Appendix A

THE BOROUGH OF WEST DEVON

Statement of Accounts
Un-Audited

2013/2014

This information can be made available in large print, Braille, tape format or other languages upon request. West Devon Borough Council is committed to reflecting the full diversity of our community and to promoting equality of opportunity for everyone.

Contents for the Financial Statements

Contents for the Technical Appendix to the Financial Statements

EXPLANATORY FOREWORD

INTRODUCTION

1. Each year West Devon Borough Council publishes a Statement of Accounts that incorporates all the financial statements and disclosure notes required by statute.

2. The Statement of Accounting Policies summarises the framework within which the Authority's accounts are prepared and published. This foreword intends to give a general guide to the significant matters reported in the statements and provides a summary of the overall financial position.

REVIEW OF THE YEAR

The revenue budget

3. **Financial Performance against Budget in 2013/2014**

There is a revenue underspend of £170,000 at the year end. This represents a significant achievement. This successful outcome is the result of much hard work by Council Members, officers and partner organisations. The underspend will be used to finance part of the investment in the Council's Transformation Programme (T18), details of which are on page 5.

The latest budget monitoring report to the Resources Committee on 28 January 2014 anticipated an underspend of £140,000 for the year. It is pleasing to note that the Council's budget monitoring throughout the year was accurate in forecasting the year end position.

Table 1 below provides an analysis of the year end variances against budget.

	Budget 2013/14 **£000**	**Budget variations increase/ (decrease)** **£000**	**£000**	
Reduced expenditure/additional income				
Budget Scoured Savings 13/14 - Rationalisation of vacant posts (£68K) - Waste Collection depot costs (£35K) - Reduction in Home Improvement Agency specialist advice and Civil Contingencies Act (34K) - ICT Infrastructure savings (28K) - Other small operational savings	n/a	(200)		**A**
Discretionary Rate Relief	55	(55)		**B**
Swimming Pool	373	(22)		**C**
Legal - Additional income	6	(10)		**D**
Other small underspends	n/a	(3)		
Sub total			**(290)**	

Increased expenditure/reduced income				
Reserve Bids in year	n/a	10		**E**
Planning Income	389	26		**F**
Land Charges Income	93	24		**F**
Investment income	45	20		**G**
Parish Funding – Public Conveniences	45	25		**H**
TIC additional income not achievable	30	15		**I**
Sub total			**120**	
ACTUAL UNDERSPEND			**(170)**	

TABLE 1: 2013/14 BUDGET OUTTURN

Notes

A. **Budget Scoured Savings -** The Council has saved all of the scoured savings in the year, amounting to £200,000**.**

B. **Discretionary Rate Relief (DRR) –** New accounting arrangements have been introduced which mean that the charge previously made to the General Fund is no longer required. The costs of DRR will now be met from the Business Rates Retention Scheme in 2013/14.

C. **Swimming Pool –** The Council obtained the anticipated budget savings of £22,000.

D. **Legal –** The Council has provided legal services to another Devon Council, generating £10,000 of additional income.

E. **Reserve Bids in the year –** A bid to reserves in the year totals approximately £10,000. This is for work in Planning with respect to a specialist viability appraisal.

F. **Planning and local land charges income** – The combined reduction in income has resulted in an over spend of £50,000. (£26,000 and £24,000 respectively)

G. **Investment Income –** As with last year due to the low interest rates, investment income is under target. However the return on the investments is 0.42%, still higher than the benchmark of 0.39%.

H. **Parish Funding –** The income budget for contributions from Parishes towards Public Conveniences has historically been set at £45,000 whereas actual levels achieved are around £20,000. A cost pressure of £25,000 has been built into the budget process for 2014/15 to realign the income budget with actual income achievable.

I. **TIC –** The total budget increase predicted for TIC income was £15,000, which was not achieved.

4. The financial standing of the Authority remains sound and sustainable when moving forward despite significant pressures associated with Government funding reductions. General Fund Revenue Reserves have decreased by £77,000 and stand at £953,000. This is a level which is considered prudent and not excessive as it is sufficient to cover just under two months of continuing operations. The movement in Reserves is detailed in Section 2a.

5. The unaudited Statement of Accounts for 2013/2014 was certified by the Head of Finance and Audit on 30 June 2014. This is also the date up to which events after the balance sheet date have been considered. There are no events which took place after 31 March 2014 which require disclosure.

Savings from Shared Services

6. The arrangements for shared services continue to be a crucial component of the Council's Financial Strategy. The Council continues to share staff with South Hams District Council, which has now yielded over £6 million in savings across the two Councils, with each Council generating ongoing savings of about £700,000 every year.

7. Both West Devon and South Hams have been bold in challenging the traditional local government model and have always been at the forefront of radical change. Indeed the Councils have recently taken their next step and abolished the role of Chief Executive saving approximately 1% of council tax for each council per year, by moving to an Executive Director model.

Pension Liability

8. International Accounting Standard 19 (IAS19) requires Local Authorities to recognise pension assets and liabilities within their accounts. The pension fund liability at 31 March 2014 is estimated at £17.5 million which compares with £18.2 million at 31 March 2013. The decrease in the net deficit is mainly due to the fact that the actuarial assumptions used to value the liabilities have moved favourably and return on assets was more than expected last year. This has resulted in an overall actuarial gain for the year of £1.265m which has been charged to the Consolidated Income and Expenditure Account.

Capital spending

9. The Authority spent £490,084 on capital projects. The main areas of expenditure were as follows:
   - Housing renovation grants and disabled facility grants
   - Community projects, namely village hall and parish project grants

10. The capital programme is funded from capital receipts, capital grants and external contributions and earmarked reserves. An analysis of the programme and how it is funded is shown below:

Funding:		**Spent on:**	
Earmarked Reserves	0	Fixed Assets	0
Capital Grants	178	Intangible Assets	0
Capital Receipts and Funds Reserves	312	Revenue Expenditure Funded From Capital (REFCUS)	490
	490		**490**

11. The Authority maintains both capital and revenue reserves. The provision of an appropriate level of balances is a fundamental part of prudent financial management enabling the Authority to build up funds to meet known and potential financial commitments.

