Statement of Accounts
2013/14

STAFFORDSHIRE
moorlands
district council
ACHIEVING EXCELLENCE
INVESTORS IN PEOPLE | Gold

Contents

Welcome to the 2013/14 Statement of Accounts

Welcome to the Council's Statement of Accounts for the year ended 31 March 2014. We do hope that you will find the accounts interesting and informative. The accounts, together with the accompanying notes, explain the Council's services and how it spent your council tax during the year.

The Council continues to be recognised for its sound financial management at a time of severe economic pressure and for providing good value services. The Council remains committed to continuous improvement in all areas and to drive forward best practice and value for money for the services delivered in Staffordshire Moorlands.

Staffordshire Moorlands Council provides services for 95,860 residents (*2011 Census*), and the many visitors to the District; including waste collection, recycling, planning, leisure, recreation and environmental health. The Council covers a geographical area of 57,624 hectares, which includes 43 parishes. Residents are represented by 56 Members and served by 200 employees.

The Council achieved efficiency savings in excess of £503,000 for 2013/14, which is around 4.5% of the original budget. The update of our Medium Term Financial Plan provides a clear strategic direction for the Council finances through to 2016/17. We are working hard to achieve the challenging savings targets we have set ourselves for both to meet the financial pressures placed upon us by the reductions in government grant but also to keep Council Tax levels low for our residents.

In this light I am pleased to report that the District Council's element of the Council Tax for a Band D property remained unchanged for 2013/14 £139.53 this represented less than 10% of your total bill of £1,412.03.

It is pleasing to report that the Council achieved an underspend against its revenue budget for the year, despite the continued budget pressures arising from the recession and the subsequent pressure on our main income generating budgets.

Staffordshire Moorlands District Council delivered its 2013/14 services at a net underspend of £1,257,885. This underspend, generated through one off operational savings and the Council's efficiency programme, allowed a contribution to be made to revenue reserves. After in-year application of £2.379million to support capital expenditure, revenue reserves now stand at £3.273million which is available to meet future financial pressures and the costs of known commitments.

The Council delivered its capital expenditure programme for 2013/14 across a range of community, housing, leisure, environmental health and recreational investment projects at a cost of £5.911million. This reflects the importance the Council places on investing in future infrastructure for Staffordshire Moorlands residents.

Central Government spending cuts are on a scale not experienced for generations. The impact on the finances of Staffordshire Moorlands District Council is profound and 2013/14 saw a 6% reduction in Formula Grant – our largest source of income. The outlook for the future is equally bleak with further cuts over the next three financial years. Protecting frontline services and continuing to deliver value-for-money becomes hugely challenging in these circumstances but nevertheless remains the overriding aim for both Members and Officers alike.

In 2009 Staffordshire Moorlands District Council entered into a "Strategic Alliance" (the Alliance) with our neighbours, High Peak Borough Council. The primary aim of the Alliance is, through joint working, to drive through service improvements, whilst reducing costs in order to increase value-for-money and minimise future Council Tax increases. The arrangement – which has featured a fully integrated Joint Senior Management Team and widespread joint service delivery – crosses both county and regional boundaries. The Alliance sits at the heart of the Council's Efficiency and Rationalisation Strategy. To date the Alliance has enabled Staffordshire Moorlands District Council to realise efficiency savings of £2.52million. The Alliance continues to mitigate the need for significant increases in Council Tax.

I would like to express my thanks to Members and Officers for their dedication and hard work throughout the year, particularly in such challenging and difficult financial circumstances.

Thank you for showing an interest in the Council's finances. We trust that you will find this Statement of Accounts both interesting and informative.

Cllr Sybil Ralphs
Portfolio Holder for Finance and Resources

Andrew Stokes
Executive Director and Chief Finance Officer

Foreword by the Executive Director
(Chief Finance Officer)

The Statement of Accounts for the year ended 31st March 2014 has been prepared in accordance with the Accounts and Audit Regulations 2003. The format reflects the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom and the Service Accounting Code of Practice (2013/14), published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement of Accounts for 2013/14 is prepared on the basis of a suite of accounting standards, used across the world, known as the International Financial Reporting Standard (IFRS).

The Council's core financial statements, beginning at page 28, are listed below along with a brief explanation of their purpose:

- ***Movement on 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 reserves. The Surplus/(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 & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting and dwellings rent setting purposes. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to/from earmarked reserves undertaken by the council;

- ***Comprehensive Income & Expenditure Statement*** – this statement is fundamental to the understanding of the Council's activities, in that it reports the net cost for the year of all the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers;

- ***Balance Sheet*** - this explains the Council's financial position at the year-end. It provides details of the Council's balances and reserves and its long-term indebtedness. It also includes the fixed and net current assets employed in Council operations together with summarised information on the fixed assets held; and

- ***Cash Flow Statement*** - this illustrates the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

In addition, the Council is also required to produce one supplementary statement: -

- ***Collection Fund*** - this reflects the statutory requirement for the authority to maintain a separate account providing details of receipts of Council Tax and Business Rates and the associated payments to precepting authorities.

- ***Group Accounts*** – These statements show a set of consolidated Group Accounts for those subsidiaries, associates and joint ventures the Council has a material interest in. In 2013/14, the Council has just one material interest in Ascent Housing LLP; a joint venture in which it holds a 49% share.

Financial Summary 2013/14

The financial activities of the Council can be categorised as either Revenue or Capital:-

- Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year.
- Capital spending results in an asset, which will provide benefit to the District over a number of years.

Revenue Spending

In 2013/14 Local Authorities took over responsibility from Central Government for the payment of Council Tax benefit. Any changes in demand for these benefits would now impact on the level of income generated locally and not be met out of national resources. 2013/14 also saw the introduction of retained business rates as a direct funding stream for Councils. Instead of the rates collected being paid over to Central Government, as part of the national pool, Authorities were to retain a percentage of the income collected above a safety net level.
These legislative changes introduced uncertainties as to the actual levels of spend and income that would be achieved. Together with the ongoing requirement to become ever more cost effective these uncertainties formed the backdrop to the financial planning process for the year.

What we planned to spend

The Council set an original net Revenue budget for 2013/14 of £11,120,930 for spending on services. Subsequently £36,500, an unused balance brought forward from 2012/13, was allocated to services to support additional activities. This increased the budget to £11,157,430. It was anticipated that financing available from external grants and retained Council Tax and Business Rates would be £11,120,930 leaving £35,790 to be funded from reserves. This was to be achieved by transfers of £12,180 out of earmarked reserves and £23,610 from general reserves held as a contingency and to support spending over the medium term.

What we actually spent

Actual spend on activities during 2013/14 was £761,968 lower than anticipated. The under spend was due to savings made, often as a result of the Authority's efficiency programme, across the majority of Council services.

Funding levels achieved were £403,989 above expectations with the majority arising from better than anticipated levels of retained business rates accruing to the year.

	Budget £	Actual £	Variance £
Funding	(11,157,430)	(11,561,419)	(403,989)
Activities	11,157,430	10,395,462	(761,968)
Including;			
- to (from) reserves	(35,790)	1,130,170	(1,165,957)

The cumulative effect of this reduced spend was that instead of the authority reducing reserves by £35,790, as originally budgeted, they have actually increased by £1,165,957 to £6.24 million, as illustrated below:

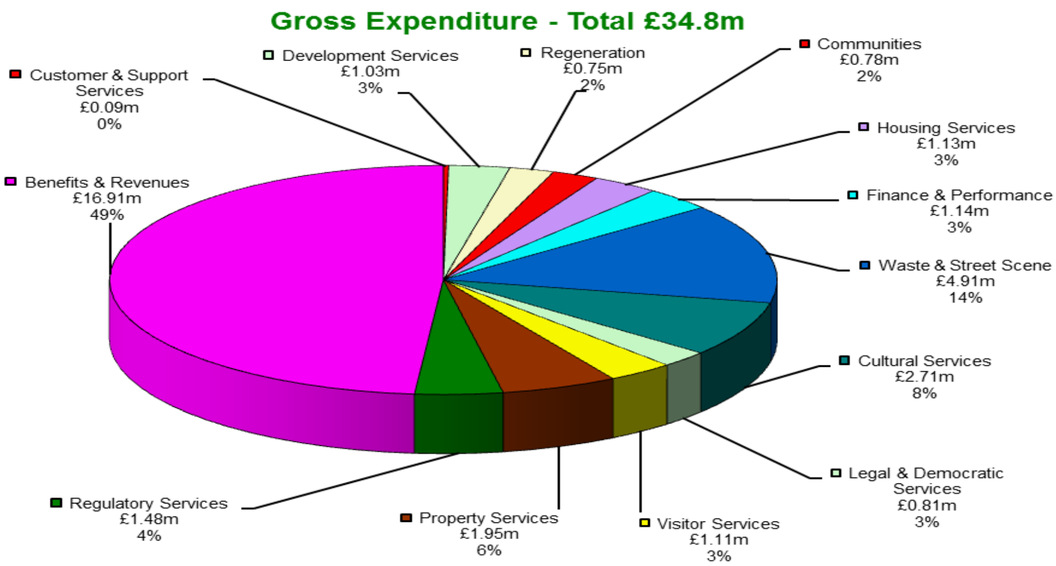
Revenue Reserves	Brought Forward £000	2013/14 Net Change £000	2013/14 Revenue Balance £000	2013/14 Applied to Capital £000	Carried Forward £000
Capital Support	3,079	0	3,079	(2,379)	700
Earmarked	2,179	(92)	2,087	-	2,087
General Revenue	2,200	1,257	3,457	-	3,457
	7,458	**1,165**	**8,623**	**(2,379)**	**6,244**

Both the capital and earmarked reserves have been built up over time to provide funding for future projects and specific activities in line with the Authority's medium term aims and objectives. During 2013/14 £2,379,770 of the Capital Support reserve was used to support the Authority's capital programme. The general revenue reserve is primarily held as a contingency to provide the Authority with operational funds and as a safeguard against financial risk. Current risk-based assessments set the Council's need for a revenue contingency at £1million. At the end of 2013/14 the reserve stood at £3.457million, which means that a surplus of £2.457million is potentially available to support future spending plans. Of this £486,000 has been earmarked for specific purposes, such as supporting future pension liabilities. A further £48,000 relates to a small number of projects that were not completed in 2013/14 where the budgets are to be applied in 2014/15. As illustrated in the table below this leaves £1.923million of general reserves available to support future activities.

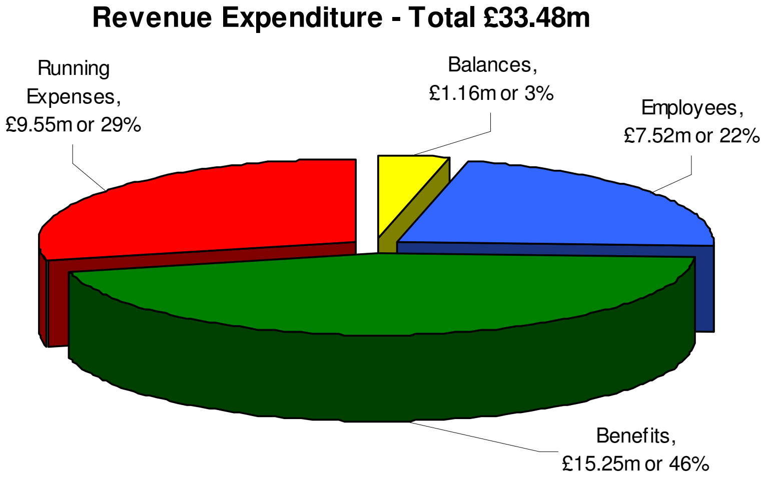
Revenues Reserves	Earmarked £000	General £000	Total £000
Year End	2,087	3,457	5,544
Redesignated	486	(486)	0
Minimum Contingency		(1,000)	(1,000)
Budget Carry Forward		(48)	(48)
	2,573	**1,923**	**4,496**

How the money was spent

The Comprehensive Income & Expenditure Statement (page 30*)* summarises the resources that have been generated and consumed in providing services and managing the Council this year. It shows Gross Expenditure for the year was £34.8million across the eight defined service areas. These are common to all councils to facilitate comparison, but they do not match the service areas around which this Council is organised. The chart below illustrates the profile of total expenditure based on the structure of this Council.



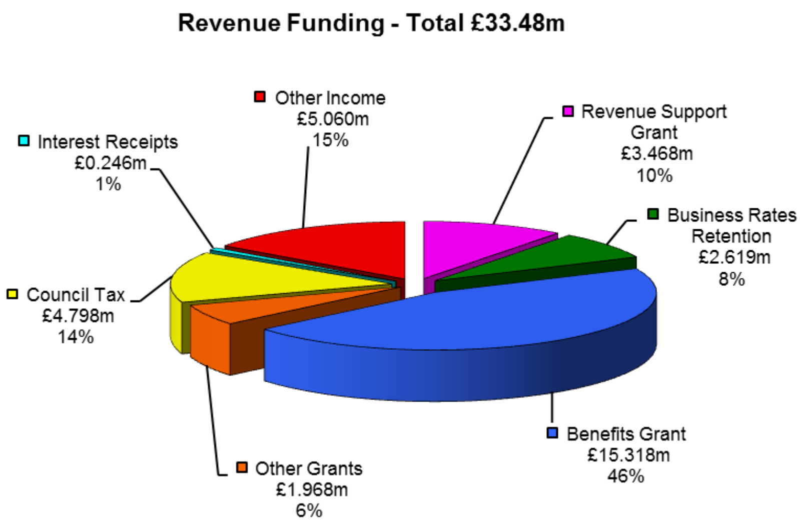
Gross expenditure includes nominal charges made for the use of capital assets and future pension liability. Their inclusion is a requirement to allow comparison between Councils as to the true cost of providing services. Statutory provisions however require that such charges are excluded from the amount charged to Council Taxpayers. These charges are removed to determine actual Revenue expenditure.



Revenue expenditure for the year was £33.48million. Although this figure is not separately identified in any of the statements, it represents actual revenue resources applied during the year. The three main categories of spending are employee costs, running expenses and housing benefit payments. Running expenses include maintenance of buildings, vehicle costs, and supplies and services. The chart opposite illustrates the proportion in which expenditure was incurred on these categories of expenditure. The largest element at £15.25million is the payment of benefits on behalf of Central Government. This is some £5million less than in 2012/13 reflecting the fact that in 2013/14 the responsibility for the distribution of Council Tax Benefit was moved to the Authority leaving Housing Benefits to be distributed on behalf of Central Government.

How it was paid for

Central Government provided the majority of funding. It supported general expenditure through the Revenue Support Grant (RSG). Other Government grants were received to support specific service areas, including the largest grant – Housing Benefits – at £15.32 million. The Authority reported £2.62million collectable income from the newly introduced Business Rates retention scheme. This is some £395k above original expectations but includes an accrual of £182k against future Business Rates income.



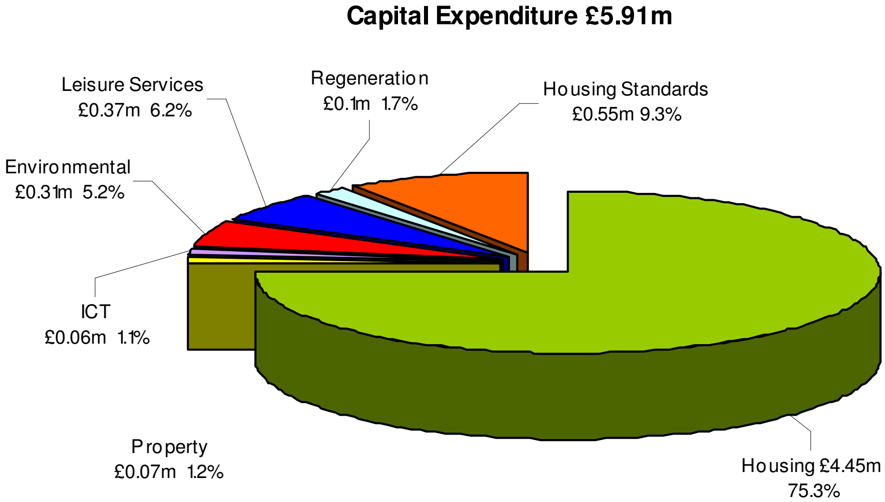
Capital Spending

Capital spending either maintains or creates new assets that will contribute to the Council's aims and objectives over more than one year. The Council therefore plans and budgets for capital expenditure by means of a three-year 'rolling' capital programme. This programme was last updated in February 2014 and included capital commitments of £27million with estimated capital spending in 2012/13 of £5.085million.

How the money was spent

The actual spending in 2013/14 was £5.911 million. This spend exceeded that budgeted for the year owing to the re-profiling, within the overall programme, of support given to the Affordable Housing joint venture. Major areas of capital expenditure and significant individual projects included:

- Housing – funding of Ascent Housing LLP the joint venture company set up with the Your Housing Group to provide Affordable Housing in the District, (£4.453m);
- Leisure Services – investment in Sports villages (£0.366m)
- Environmental Health – disabled facilities grants (£0.547m)

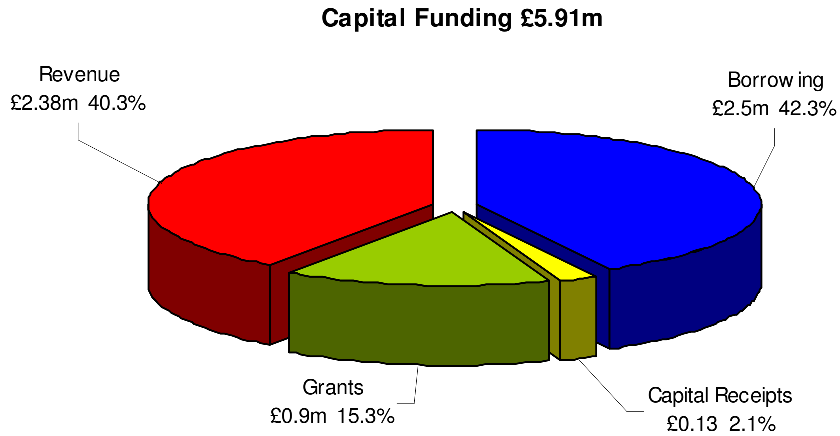


- Environment Services – improvements to Fowlchurch Depot (£0.306m)

How it was paid for

There are a number of sources by which the Council can fund capital expenditure. The funding of the 2013/14 capital programme is illustrated below:

- Revenue Reserves – over time the Council built up a £3.079million revenue reserve, for the purpose of supporting future capital projects, of which £2.379million has been applied to fund the 2013/14 programme.
- Borrowing – the Council has borrowed £2.5million to provide funding for Ascent Housing LLP as part of its affordable housing strategy.



