,273)
219,400	Accumulated Absences	221,318
(144,268,850)		(139,326,877)

Deferred capital receipts are amounts derived from the sales of assets that will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when the gain is lost through a downward revaluation or impairment, when used in the provision of

services and the gains are consumed through depreciation or, when the assets are disposed of and the gains realised.

2012-13		2013-14
£		£
(14,920,498)	Balance at 1 April	(17,708,665)
(16,490,474)	Revaluation gains	(13,633,049)
12,380,887	Reversal of impairment	10,857,808
326,312	Revaluation impairment	7,081,885
586,508	Release of revaluation gains on disposal	138,498
408,600	Depreciation adjustment	553,277
(17,708,665)	Balance at 31 March	(12,710,246)

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 the financing of the acquisition or enhancement of assets. The account is debited with the cost of depreciation, impairment losses or reversals and amortisation which are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic basis. The account is credited with amounts provided by the Council for the costs of acquisition and enhancement of assets.

2012-13		2013-14
£	Balance at 1 April	£
(164,563,237)		(172,104,072)
	Capital expenditure financed from;	
(1,968,155)	Capital Receipts	(3,952,210)
(1,737,386)	Revenue	(2,678,422)
(966,499)	Grants and Reserves	(1,196,387)
(5,512,300)	Major Repairs Allowance	(5,548,118)
(133,655)	Internal financing	(135,922)
(586,508)	Write out of revaluation gain on disposal	(138,498)
3,827,115	Disposal of assets	3,662,652
10,802,042	Depreciation, amortisation and impairment	13,834,994
(12,380,887)	Reversal of impairment on revaluation	(10,857,809)
1,115,398	Write out of revenue expenditure funded from capital under statute and loans repaid	1,336,559
(172,104,072)	Balance at 31 March	(177,777,233)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the 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 pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2012-13 £		Note	2013-14 £
39,703,000	Balance at 1 April		45,399,000
3,977,000	Remeasurements of the net defined benefit liability/(asset)		707,000
4,181,000	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 Account		4,705,000
(2,462,000)	Employers pensions contributions and direct payments to pensioners payable in the year		(2,566,000)
45,399,000	Balance at 31 March	23	48,245,000

Collection Fund Adjustment Account

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

2012-13 £		2013-14 £
42,132	Balance at 1 April	(833)
	Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory requirements	
0		2,886,649
	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	
(42,965)		(101,260)
(833)	Balance at 31 March	2,784,556

Accumulated Absences

The Accumulating Compensated Absences Adjustment 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. The amounts accrued at the end of each year reflect untaken leave, time off in lieu and flexitime balances. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2012-13 £		2013-14 £
228,486	Balance at 1 April	219,400
	Amount by which officer remuneration charged to the Comprehensive Income and expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
(9,086)		1,918
219,400	Balance at 31 March	221,318

13 Operating Activities

The cash flows for operating activities include the following items:

2012-13 £		2013-14 £	2013-14 £
(34,600,303)	Housing Benefit grant	(26,521,798)	
(15,240,351)	Cash received for goods and services	(7,981,218)	
(25,646,855)	Housing rents	(27,310,468)	
(11,017,196)	Council tax receipts - Council and Parish share	(11,147,016)	
(5,309,295)	Council share of National Non-Domestic Rates from National pool	0	
0	Business rates Council share	(4,871,492)	
(2,427,658)	Other grants and contributions	(1,630,639)	
(1,793,842)	Revenue Support Grant/New Homes Bonus	(6,091,756)	
(679,692)	Interest received	(439,687)	
0	Collection Fund -Council share	(65,048)	(86,059,122)
20,985,987	Housing Benefit	14,551,519	
4,039,148	Parish Precepts	4,233,499	
15,747,250	Cash paid to and on behalf of employees	17,202,691	
33,127,923	Other operating cash payments	22,070,109	
1,084,388	Revenue funded from capital under statute	1,304,433	
602,062	Payments to the Capital Receipts Pool	374,228	
13,305	Collection Fund -Council share	0	59,736,479
(21,115,129)	Net cash flows from operating activities		(26,322,643)

14 Investing Activities

The cash flows for investing activities include the following items:

2012-13 £		2013-14 £
9,260,990	Purchase of property, plant and equipment and intangible assets	11,897,238
47,513,535	Purchase of Short-term and long-term investments	256,080,955
(39,872,219)	Proceeds from short-term and long-term investments	(252,155,016)
(4,226,319)	Proceeds from the sale of property, plant and equipment	(5,576,382)
(29,560)	Other receipts from investing activities	(47,659)
12,646,427		10,199,136

15 Financing Activities

2012-13		2013-14
£		£
1,625,439	Other receipts from financing activities	6,730,028
7,192,805	Other payments for financing activities	7,192,805
8,818,244		13,922,833

16 Cash and Cash Equivalents

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

2012-13		2013-14
£		£
(349,542)	(Increase) /decrease in cash	2,200,674
(349,542)	Increase in net debt from cash flow	2,200,674
80,789	Net debt at 1 April	(268,753)
(268,753)	Net debt at 31 March	1,931,921

17 Amounts Reported for Resource Allocation 2013-14

For the year ended 31st March 2014

The income and expenditure by service in the Comprehensive Income and Expenditure Statement has to be analysed on the basis set out in the Best Value Accounting Code of Practice. Internal management reporting is on the basis of Portfolios as set out below and this basis is then reconciled to the net cost of services and to the surplus or deficit on the provision of services in comprehensive income and expenditure statement.

Portfolio:	Finance and Staffing	Environmental Services	Housing General Fund	Housing Revenue A/c	Planning and Economic Development	Northstowe	Leader	Corporate and Customer Services	Planning Policy & Localism	Total
	£	£	£	£	£	£	£	£	£	£
Fees, charges and other service income	(494,298)	(2,146,625)	(465,086)	(28,641,102)	(2,397,709)	0	(53,355)	(510,942)	(109,299)	(34,818,416)
Government grants	(27,678,877)	0	(54,756)	0	0	0	(20,540)	(16,847)	0	(27,771,020)
Total income	(28,173,175)	(2,146,625)	(519,842)	(28,641,102)	(2,397,709)	0	(73,895)	(527,789)	(109,299)	(62,589,436)
Employee expenses	324,959	53,835	0	731,482	0	0	0	0	0	1,110,276
Other service expenses	27,213,821	5,296,666	683,615	8,657,598	604,303	25,630	297,488	773,439	302,421	43,854,981
Operational and support service recharges	2,502,397	2,132,412	1,049,863	3,896,857	3,510,201	142,148	247,286	1,321,954	1,527,452	16,330,570
Financing, depreciation, etc.	0	282,593	74,122	8,097,220	16,073	0	3,569	0	0	8,473,577
Interest payments	0	0	0	7,192,805	0	0	0	0	0	7,192,805
Total expenditure	30,041,177	7,765,506	1,807,600	28,575,962	4,130,577	167,778	548,343	2,095,393	1,829,873	76,962,209
Net expenditure	1,868,002	5,618,881	1,287,758	(65,140)	1,732,868	167,778	474,448	1,567,604	1,720,574	14,372,773

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

Cost of services on Segmental Reporting (Portfolio) basis	14,372,773
Additional segments not included in the Portfolio analysis	1,127,385
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	(4,360,300)
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(13,350,537)
Net cost of services	(2,210,679)

Reconciliation from Portfolio basis to total income and expenditure in the Comprehensive Income and Expenditure Statement