12. General Revenue Reserves have decreased by £77,000 from the preceding year and stand at £953,000 at 31 March 2014. The Medium Term Financial Strategy recommends a minimum level of general fund reserves of £750,000. Revenue reserves may be used to finance capital or revenue spending plans. The table below reconciles the movement on the reserves:

The Use of General Reserves	**2013/14**
Balance Bfwd 1.4.2013	1030
Revenue Outturn Underspend	170
Revenue Reserves Earmarked for Transformation Programme	(260)
Earmarked Reserves released to general reserves	13
Level of unearmarked general fund reserves at 31.3.2014	**953**
Earmarked revenue reserves (see note 6 to the financial statements)	**1,930**

13. In addition to the £2.883m of usable revenue reserves set out in the table above, the Authority has £0.743m in a capital receipts reserve which is available to fund future capital expenditure. These two totals represent the £3.626m of Usable Reserves which are shown in the Balance Sheet.

14. There are a number of Unusable Reserves which include the Revaluation Reserve, Capital Adjustment Account and Pensions Reserve which are subject to complex accounting arrangements. The Revaluation Reserve and Capital Adjustment Account are used primarily to account for changes in fixed asset values associated with revaluations and new capital expenditure and as such cannot be used to finance capital or revenue expenditure.

15. When reviewing the amount of overall reserves held, consideration should be given to the possible implications of the Pension Fund deficiency disclosed within the notes to

the balance sheet. The requirement to recognise the net pension liability in the balance sheet has reduced the reported net worth of the Authority by £17.498 million at 31 March 2014. This disclosure follows the implementation of the International Reporting Standards (IAS 19). This standard requires local authorities and other businesses to disclose pension assets and liabilities within the balance sheet.

16. It is important to gain an understanding of the accounts to appreciate the nature of this reported deficiency, which is based on a "snapshot" of pension assets and liabilities at the year end. This is quite different from the valuation basis used for the purposes of establishing the employer's contribution rate and fund shortfall, which are calculated using actuarial assumptions spread over a number of years.

LOOKING FORWARD TO THE FUTURE

17. Overall, the Council's finances remain strong. In order to maintain this position, the Council operates continuous monitoring of both income and expenditure. This ensures that services are delivered within approved budgets, and value for money is achieved for our residents. In addition, a planning mechanism is in place focusing not only on one year, but also on the longer term. The Council's Medium Term Financial Strategy will be considered by the Resources Committee at its October 2014 meeting.

18. **Transformation Programme (T18)**

The Council continues to face significant reductions in Central Government funding. Because of the unprecedented scale of financial challenges in the next few years, the Council has embarked on a Transformation Programme 2018 (T18).

T18 is viewed as the primary driver to achieve the savings required over the next few years. This is a joint transformation programme with South Hams District Council, with whom the Council has been sharing services with since 2007. The council is preparing to provide its services in an entirely new way, by becoming more flexible and customer focused using the latest technology.

Services will be redesigned around our customers and communities and as a consequence we will remove all departmental silos. This will involve re-engineering over 400 business processes and sharing all of our corporate services and information technology systems. The main phase of the programme will be delivered during the spring of 2015.

Self service providing 24/7 access will be extended significantly enabling customers to access service delivery not just information. Many of our on line transactions will become fully automated, improving response times whilst reducing staff input.

Both Councils have now made the decision to proceed with the programme (November 2013) and the major financial implication the Council has agreed to, is to **"**Approve an investment budget of £1.9 million for the T18 Programme (WDBC's share of the overall budget of £4.85 million), to deliver annual recurring revenue savings of £1.3 million (WDBC's share of the savings of £3.8 million)". The payback period for the Programme is 2 years.

19. Localisation of Business Rates

The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme (BRRS) that enabled local authorities to retain a proportion of the Business Rates generated in their area, with effect from 1 April 2013.

There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline. However, the BRRS allows Authorities to voluntarily form a ‘pool’. Pooling mitigates each Authority’s exposure to Business Rate income volatility as the risks are spread over a larger pool. In 2013/2014, West Devon Borough Council agreed to be part of a Devonwide pooling arrangement and the pooling gain achieved in the first year has equated to £24,447.

In line with good financial management principles, a provision has been made in the Accounts for likely refunds of business rates as a result of appeals, against the rateable value of business properties. The appeals provision is based on the total value of outstanding appeals at the year end as advised by the Valuation Office Agency and on advice from them about the likely success rate of appeals.

Lisa Buckle, Bsc ACA Head of Finance and Audit

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/Decreases before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	***Comparatives 31/3/13***
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	***£000***
Balance at 31 March 2013 carried forward	1,030	664	1,055	2,749	3,456	6,205	*6,194*
Movement in Reserves during 2013/14							
Surplus or (deficit) on provision of services	(539)			(539)		(539)	*(802)*
Other Comprehensive Income and Expenditure					135	135	*813*
Total Comprehensive Income and Expenditure	(539)			(539)	135	(404)	*11*
Adjustments between accounting basis & funding basis under regulations (Note 6)	1,728		(312)	1,416	(1,416)		
Net Increase/(Decrease) before Transfers to Earmarked Reserves	1,189		(312)	877	(1,281)	(404)	*11*
Transfers (to) / from Earmarked Reserves (Note 6)	(1,266)	1,266					
Increase/(Decrease) in Year	(77)	1,266	(312)	877	(1,281)	(404)	*11*
Balance at 31 March 2014	**953**	**1,930**	**743**	**3,626**	**2,175**	**5,801**	*6,205*

Comprehensive Income and Expenditure Statement

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

2012/13				2013/14		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**		**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
0	0	0	Public Health	0	(20)	(20)
5,403	(4,437)	966	Central services to the public	1,297	(272)	1,025
7,316	(1,629)	5,687	Cultural, environmental, regulatory and planning services	7,406	(1,999)	5,407
724	(1,006)	(282)	Highways and transport services	660	(985)	(325)
15,872	(14,304)	1,568	Housing services	15,815	(14,926)	889
4,106	(3,043)	1,063	Corporate & Democratic Core	4,355	(3,188)	1,167
120	0	120	Non Distributed Costs	102	0	102
33,541	**(24,419)**	**9,122**	**Cost Of Services**	**29,635**	**(21,390)**	**8,245**
1,140		1,140	Other Operating Expenditure (Note 7)	1,064	0	1,064
863	(40)	823	Financing & Investment Income (Note 8)	874	(28)	846
0	(10,283)	(10,283)	Taxation & Non specific Grant Income (Note 9)	3,229	(12,845)	(9,616)
35,544	**(34,742)**	**802***	**(Surplus) or Deficit on Provision of Services**	**34,802**	**(34,263)**	**539**
		(1,659)	Surplus or deficit on revaluation of non current assets			1,950
		846	Actuarial gains/losses on pension assets/liabilities			(1,265)
		(813)	**Other Comprehensive Income and Expenditure**			**685**
		(11)	**Total Comprehensive Income and Expenditure**			**1,224**