Joint Venture

On 21st September 2010 the Council formally entered, through the incorporation of Ascent Housing LLP, into a joint venture with Your Housing Group. The Council has 49% of the shareholding in this Limited Liability Partnership and appoints two out of the four executive board directors. This joint venture is the Authority's main vehicle for the provision of affordable housing across the District.

Information about the Council's interest in the joint venture is contained in more detail within the Group Accounts.

So what was achieved for the money?

The Revenue and Capital transactions recorded in these statements supported all our activities in 2013/14. A wide variety of statutory and non-statutory services were delivered, and numerous aims and objectives achieved. In particular, significant achievements were made in delivering our key priorities.

Quality Services in Partnership with our Communities

During 2013/14 the Council has continued to work with its 'Moorlands Together' partners to help build resilient families across the District. 70 families are now being assisted through the Family Intervention Programme in order to help improve school attendance levels; employment prospects and to reduce the incidence of anti social behaviour. The Council has also targeted anti-social behaviour across the Moorlands by providing diversionary activities. As part of the Safer Communities Partnership, Leek Town FC were commissioned to deliver a programme of Street Soccer throughout the summer months at five locations across the District, which attracted 231 participants.

Providing Value for Money

Our Efficiency and Rationalisation Plans were reviewed and refreshed during 2013/14 in order to provide a blueprint for 2014-2017. The Council's sickness absence rate has improved despite the challenges being faced by local government employees. Our Council Tax and Business Rates collection levels for 2013/14 remain high and demonstrate our commitment to the efficient use of Council resources. The Council also began a review of its asset portfolio last year in order to make efficient use of its operational buildings through sharing with partners and by disposing of those assets that are no longer fit for purpose. A review of management posts was completed in 2013-14 which through a voluntary redundancy programme saw the Council achieve cost savings and move towards a transformed, seamless service structure which meets customer needs and provides further efficiency savings.

Economic Development and Regeneration

2013/14 saw continued signs of optimism in the District as new employers took root in the area. Extensive public realm improvements were made to Leek town centre following the adoption of the Leek Masterplan with further work on-going. Work is nearing completion on a 63 bedroom Premier Inn at the eastern entrance to the town. In Biddulph a new primary care health centre was completed. The final version of a Masterplan for the Churnet Valley was adopted in March 2014 and a planning application submitted for a significant regeneration project at Cornhill East. The Council determined 95% of its 19 'major' planning applications on time. Over 4.3m day visitors came to the Staffordshire Moorlands injecting £230m into the local economy, which helped keep resident unemployment at 1.4%. Working with partners across the Moorlands our weekly work clubs have supported 87 individuals into employment.

A Protected Environment

Our street scene team have targeted 'hot spot' areas for littering and dog fouling, which has resulted in improved cleanliness standards. Over 100 volunteers helped collect 100 bags of rubbish through organised 'Neat and Tidy' events across the District. We also took a tough stance on environmental crime with over 1200 enforcement actions in 2013/14 including the issue of fixed penalty notices for fly-tipping and littering. The work of our Environmental Health officers ensured that over 98% of food premises are compliant with food hygiene legislation. The Council protected the built environment through rigorous planning breach enforcements. The Council delivered 45 affordable homes last year, the highest number in 5 years due in large part to 'Ascent' the Joint Venture Company set up in partnership with 'Your Housing'. Recycling rates remain high despite recent changes from Central Government on street sweepings.

Future challenges and opportunities;

2013/14 saw two major changes to the Authority's responsibilities and income streams with the introduction of the localisation of Council Tax Benefit and the retention of Business Rates. These two changes while increasing the influence of the Authority on the amounts collected from local taxes also made it more vulnerable to any fluctuations in the local economy. When added to the on-going constraints applied to the direct funding of local government it is apparent that the Authority will continue to be faced by the challenge of reduced and variable income. We will therefore continue to maximise the return from the Authority's financial assets by the targeted use of resources under a robust system of revenue and capital budgetary control.

The 2013/14 Statement of Accounts shows that our finances remain sound. Revenue and capital spending is controlled by affordable budgets while assets and reserves exist to support services and the achievement of key priorities.

Date: 25th September 2014

Andrew P Stokes BA (Hons), MBA, CPFA, ACIH, MISPAL

Executive Director & Chief Finance Officer

CERTIFICATE OF APPROVAL BY AUDIT & ACCOUNTS COMMITTEE

I confirm that these accounts were approved by the meeting of the Audit and Accounts Committee held on 25th September 2014

Councillor Jason Hails

Chair of the Audit & Accounts Committee

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director (Chief Finance Officer (CFO));
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the statement of accounts.

The Executive Director's Responsibilities

The Executive Director (CFO) is responsible for the preparation of the authority's Financial Statements. These, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'), are required to present the true and fair financial position of the Council at the accounting date and its income and expenditure for the year (ended 31st March 2014).

In preparing this Statement of Accounts, the Executive Director (CFO) has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and decisions that were reasonable and prudent; and
- Complied with the Code of Practice.

The Executive Director (CFO) 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.

Certificate of the Executive Director (CFO)

I certify that this Statement of Accounts gives a 'true and fair' view of the financial position of the Council at 31st March 2014 and its income and expenditure for the year.

Andrew P. Stokes BA (Hons), MBA, CPFA, ACIH, MISPAL
Executive Director & Chief Finance Officer
Staffordshire Moorlands District Council

Statement of Accounting Policies

The purpose of this section is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

1. Accounting Polices

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011. Those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice (SeRCOP) 2013/14, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

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

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

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents would usually be classified as investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. However, based on professional advice, the Council currently invests the majority of surplus cash on a short-term basis. Therefore, any fixed term investments will be classified as short or long term investments.

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.

4. Exceptional Items

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

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

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

6. Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to the assets used by the relevant service;

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance [Minimum Revenue Provision (MRP) or loans fund principal], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

7**. Employee Benefits**

Benefits Payable During Employment

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

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 in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

Employees of the Authority are members of The Local Government Pensions Scheme, administered by Staffordshire County Council.

The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the Staffordshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary (based on the indicative rate of return on high quality corporate bond).

The assets of the Staffordshire pension fund attributable to the Authority are included in the Balance Sheet at fair value:

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

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Interest cost on defined benefit obligations – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Interest income on plan assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Gains or losses on settlements - the result of actions to relieve the Authority of further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- Actuarial gains and losses (Remeasurements) – 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; split between financial and demographic assumptions, this is debited to the Pensions Reserve;

- Contributions paid to the Staffordshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

8. Events after the Balance Sheet Date

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

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

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

9. 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 are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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

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

Available-for-Sale Assets

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

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

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – independent appraisal of company valuations.

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

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

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

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

10. Government Grants and Contributions

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

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

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

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

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

11. Intangible Assets

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

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

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

Intangible assets 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 they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

12. Interests in Companies and Other Entities
The Authority has a material interest in Ascent Housing LLP which is a joint venture between the Council and Your Housing Group
. The results of this joint venture have been consolidated into the Group Accounts of the Council using the equity method of consolidation under the provisions of IAS 31 – Interests in Joint Ventures.

13. Inventories and Long Term Contracts
Inventories are included in the Balance Sheet at the lower of cost and net realisable value.
The cost of inventories is assigned using the [FIFO] costing formula.
Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

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

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

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

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

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

16. Leases
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.
Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.
Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee
Finance Leases
Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at the lower of its purchase price at the lease's inception or the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor. If applicable, any initial direct costs of the Authority are added to the carrying amount of the asset and any premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the

General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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

The Authority as Lessor
Finance Leases
Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

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

17. Overheads and Support Services
The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the Service Reporting Code of Practice 2013/14. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

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

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

Measurement
Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

Assets are 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 (EUV-SH);
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

Impairment
Assets are assessed at each year-end 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.

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

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

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

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

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer; and
- Infrastructure – straight-line allocation over 25 years.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. (See "Componentisation" below).

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

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

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

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

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

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

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

Componentisation

A formal Componentisation policy has been adopted in accordance with the requirements of International Reporting Standards effective from 2010/11. The policy applies to all categories of Property, Plant and Equipment which meet the following criteria:

- Individual assets and groups of similar assets, whether held at historic cost or current cost, with a gross carrying value of £800,000 and above will be considered for the purposes of componentisation.
- Items below this level will be disregarded as the impact upon the total cost of service is not considered material.

- Assets that are above the £800,000 threshold will be 'componentised' where the cost of the component is significant in relation to the overall cost of the asset. A component will be deemed significant where it represents 20% of the total cost of the overall asset at the time of acquisition or construction and where the component element has a significantly different useful life and/or method of depreciation to the main asset.

De-recognition

When a component is replaced or restored the old component should be "de-recognised" (written off) to avoid double counting. Under the Code, de-recognition is required to ensure the asset carrying values are not materially overstated. To this end the following principles will be applied when calculating de-recognition values:

- **General Fund Assets**
  - The component does not need to have been separately identified under the above policy.
  - All spending on assets valued at over £800,000 will be considered for de-recognition
  - On assets valued at under £800,000, only capital spending greater than £160,000 (20%) will be considered for de-recognition
  - On all assets, capital spending lower than £160,000 will be treated as an enhancement without any de-recognition.
- **Determining De-Recognition Values**
  - De-recognition will be based on valuations of the replaced component provided by Property Services; or
  - Where no valuations are readily available, replacement cost will be used, adjusted for appropriate levels of depreciation and impairment.

Note: all assets will be considered separately for an Impairment Review in accordance with the Code.

19. 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 that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

Contingent Liabilities

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

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

Contingent Assets
A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the 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.

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

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

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

22. VAT
VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

23. HERITAGE ASSETS

These are assets with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained for their contribution to knowledge and culture.
The Council holds a range of Heritage Assets;

- Civic Regalia – comprises the various chains of office associated with the ceremonial functions of the Council and the office of Mayor (including deputies and consorts)
- Nicholson Collection – held on trust by the Council this collection is primarily on public display in the Nicolson Museum & Art Gallery within the Nicolson Institute in Leek.
- Civic Memorabilia – items, commemorative in nature, that have been donated to the Council.
- Legal Documents – a number of historical legal documents.
- Monuments, Memorials, Statues and Other Assets – the Council either owns or is custodian for a range items (e.g. fountains, wells etc.) considered significant to the heritage of the district.

Both the Civic Regalia and Nicholson collections are held on the Balance Sheet on the basis of Insurance Value and it is considered that they have an indefinite life and therefore Depreciation is not charged (Note – the Nicholson Collection is specifically maintained and preserved in its original condition).
In addition, both collections are annually reviewed in order to establish if carrying values remain current and if impairment is required, with a full revaluation undertaken within a maximum period of 10 years in any event.
For security reasons, the Council does not publicly reveal precise details of either its Civic Regalia or the Nicholson Collection.

Information on cost or value is not usually held on the remaining Heritage Assets and the Council considers that the cost of obtaining valuations tend not to be commensurate with the potential benefits to the users of the Statement of Accounts. Therefore these assets are rarely included on the face of the Balance Sheet (appearing instead as a Balance Sheet note). However, an annual review of such assets is undertaken to ensure that this assumption remains valid.

24. ACCOUNTING FOR COUNCIL TAX

The collection of Council Tax by the Council from Council Tax payers is shared proportionately amongst the Council and its major preceptors. Based on the precepts set in the budget each year, each preceptor's share is paid out on account during the year. The difference between this precept amount and the position as at 31 March is held as a creditor or debtor on the Council's Balance Sheet.

The Council's own precept net of the distribution of the prior year surplus/ deficit is credited to the Comprehensive Income and Expenditure Statement along with the difference between the precept and the year end position, i.e. the current year surplus/ deficit. This current year surplus/ deficit is then required by regulation to be moved to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The Collection Fund shows the accrued Council Tax income for the year based on the year end position, the distribution of the prior year surplus/ deficit and the associated expenditure to the preceptors along with the allowable charges on the Collection Fund: Bad debts written off and the Bad Debt Provision.

25. ACCOUNTING FOR NON-DOMESTIC RATES (NDR)

The collection of Non-Domestic Rates by the Council from NDR payers is shared proportionately amongst the Council, its major preceptors and the Government. Based on the NNDR1 return to DCLG, which sets the precept for the year, each preceptor's share is paid out on account during the year. At the end of each financial year an NNDR3 return is completed that reports the actual amounts collectable. The difference between the NNDR1 precept amount and the NNDR3 balance as at 31 March is held as a creditor or debtor on the Council's Balance Sheet.

The Council's own precept from the NNDR1 net of the distribution of the prior year surplus/ deficit is credited to the Comprehensive Income and Expenditure Statement along with the difference between the NNDR1 and NNDR3 balance, i.e. the current year surplus/ deficit. This current year surplus/ deficit is then required by regulation to be moved to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The Collection Fund shows the accrued NDR income for the year based on the NNDR3, the distribution of the prior year surplus/ deficit and the associated expenditure to the preceptors and the Government along with the allowable charges on the Collection Fund: Cost of collection, Bad debts written off and the Bad Debt Provision. In addition, following the introduction of the Business Rates Retention Scheme from 1 April 2013, local authorities are required to make a provision for the proportionate share of the liability against successful appeals made against Non-domestic rates charged in 2013/14 and earlier financial years.

2. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom for 2014/15 has introduced changes to a number of the reporting standards to be applied to future Statements. Consideration has been given as to what the impact would have been on these Statements had they applied in 2013/14.

Financial Instrument Presentation (IAS32)

- IAS32 gives guidance as to what extent financial assets and liabilities can be offset. These Statements separately report financial assets and liabilities without any offsetting.

Presentation of Financial Statements (IAS1)

- IAS1 clarifies the level of disclosure required for prior period information. As the Authority’s Statements currently include comprehensive comparative information this standard is unlikely to require any significant change.

Group Accounting (IFRS 10-12, IAS27-28)

- IFRS 10 Consolidated Financial Statements outlines the requirement for entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. The Council does not have any such investees.
- IFRS 11 Joint Arrangements outlines accounting for Joint Ventures or Joint Operations, where entities have joint control. The Council has one such arrangement in Ascent Housing LLP, which is reported in the Group Accounts. Currently group accounts for Joint Ventures can be presented using either the proportional or equity method; under IFRS11 the proportional method will no longer be allowed. The Council's Group Accounts in 2013/14 have been reported using the equity method under IAS 28, therefore there will be no impact upon the adoption of IFRS11.
- IFRS12 Disclosures of Involvement with Other Entities is a consolidated disclosure standard which will be applicable to the Council's interests in the Ascent Housing LLP Joint Arrangement. This standard requires an additional disclosure which is not currently detailed in the Group Accounts:

- The nature of, and changes in, the risks associated with the Council's interests in Ascent Housing LLP:

  In Note 4 to the Group Accounts, the capital commitments in the Joint Venture are disclosed: as at 31 March 2014, £3.413 million of a £5 million debenture; and £5.5 million of a £20 million loan have been drawn by Ascent Housing LLP. A Deed of Priority between the Designated Members of the Joint Venture (the Council and Your Housing Group) and the Joint Venture entity (Ascent LLP) states that the Council would become a preferential creditor for any proportion of the £20 million loan still outstanding in the event of the winding up of the entity.

  To further recognise this risk, the Council charge a 1.25% interest premium in addition to the normal interest on the loan.

  The other investor in the entity, Your Housing Group, has also provided a £5 million debenture; the ultimate repayment of these debentures to both Designated Members would be viewed equally.

  If, in the event of the winding up of the entity, all Designated Members did not receive repayment in full of all the sums owed to them, any shortfalls would be apportioned between Designated Members in order that each bears its respective share.

- IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures have been amended (2011) to conform with IFRS10, IFRS11 and IFRS12, the impact of which has been discussed above. Therefore there is no further impact upon the Council's statements from the amendments in these standards.

3. Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision;

- The Authority has had to review certain contractual arrangements to decide if they are in the nature of a lease and if so determine whether they were classified as Operational or Finance. These decisions are often based on judgements as to where the practical control of an asset lies;

- The Authority undertakes an annual assessment for indications of impairment of its assets. This assessment is performed by specialist staff with reference to external advice;

- An exercise is performed to assess whether capital spend restores or enhances an asset. A further judgement is then made as to whether there is a consequent requirement to derecognise any existing value of any component of the asset.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. A 1% change in the assessed carrying value of the Authority's pension liability equates to £348,190.
Asset Valuations	The valuations of property, plant and equipment reported in the Balance Sheet and the related depreciation charges made to the CI&E are based on an estimation of their value and asset life. A firm of qualified valuers is engaged by the Authority to carry out, for the major assets, a programme of physical valuations to ensure that their carrying values are subject to professional and independent assessment. A 1% change in the assessed carrying value of the Authority's assets equates to £325,110.

5. Restatement of Previous Years

Changes in the accounting code and policies, as applied to these Statements, have required the restatement of comparative information from previous years in the following area:

IAS 19 Change to Accounting Standard

There have been several changes in the accounting for Employee Retirement Benefits under IAS19. This has resulted in the restatement of some previous year's figures relating to 2012/13. There is no impact on the Balance sheet however; the main changes are as detailed below:

- Expected Return on Assets

  This change is in relation to the return on Pension Scheme Assets held in the Local Government Pension Fund. Advanced credit for anticipated out-performance of return seeking assets (such as equities) is no longer permitted by IAS19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using the expected return on assets assumptions).

- Asset Disclosures

  IAS19 requires a more detailed breakdown of Pension Fund assets. The values of the assets broken down into different classes that distinguish between the nature and risk now need to be disclosed. A further breakdown is also needed showing those assets which have a quoted market price and those that do not. The disclosure made in 2012/13 only split assets into the major categories. As a result of the change some of these categories are split further.