	Portfolio analysis	Services not in analysis	Not reported to management	Not included in Comp I & E	Allocation of recharges	Net cost of services	Corporate amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(34,818,416)	0	0	26,798	(285,610)	(35,077,228)	0	(35,077,228)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(438,563)	(438,563)
Income from council tax	0	0	0	0	0	0	(11,268,449)	(11,268,449)
Business rates income and expenditure	0	0	0	0	0	0	(1,899,535)	(1,899,535)
Government grants and contributions	(27,771,020)	0	0	54,756	0	(27,716,264)	(7,083,045)	(34,799,309)
Total Income	(62,589,436)	0	0	81,554	(285,610)	(62,793,492)	(20,689,592)	(83,483,084)
Employee expenses	1,110,276	0	142,918	(348,373)	15,917,998	16,822,819	2,043,000	18,865,819
Other service expenses	43,854,981	1,127,385	(893,198)	(3,341,811)	485,149	41,232,506	0	41,232,506
Operational and support service recharges	16,330,570	0	0	0	(16,550,092)	(219,522)	0	(219,522)
Financing, depreciation, etc.	8,473,577	0	(3,610,020)	(2,549,102)	432,555	2,747,010	0	2,747,010
Interest payments	7,192,805	0	0	(7,192,805)	0	0	7,192,805	7,192,805
Precepts & levies	0	0	0	0	0	0	4,399,621	4,399,621
Payments to housing capital receipts pool	0	0	0	0	0	0	395,851	395,851
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	(1,337,901)	(1,337,901)
Total operating expenses	76,962,209	1,127,385	(4,360,300)	(13,432,091)	285,610	60,582,813	12,693,376	73,276,189
Surplus or deficit on the provision of services	14,372,773	1,127,385	(4,360,300)	(13,350,537)	0	(2,210,679)	(7,996,216)	(10,206,895)

Amounts Reported for Resource Allocation 2012-13

For the year ended 31st March 2013

The income and expenditure by service in the Comprehensive Income and Expenditure Statement has to be analysed on the basis set out in the Best Value Accounting Code of Practice. Internal management reporting is on the basis of Portfolios as set out below and this basis is then reconciled to the net cost of services and to the surplus or deficit on the provision of services in comprehensive Income and Expenditure Statement.

Portfolio:	Finance and Staffing	Environmental Services	Housing General Fund	Housing Revenue A/c	Planning and Economic Development	Northstowe	Leader	Corporate and Customer Services	Planning Policy & Localism	Total
	£	£	£	£	£	£	£	£	£	£
Fees, charges and other service income	(387,927)	(2,074,622)	(507,545)	(27,427,345)	(1,668,846)	(290,074)	(67,550)	(365,197)	(90,384)	(32,879,490)
Government grants	(33,908,023)	0	(55,167)	0	0	0	(50,540)	0	0	(34,013,730)
Total income	(34,295,950)	(2,074,622)	(562,712)	(27,427,345)	(1,668,846)	(290,074)	(118,090)	(365,197)	(90,384)	(66,893,220)
Employee expenses	135,991	13,889	0	750,726	0	0	0	0	0	900,606
Other service expenses	33,457,995	5,184,421	711,584	9,033,447	317,611	141,703	311,735	755,141	262,969	50,176,606
Operational and support service recharges	2,778,190	2,242,181	1,038,823	3,532,214	3,508,305	148,371	278,996	1,417,888	1,623,155	16,568,123
Financing, depreciation, etc.	1,400	215,495	70,922	7,180,634	16,073	0	3,000	0	0	7,487,524
Interest payments	0	0	0	7,192,805	0	0	0	0	4,400	7,197,205
Total expenditure	36,373,576	7,655,986	1,821,329	27,689,826	3,841,989	290,074	593,731	2,173,029	1,890,524	82,330,064
Net expenditure	2,077,626	5,581,364	1,258,617	262,481	2,173,143	0	475,641	1,807,832	1,800,140	15,436,844

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

Cost of services on Segmental Reporting (Portfolio) basis	15,436,844
Additional segments not included in the Portfolio analysis	52,828
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	(8,285,773)
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(12,809,554)
Net cost of services	(5,605,655)

Reconciliation from Portfolio basis to total income and expenditure in the Comprehensive Income and Expenditure Statement

	Portfolio analysis	Services not in analysis	Not reported to management	Not included in Comp I & E	Allocation of recharges	Net cost of services	Corporate amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(32,879,490)	0	0	14,678	(285,610)	(33,150,422)	0	(33,150,422)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(679,692)	(679,692)
Income from council tax	0	0	0	0	0	0	(11,035,199)	(11,035,199)
Government grants and contributions	(34,013,730)	0	0	50,470	0	(33,963,260)	(7,452,354)	(41,415,614)
Total Income	(66,893,220)	0	0	65,148	(285,610)	(67,113,682)	(19,167,245)	(86,280,927)
Employee expenses	900,606	0	(111,086)	(290,968)	16,035,982	16,534,534	1,900,000	18,434,534
Other service expenses	50,176,606	52,828	(320,149)	(3,709,921)	385,196	46,584,560	0	46,584,560
Operational and support service recharges	16,568,123	0	0	0	(16,568,123)	0	0	0
Financing, depreciation, etc.	7,487,524	0	(7,854,538)	(1,681,008)	432,555	(1,615,467)	0	(1,615,467)
Interest payments	7,197,205	0	0	(7,192,805)	0	4,400	7,192,805	7,197,205
Precepts & levies	0	0	0	0	0	0	4,186,961	4,186,961
Payments to housing capital receipts pool	0	0	0	0	0	0	355,972	355,972
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	(343,188)	(343,188)
Total operating expenses	82,330,064	52,828	(8,285,773)	(12,874,702)	285,610	61,508,027	13,292,550	74,800,577
Surplus or deficit on the provision of services	15,436,844	52,828	(8,285,773)	(12,809,554)	0	(5,605,655)	(5,874,695)	(11,480,350)

18 Acquired and Discontinued Operations

There are no transactions to report under these headings in 2013-14 or in 2012-13.

19 Trading Operations

2012-13	Direct Labour Organisation	2013-14
£		£
6,908	Building Maintenance Turnover	0
6,908	(Surplus)/ Deficit	0
6,908	Total (Surplus)/ Deficit	0

20 Members Allowances

The total of Members' allowances paid in the year was £369,759 (£363,269 in 2012-13). Further information is available upon request from the Democratic Services Manager, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA.

21 Officers' Remuneration

The number of employees, excluding Senior Officers shown below, whose remuneration was £50,000 or more were:

Remuneration band	2013-14 number of employees	2012-13 number of employees
£50,000 - £54,999	6	3
£55,000 - £59,999	4	2
£60,000 - £64,999	1	1
£65,000 – £69,999	2	2
£70,000 - £74,999	0	0
£75,000 – £79,999	0	0
£80,000 - £84,999	0	1

Remuneration for these purposes includes all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits other than in cash. As remuneration includes redundancy and compensation for loss of office, the number of employees in each salary band can vary from year to year. Pension contributions payable by either the employee or employer are excluded.

Exit Packages

Exit packages are those that have been agreed by the Authority, i.e. those packages for which the Authority is demonstrably committed and, have been paid in 2013-14 or are committed to be paid within 12 months. The costs included are those termination benefits defined and measured in accordance with the Code of Practice and include all relevant redundancy costs, pension contributions in respect of early retirement, ex gratia payments and other departure costs.

Exit package cost band (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total cost of exit packages in each band	
	2012-13	2013-14	2012-13	2013-14	2012-13 £	2013-14 £
£0 - £20,000	4	4	0	0	45,672	50,161
£20,001 - £40,000	5	0	0	1	149,356	24,935
£40,001- £60,000	0	3	0	0	0	153,431
£60,001 - £80,000	0	2	0	0	0	129,788
Total	9	9	0	1	195,028	358,315

Senior Officer Remuneration

In 2013-14 Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year were:

		Actual Salary Paid £	Returning Officer Fees £	Election Fees £	Benefits in Kind etc. £	Compensation for loss of office £	Total Remuneration excluding pension contributions £	Employers Pension contributions £	Total Remuneration including pension contributions £
Chief Executive	2013-14	121,200	12,398	0	0	0	133,598	26,300	159,898
	2012-13	120,000	13,549	0	0	0	133,549	26,108	159,657
Executive Director¹ (Operational Services)	2013-14	0	0	0	0	0	0	0	0
	2012-13	12,525	0	0	3,955	50,291	66,771	1,860	68,630
Executive Director (Corporate Services)	2013-14	104,001	0	340	0	0	104,341	22,568	126,909
	2012-13	102,835	0	655	0	0	103,490	22,315	125,805
Director of Health & Environmental Services	2013-14	76,640	0	0	0	0	76,640	16,631	93,271
	2012-13	73,243	0	0	0	0	73,243	15,894	89,137
Director of Housing	2013-14	76,640	0	0	0	0	76,640	0	76,640
	2012-13	73,243	0	0	0	0	73,243	0	73,243
Director of New Communities & Planning	2013-14	76,640	0	0	0	0	76,640	16,631	93,271
	2012-13	73,243	0	0	0	0	73,243	15,894	89,137

Executive Director¹

date of termination of service: 30 April 2012

22 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims and returns:

2012-13		2013-14
£		£
68,400	Auditing Fee	68,400
16,150	Certifying grant claims and returns	15,600
84,550		84,000

23 Defined Benefit Pension Scheme

The Council participates in the national Local Government Pension Scheme which is a funded defined benefit (final salary) scheme and which also provide historic unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council. With the funded scheme, the Council (the employer) and employees both pay contributions into the pension fund with the employer's contribution calculated every three years at a level intended to balance the scheme assets and liabilities over a twenty year period.