*** had IAS19 standard applied**

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

31 March 2013		**Notes**		**31 March 2014**
£000				**£000**
23,378	Property, Plant & Equipment	10		21,742
92	Intangible Assets	11		62
0	Heritage Assets	10		0
1	Long Term Investments	T.A*		2
145	Long Term Debtors	12		142
23,616	**Long Term Assets**			**21,948**
8	Inventory			6
2,552	Short Term Debtors	12		3,860
2,787	Cash and Cash Equivalents	13		3,274
5,347	**Current Assets**			**7,140**
(2,185)	Short Term Creditors	14		(3,153)
(15)	Short Term Borrowing	T.A*		(16)
(2,200)	**Current Liabilities**			**(3,169)**
(30)	Other Long Term Creditors	14		(37)
(2,100)	Long Term Borrowing	T.A*		(2,100)
(18,215)	Pension Fund Liabilities	T.A*		(17,498)
(213)	Capital Grants Receipts in Advance	27		(483)
(20,558)	**Long Term Liabilities**			**(20,118)**
6,205	**Total Net Assets**			**5,801**
2,749	Usable Reserves	Section 2a		3,626
3,456	Unusable Reserves	16		2,175
6,205	**Total Reserves**			**5,801**

*T.A – Technical Appendix to the financial statements

The unaudited accounts were issued on 30th June 2014.

Cash Flow Statement

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

2012/13 £000		**2013/14 £000**
(802)	**Net (surplus) or deficit on the provision of services**	**(539)**
2,340	Adjustments to net surplus or deficit on the provision of services for non cash movements (Note 17)	2,841
(1,174)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(972)
(56)	Net cash flows from Operating Activities (Note 17)	(68)
1,665	Investing Activities (Note 18)	(591)
(1,424)	Financing Activities (Note 19)	(184)
549	**Net increase or decrease in cash and cash equivalents**	**487**
2,238	Cash and cash equivalents at the beginning of the reporting period	2,787
2,787	**Cash and cash equivalents at the end of the reporting period (Note 13)**	**3,274**

Notes to the Financial Statements	
1	Accounting Standards That Have Been Issued But Have Not Yet Been Adopted
2	Critical Judgements in Applying Accounting Policies
3	Material Items of Income and Expenditure and Prior Period Adjustments
4	Events After the Balance Sheet Date
5	Adjustments between Accounting Basis and Funding Basis under Regulations
6	Transfers to/from Earmarked Reserves
7	Other Operating Expenditure
8	Financing and Investment Income and Expenditure
9	Taxation and Non-Specific Grant Income
10	Property, Plant and Equipment
11	Intangible Assets
12	Debtors
13	Cash and Cash Equivalents
14	Creditors
15	Usable Reserves
16	Unusable Reserves • Revaluation Reserve • Capital Adjustment Account • Pensions Reserve • Collection Fund Adjustment Account • Accumulated Absences Account
17	Cash Flow Statement – Operating Activities
18	Cash Flow Statement – Investing Activities
19	Cash Flow Statement – Financing Activities
20	Amounts Reported for Resource Allocation Decisions
21	Trading Operations
22	Business Improvement Districts
23	Agency Services
24	Members' Allowances
25	Officers' Remuneration

	Notes to the Financial Statements - continued
26	External Audit Costs
27	Grant Income
28	Related Parties
29	Capital Expenditure and Capital Financing
30	Leases
31	Impairment Losses
32	Termination Benefits
33	Contingent Liabilities
34	Accounting Policies

NOTES TO THE ACCOUNTS

1. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) has introduced some changes in accounting policies which may need to be adopted fully by the authority in the 2014/15 financial statements i.e. from 1 April 2014.

The Authority is required to disclose information relating to the impact of the accounting change on the financial statements. This results from a new / amended standard that has been issued, but is not yet required to be adopted by the Authority. The following changes are not considered to have a significant impact on the Accounts:

a) **IAS 1 Presentation of Financial Statements – a presentational change that requires items of 'Other Comprehensive Income and Expenditure' to be grouped into those that may in future years be reclassified into the 'Surplus/Deficit on the Provision of Services,' and those that will never be reclassified. As these changes are presentational there is no impact on the reported amounts.**

b) **IFRS 7 Financial Instruments Disclosures – this standard clarifies the rules for offsetting financial assets and liabilities, and requires new disclosures. The new standard will have no effect for 2013/14 as the Authority does not currently have any such offsetting of financial assets and liabilities.**

IAS 12 Deferred Tax : Recovery of Underlying Assets – this standard relates to Group Accounts and is therefore not currently relevant to West Devon Borough Council.

IAS 19 Employee Benefits - The International Accounting Standards Board (IASB) published a revised IAS 19 standard in June 2011 which is intended to simplify and improve the quality of disclosures made about employee benefits plans (pensions). It will also have a real impact on the disclosed profits of companies with defined benefit plans. The new standard was formally endorsed by the EU in June 2013 and is effective for accounting periods beginning on or after 1 January 2014, so does not affect the disclosures for 2013/14 (although early adoption is permitted).

The main changes that affect the Profit and Loss Charge are:

- Removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate;
- Some labelling changes to the Profit and Loss charge e.g. "Service cost" now includes what was previously described as the "Current Service Cost" plus the "Past Service Cost" plus any "Curtailments" plus any "Settlements".

Administrative expenses are now accounted for within the Profit and Loss charge; previously a deduction was made to the actual and expected returns on assets.

The impact of the revised standard had it been applied in 2013/2014 is provided in the restated figures shown in the pension notes in these financial statements.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 34, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about 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.

3. Material Items of Income and Expenditure

Where items of income and expenditure are material, the Authority should disclose their nature and amount separately (International Accounting Standard 1: Presentation of Financial Statements). In 2013/2014 the Authority had no material items that were classified as an exceptional item.