Where previous year figures have been amended the appropriate column heading bears the legend ‘Restated 2012/13’

Financial Statements

The core single entity financial statements applicable to all local authorities comprise:

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

Movement in Reserves Statement

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

Movement in Reserves Statement

	Notes	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2012		**(2,012)**	**(5,423)**	**(204)**	**(257)**	**(7,896)**	**(6,809)**	**(14,705)**
(Surplus) or deficit on the provision of Services		2,174	0	0	0	**2,174**	0	**2,174**
Other Comprehensive Income and Expenditure		0	0	0	0	**0**	6,282	**6,282**
Total Comprehensive Income and Expenditure		**2,174**	**0**	**0**	**0**	**2,174**	**6,282**	**8,456**
Adjustment between accounting basis & funding basis under regulations	6	(2,849)	652	171	(205)	**(2,231)**	2,230	**(1)**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(675)**	**652**	**171**	**(205)**	**(57)**	**8,512**	**8,455**
Transfers to/(from) Earmarked Reserves		487	(487)	0	0	**0**	0	**0**
(Increase)/Decrease in 2012/13	**11**	**(188)**	**165**	**171**	**(205)**	**(57)**	**8,512**	**8,455**
Balance at 31 March 2013		**(2,200)**	**(5,258)**	**(33)**	**(462)**	**(7,953)**	**1,703**	**(6,250)**
(Surplus) or deficit on the provision of Services		3,521	0	0	0	**3,521**	0	**3,521**
Other Comprehensive Income and Expenditure		0	0	0	0	**0**	(429)	**(429)**
Total Comprehensive Income and Expenditure		**3,521**	**0**	**0**	**0**	**3,521**	**(429)**	**3,092**
Adjustment between accounting basis & funding basis under regulations	6	(4,686)	2,379	33	298	**(1,976)**	1,976	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(1,165)**	**2,379**	**33**	**298**	**1,545**	**1,547**	**3,092**
Transfers to/(from) Earmarked Reserves		394	(394)			**0**		**0**
(Increase)/Decrease in 2013/14	**11**	**(771)**	**1,985**	**33**	**298**	**1,545**	**1,547**	**3,092**
Balance at 31 March 2014 carried forward		**(2,971)**	**(3,273)**	**0**	**(164)**	**(6,408)**	**3,250**	**(3,158)**

Comprehensive Income & 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				Notes	2013/14		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expendture
£000	£000	£000			£000	£000	£000
713	(528)	185	Central Services to the Public		850	(589)	261
2,785	(88)	2,697	Cultural and Related Services		3,122	(195)	2,927
6,873	(2,046)	4,827	Environment and Regulatory Services		6,513	(2,046)	4,467
3,201	(942)	2,259	Planning Services		3,561	(1,332)	2,229
616	(638)	(22)	Highways and Transport Services		592	(684)	(92)
22,260	(21,330)	930	Other Housing Services		18,141	(16,555)	1,586
1,663	(76)	1,587	Corporate and Democratic Core		1,892	(206)	1,686
190	0	190	Non Distributed Costs		119	0	119
38,301	**(25,648)**	**12,653**	**Cost of Services**		**34,790**	**(21,607)**	**13,183**
		1,201	Other Operating Expenditure	3a			1,679
		658	Financing and Investment Income and Expenditure	3b			1,141
		(12,338)	Taxation and Non-Specific Grant Income and expenditure	3c			(12,482)
		2,174	**(Surplus) or Deficit on Provision of Services**				**3,521**
		1,782	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	12			(503)
		4,499	Remeasurement of the net defined pension benefit liability	5			74
		6,281	**Other Comprehensive Income and Expenditure**				**(429)**
		8,455	**Total Comprehensive Income and Expenditure**				**3,092**

Balance Sheet

The Balance Sheet provides an overall summary of the financial position of the Council as at 31st March 2014. It shows the Council's balances and reserves and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

31st March 2013 £000		Notes	31st March 2014 £000
27,161	Property, Plant & Equipment	7a	28,561
572	Heritage Assets	7j	572
3,433	Investment Properties	7b	3,336
50	Intangible Assets		42
19	Long Term Investments	13a	19
3,835	Long Term Debtors	9	7,383
35,070	**TOTAL LONG TERM ASSETS**		**39,913**
2,043	Short Term Investments	13d	3,268
123	Inventories		139
1,956	Short Term Debtors	9	2,880
7,258	Cash and Cash Equivalents	8	3,257
11,380	**TOTAL CURRENT ASSETS**		**9,544**
(517)	Cash and Cash Equivalents	8	(77)
(3,030)	Short Term Borrowings	13d	0
(2,819)	Short Term Creditors	10	(3,744)
(121)	Provisions		(310)
(6,487)	**TOTAL CURRENT LIABILITIES**		**(4,131)**
0	Long Term Borrowing		(5,007)
(33,107)	Pensions Liability	5c	(34,819)
(352)	Other Long Term Liabilities	13a	(2,016)
(254)	Grants Receipts in Advance - Capital		(326)
(33,713)	**TOTAL LONG TERM LIABILITIES**		**(42,168)**
6,250	**TOTAL NET ASSETS**		**3,158**
7,953	Usable Reserves	11	6,408
(1,703)	Unusable Reserves	12	(3,250)
6,250	**TOTAL RESERVES**		**3,158**

Cash Flow Statement

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

2012/13 £000		Notes	2013/14 £000
(2,174)	Net Surplus/(Deficit) on the Provision of Services		(3,521)
2,336	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	16a	4,850
(801)	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	16a	(703)
(639)	**Net Cash Flows from Operating Activities**		**626**
(1,243)	Investing Activities	16c	(5,606)
3,267	Financing Activities	16d	1,419
1,385	**Net Increase or (Decrease) in Cash and Cash Equivalents**		**(3,561)**
5,356	Cash and Cash Equivalents at the Beginning of the Reporting Period	8	6,741
6,741	**Cash and Cash Equivalents at the End of the Reporting Period**		**3,180**

Notes to the Financial Statements

The notes to the core financial statements are shown below. Some are dictated by statute while others are included to add clarity.

1. Service Level Income & Expenditure -

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice.* The service areas definitions are specified below:-

Central Services to the Public

This includes local tax collection, local land charges and community grants.

Cultural and Related Services

This includes expenditure on the arts and museums, recreation and sport, open spaces, and tourism.

Environmental and Regulatory Services

This includes expenditure on Leek cemetery, public conveniences, environmental health, community safety, licensing, street cleansing and waste collection.

Planning Services

This includes expenditure on building control, development control, planning policy, community and economic development.

Highways and Transport Services

This includes expenditure on car parking, engineering services, bus shelters and street naming.

Housing Services

This includes private sector housing, homelessness, housing benefits, welfare services and residual elements of what was formerly the Housing Revenue Account.

Corporate and Democratic Core

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

Non Distributed Costs

This includes pension costs for added years and early retirements.

Amounts Reported for Resource Allocation Decisions

However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across a set of Service Areas based on the Authority's internal organisation, and not those defined above. These reports are prepared on a different basis from the accounting policies used in the financial statements. *In particular:*

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

The following tables show these internal service area records and reconcile them to the figures as reported in the statements.

Service Analysis: The income and expenditure of the Authority's principal services recorded in the budget reports for the year is as follows:

Service Income and Expenditure 2013/14	**Departmental Administration £'000**	**Revenues & Benefits £'000**	**Development Services £'000**	**Regeneration £'000**	**Communities £'000**	**Customer Services £'000**	**Housing Services £'000**	**Transformation £'000**	**Finance and Performance £'000**	**Waste and Street Scene £'000**	**Cultural Services £'000**	**Human Resources £'000**	**Legal & Democratic £'000**	**Visitor Services £'000**	**Regulatory Services £'000**	**Property Services £'000**	**Total £'000**
Fees, Charges & other service income	0	(150)	(678)	(1)	(14)	(25)	(3)	1	(365)	(1,744)	(107)	0	(48)	(884)	(337)	(819)	**(5,174)**
Interest and investment income	0	0	0	0	0	0	0	0	(223)	0	0	0	0	0	0	0	**(223)**
Government Grants	0	(15,976)	0	0	(67)	0	0	0	(103)	0	(11)	0	(10)	0	0	0	**(16,167)**
Total Income	**0**	**(16,126)**	**(678)**	**(1)**	**(81)**	**(25)**	**(3)**	**1**	**(691)**	**(1,744)**	**(118)**	**0**	**(58)**	**(884)**	**(337)**	**(819)**	**(21,564)**
Employee Expense	487	547	454	284	323	610	126	130	718	1,858	256	131	239	447	469	242	**7,321**
Interest and Capital provisions	0	0	0	0	0	0	0	0	18	0	0	0	0	0	0	0	**18**
Other Service Expenses	97	15,452	76	286	253	147	4	715	1,228	2,045	1,319	16	512	428	104	1,939	**24,621**
Total Expenditure	**584**	**15,999**	**530**	**570**	**576**	**757**	**130**	**845**	**1,964**	**3,903**	**1,575**	**147**	**751**	**875**	**573**	**2,181**	**31,960**
Net Expenditure	**584**	**(127)**	**(148)**	**569**	**495**	**732**	**127**	**846**	**1,273**	**2,159**	**1,457**	**147**	**693**	**(9)**	**236**	**1,362**	**10,396**

Comparative for 2012/13:-

Service Income and Expenditure 2012/13	**Departmental Administration £'000**	**Revenues & Benefits £'000**	**Development Services £'000**	**Regeneration £'000**	**Communities £'000**	**Customer Services £'000**	**Housing Services £'000**	**Transformation £'000**	**Finance and Performance £'000**	**Waste and Street Scene £'000**	**Cultural Services £'000**	**Human Resources £'000**	**Legal & Democratic £'000**	**Visitor Services £'000**	**Regulatory Services £'000**	**Property Services £'000**	**Total £'000**
Fees, Charges & other service income	0	(35)	(583)	(1)	(27)	(22)	(2)	(12)	(308)	(1,698)	(152)	0	(27)	(828)	(328)	(327)	**(4,350)**
Interest and investment income	0	0	0	0	0	0	0	0	(198)	0	0	0	0	0	0	0	**(198)**
Government Grants	0	(20,824)	0	(100)	(62)	0	0	0	0	0	0	0	0	0	0	0	**(20,986)**
Total Income	**0**	**(20,859)**	**(583)**	**(101)**	**(89)**	**(22)**	**(2)**	**(12)**	**(506)**	**(1,698)**	**(152)**	**0**	**(27)**	**(828)**	**(328)**	**(327)**	**(25,534)**
Employee Expense	485	550	426	309	329	671	74	239	681	1,914	263	107	259	366	510	190	**7,373**
Interest and Capital provisions	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	**1**
Other Service Expenses	44	20,405	103	227	360	95	4	634	946	2,058	1,264	14	500	471	109	1,474	**28,708**
Total Expenditure	**529**	**20,955**	**529**	**536**	**689**	**766**	**78**	**873**	**1,628**	**3,972**	**1,527**	**121**	**759**	**837**	**619**	**1,664**	**36,082**
Net Expenditure	**529**	**96**	**(54)**	**435**	**600**	**744**	**76**	**861**	**1,122**	**2,274**	**1,375**	**121**	**732**	**9**	**291**	**1,337**	**10,548**

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

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and expenditure Statement.

	2012/13 £000	2013/14 £000
Net expenditure in the Directorate Analysis	10,548	10,396
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the CIES not reported to management in the Analysis	2,081	2,809
Amounts included in the Analysis not included in the CIES	24	(22)
Cost of Services in CIES	**12,653**	**13,183**

Reconciliation to Subjective Analysis

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

2013/14	Directorate Analysis £000	Amount not reported to management for decision making £000	Amount not included in I&E £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(5,174)	0	0	258	(161)	**(5,077)**
Surplus or deficit on Financial Instrument Valuation	0	0	0	0	0	**0**
Interest and investment income	(223)	0	0	223	(246)	**(246)**
Council Tax	0	0	0	0	(5,817)	**(5,817)**
Government Grant	(16,167)	0	0	0	(6,599)	**(22,766)**
Capital grants and contributions	0	(541)	0	0	(66)	**(607)**
Total Income	**(21,564)**	**(541)**	**0**	**481**	**(12,889)**	**(34,513)**
Employee expenses	7,321	178	0	0	1,497	**8,996**
Other service expenses	24,621	0	0	0	0	**24,621**
Support Service recharges	0	0	0	0	0	**0**
Depreciation, amortisation and impairment	0	2,687	0	0	0	**2,687**
Interest Payments	18	0	0	(18)	51	**51**
Precepts & Levies	0	0	0	0	1,019	**1,019**
Payments to Housing Capital Receipts Pool	0	0	0	0	10	**10**
(Gain) or Loss on Disposal of Non-current Assets	0	0	0	0	650	**650**
Total expenditure	**31,960**	**2,865**	**0**	**(18)**	**3,227**	**38,034**
Surplus or deficit on the provision of services	**10,396**	**2,324**	**0**	**463**	**(9,662)**	**3,521**

2012/13 Comparatives

2012/13 Comparative figures	Directorate Analysis £000	reported to management for decision making £000	Amounts not included in I&E £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(4,350)	0	0	259	(259)	**(4,350)**
Surplus or deficit on associates and joint ventures	0	0	0	0	(12)	**(12)**
Interest and investment income	(198)	0	0	198	(198)	**(198)**
Income Tax	0	0	0	0	(6,295)	**(6,295)**
Government Grants	(20,986)	0	0	0	(5,993)	**(26,979)**
Capital grants and contributions	0	(746)	0	0	(50)	**(796)**
Total Income	**(25,534)**	**(746)**	**0**	**457**	**(12,807)**	**(38,630)**
Employee expenses	7,373	173	0	0	986	**8,532**
Other service expenses	28,708	157	0	0	0	**28,865**
Support Service recharges	0	0	0	0	0	**0**
Depreciation, amortisation and impairment	0	2,065	0	0	75	**2,140**
Interest Payments	1	0	0	(1)	66	**66**
Precepts & Levies	0	0	0	0	1,033	**1,033**
Payments to Housing Capital Receipts Pool	0	0	0	0	2	**2**
(Gain) or Loss on Disposal of Non-current Assets	0	0	0	0	166	**166**
Total expenditure	**36,082**	**2,395**	**0**	**(1)**	**2,328**	**40,804**
Surplus or deficit on the provision of services	**10,548**	**1,649**	**0**	**456**	**(10,479)**	**2,174**

2. Net Cost of Services

The following transactions, included in the Cost of Services in the Comprehensive Income & Expenditure Statement, are considered in more detail:

a. Trading Operations
b. Member Allowances
c. Officer Remuneration
d. Related Party Transactions
e. Audit Costs
f. Interest in Companies & Other Entities

2a. Trading Operations

The Council operates the following trading accounts and their financial performance is shown in the table below.

		2012/13		2013/14	
		£000	£000	£000	£000
Markets To ensure that the service at least breaks-even, although the overriding objective is to support the local economy and attract tourism.	Turnover	(182)		(194)	
	Expenditure	216		178	
	Net Deficit/ (Surplus)		34		(16)
		£000	£000	£000	£000
Trading & Industrial Services The Council is responsible for two Industrial Sites. As part of the Council's economic development strategy these are established to support small businesses.	Turnover	(132)		(138)	
	Expenditure	63		16	
	Net Deficit/ (Surplus)		(69)		(122)
Trade Waste The provision of commercial waste collection service.	Turnover	(388)		(400)	
	Expenditure	275		78	
	Net Deficit/ (Surplus)		(113)		(322)
Service Operations	Net Deficit/ (Surplus)		(148)		(460)

2b. Members' Allowances

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

	2013/14	2012/13
	£	£
Allowances	239,551	245,992
Expenses	18,525	15,125
Total	**258,076**	**261,117**

2c. Officers' Remuneration

Remuneration paid to the Authority's senior employees:

Under the management arrangements for the Alliance, costs and responsibilities for senior posts are shared equally between Staffordshire Moorlands DC and High Peak Borough Council. In line with the regulations the remuneration of senior officers is included in the disclosure within the Statement of Accounts of the authority by whom they are employed and paid.

Senior Officers with salary between £50,000 and £150,000 during **2013/14**:

2013/14	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total (inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£	£
Executive Director & Chief Financial	118,838	0	4,572	123,410	19,727	143,137	71,569	71,568
Executive Director & Monitoring Officer	113,590	0	3,423	117,013	18,856	135,869	67,935	67,934
Transformation Manager *	129,577	0	3,621	133,198	10,609	143,807	71,904	71,903
Regeneration Manager	63,912	0	2,431	66,343	10,609	76,952	38,476	38,476
Planning Application Manager	61,200	0	2,106	63,306	10,159	73,465	36,733	36,732
Housing Strategy Manager **	99,345	0	3,211	102,556	74,713	177,269	88,635	88,634
Community & Cultural Services Manager	50,436	0	963	51,399	8,372	59,771	29,886	29,885
	636,898	**0**	**20,327**	**657,225**	**153,045**	**810,270**	**405,138**	**405,132**

* Transformation Manager post made redundant during 2013/14 with termination payments of £65,665.

** Housing Strategy Manager post made redundant during 2013/14 with termination payments of £102,699. A further £55,212 is payable to the Pension Fund, in respect of this redundancy, in the form of additional future contributions, £27,606 of which is recoverable from High Peak BC.

Senior Officer with salary over £150,000 during **2013/14**:

2013/14	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£	£
Chief Executive Officer								
S Baker	157,775	0	12,094	169,869	26,191	196,060	95,375	100,685

As can be seen from the tables above, there is a recharge to High Peak BC of £500,513 for the posts paid by Staffordshire Moorlands DC. However as a number of the Directors and Senior Service Managers are employed and paid by High Peak BC, there is a recharge back to Staffordshire Moorlands DC of £199,676 as detailed below.

2013/14	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Charge to SMDC	Net Charge to HPBC
	£	£	£	£	£	£	£	£
Executive Director	93,748	0	1,304	95,052	10,687	105,739	52,870	52,869
Visitor Services Manager	58,701	0	963	59,664	0	59,664	23,866	35,798
Environmental Health Manager	55,350	0	2,330	57,680	6,310	63,990	31,995	31,995
Revenues & Benefits Manager	50,202	0	1,205	51,407	5,723	57,130	28,565	28,565
Finance & Procurement Manager *	76,996	0	898	77,894	6,530	84,424	42,212	42,212
Head of Customer Services	53,996	0	963	54,959	6,155	61,114	20,168	40,946
						432,061	**199,676**	**232,385**

* Finance & Procurement Manager left the Authority in 2013/14 with termination payments of £17,831

2012/13 Comparatives

Senior Officers with salary between £50,000 and £150,000 during **2012/13**:

2012/13	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£	£
Executive Director & Chief Financial Officer	118,838	0	4,228	123,066	19,727	142,793	71,397	71,396
Executive Director & Monitoring Officer	113,590	0	3,363	116,953	19,101	136,054	68,027	68,027
Finance & Performance Manager*	104,969	0	2,552	107,521	9,829	117,350	58,675	58,675
Transformation Manager**	63,912	0	3,318	67,230	10,609	77,839	38,920	38,919
Regeneration Manager	63,912	0	2,273	66,185	10,609	76,794	38,397	38,397
Planning Application Manager	61,200	0	1,825	63,025	10,159	73,184	36,592	36,592
Housing Strategy Manager	61,200	0	963	62,163	10,159	72,322	36,161	36,161
Community & Cultural Services Manager	50,436	0	963	51,399	8,372	59,771	29,886	29,885
	638,057	**0**	**19,485**	**657,542**	**98,565**	**756,107**	**378,055**	**378,052**

* Finance and Performance Manager post made redundant during 2012/13 with termination payments of £42,771.