Transactions Relating to Post-Employment Benefits:

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account 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:

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Cost of Services:				
Service cost comprising:				
Current service cost	2,633	2,189	0	0
Past service cost	0	0	29	92
Financing and Investment Income and Expenditure				
Net interest expense	2,043	1,900	0	0
Total Post-employment Benefits charged to the surplus or deficit on the Provision of Services	4,676	4,089	29	92

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on scheme assets (excluding the amount included in the net interest expense)	(2,659)	(6,432)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(2,368)	0	0	0
Actuarial gains and losses arising on changes in financial assumptions	5,376	10,476	0	0
Other	358	(67)	0	0
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	707	3,977	0	0

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
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	(4,676)	(4,089)	(29)	(92)
Actual amount charged against the General Fund Balance for pensions in the year:	2,399	2,263	122	120
Employers' contributions payable to scheme	(2,277)	(1,826)		
Retirement benefits payable to pensioners			93	28

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Present value of the defined benefit obligation	(123,835)	(115,725)	(2,022)	(2,069)
Fair value of scheme assets	77,615	72,408	0	0
Sub-total	(46,220)	(43,317)	(2,022)	(2,069)
Other movements in the liability (asset):				
Less capital contribution to early retirement included in scheme assets	(29)	(68)	0	0
Liability for cost of early retirement shown separately under creditors in the balance sheet	26	55	0	0
Net liability arising from the defined benefit obligation	(46,223)	(43,330)	(2,022)	(2,069)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Opening fair value of scheme assets	72,408	63,267	0	0
Interest income	3,241	3,029	0	0
Remeasurement gain/(loss):				
The return on scheme assets, excluding the amount included in the net interest expense	2,659	6,432	0	0
The effect of changes in foreign exchange rates				
Contributions from employer	2,428	2,331	0	0
Contributions from employees into the scheme	705	697	0	0
Benefits paid	(3,826)	(3,348)	(122)	(120)
Contributions in respect of unfunded benefits	0	0	122	120
Closing fair value of scheme assets	77,615	72,408	0	0

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

	Funded Liabilities:		Unfunded Liabilities:	
	Local Government Pension Scheme		Discretionary Benefits	
	£,000		£,000	
	Restated		Restated	
	2013/14	2012/13	2013/14	2012/13
Opening balance at 1 April	(115,725)	(100,849)	(2,069)	(2,097)
Current Service cost:	(2,633)	(2,189)	0	0
Interest cost	(5,284)	(4,929)	0	0
Contributions from scheme participants	(705)	(697)	0	0
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from demographic assumptions	2,368	0	0	0
Actuarial gains/losses arising from changes in financial assumption	(5,376)	(10,476)	0	0
Other	(306)	67	(46)	0
Past service cost:				
Losses/(gains) on curtailment	0	0	(29)	(92)
Benefits paid	3,826	3,348	122	120
Closing balance at 31 March	(123,835)	(115,725)	(2,022)	(2,069)

Local Government Pension Scheme Assets comprised:

	Fair value of scheme assets	
	2013/14 £,000	2012/13 £,000
Cash and cash equivalents	1,034.8	1,736.9
1 & 2 Equity securities (by industry type):		
Consumer	6,777.0	6,792.7
Manufacturing	6,405.2	5,834.8
Energy and Utilities	2,750.5	2,506.7
Financial Institutions	7,830.1	5,978.5
Health and care	2,288.3	2,053.4
Information Technology	4,641.2	3,664.6
Other	215.5	270.6
Sub-total equity	30,907.8	27,101.3
Private equity:		
3 All (UK & Overseas)	4,617.0	4,978.2
Sub-total private equity	4,617.0	4,978.2
1 Investment funds and Unit Trusts		
Equities	24,956.5	24,910.5
Bonds	11,830.9	8,574.6
Other	4,268.2	5,106.4
Sub-total other investment funds	41,055.6	38,591.5
Total assets	77,615.2	72,407.9

1 All scheme assets have quoted prices in active markets

2 The risk relating to assets in the scheme are also analysed percentage of total assets below.

3 Quoted prices not in active markets

	Fair value of scheme assets	
	2013/14 %	2012/13 %
Equity instruments		
Equity Securities	40%	37%
Private equity	6%	7%
Investment funds and Unit Trusts	53%	54%
Sub-total equity instruments	99%	98%
Cash and cash equivalents	1%	2%
	100%	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels etc.

Both the Local Government pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme		
assumptions		
	2013/04	2012/13
<hr/>		
Long-term expected rate of return on assets in the scheme:		
Equity investments	4.3%	4.5%
Bonds	4.3%	4.5%
Other	4.3%	4.5%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.5 years	21.0 years
Women	24.5 years	23.8 years
Longevity at 65 for future pensioners:		
Men	24.4 years	22.9 years
Women	26.9 years	25.7 years
Rate of inflation	2.8%	2.8%
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.3%	4.5%
<hr/>		

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumption in longevity, for example, assume that life expectancy increases (or decreases) for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme at 31 March 2014:		
	Increase in Assumption £,000	Decrease in Assumption £,000
Longevity (increase or decrease in year 1)	3,776	0
Rate of increase in salaries (increase by 0.5%)	3,511	0
Rate of increase in pensions (increase by 0.5%)	8,205	0
Rate for discounting scheme liabilities (increase by 0.5%)	11,859	0

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public pensions Services Act 2013. Under the Act, the local Government pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The estimated contributions by the employer in 2013-14 are £2,504,000. In addition, the employer has contributed approximately £348,373 in 2013-14 to an internal reserve.

The weighted average duration of the defined benefit obligation for scheme members is 18.5 years.

24 Events after the Balance Sheet Date

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 13 June 2014. This is the date up to which events after the balance sheet date have been considered.

25 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the reader to assess the extent to which the Council might have been constrained in its

ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties, for example Collection Fund surplus or deficit. Details of transactions with government departments and Precepting authorities are set out in Note 36 and the Collection Fund Statement.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2013-14 is shown in Note 20.

In 2013-14, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

26 Leases

There were no finance lease agreements during 2013-14.

The Council has no operating leases. Payments of £1,015,548 in respect of vehicle contract hire were made in 2013-14 (£1,041,833 in 2012-13).