Prior Period Adjustments

Employee Benefits - The code includes the revisions as a result of the June 2011 amendments to International Accounting Standards 19 Employee Benefits. There are no prior period adjustments in relation to the change in recognition point for termination benefits however the accounting framework for retirement benefits has been revised to reflect amended definitions, updated terminology, classification, recognition, measurement and disclosure requirements.

4. Events After the Balance Sheet Date

The unaudited Statement of Accounts for 2013/2014 was certified by the Head of Finance and Audit on 30 June 2014. This is also the date up to which events after the balance sheet date have been considered. There are no events which took place after 31 March 2014 which requires disclosure.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2013/14	Usable Reserves				
	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves
	£000	£000	£000	£000	£000
	1,030	**664**	**1,055**	**0**	**2,749**
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure (I&E) Statement:					
Charges for depreciation and impairment of non current assets	505				505
Revaluation losses on Property Plant and Equipment	1,950				1,950
Amortisation of intangible assets	31				31
Revenue expenditure funded from capital under statute	312				312
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive I&E Statement	(1,950)				(1,950)
Insertion of items not debited or credited to the Comprehensive I&E Statement:					
Statutory provision for the financing of capital investment					
Capital expenditure charged against the General Fund					
Adjustments primarily involving the Capital Grants unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement					
Adjustments primarily involving the Capital Receipts Reserve:					
Use of the Capital Receipts Reserve to finance new capital expenditure			(312)		(312)
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive I & E Statement	1,589				1,589
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,040)				(1,040)
Adjustments involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive I & E Statement is different from council tax income calculated for the year in accordance with statutory requirements	(15)				(15)
Amount by which business rates income credited to the Comprehensive I & E Statement is different from council tax income calculated for the year in accordance with statutory requirements	347				347
Adjustment involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive I & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1)				(1)
Total Adjustments	**1,728**		**(312)**		**1,416**
Transfers between General Fund & Earmarked Reserves	(1,266)	1,266			
Surplus) or Deficit on Provision of Services	(539)				(539)
Balance as at 31 March 2014	**953**	**1,930**	**743**		**3,626**
Balance as at 31 March 2013 Comparative Figures	**1,030**	**664**	**1,055**	**0**	**2,749**

6. Transfers to/from Earmarked Reserves

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

General Fund:	Balance at 31 March 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance at 31 March 2014
	£000	£000	£000	£000
Transformation Programme (T18)	0	60	(860)	(800)
Business Rates Retention Scheme	0		(321)	(321)
Car Parking Maintenance	(182)		(70)	(252)
New Homes Bonus 13/14	0	953	(1,038)	(85)
Sparsity Grant and additional Revenue Support Grant	0		(57)	(57)
Local Authority Business Growth Incentive (LABGI)	(43)			(43)
Habitats Earmarked Reserve	(51)	9		(42)
Waste Management	(40)			(40)
Revenue Grant	(34)			(34)
New Homes Bonus 12/13	(52)	25		(27)
Contingency Funding 13/14			(25)	(25)
Cannons Meadow	(27)	3		(24)
County Election	(73)	49		(24)
Landscape Maintenance	(20)			(20)
Fifth Wave Neighbourhood	(20)			(20)
DCLG Business Support Scheme	0		(20)	(20)
DCC Public Health 102505	0		(20)	(20)
Other Reserves below £15,000	(122)	73	(27)	(76)
TOTAL	**(664)**	**1,172**	**(2,438)**	**(1,930)**

Transformation Programme (T18)

On 4 November 2013, Council agreed to finance the investment costs of £860,000 for the Transformation Programme 2018. The £860,000 transferred in relates to £400,000 from New Homes Bonus, £200,000 from Unearmarked Revenue Reserves, £200,000 from Capital Resources and £60,000 savings from the scouring exercise, in accordance with the Investment and Financing Strategy set out in the report. The Transformation Programme is described in the Explanatory Foreword to the Accounts.

Business Rates Retention Scheme

The non domestic rates reserve covers any possible funding issues from the new accounting arrangements.

Car Parking Maintenance
In line with the Council's car parking strategy, a car parking maintenance reserve is maintained to ensure that major planned works on car parks can be carried out at the appropriate time, in line with a cyclical programme of maintenance and repairs.

New Homes Bonus 13/14
This represents the remaining unallocated New Homes Bonus funding from 2013/14.
The detail of the New Homes Bonus funding for 2013/14 was set out in the Council report of 18 February 2014.

Sparsity Grant and additional Revenue Support Grant
The Council received a sparsity grant in 2013/14 to recognise the additional cost of delivering services in a sparsely populated areas. The Council also received a small amount of additional Revenue Support Grant.

7. Other Operating Expenditure

2012/13		**2013/14**
£000		**£000**
1,140	Parish council precepts	1,052
0	Gains/losses on the disposal of non current assets	0
1,140	**Total**	**1,052**

8. Financing and Investment Income and Expenditure

2012/13		**2013/14**
£000		**£000**
96	Interest payable and similar charges	96
767*	Pensions interest cost and expected return on pension assets	778
(40)	Interest receivable and similar income	(28)
823	**Total**	**846**

*****Reinstated due to the change in IAS19

9. Taxation and Non Specific Grant Income

2012/13		**2013/14**
£000		**£000**
5,280	Council Tax income (inc Parish Precepts)	4,941
0	Non domestic Rates (NNDR)	1,453
3,024	Non-ringfenced government grants	2,483
892	New Homes Bonus	1,038
100	Council Tax Freeze grant	0
987	Capital grants and contributions	0
10,283	**Total**	**9,915**

10. Property, Plant and Equipment

There have been no further heritage assets recognised in the 2013/14 financial statements.

	Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**
Cost or Valuation					
At 1 April 2013	23,397	2,349	1,074	83	26,903
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(200)				
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,466)				
Other movements in Cost or Valuation					
As at 31 March 2014	**20,731**	**2,349**	**1,074**	**83**	**24,237**
Accumulated Depreciation and Impairment					
At 1 April 2014	(1,222)	(2,084)	(219)	0	(3,525)
Depreciation charge	(349)	(135)	(21)		(505)
Depreciation written out to the Revaluation Reserve					
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,535				1,535
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services					
Other movements in Depreciation and Impairment					
As at 31 March 2014	(36)	(2,219)	(240)	0	(2,495)
Net Book Value					
At 31 March 2014	**20,695**	**130**	**834**	**83**	**21,742**
At 31 March 2013	22,175	265	855	83	23,378

An external independent valuer, Jones LangLasalle, revalued the Authority's asset portfolio as at 31 March 2014.