** Transformation Manager was seconded for part of 2012/13 to Ascent Housing LLP, resulting in £32,440 of the above costs being recovered in the form of a recharge (£16,220 at each Authority)

Senior Officer with salary over £150,000 during **2012/13**:

2012/13	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£	£
Chief Executive Officer								
S Baker	157,775	0	7,301	165,076	26,191	191,267	96,824	94,443

Senior Officers with between £50,000 and £150,000 charged from High Peak Borough Council during **2012/13**:

2012/13	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to SMDC	Net Charge to HPBC
	£	£	£	£	£	£	£	£
Executive Director	93,748	0	1,310	95,058	10,687	105,745	52,872	52,873
Visitor Services Manager	58,701	0	963	59,664	0	59,664	23,866	35,798
Environmental Health Manager	54,600	0	1,976	56,576	6,242	62,818	31,409	31,409
Revenues & Benefits Manager	50,202	0	963	51,165	5,723	56,888	28,444	28,444
						285,115	**136,592**	**148,523**

Termination benefits paid to the Authority's non senior employees:

The Authority, in conjunction with High Peak BC, entered into a joint Voluntary Redundancy process during 2010/11, whereby the contracts of a number of employees were approved for termination. Although many of those affected left the Authority in 2011/12, a small number of further departures occurred since then. In 2013/14 11 such departures occurred including 9 part time posts relating to the erection and dismantling of market stalls, their costs and numbers are reflected in the table below.

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b)+'(c)]		(e) Total cost of exit packages in each band £000	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
£0 - £20,000	0	0	2	10	2	10	7	64
£20,001 - £40,000	0	0	1	0	1	0	32	0
£40,001 - £60,000	0	0	1	0	1	0	49	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	57
Total	**0**	**0**	**4**	**11**	**4**	**11**	**88**	**121**

In addition to the costs included above, a further £584,918 is payable in future pension contributions on staff departures under this process since 2010/11. These costs are included when determining the banding for individual exit packages. Of the total exit package costs referred to above, £39,021 was paid by High Peak BC in 2013/14 (£35,329 in 2012/13) in respect of shared employees. High Peak BC is also liable for £152,376 of the future pension costs.

In 2013/14 Staffordshire Moorlands DC was liable for no termination costs incurred by High Peak BC as the in-year departures did not involve any shared employees (£9,514 2012/13)

Additionally, three senior officers have left the Authority under the voluntary redundancy programme; two chargeable to 2013/14 and one in 2012/13. Their costs are detailed as part of the Senior Officer Remuneration tables and footnotes above.

2d. Related Parties

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

Related Parties:
Central Government - has effective control over general operations of the Council. It provides the statutory framework, provides the majority of funding and prescribes the terms of many transactions with other parties (such as housing benefit).

Local Authorities – such as Staffordshire County Council, Staffordshire Police and Fire Authority and local Parish Councils issue precepts on the Council which are shown in the Collection Fund. The County administers the Authority's pension fund. There are other transactions with these authorities involving service provision and funding.

Subsidiary, associated companies or joint ventures – the Strategic Alliance with High Peak Borough Council (see 2f) involves development of joint working at all levels, including shared resources and staff. The two authorities, however, retain their political and financial independence and accountability. The Council has a material interest in Ascent Housing LLP: a joint venture incorporated in 2010 to provide affordable housing across the district. It has been classified as a group undertaking and included in the group accounts.

Members - have direct control over the Council's financial and operating policies. The Council also nominates Members to sit on outside bodies. Several Council Members are also Members of Staffordshire County Council, local parish councils, or various local voluntary organisations, which the Council supports financially.
Those charitable organisations that received Authority funding that could be considered a material proportion of their total turnover, where Members have declared an interest were;

Charity	Funding £000
Biddulph & Cheadle in Bloom	5 (each)
Biddulph Citizens Advice Bureau	21
Leek Citizen Advice Bureau	26
Cheadle Citizen Advice Bureau	32

Council members make disclosures of relevant interests to the Council's Monitoring Officer, and also have to make declarations on individual committee decisions. The Register of Member Interests is open to public inspection, subject to prior notice, at Moorlands House.

Officers – have scope, in some circumstances, to influence authority policy. The Chief Executive Officer maintains a record of officer interests which, together with the Authority's standards and procedures, acts as a guard against undue influence.

Related Party Transactions:
Material transactions with Central and other Local Government organisations are separately reported throughout the Statements, including the analyses of precepts, grants and pension contributions. There are no material transactions or evidence suggesting undue influence in relation to Members or Officers.

2e. Audit Costs

The costs set out below have been incurred in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors Grant Thornton.

	2013/14 £000	2012/13 £000
Fees payable to the appointed auditors for external audit services carried out for the year	60	59
Fees payable to the external auditors for the certification of grant claims and returns for the year	12	19
Fees payable in respect of other services provided by the external auditors during the year	18	0
Total	**90**	**78**

2f. Interests in companies and other entities

The Council has financial interests and related party transactions with a number of entities and actively pursues working in partnership with other organisations where this can improve efficiency and effectiveness in achieving key priorities. Some of the more significant joint arrangements are detailed below:

High Peak Borough Council - Strategic Alliance
On 11th June 2008, the strategic Alliance between Staffordshire Moorlands District Council and High Peak Borough Council was formally sealed at a signing ceremony in the presence of both Council leaders. The aim of the Alliance is not only to produce savings through joint procurement and working, but to draw on the expertise of both authorities to improve service provision.

Any costs and savings, incurred and accruing in an accounting period, are accounted for by the relevant Authority. The Alliance related expenditure of SMDC amounted to £2,238,785 in 2013/14 (£2,066,502 2012/13). The corresponding Income received from HPBC was £2,747,569 in 2013/14 (£2,441,825 2012/13).

	Paid by SMDC to HPBC	Paid by HPBC to SMDC
	£000	£000
Contribution to Employee Costs	1,361	1,878
Contribution to Other Costs	878	870
Total	**2,239**	**2,748**

Parking Board
On the 1 October 2007 the Council took over responsibility for on-street parking within the District, under the control of a county wide Parking Board. Under this arrangement, expenditure relating to the function, including set up costs of the Districts and the County, are to be offset against future revenue streams. Any surplus generated from activities within a District is transferred to the Board. These funds are then reallocated by the Board to the Districts to finance improvements in parking and traffic management. Until revenue streams are sufficient to cover set up and running costs, these balances will be borne by the District and County Council.

Ascent Housing LLP – (Registered Company No OC358082)
Ascent Housing LLP was incorporated as a Limited Liability Partnership on 21 September 2010 and is classified as a joint venture given the contractual need that each party has to agree all policy decisions. Its primary role is to provide affordable housing throughout the Staffordshire Moorlands. It is the accounts of Ascent Housing LLP that are consolidated with those of the Authority to produce the Group Accounts.
The Council has 49% of the shareholding in this company and appoints two out of the four executive board directors. The remaining shares are held by Your Housing Group. Profits are to be distributed according to shareholding. The company has a net worth of £12.330 million as at 31 March 2014 and returned an operating loss for the year of £430,000.
A full copy of the Ascent Housing LLP Report and Financial Statements for the Year ended 31 March 2014 can be obtained from Ascent Housing LLP, Apex House, 266 Moseley Road, Levenshulme, Manchester M19 2LH.

3. Corporate Income and Expenditure

The following transactions, included in the Comprehensive Income & Expenditure Statement, are considered in more detail:

a. Other Operating Expenditure
b. Financing & Investment Income & Expenditure
c. Taxation and non-specific grant income
d. Grant income

3a. Other Operating Expenditure

2012/13 £'000		2013/14 £'000
1,033	Parish Council Precepts	1,019
2	Payments to the Government Housing Capital Receipts Pool	10
166	(Gains)/Losses on the disposal of non-current assets	650
1,201	**Total**	**1,679**

Housing Capital Receipts

In January 2006 the Office of the Deputy Prime Minister (ODPM) changed their position on the pooling of housing capital receipts. Previously the ODPM had advised those authorities that had closed their Housing Revenue Accounts (HRA) that they did not have to pay a proportion of any capital receipt generated by the disposal of an HRA asset to the Secretary of State. Their revised position is that ex-HRA authorities, such as this Council, should be subject to pooling and pay over receipts from HRA sales.

This change, retrospectively effective from the 1st April 2004, was subject to interpretation and challenge. After taking legal advice on the interpretation of the legislation it had been determined that payment should be made. Outstanding amounts up to 31st March 2007 have been paid. However the Council has, on the advice of their Treasury advisors, Capita, formally challenged the requirement to pay over the receipts. he issue has still to be resolved; the ODPM's stance continues to be that the receipts are payable but Capita's advice remains that no payment is due.

3b. Financing and Investment Income and Expenditure

2012/13 £'000		2013/14 £'000
66	Interest payable and similar charges	51
986	Pensions interest cost and expected return on pensions assets	1,497
(210)	Interest receivable and similar income	(246)
(184)	Income and expenditure in relation to investment properties and changes in their fair value	(161)
0	Other investment income	0
658	**Total**	**1,141**

3c. Taxation and Non-Specific Grant Income & Expenditure

2012/13 £'000		2013/14 £'000
(6,295)	Council Tax income	(5,817)
(5,369)	Non Domestic Rates	0
0	Retained Business Rates	(2,199)
(624)	Non Ringfenced Government Grants	(4,400)
(50)	Capital Grants and Contributions	(66)
(12,338)	**Total**	**(12,482)**

3d. Grant Income

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

	2013/14 £000	2012/13 £000
Credited to Taxation and Non-specific Grant Income		
Revenue Support Grant	(3,468)	(104)
Capital Grants	(66)	(50)
Council Tax Transition Grant	(17)	
Council Tax Freeze Grant	(53)	(130)
Local Services Support Grant	0	(57)
Small Business Rates Relief Grant	(420)	0
New Homes Bonus Grant	(442)	(333)
Total	**(4,466)**	**(674)**
Credited to Services		
Housing Benefits	(15,800)	(20,620)
Disabled Facilities Grant	(541)	(667)
New Burdens Grants	(78)	(97)
High Street Innovator	0	(100)
Challenge Award	(100)	0
Safer & Stronger Communities Fund	(24)	(49)
Other Third Party Funds	(165)	(199)
Total	**(16,708)**	**(21,732)**

4. Termination Benefits

Now included within Note 2c (Officer Remuneration) above.

5. Retirement Benefits

The impact of accounting for retirement benefits on the Council's Statement of Accounts is considered in the following sections:

a. Participation in Pension Schemes
b. Transactions relating to retirement benefits
c. Assets and Liabilities in relation to retirement benefits
d. Scheme history
e. Basis for estimating assets and liabilities
f. Sensitivity to changes in actuarial assumptions

5a. Participation in Pension Scheme

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits through membership of the Local Government Pension Scheme (LGPS). Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlements. The Council is a member of the Staffordshire County Pension Fund, which is administered by Staffordshire County Council in accordance with the LGPS Regulations 1997. Overall strategy for the Fund is set by the Pensions Committee, which also monitors performance and administers the scheme. The appointment of Investment Managers is the responsibility of the Pensions Panel. Both bodies are made up of elected members.

Further information can be found in Staffordshire County Council's Superannuation Fund's Annual Report which is available upon request from the County Treasurer's Department, 2 Staffordshire Place, Wedgwood Building, Tipping Street, Stafford or via the Fund's website (www.staffspf.org.uk)

Contracted out of the State Second Pension, the Scheme is known as 'defined benefit' and 'funded'.

Defined Benefit - the levels of benefit retiring members receive is based on their pay history and length of service

Funded - a Pension Fund of investments is built up from employee and employer contributions to generate income streams out of which retirement benefits are paid. The Council pays contributions to the Pension Fund sufficient to ensure that it can meet future payment obligations. These contributions are set on rates that are determined by Hymans Robertson, the Pension Fund's professionally qualified and independent actuaries and are based on triennial valuations of the fund. The most recent triennial valuation was undertaken as at 31st March 2013 and this set the required employer contribution rates for the 3 years commencing 1st April 2014. As the Fund is effectively underwritten by the employers, any deterioration in performance can have serious long term financial consequences for the Council. Steps have been taken nationally to mitigate this risk to the local taxpayer, by reforming the LGPS and introducing a greater element of future cost sharing between the scheme employers and the scheme beneficiaries.

5b. Transactions relating to retirement benefits

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

		Restated
	2013/14	**2012/13**
Comprehensive Income and Expenditure Statement:	**£000**	**£000**
Current service cost	(1,118)	(994)
Past service costs	0	0
Settlements and curtailments	(119)	(190)
Financing and Investment Income and Expenditure	0	
Interest cost	(3,376)	(3,113)
Expected return on scheme assets	1,879	1,791
Total post employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(2,734)**	**(2,506)**
Remeasurements of the net defined benefit liability		
Changes in demographic assumptions	(1,658)	0
Changes in financial assumptions	(1,587)	(8,116)
Other experiences	6,061	137
Return on assets excluding amounts included in net interest	(2,890)	3,816
Changes in asset ceiling	0	0
Total Post employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**(2,808)**	**(6,669)**
Movement in Reserve Statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the Code	2,734	2,506
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers contributions payable to scheme	1,096	1,043

5c. Assets and Liabilities in relation to retirement benefits

The pension liability reported on the Balance Sheet shows the Council's projected liability on its share of the Staffordshire Pension Fund. This represents the underlying commitment to pay retirement benefits in the long run. It is actually a net figure comprising the following overall assets and liabilities for the Council's share of the Scheme.

Staffordshire Moorlands DC Share of Pension Fund Assets and Liabilities	**31-March-14 £'000**	**Restated 31-March-13 £'000**
Fair Value of Plan Assets	40,381	42,379
Present Value of Defined Benefit Obligation	(75,200)	(75,486)
Net Asset / (Liability) arising from Defined Benefit Obligation	**(34,819)**	**(33,107)**

The £1.712m increase in the net liability between years can be reconciled by reference to the individual changes in liabilities and assets set out in the following two tables.

Reconciliation of Liabilities (Obligations)

Year Ended	**31st March 2014 £'000**	**Restated 31st March 2013 £'000**
Opening Defined Benefit Obligation	75,486	65,322
Current service cost	1,118	994
Interest cost	3,376	3,113
Contributions by scheme Employees	298	314
Remeasurements	(2,816)	7,979
Estimated Benefits paid	(2,240)	(2,283)
Past service Costs / (Gains)	0	0
Estimated Unfunded Benefits Paid	(141)	(143)
Losses / (Gains) on Curtailments	119	190
Closing Balance at 31 March	**75,200**	**75,486**

Reconciliation of Fair Value of Employer Assets

Year Ended	**31st March 2014 £'000**	**Restated 31st March 2013 £'000**
Opening Fair Value of Employer Assets	42,379	37,841
Interest on Plan Assets	1,879	1,791
Remeasurements	(2,674)	3,803
Contributions by the Employer	739	913
Contributions by Employees	298	314
Benefits Paid	(2,240)	(2,283)
Estimated Unfunded Benefits Paid	(141)	(143)
Contributions in respect of Unfunded Benefits	141	143
Closing Fair Value of Scheme Assets	**40,381**	**42,379**

The profile of the scheme's liabilities is summarised in the table below:

	Liability split	Weighted Average Duration
Active members	31.70%	26.6
Deferred members	21.60%	24.2
Pensioner members	46.70%	11.6
Total	**100.00%**	**18.4**

The Weighted Average Duration is a reflection of the average time until payment of all expected future discounted cash flows. It is determined based on membership and the financial and demographic assumptions used in the most recent actuarial valuation. The shorter the duration the more 'mature' the employer.

5d. Scheme History

Year Ended	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
	£000	£000	£000	£000	£000	£000
Fair Value of Employer Assets	33,958	36,056	36,998	37,841	42,379	40,381
Present Value of Defined Benefit Obligation	(44,919)	(70,405)	(59,458)	(65,322)	(75,486)	(75,200)
Surplus/ (Deficit)	(10,961)	(34,349)	(22,460)	(27,481)	(33,107)	(34,819)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £34.819m has a substantial impact on the net worth of the authority, as recorded in the Balance Sheet, which now stands at an overall balance of £3.16m.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increasing contributions over the remaining working life of employees, as assessed by the scheme actuary. The total contribution expected to be made to the pension scheme by the Council in the year to 31 March 2015 is £1,096,000.

5e. Basis for estimating assets and liabilities

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

The scheme liabilities have been assessed by Hymans Robertson LLP an independent firm of actuaries, estimates of the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2013.

The principal assumptions used by the actuary have been:

Financial Assumptions

Assumptions as at	31st March 2012 (% per annum)	31st March 2013 (% per annum)	31st March 2014 (% per annum)
Pension Increase Rate	2.50%	2.80%	2.80%
Salary Increase Rate	4.80%	5.10%	4.60%
Discount Rate	4.80%	4.50%	4.30%

Mortality

Assumptions as at	Males	Females
Current Pensioners	22.1 years	24.3 years
Future Pensioners	24.3 years	26.6 years

Commutation

An allowance is included for 50% (50% in 2012/13) of future retirements to elect to take additional tax free cash up to HMRC limits and 75% of the maximum tax-free cash for post-April 2008 service.