The future minimum contract hire payments due under non-cancellable agreements in future years are:

2012-13		2013-14
£		£
953,099	Not later than one year	757,901
2,096,488	Later than one year and not later than five years	1,284,597
3,049,587		2,042,498

27 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 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 and is reviewed annually, the useful lives assigned to the software used by the Authority are:

Cash Receipting System	5 years
Financial Management System	5 years
Corporate DIP System	5 years
Other	up to 5 years

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £99,777 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 in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	Intangible Assets 2013-14 £	Intangible Assets 2012-13 £
Balance at start of year		
Gross carrying amount	573,664	497,554
accumulated amortisation	(265,712)	(188,708)
Net carrying amount at start of year	307,952	308,846
Additions		
Purchases	76,069	76,110
Amortisation for the period	(99,777)	(77,004)
Net carrying amount at end of year	284,244	307,952
Comprising:		
Gross carrying amounts	649,733	573,664
Accumulated depreciation	(365,489)	(265,712)
	284,244	307,952

28 Impairment Losses

Impairment is first charged to the Revaluation Reserve where an existing credit is available, the balance being recognised and charged to the surplus or deficit on the provision of services. Revaluation impairment incurred during the year and the reversal of prior year impairment previously recognised in the Comprehensive Income and Expenditure Account, is identified below:

	2013-14	2012-13
	£	£
Council dwellings		
Impairment	9,180,020	382,977
Charge to Revaluation Reserve	(6,958,297)	(623,228)
Reversal	(10,276,148)	(11,385,716)
Other Land and Buildings		
Impairment	122,465	141,959
Charge to Revaluation Reserve	(46,330)	(110,866)
Reversal	(562,315)	(322,518)
Vehicles, Plant and Equipment		
Impairment	0	7,344
Reversal	0	0
Infrastructure		
Impairment	119,752	108,889
Heritage Assets		
Impairment	624,665	0
Charge to Revaluation Reserve	(624,665)	0
Surplus assets not held for sale		
Impairment	6,382	10,575
Charge to Revaluation Reserve	(5,870)	0
Reversal	(19,345)	(672,653)

29 Property, Plant and Equipment, Surplus assets held for sale and Heritage Assets

Depreciation starting in the year after acquisition is provided for on non-current assets by writing down the cost (or re-valued amount) less estimated residual value, on a straight-line basis to the appropriate revenue account over the following periods:

Council dwellings – 16/45 years,

Buildings other than dwellings – 10/51 years,

Vehicles, plant and equipment – 7/10 years.

No depreciation is charged on Heritage assets, surplus assets held for sale or freehold land in accordance with standard accounting policies. The depreciation charged on dwelling stock is reversed out at 31 March each year when the housing stock is re-valued so this charge has no impact on the fair value of the housing stock as recorded in the Balance Sheet.

Property, Plant and Equipment for the financial year 2013-14

	Council dwellings £	Other land and buildings £	Vehicles, Plant and Equipment £	Infrastructure assets £	Surplus Assets held not for sale £	Total Property Plant and Equipment £
Cost or valuation						
At 1 April 2013	372,528,369	21,363,707	5,430,568	95,404	60,152	399,478,200
Inter-asset transfer	(56,940)	56,940	0	0	0	0
Additions	9,749,439	249,320	557,456	119,752	325	10,676,292
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(4,616,198)	577,802	0	0	30,535	(4,007,861)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,221,723)	(76,136)	0	(119,752)	(512)	(2,418,123)
Derecognition-disposals	(2,022,767)	(49,605)	0	0	0	(2,072,372)
At March 2014	373,360,180	22,122,028	5,988,024	95,404	90,500	401,656,136
Accumulated Depreciation and impairment						
At 1 April 2013	0	(185,304)	(3,081,536)	(67,672)	0	(3,334,512)
Depreciation Charge	(10,371,466)	(484,371)	(449,980)	(11,277)	0	(11,317,094)
Depreciation written out to the Revaluation Reserve	546,218	3,537	0	0	0	549,755
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,825,248	258,871	0	0	0	10,084,119
Derecognition-disposals	0	0	0	0	0	0
At March 2014	0	(407,267)	(3,531,516)	(78,949)	0	(4,017,732)
Net Book Value						
At March 2013	372,528,369	21,178,403	2,349,032	27,732	60,152	396,143,688
At March 2014	373,360,180	21,714,761	2,456,508	16,455	90,500	397,638,404

Property, Plant and Equipment for the financial year 2012-13

	Council dwellings £	Other land and buildings £	Vehicles, Plant and Equipment £	Infrastructure assets £	Surplus Assets held not for sale £	Total Property Plant and Equipment £
Cost or valuation						
At 1 April 2012	362,302,456	21,209,152	5,096,878	95,404	1,197,573	389,901,463
adjustment to opening balance		125,482			(125,482)	0
Inter-asset transfer					(471,939)	(471,939)
Additions	6,987,292	171,239	346,034	108,889	0	7,613,454
Revaluation increases / (decreases) recognised in the Revaluation Reserve	4,711,329	(4,642)	0	0	0	4,706,687
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	240,252	(31,093)	0	(108,889)	0	100,270
Derecognition-disposals	(1,712,960)	(106,431)	(12,344)	0	(540,000)	(2,371,735)
At March 2013	372,528,369	21,363,707	5,430,568	95,404	60,152	399,478,200
Accumulated Depreciation and impairment						
At 1 April 2012	0	(162,755)	(2,670,984)	(56,393)	0	(2,890,132)
Depreciation Charge	(10,114,332)	(278,570)	(403,208)	(11,279)	0	(10,807,389)
Depreciation written out to the Revaluation Reserve	417,379	292	0	0	0	417,671
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,696,953	255,729	0	0	0	9,952,682
Derecognition-disposals	0	0	(7,344)	0	0	(7,344)
At March 2013	0	(185,304)	(3,081,536)	(67,672)	0	(3,334,512)
Net Book Value						
At March 2012	362,302,456	21,046,397	2,425,894	39,011	1,197,573	387,011,331
At March 2013	372,528,369	21,178,403	2,349,032	27,732	60,152	396,143,688

Surplus assets held for sale

	Assets held for sale 2013-14 £	Assets held for sale 2012-13 £
Cost or valuation		
At 1 April	1,255,934	0
Inter-asset transfer	624,665	471,939
Additions	1,144,878	1,571,427
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(628,126)	5,870
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	662,078
Derecognition-disposals	(1,590,280)	(1,455,380)
At March	807,071	1,255,934
Accumulated impairment		
At 1 April	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
At March	0	0
Net Book Value		
Opening balance	1,255,934	0
Closing balance	807,071	1,255,934

Heritage Assets

Heritage assets are those assets that are intended to be held in trust for future generations because of their cultural, environmental or historical associations and include historical buildings, civic regalia and works of art.

Heritage assets held include St Denys' Church, East Hatley which is owned and maintained by the Council and is included in the Council's accounts at insurance valuation, the property has been transferred to assets held for sale, in accordance with the Statement of Accounting Policies. Other heritage assets held include civic regalia, Landbeach Tithe Barn, a woven wall hanging and two vases, these items not considered to be of material value.

	Heritage Assets 2013-14 £	Heritage Assets 2012-13 £	Heritage Assets 2011-12 £	Heritage Assets 2010-11 £	Heritage Assets 2009-10 £
Valuation					
At 1 April	624,665	624,665	609,429	580,409	552,770
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	15,236	29,020	27,639
Transfer to surplus assets held for sale	(624,665)				
At 31 March	0	624,665	624,665	609,429	580,409
Accumulated impairment					
At 1 April	0	0	0	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
At 31 March	0	0	0	0	0
Net Book Value					
Opening balance	624,665	624,665	609,429	580,409	552,770
Closing balance	0	624,665	624,665	609,429	580,409

Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years.

Valuations on the bases set out in the statement of accounting policies have been carried out for:

- a) Council dwellings and non-operational assets relating to the Housing Revenue Account as at 31 March 2010 by Mr Andrew Wilcox, MRICS, District Valuer, East of England; and reviewed by Mr Paul Gedge, MRICS, as at 31 March 2014 and
- b) Other land and buildings and valued as at 31 March 2010 by Mr Gary Bradbury, MRICS, District Valuer, East of England, and reviewed as at 31 March 2014 by Mr Paul Gedge, MRICS, District Valuer, East of England.

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 40. In the event that the dwellings are transferred to a housing association, then the valuation method for such a transfer is entirely different and produces a much lower valuation.