Non-Specialised operational properties were valued on the basis of existing use value (EUV). Specialised operational properties were valued on the basis of depreciated replacement costs (DRC). A de mimimus level of £10,000 was set. Infrastructure assets are on a historical cost (HC) basis, whilst vehicles, plant and equipment are held on historical costs as a proxy for current value.

The revaluation basis for Kilworthy Park was reconsidered in 2012/13 and it was valued at depreciated replacement cost (DRC) in the accounts. This basis was previously advised by the Authority's valuers, King Sturge, in 2010, on the basis that the offices at Kilworthy Park were 'specialist' in nature and that they have no, or very limited, alternative uses. Now that the Transformation Programme is under way (which is looking critically at the accommodation for the two authorities) work has begun to look at rationalising the accommodation between the two authorities (West Devon and South Hams District Council) and so the decision has been taken to change the valuation basis. Kilworthy Park has been valued at "existing use value" except for the more recently constructed council chamber "pod" which was designed specifically to meet the Council's requirements for public enquiry space on the ground floor and a council chamber on the first floor. The accommodation is effectively a self-contained unit and due to the specialist nature, this part of the property has been valued to "depreciated replacement cost". As the transformation progresses the valuation basis will need to be consistently analysed to ensure that the basis reflects the current operational changes. The valuation basis will be reconsidered in the Financial Statements to 31st March 2015.

Heritage Assets

The Old Mill site was identified as a Heritage Asset and the valuation as at 31 March 2011, by King Sturge, recommended that the asset should be valued on an existing use value (EUV) basis and that the result of the valuation was a diminimus level. This is mainly due to the site being subject to various legal and environmental constraints and caveats.

11. Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority is 3 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £30,771 charged to revenue in 2013/14 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2012/13	**2013/14**
	£000	**£000**
Balance at start of year:		
• Gross carrying amounts	881	973
• Accumulated amortisation	(878)	(881)
Net carrying amount at start of year	**3**	**92**

Assets reclassified	0	0
Additions	92	0
Impairment losses recognised or reversed directly in the Revaluation Reserve	0	0
Amortisation for the period	(3)	(30)
Net carrying amount at end of year	**92**	**62**
Comprising:		
• Gross Carrying amounts	973	973
• Accumulated amortisation	(881)	(911)
	92	**62**

12. Debtors

	Short Term	
31 March 2013		**31 March 2014**
£000		**£000**
361	Central government bodies	1,187
773	Other local authorities	1,675
0	NHS bodies	0
0	Public corporations and trading funds	0
1,418	Other entities and individuals	998
2,552	**Total**	**3,860**
	Long Term	
13	Other entities and individuals	10
132	Central Government bodies	132
145	**Total**	**142**

13. Cash and Cash Equivalents

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

31 March 2013		**31 March 2014**
£000		**£000**
1,789	Bank current accounts	1,274
(2)	Current account overdraft	0
1,000	Short-term deposits	2,000
2,787	**Total Cash & Cash Equivalents**	**3,274**

14. Creditors

31 March 2013	Short Term	31 March 2014
£000		**£000**
5	Central government bodies	301
402	Other local authorities	490
10	NHS bodies	2
1,183	Other entities and individuals	1,545
416	Precepting Authorities	704
52	National Non-Domestic Rates	0
117	Collection Fund	111
2,185	**Total**	**3,153**
	Long Term	
30	Other entities and individuals	**37**

15. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement in Section 2a.

16. Unusable Reserves

31 March 2013		31 March 2014
£000		**£000**
4,982	Revaluation Reserve	5,701
16,646	Capital Adjustment Account	14,261
(18,215)	Pensions Reserve	(17,498)
119	Collection Fund Adjustment Account Council Tax	134
0	Collection Fund Adjustment Account NNDR	(347)
(76)	Accumulated Absences Account	(76)
3,456	**Total Unusable Reserves**	**2,175**

<u>Revaluation Reserve</u>

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:

a. Revalued downwards or impaired and the gains are lost
b. Used in the provision of services and the gains are consumed through depreciation, or
c. 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		2013/14 £000
3,717	**Balance at 1 April**	**4,982**
1,469	Upwards/(Downward) revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	820
(204)	Difference between fair value depreciation and historical cost depreciation	(101)
4,982	**Balance at 31 March**	**5,701**

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and 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		**2013/14**
£000		**£000**
16,764	**Balance at 1 April**	**16,646**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(550)	• Charges for depreciation and impairment of non current assets	(505)
3	• Revaluation losses on Property, Plant and Equipment	(1,950)
(3)	• Amortisation of intangible assets	(31)
(481)	• Revenue expended from capital under statute	(312)
(0)	• Amounts of non current assets written off on disposal to the Comprehensive Income and Expenditure Statement	(0)
(1,031)		**(2,798)**
204	Adjusting amounts written out of the Revaluation Reserve	101
121	Net written out amount of the cost of non current assets consumed in the year	
	Capital financing applied in the year:	
495	• Use of the Capital Receipts Reserve to finance new capital expenditure	312
57	• Application of grants to capital financing from the Capital Grants Unapplied Account	0
36	• Revenue contribution to finance capital	0
913		**413**
16,646	**Balance at 31 March**	**14,261**

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		**2013/14**
£000		**£000**
17,093	**Balance at 1 April**	**18,214**
1,009	Actuarial gains or losses on pensions assets and liabilities	(1,265)
1,342	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	1,589
(1,230)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,040)
0	Provision for Strain Payments – Senior Management Review	
18,214	**Balance at 31 March** The actual figure for 2012/13 is £18,214,590	**17,498**

Collection Fund Adjustment Account Council Tax

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

2012/13		**2013/14**
£000		**£000**
233	**Balance at 1 April**	**119**
(114)	Amount by which Council Tax income credited to the Comprehensive income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	15
119	**Balance at 31 March**	**134**

Collection Fund Adjustment Account Business Rates

The Business Rates (NNDR) Collection Fund Adjustment Account manages the differences arising from the recognition of Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from ratepayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31 March 2013		**31 March 2014**
£000		**£000**
-	**Balance at 1 April**	-
-	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(347)
-	**Balance at 31 March**	**(347)**

17. Cash Flow Statement – Operating Activities

Adjustments to net surplus or deficit on the provision of services for non cash movements**.**