Asset Category

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

Asset Category		31st March 2013 Fund Value £'000	31st March 2013 Asset Distribution %	31st March 2014 Fund Value £'000	31st March 2014 Asset Distribution %
Equity Securities					
	Consumer	3,898	9	3,067	8
	Manufacturing	2,379	6	2,868	7
	Energy & Utilities	1,776	4	1,690	4
	Financial Institutions	3,250	8	3,030	8
	Health & Care	2,205	5	2,113	5
	Information Technology	1,765	4	1,846	5
	Other	920	2	851	2
Debt Securities					
	Corporate Bonds (investment grade)	3,210	8	3,022	7
Private Equity					
	All *	1,355	3	1,265	3
Real Estate					
	UK Property *	3,299	8	2,967	7
Investment Funds and Unit Trusts					
	Equities	12,975	31	11,949	30
	Bonds	2,157	5	1,963	5
	Hedge Funds *	777	2	765	2
	Other *	1,422	3	1,272	3
Cash and Cash Equivalents					
	All	991	2	1,714	4
Totals		**42,379**	**100**	**40,381**	**100**

* denotes asset prices not quoted in an active market

5f. Sensitivity to Changes in Actuarial Assumptions

The assumptions made by the actuary are subject to change between valuation dates as a result of variations in such factors as longevity, investment return and inflation. The table below illustrates the sensitivity to such changes and the consequent impact on the employer liability:

Sensitivity Analysis - change in assumptions at 31/3/14	**Approximate % increase to Employer Liability**	**Approximate monetary amount (£000)**
0.5% decrease in Real Discount Rate	10.0%	7,157
1 year increase in member life expectancy	3.0%	2,256
0.5% increase in the Salary Increase Rate	3.0%	1,908
0.5% Increase in the Pension Increase Rate	7.0%	5,171

6. Adjustments Between Accounting Basis & Funding Basis Under Regulations

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

2013/14	General Fund Balance £000	Earmarked Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Depreciation	(1,542)	0	0	0	1,542
Impairment / Revaluation losses charged to CIES	0	0	0	0	0
Impairment Written Back - Revaluation Gain	17	0	0	0	(17)
Movements in the fair value of Investment Properties	(97)	0	0	0	97
Amortisation of intangible assets	(14)	0	0	0	14
Capital Grants and contributions applied	607	0	0	0	(607)
Revenue expenditure funded from capital under statute	(704)	0	0	0	704
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(206)	0	0	0	206
Derocognition on non-current assets as part of the gain/loss on disposal to the CIES	(541)	0	0	0	541
Reversal of items relating to retirement benefits	(2,734)	0	0	0	2,734
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	452	0	0	0	(452)
Capital Grants and contributions unapplied credited to the CIES	0	0	0	0	0
Employers contribution to pension schemes	1,096	0	0	0	(1,096)
Application of grants to capital financing transferred to the Capital Adjustment Account (Capital Grants Unapplied Account)	0	0	0	298	(298)
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	389	0	(389)	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	126	0	(126)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals.	(292)	0	292	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(11)	0	11	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	(7)	0	7
Use of Earmarked capital Reserveto finance new capital expenditure	0	2,380	0	0	(2,380)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(906)	0	0	0	906
Amount by which council tax and business rates income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(164)	0	0	0	164
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	(37)	0	0	0	37
Total Adjustments	**(4,687)**	**2,380**	**33**	**298**	**1,976**

2012/13 Comparative Figures	General Fund Balance £000	Earmarked Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Depreciation	(1,434)	0	0	0	1,434
Impairment / Revaluaton losses charged to CIES	(495)	0	0	0	495
Impairment Written Back - Revaluation Gain	49	0	0	0	(49)
Movements in the fair value of Investment Properties	(75)	0	0	0	75
Amortisation of intangible assets	(8)	0	0	0	8
Capital Grants and contributions applied	423	0	0	0	(423)
Revenue expenditure funded from capital under statute	(610)	0	0	0	610
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(58)	0	0	0	58
Derocognition on non-current assets as part of the gain/loss on disposal to the CIES	(112)	0	0	0	112
Reversal of items relating to retirement benefits	(2,170)	0	0	0	2,170
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					0
Statutory provision for the financing of capital investment	367	0	0	0	(367)
Capital Grants and contributions unapplied credited to the CIES	373	0	0	(373)	0
Employers contribution to pension schemes	1,043	0	0	0	(1,043)
Application of grants to capital financing transferred to the Capital Adjustment Account (Capital Grants Unapplied Account)	0	0	0	168	(168)
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	97	0	(97)	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	179	0	(179)
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(93)	0	93	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(2)	0	2	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	(4)	0	4
Use of Earmarked Capital Reservce to finance new capital expenditure	0	651	0	0	(651)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(145)	0	0	0	145
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	32	0	0	0	(32)
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	(31)	0	0	0	31
Total Adjustments	**(2,849)**	**651**	**173**	**(205)**	**2,230**

7. Capital

This note is broken down into a number of sections covering:

a. Property, Plant & Equipment
b. Investment Properties
c. Assets Held for Sale
d. Valuation information
e. Capital expenditure and financing
f. Information on assets held
g. Commitments on capital contracts
h. Assets Held under Leases – Authority as Lessee
i. Assets Held for Leases – Authority as Lessor
j. Heritage Assets

7a. Property, Plant & Equipment

The table below analyses capital expenditure, disposals, revaluations and depreciation charged on the fixed assets of the Council.

Movements in 2013/14	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation						
At April 2013	22,632	10,508	947	1,505	165	**35,757**
Additions	650	2,477	0	0	42	**3,169**
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	408	0	0	30	0	**438**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	17	0	0	0	0	**17**
Derecognition - Disposals	0	0	0	(207)	0	**(207)**
Derecognition - Other	(512)	(412)	0	0	0	**(924)**
Other movements in Cost or Valuation	134	0	0	14	(149)	**(1)**
At 31 March 2014	**23,329**	**12,573**	**947**	**1,342**	**58**	**38,249**
Accumulated Depreciation & Impairment						
At April 2013	(408)	(8,182)	0	(6)	0	**(8,596)**
Depreciation Charge	(908)	(629)	0	(5)	0	**(1,542)**
Depreciation written out to the Revaluation Reserve	65	0	0	0	0	**65**
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	**0**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	**0**
Derecognition- Disposals	0	0	0	1	0	**1**
Derecognition- Other	0	384	0	0	0	**384**
Other movements in Depreciation & Impairment	0	0	0	0	0	**0**
At 31 March 2014	**(1,251)**	**(8,427)**	**0**	**(10)**	**0**	**(9,688)**
Net Book Value						
at 31st March 2014	**22,078**	**4,146**	**947**	**1,332**	**58**	**28,561**
at 31st March 2013	**22,224**	**2,326**	**947**	**1,499**	**165**	**27,161**

The Property, Plant & Equipment 2012/13 comparative figures are illustrated below:

Movements in 2012/13	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation						
At April 2012	26,157	10,397	897	1,765	93	**39,309**
Additions	147	159	50	0	72	**428**
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	(1,939)	0	0	(43)	0	**(1,982)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,523)	0	0	(129)	0	**(1,652)**
Derecognition - Disposals	0	0	0	(58)	0	**(58)**
Derecognition - Other	(240)	(48)	0	0	0	**(288)**
Other movements in Cost or Valuation	30	0	0	(30)	0	**0**
At 31 March 2013	**22,632**	**10,508**	**947**	**1,505**	**165**	**35,757**
Accumulated Depreciation & Impairment						
At April 2012	(1,356)	(7,388)	0	(2)	0	**(8,746)**
Depreciation Charge	(587)	(842)	0	(4)	0	**(1,433)**
Depreciation written out to the Revaluation Reserve	200	0	0	0	0	**200**
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,184	0	0	0	0	**1,184**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	23	0	0	0	0	**23**
Derecognition- Other	128	48	0	0	0	**176**
At 31 March 2013	**(408)**	**(8,182)**	**0**	**(6)**	**0**	**(8,596)**
Net Book Value						
at 31st March 2013	**22,224**	**2,326**	**947**	**1,499**	**165**	**27,161**
at 31st March 2012	**24,801**	**3,009**	**897**	**1,763**	**93**	**30,563**

Depreciation

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

- Other Land & Buildings - 30 to 50 years
- Vehicles, Plant, Furniture & Equipment - 3 to 15 years
- Infrastructure - 25 years

7b. Investment Properties

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

	2013/14 £000	2012/13 £000
Rental income from investment property	(292)	(289)
Direct operating expenses arising from investment	34	30
Net (gain)/loss	**(258)**	**(259)**

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

	2013/14 £000	2012/13 £000
Balance at start of the year	**(3,433)**	**(3,508)**
Additions	0	0
Disposals	0	0
Net (gain) /loss from fair value adjustments	97	75
Balance at end of year	**(3,336)**	**(3,433)**

7c. Assets Held for Sale

The Council does not currently have any fixed assets classified as 'assets held for sale'.

7d. Valuation Information

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant, furniture and equipment are carried at depreciated historical cost as a proxy for fair value.

The significant assumptions applied in estimating the fair values are:

- Other Land and Buildings are valued at either Fair Value based on Existing Use Value (where there is adequate evidence of market transactions for that use) or Depreciated Replacement Cost where there is no market evidence.
- Surplus Assets are valued at Fair Value based on Existing Use Value.
- Infrastructure and Community Assets are valued at Historic Cost net of depreciation.
- The revaluation of fixed assets at the time of disposal is not permitted.

The valuations have been updated as at 31st March 2014. The 2013/14 valuations were carried out by Stephen Gwatkin MRICS (External Senior Principal Surveyor). Joanne Higgins MRICS (Property Services Manager) oversaw the valuation exercise including the Annual assessment for "indications" of impairment.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Total £'000
Carried at Historical cost	0	12,573	0	**12,573**
Valued at Fair Value as at:				
31 March 2014	3,032	0	62	**3,094**
31 March 2013	12,649	0	132	**12,781**
31 March 2012	2,311	0	50	**2,361**
31 March 2011	10,920	0	81	**11,001**
31 March 2010	6,099	0	0	**6,099**

7e. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year was £5,911,000. In addition £2,421,000 of vehicles acquired under finance leases in 2013-14 has been added to the balance sheet. Details are shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2013/14 £000	2012/13 £000
Opening Capital Financing Requirement	**3,565**	**930**
Capital Investment		
Property, Plant and Equipment	3,169	428
Investment Properties	0	0
Intangible Assets	6	32
Revenue Expenditure Funded from Capital under Statute	704	610
Loan (Long Term)	1,953	3,000
Debenture (Long Term Debtor)	2,500	353
	8,332	**4,423**
Sources of Finance		
Capital Receipts	(126)	(179)
Government grant and other contributions	(905)	(591)
Sums set aside from revenue:	0	0
Direct revenue contributions (capital reserves)	(2,380)	(651)
MRP	(452)	(367)
	(3,863)	**(1,788)**
Closing Capital Financing requirements	**8,034**	**3,565**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	2,500	3,000
Finance lease added to balance sheet	2,421	0
Principal Repayment Finance Lease set aside from Revenue	(452)	(367)
Increase /(Decrease) in Capital Financing Requirement	**4,469**	**2,633**
Net capital investment in year excluding finance leases added to Balance Sheet	*5,911*	*0*

Minimum Revenue Provision

The Council is obliged to make an annual charge to revenue for un-financed capital expenditure. The charge is known as Minimum Revenue Provision (MRP). The requirement is based on a simple duty for an authority to make an amount of MRP, which it considers to be "prudent". In 2013/14 the Council made MRP of £452,198. The amount relates to the Council's liability to repay the principal element on vehicles plant and equipment acquired under finance leases.

7f. Information on Assets Held

The main assets held by the Council are:

31st March 2013 No.		31st March 2014 No.
4	Town Halls and Council Offices	4
3	Markets	3
2	Industrial Estates	2
16	Public Conveniences	16
1	Depots	1
3	Leisure Centres	3
2	Cemeteries	2
1	Museums	1

7g. Construction Contracts and Capital Commitments

At 31 March 2014, the Council had no construction contracts in progress.

At 31 March 2014, the Authority had not entered into any contracts for the construction or enhancement of Property, Plant and Equipment in 2014/15 and future years; commitments of this nature at 31 March 2013 amounted to £31,000.

However, there are several significant projects committed in the capital programme with contracts yet to be agreed. The major commitments are:

Scheme	Estimated Values £'000s	Period Investment will Take Place
Play Facilities at Halls Road Playing Fields Biddulph (part of Biddulph Sports Village project)	400	2014-15
Bowling Green St Lawrence Recreation Ground Biddulph (part of Biddulph Sports Village project)	440	2014-15
Victoria Business Park Biddulph	100	2014-15
Retaining Wall Jolliffe Street Car Park Leek	80	2014-15

Affordable Housing: At 31 March 2014, the Council has committed, as part of the Capital Programme, to provide a loan and a debenture to Ascent Housing LLP, the Joint Venture Company set up with Your Housing Group to provide affordable housing across the district. The Council's capital commitments in respect of this project include:

- A further £1.953m of the £5m debenture facility was drawn by Ascent Housing LLP during 2013/14 (£1.460m was drawn in previous years). Further commitments over the next financial year amounts to £1.588m.
- A further £2.5m of the £20m loan facility was drawn in 2013/14 (£3m was drawn in 2012-13). Further commitments over the next financial year amount to £14.5million.

7h. Assets Held under Leases – Authority as the Lessee

Finance Leases

The Council has acquired a number of buildings, refuse, sweep and parks vehicles under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2014 £000	31 March 2013 £000
Other Land and Buildings	65	67
Vehicles, Plant, Furniture and Equipment	2,531	563
	2,596	630

Only peppercorn rentals are payable on leases relating to other land and buildings.

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

	31 March 2014 £000	31 March 2013 £000
Finance lease liabilities (net present value of minimum lease payments):		
• current	515	211
• non-current	2,016	352
Finance costs payable in future years	612	79
Minimum lease payments	**3,143**	**642**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Not later than one year	622	244	515	211
Later than one year and not later than five years	1,957	398	1,506	352
Later than five years	564	0	510	0
	3,143	**642**	**2,531**	**563**

Operating Leases

The Council uses leased cars, commercial vehicles, equipment and property financed under the terms of an operating lease. The amount charged under these arrangements in 2013/14 was £111,263 relating to vehicles, plant and equipment (2012/13 £131,384) Only peppercorn rentals are payable on leases relating to other land and buildings.

The future minimum lease payments due under non-cancellable leases in future years are shown in the table below:-

	Vehicles, Plant & Equipment 2013-14 £'000
Leases expiring in 2014/15	76
Leases expiring between 2015/16 and 2018/19	36
Leases expiring after March 2019	0
Total	**112**

7i. Asset held for Leases – Authority as the Lessor

Finance Leases

The Authority holds the freehold on a number of properties let to third parties under finance leases. There is no annual rent payable and the assets have no carrying value on the Balance Sheet. The Authority has acquired no assets specifically for the purpose of letting under finance leases or hire purchase agreements.

Operating Leases

The Authority lets a number of its properties, such as industrial units and office accommodation. In 2013/14 the rental income receivable from this source totalled £251,206 (2012/13 £256,070).

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

	31 March 2014 £000	31 March 2013 £000
Not later than one year	114	152
Later than one year and not later than five years	175	192
Later than five years	185	199
	474	**543**

7j. Heritage Assets

A reconciliation of the carrying value of heritage assets held by the council is shown below:

	Nicholson Collection £000	Civic Regalia £000	Total Assets £000
Cost or Valuation			
1 April 2012	539	33	**572**
Additions	0	0	**0**
Disposals	0	0	**0**
31 March 2013	**539**	**33**	**572**
Cost or Valuation			
1 April 2013	539	33	**572**
Additions	0	0	**0**
Disposals	0	0	**0**
31 March 2014	**539**	**33**	**572**

The Council holds a range of Heritage Assets including civic regalia and memorabilia, a museum collection (inc. works of art), legal and other historical records, monuments, memorials, statues and other miscellaneous items.

There were no acquisitions, donations, disposals, revaluations or impairments of assets during 2013/14.

Civic Regalia

The Council's Civic Regalia collection comprises the various chains of office associated with the ceremonial functions of the Council and the office of Chair (including deputies and consorts) in particular i.e. chains and pendants etc. The collection (when not in use) is held in secure storage within the District and additionally includes a number of historic items that pre-date local government reorganisation in 1974 such as the chains of office associated with the former rural district councils of Leek and Cheadle.

The Council's Civic Regalia was most recently valued on the basis of Insurance Value by Thomas Fattorini Limited – independent experts in the field of Civic Regalia – in June 2012 (which substantially confirmed its value as at 31 March 2012). It is considered that the collection has an indefinite life and therefore Depreciation has not been charged.

Based on an annual internal review of the collection and its valuation, it is considered that:

- There is no evidence of Impairment; and
- The June 2012 valuation is current.

Nicholson Collection

The Council holds in trust the "Nicholson Collection", which is primarily on public display in the Nicolson Museum & Art Gallery within the Nicolson Institute in Leek. The Collection comprises a variety of oil paintings, water colour paintings, drawings, sketches, sculptures, models, coins, antique furniture, embroideries, vases and other items of local and historical interest in the Staffordshire Moorlands.

The items within the Nicholson Collection have been built up over many years and have been donated by individuals or organisations to Staffordshire Moorlands District Council and its predecessors. Because these items have been gifted, they are not for sale.

The Nicholson Collection was valued on the basis of Insurance Value by Wintertons – independent valuers – in March 2009. It is considered that the Collection has (subject to appropriate maintenance) an indefinite life and therefore Depreciation has not been charged. (Note – the Nicholson Collection is specifically maintained and conserved in good condition).

Based on an annual internal review of the collection and its valuation, it is considered that:

- There is no evidence of Impairment; and
- The latest available Insurance Values remain current.

For security reasons, the Council does not publicly reveal precise details of either its Civic Regalia or the Nicholson Collection.

Civic Regalia and the Nicholson Collection are annually reviewed in order to establish if carrying values remain current and if impairment is required, with a full revaluation undertaken within a maximum period of 10 years in any event.

Other Heritage Assets

At the 31st March 2014, the Council also held a number of other Heritage Assets as follows:

- Civic Memorabilia – the Council has accumulated a number of miscellaneous items of a heritage nature over many years; in many cases the items are commemorative in nature and have been donated to the Council (e.g. commemorative plates, vases, trophies, photographs etc.);
- Legal and Other Historical Records – the Council retains a number of historical legal documents (many dating back to the 19th century) including items such as charters and title deeds. Other historical records include cemetery records dating back many years; and
- Monuments, Memorials, Statues and Other Assets – the Council either owns or is custodian for a range of monuments, memorials, statues and other miscellaneous assets of a heritage nature (e.g. fountains etc.) throughout the District, although none of these are considered individually significant for accounting purposes.

No information on cost or value is held on the above Heritage Assets and the Council considers that the cost of obtaining valuations is not commensurate with the potential benefits to the users of the Statement of Accounts. Therefore these assets are not included on the face of the Balance Sheet (appearing here instead as a Balance Sheet note). However, an annual review of such assets is undertaken to ensure that this assumption remains valid.

Preservation & Management

The Council has a more detailed policy on acquisitions and disposals of, and the preservation and management of Heritage Assets, which is available on request from the Council's Finance Department at Moorlands House.

8. Cash and Cash Equivalents

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

	31 March 2014 £000	31 March 2013 £000
Cash held by the Council	1	1
Bank Current Accounts	2,746	5,456
Short-term deposits	510	1,801
Cash and Cash Equivalents Current Assets	**3,257**	**7,258**
Bank Overdraft	(77)	(517)
Cash and Cash Equivalents Current Liabilities	**(77)**	**(517)**
Total Cash and Cash Equivalents	**3,180**	**6,741**

9. Debtors

An analysis of the bodies and individuals owing money to the Council is as below:

	31 March 2014 £000	31 March 2013 £000
Central Government bodies	769	139
Other Local Authorities	792	418
NHS Bodies	0	8
Other entities and individuals	1,851	1,897
LESS Bad Debt Provisions	(532)	(506)
Total Short Term Debtors	**2,880**	**1,956**

Long Term Debtors

Debtors due over a period of longer than 12 months are classified as long-term debtors on the balance sheet. These consist of mortgage advances, previously granted on the Council's former housing stock; car loans, village hall loans; and the debenture and loan to Ascent Housing LLP.