An analysis of non-current assets is:

31 March 2013 (numbers)		31 March 2014 (numbers)
5,457	Council dwellings (HRA & GF)	5,442
1	Office	1
1	Depot and workshop (leased)	1
	Country Park, visitors centre and toilet block (99 year lease granted to Cambridge Sports Lake Trust Ltd at 31 March 2008)	0
0	Car parks: Histon and Melbourn - 99 year lease Linton - 125 year lease granted in 2010-11 Sawston - 99 year lease granted in 2009-10	0
30.23 acres	Land	30.23 acres

Capital commitments as at 31 March 2014 were £0.601 million on Housing and £0.799 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

30 Capital Expenditure and Capital Financing

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

Capital expenditure was financed as follows:

	2013-14 £	2012-13 £
Opening capital financing requirement	208,825,538	208,827,712
Expenditure		
Intangible assets	76,069	76,110
Non-current assets	11,821,169	9,184,883
Revenue funded from capital under statute (REFCUS)	1,304,433	1,084,388
Long term debtors	0	1,450
Financing		
Capital Receipts	(3,984,335)	(1,999,165)
Revenue	(2,795,939)	(1,737,386)
Grant and contributions	(691,615)	(448,668)
Major Repairs Allowance	(5,548,118)	(5,512,300)
Reserves	(504,772)	(517,831)
Minimum Revenue Provision	<u>(135,922)</u>	<u>(133,655)</u>
	(459,030)	(2,174)
Internal financing from Housing capital receipts	694,478	0
Closing capital financing requirement	209,060,986	208,825,538
Increase/(decrease) in underlying need to borrow	235,448	(2,174)

Legislation allows some items to be funded from capital resources that under normal accounting practice would be charged to surplus or deficit on the provision of Services; expenditure for this purpose is shown below.

	2013-14 £	2012-13 £
Balance as at 1 April	0	0
Improvement Grants	774,914	618,679
Other	529,519	465,709
Written out	(1,304,433)	(1,084,388)
Balance as at 31 March	0	0

31 Inventories

The Council's inventories at 31 March are shown below:

2012-13 £		2013-14 £
51,137	DSO - Recycling and refuse bins and sacks	38,167
1,910	Catering	1,882
4,444	Post	7,472
0	Fuel	(452)
57,491		47,069

32 Short Term Debtors

31 March 2013	Debtors	31 March 2014
£		£
586,856	Government Departments - other	675,161
192,109	Government Departments - Business Rates	3,608,311
129,176	Council Tax	143,668
0	Business rates	500,364
364,607	Housing Rents	429,733
63,918	Cambridgeshire County Council	751,732
0	Cambridgeshire Fire Authority	72,166
0	Cambridge City Council	70,000
3,070,451	Sundry Debtors	1,558,839
4,407,117		7,809,974
	Provision for Doubtful Debts	
(53,585)	Council Tax -District Council share	(316,302)
0	Business Rates- District Council share	(1,662,850)
(316,067)	Housing	(339,778)
(1,259,197)	Sundry Debtors	(1,428,906)
(1,628,849)		(3,747,836)
2,778,268	Total Debtors	4,062,138

The credit risk associated with accounts payable to the Council is reflected in the provisions made in the accounts for doubtful debts the methodology applied being given in Note 37.

33 Short Term Creditors

31 March 2013 £		31 March 2014 £
(1,278,829)	Government Departments - other	(657,078)
0	Government Departments - Business Rates	0
(88,064)	Council Tax	(110,143)
0	Business Rates	(471,776)
(207,338)	Housing Rents	(640,752)
(524,674)	Cambridgeshire County Council	(616,500)
(11,638)	Cambridgeshire Police Authority	(93,501)
(4,476)	Cambridgeshire Fire Authority	(33,358)
(88,042)	Cambridge City Council	(14,301)
(4,703,882)	Sundry Creditors	(3,915,922)
(206,716)	Provision	(177,702)
(1,556,615) **	Developers Contributions	(2,156,405)
(8,670,274)	Total Creditors	(8,887,438)

Developer's contributions

**Developers' contributions are monies received from developers under section 106 of the Town and Country Planning Act 1990 which contribute to the infrastructure costs for drainage and to community arts and development and are detailed below:

	Balance at 31 March 2013 £	Movement during year £	Balance at 31 March 2014 £
Capital			
Commuted Sums	(81,989)	0	(81,989)
Partnership works on Awarded Watercourses	(307,236)	(7,762)	(314,998)
Drainage	0	(20,220)	(20,220)
Affordable Housing S106	(975,753)	(546,575)	(1,522,328)
Revenue			
Sustainability S106 Orchard Park	(68,908)		(68,908)
Public Art S106 Orchard Park	(77,094)	27,450	(49,644)
Community Development S106	(11,517)		(11,517)
Electoral Arrangements	(7,216)	(8,749)	(15,965)
Waste Management	(26,902)	(43,934)	(70,836)
	(1,556,615)	(599,790)	(2,156,405)
Capital	(1,364,978)	(574,557)	(1,939,535)
Revenue	(191,637)	(25,233)	(216,870)
	(1,556,615)	(599,790)	(2,156,405)

34 Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts which have been netted off debtors, and Accumulated Compensated Absences of £221,318 as shown in the Balance Sheet and Note12.

35 Contingent Liabilities

Contingent liabilities as at the balance sheet date include:

1. the Council has an equity share scheme for the elderly under which Council owns part shares in approximately 296 properties. The terms of the leases include an obligation for the Council to buy back the equity share upon surrender by the tenant or his/her executors. There are also other equity share schemes covering approximately 73 properties where a similar obligation exists. The Council would then look to resell the properties under the equity share schemes so that the in and out transactions would have had an approximately nil financial effect.

During 2010-11, 213 properties were transferred from the Housing Revenue Account to the General Fund. Any potential liability relates to the remaining properties in the Housing Revenue Account and cannot be quantified at this time;

2. The Council is a defendant in proceedings brought by a group of property search companies for refunds of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of approximately £135,861 plus interest and costs. This group of property search companies 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.

36 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2013-14.

2012-13 £		2013-14 £
	Credited to services	
	Department for Work and Pensions	
(33,854,723)	Housing Benefit Administration, Discretionary and Fraud	(27,742,850)
	Cabinet Office	
0	Electoral registration	(16,847)
	Department for Environment, Food and Rural Affairs	
0	Section 31 Grant	(7,131)
	Department of Communities and Local Government	
(217,420)	NNDR Cost of Collection Allowance	(218,656)
(5,258)	Homelessness	0
(3,000)	Council tax /Business Rates	(49,411)
(306,910)	Improvement Grant	(248,717)
	Cambridgeshire County Council	
(20,540)	Building Safer, Stronger Communities Fund	0
(30,000)	LPSA Reward Grant	0
(864,925)	Other contributions	(39,885)
	Cambridge Horizons and Department of Communities and Local Government	
(195,074)	Growth Agenda/ New Communities	0
	Private Sector	
(219,487)	S106 contributions	(25,750)
0	Other	(19,702)
(252,961)	Contributions from other authorities	(425,830)
(35,970,298)		(28,794,779)
	Credited to Taxation and Non-specific Grant Income	
	Department of Communities and Local Government	
(102,919)	Revenue Support Grant	(3,425,857)
(1,690,923)	New Homes Bonus	(2,665,899)
0	Other non-ringfenced Government Grant	(523,954)
(13,420)	New Burdens	0
(175,479)	Council Tax Freeze Grant	0
(50,470)	Local Services Support Grant	(54,756)
(2,033,211)		(6,670,466)

37 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Council has the following financial instruments:

- financial liabilities: trade payables and long term borrowing
- financial assets: loans and receivables comprising bank deposits, trade receivables, investments and long term mortgages

The Council has given interest free loans, repayable on the sale/transfer of charged properties, which have not been classified as financial instruments. These loans are included in the balance sheet as long term debtors', the outstanding amount was £324,542 as at 31 March 2014 (£356,667 in 2012-13).