2012/13 £000		**2013/14 £000**
553	Depreciation	535
71	Impairment, downward valuations & revaluation reversals	1,950
243	(Increase)/decrease in creditors	23
(16)	Increase/(decrease) in debtors	(635)
(3)	Increase/(decrease) in inventories	2
1,505	Movement in pension liability	1,589
480	Revenue expenditure funded from capital under statute (REFCUS) financed from capital receipts	312
18	Contributions to reserves	(1,266)
(511)	Other non cash items charged to the net surplus or deficit on the provision of services	331
2,340		**2,841**

The cash flows for operating activities include the following items:

2012/13 £000		**2013/14 £000**
40	Interest received	28
(96)	Interest paid	(96)
(56)	**Total**	**(68)**

18. Cash Flow Statement – Investing Activities

2012/13 £000		**2013/14 £000**
(1,422)	Purchase of property, plant and equipment, investment property and intangible assets	(86)
1,500	Net (increase)/decrease in investments	(1,000)
1,587	Other receipts from investing activities	495
1,665	**Net cash flows from investing activities**	**(591)**

19. Cash Flow Statement – Financing Activities

2012/13 £000		2013/14 £000
(788)	Net NNDR Receipts Paid to/(received) from Central Government	520
(636)	Net Council Tax receipts paid to/(received) from major preceptors	(704)
(1,424)	**Net cash flows from financing activities**	**(184)**

20. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Resources Committee on the basis of budget reports analysed across committees. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

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

	Central Services	**Cultural, Environmental & Planning**	**Highways, Roads & Transport**	**Housing**	**Corporate & Democratic Core**	**Public Health**	**Non Distributed Costs**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, Charges & Other Service income	(272)	(1,999)	(985)	(580)	(3,188)	(20)	0	(7,044)
Government grants and contributions	0	0	0	(14,346)	0	0	0	(14,346)
Total Income	**(272)**	**(1,999)**	**(985)**	**(14,926)**	**(3,188)**	**(20)**	**0**	**(21,390)**

	Central Services	Cultural, Environmental & Planning	Highways, Roads & Transport	Housing	Corporate & Democratic Core	Public Health	Non Distributed Costs	Total
Employee expenses	500	2,374	196	559	2,731	0	102	6,462
Adjustment re pension liability								
Other service expenses	291	3,790	335	14,834	1,379	0	0	20,629
Support Service recharges	506	1,242	129	422	245	0	0	2,544
Total Expenditure	**1,297**	**7,406**	**660**	**15,815**	**4,355**	**0**	**102**	**29,635**
Net Expenditure	**1,025**	**5,407**	**(325)**	**889**	**1,167**	**(20)**	**102**	**8,245**

21. Trading Operations

The Building (Local Authority Charges) Regulations 1998 requires the disclosure of information regarding the setting of charges for the administration of the building control function. Building Regulations Control Services operate as a separate trading unit and the Summary Accounts for the year will be detailed in the Devon Building Control Partnership Accounts, which can be found at the following website:

http://www.teignbridge.gov.uk/index.aspx?articleid=16096

22. Business Improvement Districts

The Tavistock Business Improvement District (BID) was set up in Tavistock on the 1st September 2011 for the purpose of providing additional services or improvements to the Tavistock BID area. The BID is funded in part by a levy which is based on the rateable value of each property within the BID area and this is charged in addition to the non-domestic rates. West Devon Borough Council acts as agent for the BID Company and bills, collects and pays over the BID levy.

	Tavistock BID – Total 2012-13 £	Total 2013-14 £
Balance as at 1st April	**13,512**	**12,746**
Levy raised for the year	69,362	71,751
Less Allowances & write offs	(45)	19
Amounts Receivable for the year	**69,317**	**71,770**
Cash Received in year (net of refunds)	(70,083)	(66,716)
Amounts owing to BID as at 31st March	**(12,746)**	**(17,800)**
BID Revenue Accounts were as follows:		
Balance as at 31st March	**(5,713)**	**(12,898)**
BID revenues from levy	(70,083)	(66,716)

Less BID cost of collection Net payments to BID Provision for Irrecoverable Debts	 - 62,898 -	 72,411
Balance 31st March	**(12,898)**	**(7,203)**

23. Agency Services

(a) The Authority carries out civil parking enforcement service on behalf of Devon County Council. The staffing and other costs incurred are reimbursed by Devon County Council.

	2012/13 £000	**2013/14** £000
Expenditure incurred in carrying out the civil parking enforcement service	87	49
Management fee payable by Devon County Council	(87)	(49)
Net surplus arising on the agency arrangement	**0**	**0**

(b) The Authority collect land charge search fees on behalf of Devon County Council. These fees are reimbursed to the County Council on a periodic basis. The amount collected was £15,000 in 2013/14 (£15,000 in 2012/13).

(c) The Authority Acts as an agent for Devon County Council, Devon and Cornwall Police Authority and Devon & Somerset Fire & Rescue Authority in the collection of council tax and for Central Government for the collection of Non Domestic Business Rates. Details can be found in the collection Fund on pages 49 to 52.

(d) Under the provisions of The Business Improvements Districts (England) Regulations 2004, the Authority provides agency services for the Tavistock BID. The amount paid to the Bid in 2013/14 was £72,000.

24. Members' Allowances

The Authority has paid the following amounts relating to Members' Allowances:

	2012/13 **£'000**	**2013/14** **£'000**
Members' Allowances	165	169
Travelling & Subsistence	21	23

The current allowance scheme can be found on the Authority's website at:
http://wdbcweb.swdevon.lan/article/3695/Councillor-Allowances

25. Officers' Remuneration

Regulation 4 of the Accounts and Audit (Amendment No.2) (England) Regulations 2009 [SI 2009 No. 3322] introduced a legal requirement to increase transparency and accountability in Local Government for reporting remuneration of senior employees.

A senior employee (England & Wales) is defined as an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 (England) per year (to be calculated pro rata for a part-time employee) and who is:

- The designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- The head of staff for a relevant body which does not have a designated head of paid service; or
- Any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

In March 2011, a new management team, shared with South Hams District Council was appointed. From 1 April 2011, two Corporate Directors and seven Heads of Service now work across both Authorities.

The salary costs of the Chief Executive and the Senior Management Team members of staff employed by West Devon Borough Council are shared with South Hams District Council.