The Council has entered into a joint venture with Your Housing Group to provide affordable housing across the District and has made a commitment to provide a £5,000,000 debenture. As at 31st March 2014, £3,412,229 of the debenture facility had been drawn by the joint venture company Ascent Housing LLP (£1,108,000 in 2011/12, £351,566 in 2012/13 and £1,952,663 in 2013/14). This has been disclosed as a long-term debtor on the Balance Sheet. However, because the interest charged on the debenture is currently set at a rate below which Ascent Housing LLP could expect to pay on a comparable loan from the market, the loan is deemed to be a material soft loan. Consequently, the value of the debenture is discounted to the present value of the future cash flows and the long-term debtor value has been adjusted to £1,852,000 to reflect this *(see note 13 'Financial Instruments' for more detail).*

The Council has also made a commitment to provide a £20,000,000 loan facility to Ascent Housing LLP. As at 31st March 2014, £5,500,000 of the loan facility had been drawn by Ascent Housing LLP, which is disclosed as a long-term debtor on the Balance Sheet.

Balances at the end of the year were as follows:

	31 March 2014	31 March 2013
	£000	£000
Ascent Loan	5,500	3,000
Ascent Debenture	1,852	805
Housing Advances -Council	8	15
Car Loans	9	0
Village Hall Loans	14	15
Long Term Debtors	**7,383**	**3,835**

10. Creditors

An analysis of the bodies and individuals to whom the Council owes money is as below:

	31 March 2014	31 March 2013
	£000	£000
Central Government bodies	(642)	(373)
Other local authorities	(1,242)	(1,028)
Other entities and individuals	(1,860)	(1,418)
Short Term Creditors	**(3,744)**	**(2,819)**

11. Usable Reserves

This note sets out the amounts included in Usable Reserves.

	Balance at 1 April 2012 £'000	Transfers out 2012/13 £'000	Transfers In 2012/13 £'000	Balance at 31 March 2013 £'000	Transfers out 2013/14 £'000	Transfers in 2013/14 £'000	Balance at 31 March 2014 £'000
General Fund Contingency Reserve	2,012	(442)	630	2,200	(486)	1,257	2,971
General Fund Earmarked Reserve:							
Reserves for Capital schemes	3,691	(652)	40	3,079	(2,379)	0	700
Section 106 Commuted Sums	112	(8)	0	104	(7)	0	97
Building Control Reserve	16	0	22	38	(1)	0	37
Insurance Fund	196	0	0	196	0	56	252
Local Development Framework	40	0	0	40	0	0	40
Sports Promotion Reserve	50	0	0	50	0	0	50
Efficiency & Rationalisation Reserve	488	0	245	733	0	0	733
Pension	200	0	150	350	0	250	600
Community Reserve	50	0	0	50	0	0	50
Business Growth Reserve	47	0	0	47	0	0	47
Fuel Reserve	50	0	0	50	0	0	50
Land Charges	34	0	0	34	0	50	84
Localising Council Tax Benefit	0	0	0	0	0	80	80
Planning Appeals	0	0	0	0	0	50	50
Unused Third Party Funds	450	(143)	180	487	(149)	65	403
Total Earmarked Reserves	5,424	(803)	637	5,258	(2,536)	551	3,273
Capital Reserves							
Usable Capital Receipts Reserve	204	(178)	7	33	(126)	93	0
Capital Grants Unapplied	256	(168)	374	462	(298)	0	164
Total Capital Reserves	460	(346)	381	495	(424)	93	164
Total Usable Reserves	7,896	(1,591)	1,648	7,953	(3,446)	1,901	6,408

The Council's Revenue Reserves are either held as a contingency; are earmarked for specific purposes; or are as a result of 'ring fencing'. A brief description of the reserves is given below.

Reserve	Nature of Reserve
General Fund for Capital Schemes	Earmarked to provide funding for the Council's Capital Strategy
General Fund (Contingency)	Both as a contingency and to temporarily hold balances to be fed back into the short term budgetary process.
Insurance Fund	To meet the cost of any residual MMI liabilities (see Note 14.); to meet the costs of claims which fall below a minimum claim level or for a peril that is uninsured; to fund risk management (RM) activity (per the Council's Risk Management Strategy).
Unused Third Party Funds	These are funds (grants and contributions) from third parties which are unused at the year end but will be used for specific purposes. The key issue is that in the main they will be used in specific pre-ordained areas
Other (earmarked)	These are revenue reserves established on a short term basis to provide funds for Council initiatives in the following areas: - to further develop shared working arrangements - encouraging business growth in the district - supporting sports development - towards future pension liabilities - to dampen impact of fuel price variations - against potential Land Charge and Planning Appeal - to cover potential costs of localising Council Tax - local development framework - to continue the efficiency programme
Building Control	The Council is required by statute to ring fence the profits and losses generated by the 'fee earning' service so as to ensure a breakeven position is achieved over any 3 year rolling period

12. Unusable Reserves

The total unusable reserves included on the balance sheet are shown in the table below, and each reserve is explained in more detail:

31 March 2013 £000		31 March 2014 £000
5,216	Revaluation Reserve	5,598
26,893	Capital Adjustment Account	27,790
(654)	Financial Instruments Adjustment Account	(1,560)
16	Deferred Capital Receipts Reserve	9
(33,107)	Pensions Reserve	(34,819)
54	Collection Fund Adjustment Account	(110)
(121)	Accumulated Absences Account	(158)
(1,703)	**Total Unusable Reserves**	**(3,250)**

Revaluation Reserve

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

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

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

2012/13 £000	Revaluation reserve		2013/14 £000
7,256	**Balance at 1 April**		**5,216**
1,348	Upward revaluations of assets	535	
(3,130)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(32)	
(1,782)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		**503**
(191)	Difference between fair value depreciation and historical cost depreciation	(118)	
(67)	Accumulated gains on assets sold/ scrapped/ Other Movement	(3)	
(258)	Amount written off to the Capital Adjustment Account		(121)
5,216	**Balance at 31 March**		**5,598**

Capital Adjustment Account

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

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

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

	2012/13 £000	Capital Adjustment Account		2013/14 £000
	27,591	**Balance at 1 April**		**26,893**
		Reversal of items relating to capital expenditure debited or credited to the CIES		
(1,434)		• Charges for depreciation non current assets	(1,542)	
(495)		• Impairment revaluation losses	0	
49		• Impairment written back revaluation gain	17	
0		• Revaluation losses on Property, Plant and Equipment	0	
(8)		• Amortisation of intangible assets	(14)	
(610)		• Revenue expenditure funded from capital under statute	(704)	
(112)		• Derecognition of non current assets part of the gain/loss	(541)	
(58)		• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(206)	
	(2,668)			(2,990)
	257	Adjusting amounts written out of the Revaluation Reserve		121
	(2,411)	**Net written out amount of the cost of non-current assets consumed in the year**		**(2,869)**
		Capital financing applied in the year:		
179		• Use of capital Receipts Reserve to finance new capital expenditure	126	
423		• Capital grants and contributions credited to the CIES that have been applied to capital financing	607	
168		• Applications of grants to capital financing from the Capital Grant Unapplied Account	298	
367		• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	452	
0		• Use of Earmarked Capital Reserve to finance new capital expenditure	2,380	
651		• Capital expenditure charged against the General Fund and HRA balances		
	1,788			**3,863**
	(75)	Movements in the market value of Investment Properties debited or credited to the CIES		(97)
	26,893	**Balance at 31 March**		**27,790**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to recognise the accounting loss on material soft loans issued (see Financial Instruments note 13). The full accounting loss is debited to the Comprehensive Income and Expenditure Statement in the year of issuance and then reversed out of the General Fund Balance to the FIAA in the Movement in Reserves Statement. Over the period of the loan, the balance on the FIAA is reduced by the difference between the actual interest received on the soft loan and the notional interest that would have been received if the loan had been issued at market rate.

2012/13 £000	Financial Adjustment Account	2013/14 £000
(509)	**Balance at 1 April**	**(654)**
0	Premiums incurred in the year and charged to the CIES	0
0	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0
(145)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(906)
(654)	**Balance at 31 March**	**(1,560)**

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

2012/13 £000	Pension Reserve	2013/14 £000
(27,481)	**Balance at 1 April**	**(33,107)**
(4,499)	Acturial gains or (losses) on pensions assets and liabilities	(74)
(2,170)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(2,734)
1,043	Employers pensions contributions and direct payments to pensioners payable in the year	1,096
(33,107)	**Balance at 31 March**	**(34,819)**

Deferred Capital Receipts Reserve

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

2012/13 £000	Deferred Capital Receipts Reserve	2013/14 £000
20	**Balance at 1 April**	**16**
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0
(4)	Transfer to Capital Receipts Reserve upon receipt of cash	(7)
16	**Balance at 31 March**	**9**

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 £000	Collection Fund Adjustment Account	2013/14 £000
22	**Balance at 1 April**	**54**
32	Amount by which council tax and business rates income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(164)
54	**Balance at 31 March**	**(110)**

Accumulated Absences Account

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

2012/13 £000	Accumulated Absence Account		2013/14 £000
(90)	**Balance at 1 April**		**(121)**
90	Settlement or cancellation of accrual made at the end of the preceding year	121	
(121)	Amounts accrued at the end of the current year	(158)	
(31)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(37)
(121)	**Balance at 31 March**		**(158)**

13. Financial Instruments

The Council has carried out an analysis of all its financial assets and liabilities with regard to the Code and the results are set out in the following sections:

a. Categories of Financial Instruments
b. Material Soft Loans
c. Re-classification
d. Fair Value of Assets and Liabilities
e. Income, Expense, Gains and Losses
f. Impairment Review
g. Risk Analysis

13a. Categories of Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of "financial instruments".

	Long Term		Current	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Investments				
Loans and Receivables				
Available-for-sale financial assets	19	19		0
Cash Deposits	0	0	3,257	7,258
Fixed Term Deposits	0	0	3,268	2,043
Total Investments	**19**	**19**	**6,525**	**9,301**
Debtors				
Loans and Receivables	7,383	3,835	2,361	2,000
Total Debtors	**7,383**	**3,835**	**2,361**	**2,000**
Borrowings				
Financial Liabilities at Amortised Cost				
Borrowing on Demand	0	0	0	30
Fixed Term Borrowing	5,007	0	0	3,000
Bank Overdraft	0	0	77	517
Total Borrowings	**5,007**	**0**	**77**	**3,547**
Other Long-Term Liabilities				
Finance lease liabilities	2,016	352	515	211
Total other long-term liabilities	**2,016**	**352**	**515**	**211**
Creditors				
Financial liabilities at amortised cost	0	0	2,579	2,414
Total Creditors	**0**	**0**	**2,579**	**2,414**

13b. Material Soft Loans

The Council has entered into a joint venture with Your Housing Group to provide affordable housing across the District and has made a commitment to provide a £5,000,000 debenture. As at 31st March 2013, £1,459,566 of the debenture facility had been drawn by the joint venture company Ascent Housing LLP. A further £1,952,663 was drawn in 2013/14. The debenture is to be fully repaid within a 25 year period.

Interest charged on the debenture is currently set at a rate below which Ascent Housing LLP could expect to pay on a comparable loan from the market, therefore the loan is deemed to be a material soft loan. Consequently, the value of the debenture is discounted to the present value of the future cash flows.

	2013/14 £000	2012/13 £000
Opening Balance	**805**	**599**
Nominal value of new loan granted in the year	1,953	352
Fair value adjustment on initial recognition	(929)	(157)
Loans repaid	0	0
Impairment losses	0	0
Increase in discounted amount	23	11
Other changes	0	0
Closing Balance at year end	**1,852**	**805**

The interest rate at which the value of the debenture has been discounted has been arrived at by taking the rate at which the Authority could have borrowed at for the same period on the same day the loan was issued, plus an allowance to allow for the risk associated with lending to the joint venture.

The fair value adjustment of £929,000 has been charged to the Comprehensive Income and Expenditure Account in 2013/14, and then reversed out of the General Fund balance via the Movement in Reserves Statement to the Financial Instruments Adjustment Account. The Debenture is classified as a long-term debtor on the balance sheet, and is held at fair value. Over the 25 year period, the discounted amount will be increased by the difference between the actual interest received and the notional interest that would have been received if the loan had been made at the higher rate.

13c. Re-classification

No financial instruments were reclassified during 2013-14.

13d. Fair Value of Assets and Liabilities

The fair value of each class of financial assets and liabilities, which are carried in the balance sheet at amortised cost are disclosed below.

	31 March 2014		31 March 2013	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables				
Cash deposits	3,257	3,257	7,258	7,258
Fixed term deposits	3,268	3,271	2,043	2,051
Debtors	2,361	2,361	2,000	2,000
Total	**8,886**	**8,889**	**11,301**	**11,309**
Long-term Debtors	7,383	7,383	3,836	3,836
Available for sale assets(Conversion Stocks)	19	23	19	23
TOTAL	**16,288**	**16,295**	**15,156**	**15,168**
Financial liabilities at amortised cost				
Borrowing on demand	-	-	30	30
Local Authority Loans	5,007	4,968	3,000	3,001
Bank Overdraft	77	77	517	517
Creditors	2,579	2,579	2,414	2,414
Total	**7,663**	**7,624**	**5,961**	**5,962**
Long-term Creditors	2,016	2,016	352	352
TOTAL	**9,679**	**9,640**	**6,313**	**6,314**

Financial liabilities, financial assets (represented by loans and receivables) and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using assumptions as detailed below. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Loans and Receivables

The fair value of the Council's investments has been assessed by calculating the present value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the calculation is equal to the current rate in relation to the same instrument with the same duration from a comparable lender on the date of valuation – 31 March 2014. The rates quoted in this valuation were obtained from Capita Asset Services (the Council's Advisors).

Overall, the fair value of the investments is only £2,618 greater than the carrying value. This is because the Authority's portfolio of investments includes a number of fixed rate loans where the interest receivable is higher than the rates available for similar loans at the Balance Sheet date. This represents the notional future gain attributable to the commitment to fix investments at the rates obtained.

Long-term Debtors

Long-term Debtors include a debenture and loan to Ascent Housing LLP, the joint venture company; car loans, village hall loan; and payments due from mortgaged properties. Interest is charged on the principal outstanding on mortgaged properties. This is set according to the Department of Communities and Local Government Standard National rate, consequently the fair value and carrying value are considered equal.

The debenture has been classified as a material soft loan; and has therefore been recognised in the balance sheet at fair value (as detailed in section b of this note).

Available-for-Sale

The Council's purchased conversion stocks have a face value of £23,478, which is the amount the Bank of England would pay *if* they decided they wanted to buy. The Council does have the option to sell them on the stock market; however the price at 31 March 2014 was immaterially different to the purchase price. Therefore the stocks are held in the Balance Sheet at carrying value.

Financial Liabilities at amortised cost

The fair value of the Council's loans have been assessed by calculating the present value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the calculation is equal to the current rate in relation to the same instrument with the same duration from a comparable lender on the date of valuation – 31 March 2014. The rates quoted in this valuation were obtained from Capita Asset Services (the Council's Advisors).

The calculations are made with the following assumptions:

- For PWLB debt, the discount rate used is the rate for new borrowing.
- For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender.

Fair value is £38,671 less than the carrying amount because the Council's portfolio of loans includes two fixed rate loans where the interest rate payable is less than the rates available for similar loans at the Balance Sheet date.

Long-term Creditors

Long-term creditors relate to the future lease payments due on the Council's finance leases.

13e. Income, Expense, Gains and Losses

The total gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are illustrated below. The figures include the interest receivable and payable on investments and borrowings in 2013-14, and the accounting amendments made in relation to the fair value of the debenture to Ascent Housing LLP.

	2013/14				2012/13			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Financial Liabilities at amortised cost £000	Loans & Receivables £000	Available for Sale £000	Total	Financial Liabilities at amortised cost £000	Loans & Receivables £000	Available for Sale £000	Total
Interest Expense	(51)	0	0	**(51)**	(66)	0	0	**(66)**
Reductions in fair value	0	(929)	0	**(929)**	0	(157)	0	**(157)**
Total expense in Surplus or Deficit on the Provision of Services	**(51)**	**(929)**	**0**	**(980)**	**(66)**	**(157)**	**0**	**(223)**
Interest Income	0	245	1	**246**	0	209	1	**210**
Increases in fair value	0	23	0	**23**	0	11	0	**11**
Total Income in Surplus or Deficit on the Provision of Services	**0**	**268**	**1**	**269**	**0**	**220**	**1**	**221**
Surplus/Deficit arising on revaluation of financial assets in Other CIES	0	0	0	**0**	0	0	0	**0**
Net gain/(loss) for the year	**(51)**	**(661)**	**1**	**(711)**	**(66)**	**63**	**1**	**(2)**

Included within the £51,000 interest expense incurred on financial liabilities at amortised cost is the interest payable on finance leases. Assets obtained under finance leases are capitalised in the balance sheet and depreciated over the shorter of the lease term and their useful economic lives. The annual lease payments are then allocated between the finance cost and the repayment of the liability so as to produce a constant rate of interest.

13f. Impairment Review

An impairment review has been carried out on the Authority's financial assets to assess the likelihood of repayment. The only asset category where impairment has been applied is general trade receivables. The result of which is included in the accounts as the bad debt provision. This is based on historical data and an analysis of individual debtors. Current and prior year outstanding debtors are impaired by a determined percentage, except where 100% non-payment is assumed. The provision is allocated to services based on Debtors outstanding at 31 March 2014 and historical write offs.

13g. Risk Analysis

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management within the Council is overseen by the Audit & Accounts Committee in accordance with the Risk Management Strategy approved by Cabinet.

The Council fully adopted the Chartered Institute of Public Finance & Accountancy Treasury Management revised Code of Practice 2009, which required the Authority to approve annually in advance within the Treasury Management Strategy Statement:

- the Council's overall borrowing and investment position;
- the setting of Prudential and Treasury indicators (including exposure to fixed and variable rates and investments maturing beyond one year); and
- criteria for investing and selecting investment counterparties.

On adoption of the revised Code of Practice, the Authority's Audit and Accounts Committee has now been delegated the role of scrutinising the Treasury function.

The Council's treasury team implements the approved Treasury Strategy and maintains written Treasury Management Practices (TMP's) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Council also has a Treasury Management Policy in place, which defines the policies and objectives of its treasury activities. The policy statement refers to the identification, monitoring and control of risk as the prime criteria by which the effectiveness of the Council's treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Authority.

Exposure to financial risks is discussed in more detail below:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Authority
- **Liquidity risk** – the possibility that the Authority might not have funds available to meet its commitments to make payments
- **Market risk**– the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and non-collection, adjusted to reflect current market conditions.