Categories of Financial Instrument

The following categories of financial instrument are carried in the balance sheet:

	Long Term		Current	
	31 March 2014 £,000	31 March 2013 £,000	31 March 2014 £,000	31 March 2013 £,000
Investments				
Loans and receivables	2,000	2,000	25,127	20,932
Debtors				
Loans and receivables	0	0	2,300	3,499
Borrowings				
Long term borrowing	(205,123)	(205,123)	0	0
Creditors and receipts in advance				
Financial liabilities at amortised cost	0	0	(4,988)	(5,059)
	(203,123)	(203,123)	22,439	19,372

Income, Expense, Gains and Losses

The following items of income, expense, gain or loss are reflected in the comprehensive income and expenditure statement in respect of financial instruments.

	2013-14		2012-13	
	Financial liabilities at amortised cost £	Financial Assets, loans & receivables £	Financial liabilities at amortised cost £	Financial Assets, loans & receivables £
Interest expense	7,192,805	0	7,192,805	0
Total expense in surplus or deficit on the provision of services	7,192,805	0	7,192,805	0
Interest income		(438,563)	0	(679,682)
Total income in surplus or deficit on the provision of services	0	(438,563)	0	(679,682)

Fair Value of Assets and Liabilities

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

For trade payables, bank deposits and trade receivables, being of short duration, and for long term mortgages, being at variable rates, the carrying value in the balance sheet is considered approximate to their fair value.

For investments, which are mainly at fixed rates, fair value has not been calculated and the Code has not been complied with in this respect.

Estimated ranges of interest rates at 31 March 2014 of 3.36% to 3.37% (2.94% to 3.13% at 31 March 2013) for loans from the Public Works Loans Board based on premature repayment rates at that date.

Fair value is the amount determined by knowledgeable, willing parties in an arm's length transaction.

The fair values are calculated as follows:

	31 March 2014		31 March 2013	
	Carrying amount £,000	Fair value £,000	Carrying amount £,000	Fair value £,000
Financial liabilities at amortised cost				
Creditors and receipts in advance	(4,988)	(4,988)	(5,059)	(5,059)
Long term borrowing	(205,123)	(209,804)	(205,123)	(223,481)
Loans and receivables				
Current debtors	2,300	2,300	3,499	3,499
Current investments	25,127	25,127	20,932	20,932
Long term investments	2,000	2,000	2,000	2,000

The fair value of the liabilities is greater than the carrying amount because the Council's loan portfolio includes fixed rate loans where the interest rate payable is greater than the prevailing rates at the balance sheet date.

The financial risks arising from financial instruments are:

a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the up-most limit not more than £7.5 million of its surplus balances to any one institution.

With no historical experience of default, the exposure to credit risk on bank deposits and investments is not considered material. The main exposure to credit risk relates to housing rents where a provision for bad debts is made.

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt, detailed in Note 32, based on an assessment of the risks for each type and the age of those debts, the Council does not generally extend credit beyond 21 days.

b) Financial assets that are either past due or impaired

There are no impaired financial assets or material past due financial assets.

c) Liquidity Risk

All trade and other payables are due to be paid in less than one year. The PWLB loans have maturities of between 25 and 45 years as detailed in Note 39, interest being paid half yearly, a Repayment Reserve being used to manage the future repayment of principal.

d) Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments as most investments are at fixed rates. Movement in interest rates can have an impact on the Council's interest receipts from investments; for example, 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 (but the carrying amount will not change)

As most investments are at fixed rates, a sensitivity analysis for interest rate changes has not been carried out.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget which is used to update the Council's medium term financial strategy periodically during the year, this allows any adverse changes to be accommodated.

Price risk and foreign exchange risk are not applicable.

38 Nature and extent of risks arising from Financial Instruments

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

Investments

The following shows the original principal sum invested at 31 March analysed by the nature of the financial institution and by maturity, these investments are fixed time and callable deposits where the deposits are redeemed for the same value as the amount invested. The deposits are with United Kingdom banks and building societies and, therefore, no provision is made for possible loss of principal.

31 March 2013 £		31 March 2014 £
	Local Authorities	
17,111,906	Clearing Banks	15,099,502
0	Banks, other	2,504,842
75,694	Money Market Funds	1,380,662
	Building Societies with assets:	
6,089,112	greater than £10,000 million	9,521,932
0	between £1,500 million and £5,000 million	1,000,725
110	Government Securities	110
<u>23,276,822</u>		<u>29,507,773</u>
	Less:	
(75,694)	Cash and cash equivalents	(2,380,706)
<u>23,201,128</u>	Total	<u>27,127,067</u>
	Principal Investments analysed by maturity	
21,000,000	2013/14	0
2,000,000	2014/15	27,000,000
110	Government Securities	110
<u>23,000,110</u>		<u>27,000,110</u>
201,018	Accrued interest	126,957
<u>23,201,128</u>		<u>27,127,067</u>

39 Long Term Liabilities

2012-13 £		Note	2013-14 £
(45,399,000)	Liability related to defined benefit pension scheme	23	(48,245,000)
(25,800)	Deferred Liability -Pension		(11,418)
<hr/>			
(45,424,800)			(48,256,418)
(205,123,000)	Borrowing for HRA Self Financing		(205,123,000)
<hr/>			
(250,547,800)			(253,379,418)

Long term borrowing

Housing Revenue Account self-financing has given the Council an obligation to pay the Government a lump sum to 'buy out' of a negative housing subsidy position, the Council has obtained 41 individual loans with maturity dates between 2037 and 2057 from the Public Works Loan Board (PWLB) to finance the one-off payment. The loans have been included in the Balance Sheet at fair value, administration charges have been charged directly to the Housing Revenue Income and Expenditure Account.

An analysis of the PWLB long term liability is provided below:

Financial Instrument PWLB loan	£,000'
Repayable in 25 years	25,000
Repayable within 30 years	50,000
Repayable within 35 years	50,000
Repayable within 40 years	50,000
Repayable within 45 years	30,123
Total commitment	205,123

Supplementary Financial Statements

- **Housing Revenue Income and Expenditure Account**
- **Collection Fund**

Housing Revenue Income and Expenditure Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Restated * 2012-13		£	2013-14	£
	INCOME			
(25,433,115)	Dwelling Rents (Gross)	(26,703,252)		
(379,956)	Non-dwelling Rents (Gross)	(382,405)		
(1,559,110)	Charges for Services and Facilities	<u>(1,401,018)</u>		(28,486,675)
	Contributions towards expenditure			
(150,344)	General Fund	(149,614)		
(210,000)	Other Sources	<u>(291,216)</u>		(440,830)
<u>(27,732,525)</u>	Total Income			<u>(28,927,505)</u>
	EXPENDITURE			
3,686,006	Repairs and Maintenance			3,860,700
	Supervision and Management			
1,807,240	General			1,868,236
712,512	Repairs and Maintenance			988,910
2,261,370	Special Services			2,123,673
103,223	Rent, Rates and Other Charges			169,094
(1,384,732)	Depreciation and impairment of Non-Current Assets	Notes 40 & 43		2,503,800
6,908	Transfer of DLO deficit			0
27,050	Treasury Management Costs			28,611
58,524	Increased/(Decreased) Provision for Bad or Doubtful Debt			79,870
<u>7,278,101</u>	Total Expenditure			<u>11,622,894</u>
	Net Expenditure or Income of HRA Services as included in the whole authority			
<u>(20,454,424)</u>	Income and Expenditure Account			<u>(17,304,611)</u>
453,393	HRA services share of Corporate and Democratic Core			530,996
(1,349)	Mortgage Interest			(1,125)
<u>(20,002,380)</u>	Net Expenditure or Income of HRA Services			<u>(16,774,740)</u>
(378,325)	Loss/(Gain) on sale of HRA non-current assets	Note 5		(1,353,880)
7,192,805	Interest payable on Self Financing Debt	Note 8		7,192,805
(13,329)	Interest and Investment Income			(25,673)
	Pensions Interest Cost and Expected Return on			
324,887 *	Pension Assets			393,202
(109,850)	Capital grants and contributions	Note 5		(412,578)
<u>(12,986,192)</u>	Deficit/(surplus) for the year on HRA services			<u>(10,980,864)</u>

Statement of Movement on the Housing Revenue Income and Expenditure Account

Additional items required by statute and proper practices to be taken into account in determining the movement in the Housing Revenue Account balance;