In 2013/14, West Devon Borough Council received a reimbursement of salary costs amounting to £262,700 (2012/13 £254,800) from South Hams District Council, in respect of the Chief Executive and the four Heads of Services employed by West Devon Borough Council.

Similarly, West Devon Borough Council contributed £203,300 (2012/13 £229,800) to South Hams District Council for salary costs in respect of shared members of the Senior Management Team who are employed by South Hams District Council.

The shared Chief Executive was employed by West Devon Borough Council but 50% of the employment costs shown below are reimbursed to the Council by South Hams District Council. However the total costs have to be included in West Devon Borough Council's Accounts in accordance with accounting requirement. The Chief Executive retired on 31 March 2014 and the Council has abolished this traditional role. From 1 January 2014 the Council has operated an Executive Director model, saving the equivalent of 1% of council tax per year.

The remuneration paid to the Authority's senior employees for the year 2013/14:
(All Shared Roles with South Hams District Council)

	Salary	Benefits	Total	Employers Pension Contribution	Total Remuneration Inc Employers Pension Contribution
Chief Executive	115,000	271	115,271	21,045	136,316
Head of Service (Finance & Audit) S151 Officer	46,497	240	46,737	8,509	55,246
Head of Service (ICT & Customer Services)	62,620	311	62,931	11,459	74,390
Head of Service (Environment Services)	62,620	55	62,675	11,459	74,134
Head of Service (Planning, Economy & Community)	62,620	333	62,953	11,459	74,412
Acting S151 Officer	15,866	72	15,938	2,903	18,841
Monitoring Officer	41,250	29	41,279	7,549	48,828

The post of the Section 151 Officer is held by The Head of Service (Finance & Audit). West Devon Borough Council has no other officers earning over £50,000.

Senior Officer Remuneration for the year 2012/13:

	Salary	Benefits	Total	Employers Pension Contribution	Total Remuneration Inc Employers Pension Contribution
Chief Executive	£115,000	£1,486	£116,486	£21,045	£137,531
Head of Service (Finance & Audit)	£61,487	£965	£62,452	£11,252	£73,704
Head of Service (ICT & Customer Services)	£62,000	£1,254	£63,254	£11,300	£74,554
Head of Service (Environment Services)	£62,000	£1,367	£63,367	£11,300	£74,667
Head of Service (Planning, Economy & Community)	£62,000	£1,295	£63,295	£11,300	£74,595
Acting S151 Officer	£9,324	£0	£9,324	£1,706	£11,030

The Statutory Chief Officer post of Monitoring Officer is not included above due to the post being employed by South Hams District Council during 2012/13. The post of the Section 151 Officer is held by The Head of Service (Finance & Audit). West Devon Borough Council has no other officers earning over £50,000.

EXIT PACKAGES

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

Exit Package Cost Band (inc. special payments)	No. of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/13	**2013/14**	**2012/13**	**2013/14**	**2012/13**	**2013/14**	**2012/13**	**2013/14**
£0 - £20,000		1				1		£6,859.53
£20,001 - £40,000		1		1		2		£47,062.62
£40,001 - £60,000*								
£60,001 – 80,000*								
£80,001 - £100,000								
£100,001 - £150,000								
£150,001 - £200,000								
Total								

Note: 50% of the *redundancy element of the exit package costs shown in 2013/14 were reimbursed to the Authority by South Hams District Council as per the Shared Services Agreement. West Devon Borough Council contributed nil in 2013/2014 (£24,700 2012/2013) to the South Hams District Council exit package costs. Conversely, West Devon Borough Council received nil in 2013/2014 (£24,700 2012/2013) from South Hams District Council for exit package costs for the 2013/14 period.

26. External Audit Costs

The Authority incurred the following fees relating to external audit and inspection:

Audit Fees	**2012/13**	**2013/14**
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	**47,028	51,628
Fees payable to Grant Thornton for the certification of grant claims and returns (2012/13 adjusted as estimated cost was £10,250)	10,650	7,787*
Fees payable in respect of other services provided by the appointed auditor	5,500	1,050
Total Audit Fees	**63,178**	**60,465**

* This is an estimate of fees for grant claims and returns for 2014/2015
** This includes a refund from the Audit Commission of £4,600 for 2012/13

27. Grant Income

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

Capital Grants & Contributions	**2012/13**	**2013/14**
	£000	**£000**
Tamar Valley Mining Heritage	651	0
Private Sector Renewal Grants	90	178
Disabled Facility Grants	174	0
Section 106s	72	0
Total	**987**	**178**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver. The balances at the year end are as follows:

	31 March 2013	**31 March 2014**
Capital Grants Receipts in Advance	**£**	**£**
Land Stabilisation	10	10
Hayedown	20	20
Section 106s	183	453
Total	**213**	**483**

28. Related Parties

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

Central Government
Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are detailed in Note 9 and 27.

Members
Members of the Council have direct control over the Authority's financial and operating policies. The Borough Solicitor acts as Monitoring Officer and keeps a register of Members' interests, which is available for public inspection. A questionnaire in respect of related party transactions was issued to all Members and Senior Officers. No material transactions with related parties during the year have been identified, other than those disclosed above or elsewhere, i.e. government grants, etc.

iESE

West Devon Borough Council and South Hams District Council have a relationship with iESE Transformation Ltd. (iESE) which sees the latter providing consultancy support services to the Councils as part of their T18 Transformation programme. The nature of this relationship is similar to an in-house arrangement on the basis that the Councils have become Public Body Members of the Company meaning that the arrangements are not subject to the EU Directives concerning procurement (the Teckal Exemption). There is no requirement for Public Body Members to provide any funding or support for the Company other than as set in contracts for services entered into with the Company.

29. Capital Expenditure and Capital Financing

Total capital expenditure in 2013/14 amounted to £490,084. How this is financed is shown below:-

	2012/13 £		**2013/14 £**
Earmarked Reserves	36,424	Earmarked Reserves	nil
Capital Grants	321,107	Capital Grants	178,717
External Contributions	650,754	External Contributions	nil
Capital Receipts and Funds Reserves	495,961	Capital Receipts and Funds Reserves	311,367
MRP	42,000		
	1,546,246		**490,084**

The Authority's Capital Financing Requirement (CFR) for the year is shown below.