	Amount at 31st March 2014	Historical experience of default	Historical experience adjusted for markets conditions at 31st March 2014	Estimated maximum exposure to default and non-collectability	Estimated maximum exposure at 31st March 2014
	£'000	%	%	£'000	£'000
Deposits with Banks & Financial Instruments	6,512	0.00%	0.00%	-	-
Customers (non-statutory sundry debtors)	2,361	10.59%	10.59%	250	250

The Authority's exposure to credit risk in relation to deposits with banks and financial institutions cannot be assessed generally as the risk of any institution failing to make repayments will be specific to individual institutions. A risk of irrecoverability applies to all the Authority's deposits, but there was no evidence at 31 March 2014 that this was likely to crystallise.

Customers are assessed, taking into account their financial position, past experience and other factors such as the recent downturn in the economy, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The overdue (greater than 28 days) amount from customers can be analysed by age as follows:

Period Overdue		Default Exposure	
	£'000	%	£'000
Less than three months	31	2.00%	1
Three to six months	7	17.00%	1
Six months to one year	27	17.00%	5
More than one year	313	70.00%	219
	378		**226**

The Council has registered an interest in the properties of two of the past due debtors outstanding included in the above, which total £36,519.

Treasury Management – lending criteria

The financial crisis, commonly known as the 'credit crunch' had a profound effect on the Council's treasury activities. Although no funds were lost as a result of the Icelandic crisis, the in-house team significantly revised the lending criteria, consequently adopting a more cautious approach to investing surplus funds.

The Council uses the creditworthiness methodology recommended by the Council's Treasury advisors. This has been incorporated into the Annual Investment Strategy, which outlines the minimum criteria, as established by three of the main credit ratings agencies also including current market data. The Strategy also establishes group limits and recognises only Institutions in International Countries with a AAA (the maximum available) sovereignty rating.

All investments as at 31 March 2014 were held with institutions that domicile within the United Kingdom, as shown below:

Financial Institution	Conutry of Domcile	Group/ Parent	Principal Amount Invested (£)
National Westminister Bank	UK	Royal Bank of Scotand Group	£2,733,255
Lloyds TSB	UK	Lloyds Banking Group	£2,000,000
Standard Chartered	UK	Standard Chartered plc	£1,250,000
Bank of Scotland	UK	Lloyds Banking Group	£500,000
Total Prinicpal Invested			**£6,483,255**
Accrued Interest			*£29,559*

Liquidity Risk

The Authority holds £6.5m in investments as at 31 March 2014. The Treasury Management Strategy establishes limits on investments that can be placed greater than one year, based on the core cashflow forecast. This is to ensure there are sufficient funds available to meet future capital commitments.

The in-house treasury team also monitor short-term liquidity on a daily basis to ensure there are adequate funds easily accessible to cover in-year payments such as precepts, salaries, payments to suppliers and central government. The maturity analysis of investments held at 31 March 2014 was as follows:

	£m
Less than one Year	6.48
Greater than one Year	0
Total	**6.48**

Borrowings

The Council has access to a facility to borrow from the Public Works Loans Board and can also borrow from market lenders for longer-term commitments.

The Council has limits in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The maturity structure of financial liabilities is as follows (original principal invested):

Loans Outstanding	31st March 2014	31st March 2013
	£000	£000
Public Works Loan Board	0	0
Market Debt	0	0
Local Authority Loans	5,000	3,000
Total	**5,000**	**3,000**
Maturity Profile		
Less than 1 Year	-	3,000
Between 1 and 5 years	5,000	-
Total	**5,000**	**3,000**

Market Risk

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

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement would increase;
- Investment at fixed rates – the fair value of the assets will fall (no impact on the balance sheet as all investments carried at carrying value).

The Council carries out its borrowing and investment function within the parameters set in its Treasury Management Strategy, which establishes interest rate exposure. The Council uses the services of a treasury advisor, who issue regular interest rate forecasts to aid decision making when placing investments and setting the annual investment income budget for the following year. Forecasts are updated and reported to the Audit & Accounts Committee, which allows any significant changes in interest rates to be reflected in current budget projections.

At 31 March 2014, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	(66)
Increase in interest payable on variable rate borrowings	0
Impact on Other Comprehensive Income and Expenditure	**(66)**
Decrease in Fair Value of Fixed Rate Borrowing	(109)
Decrease in Fair Value of Fixed Rate Investments	(9)

Price Risk

The Authority does not invest in equity shares and is therefore not exposed to losses arising from movements in the prices of shares.

Foreign Exchange Risk

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

14. Contingent Liabilities and Assets

The disclosures made here are based on the FRS12 definitions of contingent assets and liabilities quoted in the Code:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that a transfer of economic benefits will be required to settle the obligation, or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent Liabilities

Municipal Mutual Insurance – Scheme of Arrangement

Prior to the 1990's the Council were insured by Municipal Mutual Insurance (MMI). When MMI ceased accepting new business in 1992/93 the Council was entered into a Scheme of Arrangement under Section 425 of the Companies Act 1985. Under the terms of the Scheme, the Council inherited a potential liability for future claims against the residual assets of MMI of £62,000. The Scheme of Arrangement was triggered on 13 November 2012 following the conclusion of long running legal proceedings. From that date Ernst & Young LLP became responsible for the management of the company's business, affairs and assets, in accordance with the terms of the Scheme. An initial levy of 15% was confirmed amounting to £9,000 in respect of Staffordshire Moorlands DC. This was paid during 2013/14. An annual review of the levy rate is required under the terms of the Scheme and this could lead to the rate being amended in future, either up or down. An earmarked Insurance reserve, with a balance of £196,478, is currently available to mitigate the financial pressure potentially created by the MMI levy and any other uninsured losses, which might occur in the future.

Land Charges

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £71,424 plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. An additional claimant, a company called "Let's Move Today Limited" has also stated that it has a claim against the council for refunds of search fees. At this stage their claim is unlikely to exceed £3,000. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

Non-Domestic Rates Appeals against the Rateable Value of Business Properties

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. Billing authorities acting as agents on behalf of the major preceptors, central government and themselves (as principal) are required to make provisions (in accordance with the requirements of the Code (section 8.2) and legislation) for refunding ratepayers who have successfully appealed against the rateable value (RV) of their properties on the rating list. This will include amounts relating to non-domestic rates charged to businesses in 2013-14 and earlier financial years. A provision has been included in the Collection Fund for appeals lodged by the Balance Sheet date.

The current valuation list on which appeals can be lodged commenced on 1 April 2010. The next revaluation, delayed from 2015, is due in 2017; therefore appeals could still be lodged in the future by ratepayers on non-domestic rates charged to businesses in 2013-14 and earlier financial years until at least the end of this valuation list. However, there is no certainty of this, nor any indication that the rate of appeals which could be lodged would follow the pattern of the historic data available; and as such, it would be extremely difficult to reliably estimate what liability may arise from this.

Contingent Assets

Housing Capital Receipts

As discussed in Note 3, the Council has accounted for the payment of pooling of capital receipts within the accounts as effective from 1 April 2004. If the legal challenge put forward by Sector (the Council's Treasury Advisors) was successful, the Council could benefit by approximately £47,000.

15. Events after the Balance Sheet Date

The Statement of Accounts 2013/14 were authorised for issue on 25th September 2014 by Andrew P Stokes, Executive Director (Chief Finance Officer). Events after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Enquiries with the Council's Principal Solicitor, Risk Manager and Head of Customer Services have confirmed that there are no other outstanding legal issues, insurance claims or ombudsman complaints, which are likely to have a significant impact on these financial statements.

16. Notes Relating to the Cash Flow Statement

This note provides further analysis of certain figures used in the Cash Flow Statement:

a. Net cash flows from Operating Activities
b. Operating Activities (Interest)
c. Investing Activities
d. Financing Activities

16a. Net cash flows from operating activities

2012/13 £'000		2013/14 £'000
(2,174)	**Net Surplus or (Deficit) on the Provision of Services**	**(3,521)**
	Adjust net surplus or deficit on the provision of services for non cash movements	
1,434	Depreciation	1,542
446	Impairment and downward valuations	(17)
8	Amortisation	14
0	Material Impairment losses on Investments debited to surplus or deficit on the provision of services in year	0
145	Reduction in fair value of Soft Loans (non Subsidiary) made in the year	906
0	Adjustment for internal interest charged	0
0	Adjustments for effective interest rates	0
0	Increase/ (Decrease) in Interest Creditors	7
(1,907)	Increase/ (Decrease) in Creditors	796
(27)	(Increase) /Decrease in Interest and Dividend Debtors	(56)
821	(Increase) /Decrease in Debtors	(997)
13	(Increase) /Decrease in Inventories	(16)
1,127	Pension Liability	1,638
31	Contributions to/ (from) Provisions	189
170	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	844
75	Carrying amount of short and long term investments sold	0
2,336		**4,850**
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
(796)	Capital Grants credited to surplus or deficit on the provision of services	(607)
0	Proceeds from the sale of short and long term investments	0
(5)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(96)
(801)		**(703)**
(639)	**Net Cash Flows from Operating Activities**	**626**

16b. Operating Activities (relating to Interest)

The cash flows for operating activities include the following items:

2012/13 £'000		2013/14 £'000
171	Interest received	167
(66)	Interest paid	(44)

16c. Investing Activities

2012/13 £'000		2013/14 £'000
(355)	Purchase of property, plant and equipment, investment property and intangible assets	(724)
(9,900)	Purchase of short-term and long-term investments	(9,250)
(3,352)	Other payments for investing activities	(4,453)
(29)	Proceeds from the sale of property, plant and equipment, investment property and intangible asset	142
11,400	Proceeds from short-term and long-term investments	8,000
993	Other receipts from investing activities	679
(1,243)	**Net cash flows from investing activities**	**(5,606)**

16d. *Financing Activities*

2012/13 £'000		2013/14 £'000
3,000	Cash receipts or short and long-term borrowing	1,970
633	Other receipts from financing activities	(99)
(366)	Cash payments for the reduction of the outstanding liabilities	(452)
0	Other payments for financing activities	
3,267	**Net cash flows from financing activities**	**1,419**

Supplementary Statements

Collection Fund Account

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.

2012/13				2013/14		
Council Tax £000s	Business Rates £000s	Total £000s		Council Tax £000s	Business Rates £000s	Total £000s
			Income			
	(17,102)		Income due from Business Rates Payers		(17,801)	
	0		Transitional Protection Payments for Business Rates		(30)	
(45,493)			Income due from Council Tax Payers	(46,368)		
(5,222)			Council Tax Benefit*			
		(67,817)	**Total Income**	**(46,368)**	**(17,831)**	**(64,199)**
			Expenditure			
			Preceptors			
			Central Government		8,826	
35,423			Staffordshire County Council	32,273	1,589	
6,115			Staffordshire Police Authority	5,580		
2,329			Staffordshire Fire & Rescue Authority	2,125	176	
6,235			Staffordshire Moorlands DC	5,751	7,061	
	16,985		Business Rates Payments to the National Pool			
		67,087				**63,381**
			Distribution of Previous Year Surplus/ (Deficit)			
			Central Government			
162			Staffordshire County Council	271		
28			Staffordshire Police Authority	47		
11			Staffordshire Fire & Rescue Authority	18		
28			Staffordshire Moorlands DC	48		
		229				**384**
			Charges to the Collection Fund			
2			Bad Debts Written Off	202	165	
130			Increase/ (Decrease) in Bad Debt Provision	(84)	(25)	
			Increase/ (Decrease) in Provisions for Appeals		377	
	117		Cost of Collection		117	
		249				**752**
50,463	**17,102**	**67,565**	**Total Expenditure**	**46,231**	**18,286**	**64,517**
		(252)	**Movement on Fund Balance in year**	**(137)**	**455**	**318**
		(181)	(Surplus)/ Deficit on Fund Brought forward	(433)		(433)
		(433)	**Fund Balance Carried Forward (Surplus)/Deficit**	**(570)**	**455**	**(115)**

* From 1st April 2013, Local Authorities took over responsibility from Central Government for the payment of Council Tax Benefits. Income due from Council Tax Payers is shown net of benefits discounts.

Notes to the Collection Fund Account

1. Non-Domestic Rates (NDR)

From 1st April 2013 Central Government introduced the Business Rates Retention Scheme. Where previously Business Rates collected by local authorities were paid over to Central Government as part of a National Pool, under the retention scheme 40% of the Business Rates will now be retained by the Council; 50% will be paid to Central Government, 9% to the County Council, and 1% to the Fire & Rescue Authority.

Central Government continues to set a National Non-Domestic Rate Multiplier and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their Rateable Value by that amount, adjusted by any applicable reliefs or exemptions.

2012/13		2013/14
£47,853,755	Total Non-Domestic Rateable Value at Year End	£47,832,740
45.8p	National Non-Domestic Rate Multiplier	47.1p

2. Council Tax Base

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 8 bands, based on valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required from the Collection Fund by County Council, Police Authority, Fire & Rescue Authority and this Council, and dividing this total figure by the Council Tax Base. The Council Tax base for the year was calculated as follows:

Valuation Band	Proportion of Band D Charge (ninths)	No of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		2012/13	2013/14	2012/13	2013/14
Band A	6	9,432	9,420	5,201	3,908
Band B	7	10,264	10,279	7,097	6,235
Band C	8	10,460	10,482	8,421	7,921
Band D	9	6,085	6,091	5,612	5,431
Band E	11	4,156	4,161	4,748	4,666
Band F	13	1,875	1,886	2,526	2,498
Band G	15	749	750	1,142	1,137
Band H	18	33	33	32	35
Total		**43,054**	**43,102**	**34,779**	**31,831**
Deduction for non-collection, new build, demolition and other adjustments				(348)	(414)
Additional properties and adjustments during the year				0	0
Council Tax Base (Band D equivalent)				**34,431**	**31,417**

3. The Fund Balance

The year-end surplus or deficit on the Collection Fund for both Council Tax and Business Rates is to be shared between billing and precepting authorities on the basis of estimates made on the year-end balance. For Council Tax the calculation has to be made on 15 January each year; for 2013/14 an estimated surplus of £383,290 was declared. For Business Rates the declaration is made on 31 January each year; as 2013/14 is the first year of the scheme, there was no estimated surplus/ deficit declared before the scheme commenced.

The Council Tax surplus on the Collection Fund at 31 March 2013 was allocated to the District Council, County Council, the Police Authority and the Fire & Rescue Authority debtor accounts in proportion to the value of their respective demands and precepts made on the Collection Fund for 2013/14.

On the 2013/14 Collection Fund, the accounts record an in-year surplus of £137,859 for Council Tax and an in-year deficit of £455,446 for Business Rates.

The balance at 31 March 2014 has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting Authorities' debtor or creditor accounts and the billing Council as follows:

2012/13			2013/14		2013/14	
Council Tax Cumulative Surplus/ (Deficit)	Business Rates Cumulative Surplus/ (Deficit)		Council Tax In Year Surplus/ (Deficit)	Business Rates In Year Surplus/ (Deficit)	Council Tax Cumulative Surplus/ (Deficit)	Business Rates Cumulative Surplus/ (Deficit)
£000s	£000s		£000s	£000s	£000s	£000s
	0	Central Government		(228)		(228)
54	0	Staffordshire Moorlands Council	18	(182)	72	(182)
306	0	Staffordshire County Council	96	(41)	402	(41)
53		Staffordshire Police Authority	17		70	
20	0	Staffordshire Fire & Rescue Authority	6	(4)	26	(4)
433	**0**	**Balance at 31 March**	**137**	**(455)**	**570**	**(455)**

The Council Tax surplus amounts attributable to the County Council, Police Authority and Fire & Rescue Authority above are shown as debtors in the 2013/14 Balance Sheet; the Business Rates deficit amounts attributable to Central Government, the County Council and Fire & Rescue Authority above are shown as creditors in the 2013/14 Balance Sheet.

Actual distribution to the precepting authorities for Council Tax and Business Rates during the year was as follows:

2012/13 Council Tax		2013/14 Council Tax Precept	2013/14 Business Rates Precept	Distribution of Council Tax Balance	Distribution of Business Rates Balance	2013/14 Council Tax Total	2013/14 Business Rates Total
£000s	**Precepting Authorities**	£000s	£000s	£000s	£000s	£000s	£000s
	Central Government		8,826		-		8,826
35,585	Staffordshire County Council	32,273	1,589	271	-	32,544	1,589
6,143	Staffordshire Police Authority	5,580		47		5,627	
2,340	Staffordshire Fire & Rescue Authority	2,125	176	18	-	2,143	176
44,068	**Precepting Authorities**	**39,978**	**10,591**	**336**	**-**	**40,314**	**10,591**
5,230	Staffordshire Moorlands District Council	4,732	7,061	48	-	4,780	7,061
220	Cheadle Town Council	256		-		256	
259	Biddulph Town Council	231		-		231	
120	Leek Town Council	100		-		100	
434	Parish Councils	432		-		432	
6,263	**Staffordshire Moorlands DC**	**5,751**	**7,061**	**48**	**0**	**5,799**	**7,061**
50,331	**Total Call on Fund**	**45,729**	**17,652**	**384**	**0**	**46,113**	**17,652**

4. Council Tax & Non-Domestic Rates Income reported on the Comprehensive Income & Expenditure Statement

The Comprehensive Income & Expenditure Statement includes income from Council Tax & Non-Domestic Rates in "Taxation and Non-Specific Grant Income & Expenditure"; this is further detailed in Note 3c in the Notes to the Financial Statements. A reconciliation between the income as reported in the table above and that shown in Note 3c follows;

2012/13 Council Tax	2012/13 Business Rates		2013/14 Council Tax Precept	2013/14 Business Rates Precept
£000	£000		£000	£000
		Note 3c Taxation and Non-Specific Grant		
(6,295)		Council Tax Income	(5,817)	
	0	Non-Domestic Rates Retention		(2,199)
(6,235)	0	SMDC Precept	(5,751)	(7,061)
(28)	0	(Surplus)/ Deficit Distributed in the Year	(48)	0
(32)	0	Actual (Surplus)/ Deficit recorded at 31st March	(18)	182
	0	NDR Levy paid to Staffordshire County Council		141
	0	NDR Tariff paid to Central Government		4,539
(6,295)	**0**	**Total**	**(5,817)**	**(2,199)**
0	**0**	**Variance**	**0**	**0**

5. Community Charge

Outstanding arrears in respect of Community Charge are still being collected and these amounts are credited directly to the Council's General Fund.