Restated 2012-13 £		Note	2013-14 £
(12,986,192)	(Surplus)/deficit for the year on the HRA Income and Expenditure Account		(10,980,864)
(5,308)	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute		(5,916)
11,505,731	Impairment taken to Capital Adjustment Account		7,873,983
378,325	(Loss)/gain on sale of HRA non-current assets		1,353,880
(312,234) *	HRA share of contributions to the Pensions Reserve		(438,238)
(4,608,699)	Transfer from Major Repairs Reserve/Capital Asset Accounting Adjustment		(4,829,666)
1,681,008	Capital expenditure funded by the Housing Revenue Account		2,549,102
109,850	Adjustments between accounting basis and funding basis under statute	5	412,578
	Net increase or decrease before transfers to or from reserves		(4,065,141)
(4,237,519)	Transfer to reserves	46	4,000,000
262,481	Decrease/(increase) in the Housing Revenue Account balance for the year		(65,141)
(2,689,954)	Housing Revenue Account balance brought forward		(2,427,473)
(2,427,473)	Housing Revenue Account balance carried forward		(2,492,614)

The Collection Fund

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

Council Tax 2012-13 £		Business Rates 2013-14 £	Council Tax 2013-14 £	Total 2013-14 £
	Income			
(84,580,062)	Council Tax Receivable	0	(89,310,516)	(89,310,516)
(6,197,010)	Transfers from General Fund Council Tax Benefits	0	0	0
(65,310,765)	Business Rates Receivable	(67,576,796)		(67,576,796)
		(67,576,796)	(89,310,516)	(156,887,312)
	Expenditure			
	<i>Apportionment of previous years surplus/ (deficit)</i>			
0	Central Government	0	0	0
(382,742)	Cambridgeshire County Council	0	(79,178)	(79,178)
(21,139)	Cambridgeshire & Peterborough Fire Authority	0	(4,354)	(4,354)
(61,938)	Cambridgeshire Police Authority	0	(12,810)	(12,810)
(66,074)	South Cambridgeshire District Council	0	(13,352)	(13,352)
		0	(109,694)	(109,694)
	<i>Precepts, Demands and Shares</i>			0
65,093,345	Payment to National Pool	0	0	0
0	Central Government	35,060,758	0	35,060,758
65,574,369	Cambridgeshire County Council	6,310,936	63,320,139	69,631,075
3,605,633	Cambridgeshire & Peterborough Fire Authority	701,215	3,698,812	4,400,027
10,608,986	Cambridgeshire Police Authority	0	10,241,669	10,241,669
7,019,160	South Cambridgeshire District Council	28,048,606	6,947,042	34,995,648
4,039,148	Special Expenses- Parish Precepts	0	4,233,499	4,233,499
		70,121,515	88,441,161	158,562,676
	<i>Charges to Collection Fund</i>			
82,468	Write offs of uncollectable amounts	394,875	136,309	531,184
41,370	Increase/ (Decrease) in bad debt provision	57,511	38,029	95,540
0	Increase/(Decrease) in Provision for Appeals	4,000,861	0	4,000,861
217,420	Cost of Collection	218,656	0	218,656
		4,671,903	174,338	4,846,241
(337,831)	(Surplus)/ Deficit arising during the year	7,216,622	(804,711)	6,411,911
335,198	(Surplus)/ Deficit at brought forward 1 April	0	(2,633)	(2,633)
(2,633)	(Surplus)/ Deficit at carried forward 31 March	7,216,622	(807,344)	6,409,278

Collection Fund balance:

Attribution of (surplus) / deficit carried forward:

2012-13		Business	Council	
		Rates	Tax	
£		2013-14	2013-14	2013-14
		£	£	£
0	Central Government	3,608,311	0	3,608,311
(1,255)	Cambridgeshire County Council	649,496	(578,213)	71,283
(345)	Cambridgeshire & Peterborough Fire Authority	72,166	(33,538)	38,628
(200)	Cambridgeshire Police Authority	0	(93,501)	(93,501)
(1,800)		4,329,973	(705,252)	3,624,721
(833)	District Council	2,886,649	(102,092)	2,784,557
(2,633)	Deficit/(Surplus)	7,216,622	(807,344)	6,409,278

The surplus relating to council tax transactions and deficit relating to business rates due to Central Government, Cambridgeshire County Council, Cambridgeshire Police Authority and Cambridgeshire Fire Authority on the Collection Fund as at 31 March 2014 is included as a creditor or debtor in the Council's Balance Sheet and will be distributed in subsequent financial years.

Notes to Supplementary Statements

- **Notes to the Housing Revenue Income and Expenditure Account**

- **Notes to the Collection Fund**

Notes to the Housing Revenue Account (HRA)

40 Housing stock

The Housing Revenue Account includes all the expenditure and income associated with the following stock of Housing Revenue Account dwellings:

	As at 31 March 2013	Conversions/ transfers during year	Additions during year	Disposals/ adjustments during year	As at 31 March 2014
1 Bedroom	1,074	0	7	(3)	1,078
2 Bedroom	2,296	2	10	(4)	2,304
3 Bedroom	1,947	(4)	1	(21)	1,923
4 or more bedrooms	78	1	0	0	79
	5,395	(1)	18	(28)	5,384

Disposals

Right to Buy	28
Equity Share	0
Other	0
	28

The total balance sheet values of dwellings and other property and land within the HRA are;

31 March 2013			31 March 2014	
Asset value	Depreciation		Asset value	Depreciation
£	£	Note	£	£
Property, Plant and Equipment				
372,528,369	10,114,332		373,360,180	10,371,466
	(10,114,332)	Council Dwellings (HRA only)		(10,371,466)
		Depreciation adjustment on revaluation		
4,296,000	6,667	Other Land and Buildings	4,418,750	6,318
	(6,667)	Depreciation adjustment on revaluation		(6,318)
60,150	0	Surplus assets held, not for sale	90,500	0
376,884,519	0		377,869,430	0

In 2013-14, depreciation on buildings is based on the asset lives as assessed by the District Valuer. Land is not depreciated.

The dwellings are valued in accordance with Guidance on Stock Valuation for Resource Accounting issued by the Office of the Deputy Prime Minister. This requires the dwellings to be valued at open market value with vacant possession, which is then adjusted to reflect tenancies at less than open market rents by using an adjustment factor based on the ratio of local authority rents to open market rents for the relevant region. The adjustment factor for the eastern region is 39%.

The value of council dwellings (Housing Revenue Account) at 31 March 2014, based on vacant possession, was £957,333,850.

41 Capital expenditure, financing and receipts

Capital expenditure and financing relating to the HRA during the financial year was:

	2013-14 £	2012-13 £
Opening capital financing requirement	205,123,000	205,123,000
Expenditure		
Acquisition of land	325	0
New build - dwellings	391,443	
Acquisition of existing dwellings	2,188,712	357,110
Improvement of housing stock and other buildings	7,514,517	6,891,329
Financing		
Capital Receipts	(1,680,000)	(30,277)
* Revenue	(2,454,301)	(1,596,012)
Grant and contributions	(412,578)	(109,850)
Major Repairs Allowance	(5,548,118)	(5,512,300)
GF Internal Financing	(694,478)	0
	(694,478)	0
Closing capital financing requirement	204,428,522	205,123,000

*In addition, £94,801 was spent relating to the HRA contribution to capital expenditure on IT and software, and £14,104 charged to the General Fund relating to other improvements.

Capital receipts relating to the HRA during the financial year were:

	2013-14 £	2012-13 £
Sale of Land	113,600	95,565
Sale of dwellings		
Right to Buy	3,449,379	2,514,810
Other	0	156,163
	3,562,979	2,766,538

42 Impairment

Impairment is a reduction in the value of non-current assets. When this occurs through the clear consumption of economic benefit or through market value reduction, it has been identified and is written off against any revaluation gains in the Revaluation Reserve for that (group of) asset(s) until the gain is reduced to zero and then any balance is charged to Housing Revenue Income and Expenditure Account.