Group Accounts

Group Movement in Reserves Statement

	Total Council Reserves £'000	Reserves of Group Entity £'000	Total Group Reserves £'000
Balance at 31 March 2012 carried forward	**(14,705)**	**(83)**	**(14,788)**
Movement in reserves during 2012/13			
(Surplus) or deficit on the provision of Services	2,174	(93)	**2,081**
Other Comprehensive Income and Expenditure	6,282	0	**6,282**
Total Comprehensive Income and Expenditure	**8,456**	**(93)**	**8,363**
Adjustment between accounting basis & funding basis under regulations	(1)	0	**(1)**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**8,455**	**(93)**	**8,362**
Transfers to/(from) Earmarked Reserves	0	0	**0**
(Increase)/Decrease in 2012/13	**8,455**	**(93)**	**8,362**
Balance at 31 March 2013 carried forward	**(6,250)**	**(176)**	**(6,426)**
Restated Movement in Reserves 2012/13	**Total Council Reserves £'000**	**Reserves of Group Entity £'000**	**Total Group Reserves £'000**
Balance at 31 March 2012 carried forward	**(14,705)**	**(83)**	**(14,788)**
Movement in reserves during 2012/13			
(Surplus) or deficit on the provision of Services	2,174	(93)	**2,081**
Other Comprehensive Income and Expenditure	6,282	0	**6,282**
Total Comprehensive Income and Expenditure	**8,456**	**(93)**	**8,363**
Adjustment between accounting basis & funding basis under regulations	(1)	0	**(1)**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**8,455**	**(93)**	**8,362**
Transfers to/(from) Earmarked Reserves	0	83	**83**
(Increase)/Decrease in 2012/13	**8,455**	**(10)**	**8,445**
Balance at 31 March 2013 carried forward	**(6,250)**	**(93)**	**(6,343)**
Movement in reserves during 2013/14			
(Surplus) or deficit on the provision of Services	3,521	0	**3,521**
Other Comprehensive Income and Expenditure	(429)	0	**(429)**
Total Comprehensive Income and Expenditure	**3,092**	**0**	**3,092**
Adjustment between accounting basis & funding basis under regulations	0	0	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**3,092**	**0**	**3,092**
Transfers to/(from) Earmarked Reserves	0	93	**93**
(Increase)/Decrease in 2013/14	**3,092**	**93**	**3,185**
Balance at 31 March 2014 carried forward	**(3,158)**	**0**	**(3,158)**

Group Comprehensive Income and Expenditure Account for Year Ended 31st March 2014

2012/13	2012/13 Restated		2013/14 Group Expenditure	Group Income	Group Net Total
£000	£000		£000	£000	£000
185	185	Central Services to the Public	850	(589)	261
2,697	2,697	Cultural and Related Services	3,122	(195)	2,927
4,827	4,827	Environment and Regulatory Services	6,513	(2,046)	4,467
2,259	2,259	Planning Services	3,561	(1,332)	2,229
(22)	(22)	Highways and Transport Services	592	(684)	(92)
930	930	Other Housing Services	18,141	(16,555)	1,586
1,587	1,587	Corporate and Democratic Core	1,892	(206)	1,686
190	190	Non Distributed Costs	119	0	119
12,653	**12,653**	**Cost of Services**	**34,790**	**(21,607)**	**13,183**
1,201	1,201	Other Operating Expenditure			1,679
658	658	Financing and Investment Income and Expenditure			1,141
(12,338)	(12,338)	Taxation and Non-Specific Grant Income			(12,482)
2,174	**2,174**	**(Surplus) or Deficit on Provision of Services**			**3,521**
(94)	**(93)**	Share of the (Surplus) or Deficit on the Provision of Service by joint venture			**0**
2,080	**2,081**	**Group (Surplus) or Deficit**			**3,521**
1,782	1,782	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(503)
0	0	Share of the Other Comprehensive Income and Expenditure of the Joint Venture			93
4,499	4,499	Remeasurement of the net defined pension benefit liability			74
6,281	6,281	**Other Comprehensive Income and Expenditure**			**(336)**
8,361	**8,362**	**Total Comprehensive Income and Expenditure**			**3,185**

Group Balance Sheet as at 31st March 2014

31 March 2013 £000	31 March 2013 Restated £000		Notes	31 March 2014 £000
27,161	27,161	Property, Plant & Equipment	7a	28,561
572	572	Heritage Assets	7j	572
3,433	3,433	Investment Properties	7b	3,336
50	50	Intangible Assets		42
177	93	Investment in Joint Ventures		0
19	19	Long Term Investments	13a	19
3,835	3,835	Long Term Debtors	9	7,383
35,247	**35,163**	**TOTAL LONG TERM ASSETS**		**39,913**
2,043	2,043	Short Term Investments	13d	3,268
123	123	Inventories		139
1,956	1,956	Short Term Debtors	9	2,880
7,258	7,258	Cash and Cash Equivalents	8	3,257
11,380	**11,380**	**TOTAL CURRENT ASSETS**		**9,544**
(517)	(517)	Cash and Cash Equivalents	8	(77)
(3,030)	(3,030)	Short Term Borrowings	13d	0
(2,819)	(2,819)	Short Term Creditors	10	(3,744)
(121)	(121)	Provisions		(310)
(6,487)	**(6,487)**	**TOTAL CURRENT LIABILITIES**		**(4,131)**
0	0	Long Term Borrowing		(5,007)
(33,107)	(33,107)	Net Pension Liability	5c	(34,819)
(352)	(352)	Other Long Term Liabilities	13a	(2,016)
(254)	(254)	Grants Receipts in Advance - Capital		(326)
(33,713)	**(33,713)**	**TOTAL LONG TERM LIABILITIES**		**(42,168)**
6,427	**6,343**	**TOTAL NET ASSETS**		**3,158**
7,953	7,953	Usable Reserves - Authority	11	6,408
177	93	Usable Reserves - Joint Venture		0
(1,703)	(1,703)	Unusable Reserves	12	(3,250)
6,427	**6,343**	**TOTAL RESERVES**		**3,158**

Notes to the Group Accounts

1. Ascent Housing LLP – Registered Company No OC35082

Ascent Housing LLP was incorporated as a Limited Liability Partnership on 21 September 2010 and is classified as a joint venture given the contractual need that each party has to agree all policy decisions. Its primary role is to provide affordable housing throughout the Staffordshire Moorlands. It is the accounts of Ascent Housing LLP that are consolidated with those of the Authority to produce the Group Accounts.

Ascent Housing LLP has two Designated Members: The Council has a 49% shareholding in this company; and the remaining 51% of shares are held by Your Housing Group. Profits are to be distributed amongst the Members according to shareholding. Each Designated Member appoints two out of the four executive board directors and votes are divided equally.

The Council's share of Ascent Housing LLP's assets and liabilities are as follows:

Restated 2012/13 £'000	Ascent Housing LLP (49%)	2013/14 £'000
(103)	Income	211
10	Expenses (including Taxation)	27
(93)	**Total (Profit) / Loss**	**238**
	Recognition of Losses suspended as exceed Council's interest in Joint Venture	(238)
(93)	**Total (Profit) / Loss included within the Group Income and Expenditure Statement**	**0**
2,936	Long Term Assets	6,304
650	Current Assets	437
3,586	**Total Assets**	**6,741**
(509)	Current Liabilities	(699)
(2,984)	Long Term Liabilities	(6,280)
(3,493)	**Total Liabilities**	**(6,979)**
93	**Total Net Assets / (Liabilities)**	**(238)**
0	Recognition of Losses suspended as exceed Council's interest in Joint Venture	238
93	**Total Net Assets / (Liabilities) included within the Group Balance Sheet**	0

2. Method of Consolidation

The Joint Venture has been accounted for using the equity method of consolidation under the provisions of IAS 31 - Interests in Joint Ventures.

Under the provision of IAS 31, intercompany transactions have not been excluded from the statements and cash flows have not been consolidated. The equity method of consolidation presents the Council's share of the joint venture's income and expenditure separately on the face of the Group Comprehensive Income and Expenditure Statement and the Council's share of the joint ventures assets and liabilities shown in the note above.

Under the provision of IAS28, which is applicable to Joint Ventures when the equity method of consolidation is used, where the Council's share of losses of the Joint Venture equals or exceeds its interest in the Joint Venture, the Council discontinues recognising its share of further losses. Under the agreement of the Joint Venture, the Council has not incurred any legal or constructive obligation to meet these losses or made payments on behalf of the Joint Venture, therefore, no liability is recognised. The Council will resume recognising its share of any future profits reported by the Joint Venture only after its share of the profits equals the share of losses not recognised.

3. Restatement of Ascent Housing LLP 2012/13 Closing Balances

The Ascent Housing LLP Report and Financial Statements for the Year ended 31 March 2014 detail in the Notes to the Financial Statements, Note 23, a Prior Period Adjustment:
"During the year following a detailed review of the accounting policies, an adjustment has been made to reallocate the loan balance with Moorlands Housing Limited from Members' interest to Creditors due after one year, as Moorlands Housing Limited is not a member of the LLP. Moorlands Housing Limited is a subsidiary of Your Housing Group, which is a member of the LLP.
"An adjustment has also been made to allocate the Other reserves. When the financial statements are approved, in accordance with the Membership agreement, the profit is allocated between members, in accordance with the membership agreement allocation, this allocation has not previously been made."

The 2012/13 Income & Expenditure Account was not impacted by these prior period adjustments. The following adjustments to the Ascent Housing LLP Balance Sheet were made:

Decrease in Members' interests	(£1,460,000)
Increase in Creditors due after one year	£1,460,000
Decrease in Other reserves	(£170,000)
Increase in Members' interests	£170,000

The Council's group accounts are prepared using the equity method, therefore the £1,460,000 adjustment between Members' Interest and Creditors will not have any impact on the Council's group accounts.

The Council's 49% share (£83,000) of the £170,000 adjustment for the profit allocation between members impacts the Council's Group Movement in Reserves Statement (MIRS) and Group Balance Sheet, there is no impact on the Group Comprehensive Income & Expenditure Statement:

49% share of decrease in Other reserves	(£83,000)
49% share of increase in Members' interests	£83,000

The Group MIRS is restated to show the profit allocation of £83,000 as a Transfer from Earmarked Reserves.
The Group Balance Sheet is restated on two lines: Long-Term Assets, Investment in Joint Venture; and Useable Reserves of the Joint Venture, both have been reduced by the £83,000 profit allocation.

4. Capital Commitments in Joint Venture and Cash Flows

A debenture has been issued to Ascent Housing LLP over the last three financial years: £1.108 million in 2011/12; £0.352 million in 2012/13; and a further £1.953 million in 2013/14. Further commitments over the next financial year amount to £1.588 million. The total of the debenture will be £5 million.

The Council has also made available to Ascent Housing LLP a £20 million loan to be utilised over four years. In 2012/13, Ascent Housing LLP received the first payment of £3 million; a further payment of £2.5 million was drawn in 2013/14. Further commitments over the next financial year amount to £14.5 million.

In addition to the payments of the Loan and Debenture during the year from the Council to Ascent LLP, the Council has received interest payments from Ascent LLP of £73,677 for the loan and £44,832 for the Debenture.

5. Contingent Liabilities and Assets

There are no obligations to report arising from past events whose existence will be confirmed by a future event outside the organisations control. Neither is there any unrecognised present obligation arising from past events where a transfer of economic benefit is probable or measurable.

6. Ascent Housing LLP

The Ascent Housing LLP Report and Financial Statements for the year ended 31 March 2014 can be obtained from the registered office – Apex House, 266 Moseley Road, Levenshulme, Manchester M19 2LH.

Glossary of Financial Terms

Accounting Policies
Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in it's financial statement.

Accounting Period
This is the length of time covered by the accounts. It is normally a period of 12 months commencing 1st April. The end of the accounting period is the Balance Sheet date.

Accruals
The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which they were earned or incurred, and not in the period in which any cash is received or paid.

Actuarial Gains and Losses

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because:
- Events have not coincided with the actuarial assumptions made for the last valuation; or
- The actuarial assumptions have changed.

Asset
An asset is something that the Council owns that has a monetary value. Assets are either 'current' or 'fixed'. A current asset will be used by the end of the next financial year, whereas a fixed asset provides benefits for a period of more than one year.

Balance Sheet
A snapshot of the overall financial position of the Council at the end of the financial year.

Balances
Reserves held in Council funds at the end of the financial year.

Capital Adjustment Account
It provides a balancing mechanism between the cost of fixed assets consumed and the capital financing set aside to pay for them. (Introduced by the 2007 SORP, it replaced the Capital Financing Account.)

Capital Charges
The depreciation charge covering fixed assets used in the provision of services.

Capital Expenditure
Spend on the acquisition of fixed assets or expenditure which adds to and does not merely maintain existing assets.

Capital Receipts
Income received from the sale of capital assets, a specified proportion of which may be used to finance new capital expenditure and the remainder is set-aside and may only be used for paying off debt.

Carrying Value
The value at which an asset or liability is held on the Balance Sheet.

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

Chartered Institute of Public Finance and Accountancy (CIPFA)
The professional accountancy body concerned with local authorities and the public sector.

Collection Fund
Fund indicating the level of Council Tax and Non-Domestic Rates received by the Council and the payments which are made from these funds including precepts to central government, other authorities and the Council's own demand.

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

Consistency
Accounting concept applied in the preparation of the accounts, ensuring that the accounting treatment of like items within a period and from one period to the next is the same.

Contingent Assets & Liabilities
Possible economic benefit or payment obligation which may arise in the future but which cannot be determined in advance.

Creditors *(Payables)*
Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

Current Assets
Items that can be readily converted into cash.

Current Liabilities
Items that are due immediately or in the short-term.

Debtors *(Receivables)*
Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Depreciation
Measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use over time or obsolescence through technological or other changes.

Earmarked Reserves
These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

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

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

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

Fees and Charges
Income arising from the provision of services.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Reporting Standards (FRSs)
Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Instrument
These are contracts that give rise to a financial asset of one entity and a financial liability of another. Examples include trade payables and receivables, borrowings, investments, loans and bank deposits. It is only recently that financial instruments have been comprehensively covered by UK financial reporting standards.

Financial Year
A period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

Fixed Assets
Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Formula Grant
Annual non-specified grant funding provided by Central Government in the form of Revenue Support Grant and retained Business Rates (prior to 2013/14: Contributions from the Non-Domestic Rates Pool)

General Fund (GF)
The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund.

Going Concern
The accounting concept that assumes the Council will remain in operational existence for the foreseeable future. This means in particular that the income & expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants
Assistance by government and inter-government agencies and similar bodies, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Heritage Asset
An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Impairment
The writing down in the value of an asset, owing to a change in market value or use of resource.

Income & Expenditure Account
The Income & Expenditure Account summarises the resources that have been generated and consumed in providing services and managing the Council during the year.

Infrastructure Assets
Inalienable fixed assets, expenditure, which is recoverable only by continued use of the asset created. Examples of such assets are highways and footpaths.

Intangible Assets
Are non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the authority through custom or legal rights. Examples of such assets are software licences.

Investment Properties
Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential with any rental income being negotiated at arm's length.

Joint Venture
A contractual agreement joining together two or more parties for the purpose of executing a particular business undertaking.

Leasing
Method of financing the provision of various capital assets, usually in the form of operating leases which tend not to provide for property in the asset to transfer to the authority.

Long-Term Investments
An investment intended to be held for the medium or long-term and will not be capable of realisation within a year of the balance sheet date.

Long-term Debtors
Monies due to the Council that are unlikely to be recovered within a 12-month period, for example mortgage debts.

Minimum Revenue Provision (MRP)
Minimum amount which must be charged to an authority's revenue account each year for the repayment of principal and set aside as a provision for credit liabilities.

Non-Domestic Rate (NDR)
Amounts payable to local authorities from non-domestic properties. From 01 April 2013 Central Government introduced the Business Rates Retention Scheme, under which Business Rates income is distributed amongst preceptors: 50% is paid to Central Government; 9% to the County Council; 1% to the Fire Authority; and 40% is retained by the Council. The multiplier continues to be set nationally.

Net Book Value
Amount at which fixed assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost
Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value
Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Operational Assets
Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases
A lease other than a finance lease.

Operational Assets
Tangible fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Post Balance Sheet Events
Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept
Demands made upon the collection fund by Central Government and other authorities (Staffordshire County Council, Staffordshire Fire & Rescue Authority, Staffordshire Police and Town & Parish Councils) for the services they provide.

Provisions
Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence
Accounting concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets, the ultimate, cash realisation of which can be assessed with reasonable certainty.

Prudential Framework
The Prudential Framework replaced the credit approval mechanism previously used by central government to control borrowing for capital expenditure. Local authorities are now allowed to determine their own capital programmes according to prudent assessments of affordability. Authorities must set their spending plans in accordance with the CIPFA Prudential Code.

Reserves
Sums set aside to meet future expenditure on specific purposes.

Revaluation Reserve
A capital reserve that records net gains (if any) from revaluations of assets made after 1st April 2007. (Introduced by the 2007 SORP, it replaced the Fixed Asset Restatement Account.)

Revenue Contributions
Method of financing capital expenditure directly from revenue. Now usually referred to as Capital Expenditure Charged to Revenue Account (CERA).

Revenue Expenditure
Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Resources Under Statute (REFCUS)
Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

Revenue Support Grant (RSG)
Grant paid to local authorities by Central Government to help finance its general expenditure.

Section 106 (S106)
This section of the Town and Country Planning Act 1990 enables legal agreements between planning authorities and a developer where on being granted a planning application the latter may be obliged to provide additional funding for specified services.

Service Reporting Code of Practice (SeRCOP)
Sets out proper practice with regard to consistent financial reporting below the Statement of Accounts level.

Short-term Investments
An investment that is capable of realisation within a year of the balance sheet date.

Soft Loan
Loans made for policy reasons rather than as financial instruments. Commonly, made to local and voluntary sector bodies that undertake activities considered beneficial to the community. They may be interest free or below prevailing market rates.

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

Usable Capital Receipts Reserve
Distinguishes the amounts in the reserve from any capital receipts that have been posted to the Capital Adjustment Account to reduce the Authority's underlying requirement to borrow.

Useful Life
Period over which the local authority will derive benefits from the use of a fixed asset.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STAFFORDSHIRE MOORLAND DISTRICT COUNCIL

Opinion on the financial statements

We have audited the financial statements of Staffordshire Moorland District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Group Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Group Comprehensive Income and Expenditure Statement, the Balance Sheet, the Group Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes.

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

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

Respective responsibilities of the Executive Director and Chief Finance Officer and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the financial position of Staffordshire Moorland District Council as at 31 March 2014 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

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

Matters on which we report by exception
We report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor
The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.
We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit

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

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

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

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.
We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

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

Certificate

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

Phil Jones,
Director for and on behalf of Grant Thornton UK LLP,
Appointed Auditor
Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
30 September 2014