2012-13 £	Operational assets	2013-14 £	2013-14 £
	Impairment charged to Housing Revenue Income		
(11,505,731)	and Expenditure Account (net)	(7,873,658)	
<u>733,802</u>	Impairment charged to Revaluation Reserve	<u>7,003,647</u>	(870,011)
	Non-operational assets		
	Impairment charged to Housing Revenue Income		
0	and Expenditure Account (net)	(325)	
0	Impairment charged to Revaluation Reserve	<u>0</u>	(325)
<u>(10,771,929)</u>			<u>(870,336)</u>

2012-13 £		2012-13 £
	Impairment charged to Housing Revenue Income	
(11,505,731)	and Expenditure Account (net)	(7,873,983)
<u>733,802</u>	Impairment charged to Revaluation Reserve	<u>7,003,647</u>
<u>(10,771,929)</u>		<u>(870,336)</u>
	Operational and Non-operational assets	
633,825	Impairment	9,422,562
<u>(11,405,754)</u>	Impairment reversal	<u>(10,292,898)</u>
<u>(10,771,929)</u>		<u>(870,336)</u>

43 Major Repairs Reserve

Previously, within the housing subsidy scheme, there was an annual allowance for major repairs which could only be used for expenditure on major repairs and/or improvements to Housing Revenue Account dwellings. The housing subsidy scheme and, therefore the Major Repairs Allowance, ceased at the end of 2011-12 with the advent of the Self Financing regime. In 2012-13 the Council was required to charge

the Housing Revenue Account a notional amount for depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvement works. The transition period will continue till 2017-18, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2018-19.

2012-13	2013-14
£	£
0 Balance at 1 April	0
(10,120,999) Transfer to Capital Adjustment Account	(10,377,784)
4,608,699 Amount transferred to Statement of Movement on the HRA balance	4,829,666
5,512,300 HRA Capital expenditure charged to Major Repairs Reserve	5,548,118
0 Balance at 31 March	0

44 HRA share of contributions to or from the Pensions Reserve

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of International Accounting Standard 19 (IAS 19) Employee Benefits has no effect on the deficit/surplus for the year.

In view of the uncertainty over future pension costs, an additional 3.3% of pensionable pay has been charged against the Housing Revenue Account and placed in a reserve for use in future years (Note 6).

45 Rent arrears on dwellings

As at 31 March 2013 £		As at 31 March 2014 £
£364,607	Arrears	£429,733
1.35%	Arrears as a percentage of gross rents collectable	1.53%
£270,000	Provision for uncollectable amounts	£300,000

46 Movement in Reserves Statement – transfers (to)/from Earmarked Reserves

This note sets out the amount set aside from the Housing Revenue Account balances in Earmarked Reserves to provide financing for future expenditure plans.

	31 March 2013 £	Transfers out 2013-14 £	Transfers in 2013-14 £	31 March 2014 £
Revenue				
Self-Insurance Reserve	(1,000,000)	0	0	(1,000,000)
Investment/Repayment Reserve	(3,500,000)	0	(4,000,000)	(7,500,000)
	(4,500,000)	0	(4,000,000)	(8,500,000)
Revenue	(4,500,000)	0	(4,000,000)	(8,500,000)
	(4,500,000)	0	(4,000,000)	(8,500,000)

Notes to the Collection Fund Account

47 General

This account represents the transactions of the Collection Fund, which have been prepared on the accruals basis.

48 Council tax

The Council Tax is raised to finance local authority net expenditure which is not met from government grants, and there is one bill for each dwelling based on the valuation band in which the dwelling is placed. There is a discount scheme for dwellings with fewer than two liable persons, a benefit scheme for persons on low incomes and a reduction for people with disabilities.

The Council Tax base for tax setting purposes is calculated as:

Band	Valuation	Number of dwellings adjusted for discount, exemptions, etc.	Ratio to Band D	Band D equivalents
-A	Upto £40,000	3.0	5/9	1.7
A	Upto £40,000	1,517.2	6/9	1,011.4
B	£40,001 - £52,000	5,188.2	7/9	4,035.3
C	£52,001 - £68,000	15,331.6	8/9	13,628.1
D	£68,001 - £88,000	10,461.6	9/9	10,461.6
E	£88,001 - £120,000	9,771.4	11/9	11,942.8
F	£120,001 - £160,000	6,718.3	13/9	9,704.2
G	£160,001 - £320,000	3,837.4	15/9	6,395.7
H	More than £320,000	334.3	18/9	668.6
		<u>53,163.0</u>		<u>57,849.4</u>

Assumed rate of collection 99.5%

Tax base for tax setting purposes (number of Band D equivalent dwellings)	57,560.1
Tax rate for a Band D property	<u>£1,536.27</u>
Estimated income due	<u>£88,427,919</u>

Actual income due	
Net of write offs and provisions	£89,136,179
	<u>£89,136,179</u>

Difference in income due to variations in tax base and rate of collection	<u>£708,260</u>
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49 Income from business rates

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. The total non-domestic rateable value as at 31 March 2014 was £173,348,043 and the standard uniform rate was 47.1 pence in the £, and the small business uniform rate 46.2 pence in the £.

Changes to Retained Business Rates

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. It also enables local authorities to implement tax increment financing, giving the ability to undertake borrowing against future business rates growth, supported by the forecast tax increment that accrues from additional development.

The new arrangements for the retention of business rates came into effect on 1 April 2013, at which time the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which includes amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities has been recognised in the 2013-14 accounts.

Glossary of Financial Terms and Abbreviations

Accounting Period

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

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured, and where in the revenue account or balance sheet it is to be presented.

Accounting Standards

A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Act of Parliament and in professional codes and statements of recommended practices. These make comparability, among other things, possible.

Accruals

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

Actuarial gains and losses

For a defined benefit pension scheme; the changes in actuarial deficit or surplus that arise because:

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

Capital Charges

A depreciation charges made to service revenue accounts based on the value of the assets they use.

Capital Expenditure

The expenditure on new assets such as land, buildings, vehicles, plant or equipment, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

Capital Receipt

Income received from the sale of capital assets such as council houses, land or other buildings.

Contingent Liabilities

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

Creditors

Amounts owed by the Council at 31 March for goods or services rendered but not yet paid for.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Debtors

Amounts owed to the Council which are collectable or outstanding at 31 March.

Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contributions scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

The estimated losses in value of an asset due to age, deterioration or obsolescence.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Non-current Asset

Assets which can be expected to be of use or benefit to the Council in providing its service for more than one accounting period.

Government Grant

Payments by central government towards local authority expenditure. Grants may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

Impairment

An asset is impaired when the amount at which an asset is recognised in the Balance Sheet is higher than the asset value.

Inventories

Stock held by the Council e.g. refuse or recycling bins

Operating Lease

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

Glossary of Financial Terms and Abbreviations (continued)

Precepting Authorities

Those authorities which are not billing authorities, for example County Councils, Fire, Police, Parish and Town councils.

Precepts

The levy made by precepting authorities on billing authorities, for example District Councils, requiring the billing authority to collect income from council tax payers on their behalf.

Provisions

Monies set aside for liabilities which are likely to be incurred but where exact amounts or dates are uncertain.

Reserves

Amounts set aside in the accounts for the purpose of meeting future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Revenue Expenditure

Spending on day to day items including employee's pay, premises costs and supplies and services.

Revenue Expenditure funded from capital under statute

Capital expenditure for which there is no tangible asset, for example renovation grants.

Revenue Support Grant

The main grant paid by central government to a local authority towards the costs of its services.

Abbreviations used in the accounts

CAA

Capital Adjustment Account

CIPFA

Chartered Institute of Public Finance and Accountancy

The Code

Code of Practice on Local Authority Accounting

DLO

Direct Labour Organisation

DSO

Direct Service Organisation

HRA

Housing Revenue Account

IFRS

International Financial Reporting Standards

IAS

International Accounting Standards

MRA

Major Repair Allowance

NNDR

National Non-Domestic Rates (Business Rates)

RR

Revaluation Reserve