CFR (£m)	31 March 2013 Actual	31 March 2014 Actual
Opening Balances (estimate)	£2,016,000	£2,016,000
Less MRP	(£42,000)	(£42,000)
Add back as MRP used as funding for capital programme	£42,000	0
Closing Balance (estimate)	£2,016,000	£1,974,000
Actual	£1,842,000	£1,842,000

The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit. The Minimum Revenue Provision was applied in 2012/13 and was calculated at £42,000 per year. This is the borrowing of £2.1 million, divided by the life of the asset of 50 years, which equates to £42,000 per annum.

30. Leases

Authority as Lessee

The Authority has, in the past, acquired some assets through operating leases. These have included vehicles and printers. However, all remaining material operating leases have ceased and no lease payments have been made since 2009/10.

Authority as Lessor

The Authority leases various industrial units and commercial properties to external organisations. The gross value of assets held for use in operating leases was £2.575m as at 31 March 2014.

The authority has also granted a lease to the Wharf Building. The lease is for 35 years from December 1994 and was originally granted to The Wharf Community Arts Centre Limited but has now been transferred to CAM (The Wharf) Limited. The arrangement is accounted for as an operating lease and a peppercorn rent is charged.

31. Termination Benefits

The details of the Shared Service arrangements are explained on Page 2 of the Explanatory Foreword to the Accounts. There are no material termination benefits in 2013/14. Please also see note 25 on exit packages.

32. Contingent Liabilities

In common with 370 other English district and unitary councils, West Devon Borough Council are subject of a claim by a group of companies whose business is the making of personal searches of our local land charges records. Multiple Claims have been submitted. The authorities contend that charges were imposed in accordance with Regulations made by the Government and if those Regulations were unlawfully made, the Government should compensate. The Local Government Association have instructed external solicitors to deal with the matter on behalf of the member Local Authorities. The Council is currently considering a framework for settlement and legal advice received to determine whether this matter can be concluded, the costs are currently estimated to be £38,000 (plus interest and costs) which is substantially lower than the original estimates. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

33. Accounting Policies

A. 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. These regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS) (and statutory guidance issued under section 12 of the 2003 Act). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

B. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial 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.

C. Cash and Cash Equivalents

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

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

D. 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.

E. 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.

F. 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. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

G. 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements (or any form of leave, 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 to the Non Distributed Costs line 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 Devon County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Scheme is accounted for as a defined benefits scheme in the following way:

- The liabilities of the Devon County Council 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
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

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

The change in the net pension's liability is analysed into seven components:

- **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **expected return on assets** – the annual investment return on the fund assets attributable to the 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 and curtailments** – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- **contributions paid to the Devon County Council Pension Fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities not accounted for as an expense.

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

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.

H. 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
- 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.

I. 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.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

The Authority does not hold any available-for-sale assets.

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.

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 de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

J. Government Grants and Contributions

General

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 Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.
Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out 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.

A Business Improvement District (BID) scheme operates in Tavistock. This scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts an agent for the Tavistock BID Company, the Council is the billing authority and collects the levy on the BID company's behalf. No income or expenditure is included in the Comprehensive Income and Expenditure Statement, and any cash balance collected by the Council but not yet paid to the BID company at the year end is carried in the Balance Sheet as a creditor.

K. Assets

Fixed Assets owned by the Authority includes:

Assets	31 March 2014 Numbers	Basis of Valuation	Estimated Useful Economic Lives
Council Offices – Kilworthy Park	1	EUV & DRC *	50 years
Council Offices –Okehampton Customer Services	1	EUV	50 years
Swimming Pools	2	DRC	Range of 10 - 30 years
Car Parks	13	EUV	Range of 30 - 50 years
Public Conveniences	9	DRC	Range of 50 - 100 years
Industrial Units	45	EUV &MV	Range of 15 – 30 years
Other Commercial Properties	17	EUV & DRC	Range of 50 – 100 years
Vehicle, Plant and Equipment	N/A	HC	Range of 5 years
Infrastructure	N/A	HC	50 years

***The Kilworthy Park property has been valued to EUV (Existing Use Value) except for the more recently constructed Council chamber "pod" which was specifically designed to meet the Council's requirements for public enquiry space on the ground floor and a council chamber on the first floor. The accommodation is effectively a self-contained unit and due to the specialist nature, this part of the property has been valued to DRC.*

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.

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 3 years to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation charges are not permitted to have an impact on the General Fund Balance. Therefore, these charges are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

L. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

M. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant 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 (i.e. embedded leases).

The Authority as Lessee

Finance Leases

The Authority does not hold any finance leases as a lessee.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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

The Authority does not hold any finance leases as a lessee.

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.

N. Overheads and Support Services

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

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

O. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the 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

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

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

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

Where non-property assets 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)

- 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)

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

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

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

Deprecation is calculated on a straight-line allocation over the useful life of the asset. Useful lives are determined on a case by case basis.

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

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

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

Heritage Assets

The Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) introduced a change in accounting policy in relation to the treatment of heritage assets held by the Council, which was adopted fully by the Authority in the 2012/13 financial statements. The Authority is required to make disclosure of the estimated effect of the standard in the financial statements. The standard requires that a new class of asset, heritage assets, is disclosed separately on the face of the Authority's Balance Sheet.

P. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation 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 by the Authority.

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.

Q. Reserves

The Authority sets aside specific amounts as reserves for future 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.

R. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the 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.

S. Section 106 deposits

Developer contributions are initially treated as Capital Receipts in Advance unless a clear capital use is identified in the terms of the agreement in which case they are defined as Capital Contributions Unapplied.

T. Recharging the salaries of shared services officers

Extensive detailed work has been carried out by a small group of officers on the recharging of salaries between West Devon Borough Council and South Hams District Council for the 2013/14 financial year for shared officers, following the Senior Management Review (effective from 1st April 2011) and the Middle Management Review (effective from 1st October 2011).

Officers have produced a methodology for recharging the salary costs of shared officers based on the most appropriate cost driver and ratio to best reflect the officer’s split of workload between the two Authorities. Examples of the cost drivers used are caseloads, call volumes, property numbers, number of claims or cases processed etc and other methods such as time recording. The work carried out includes establishing from the Head of Service the relevant recharge requirements for every member of staff.

U. 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.

V. 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	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways. Please refer to the Technical Appendix for further information about the assumptions used by the actuaries.
Arrears	At 31 March 2014, the Authority had sundry debtors which were reviewed for an impairment of doubtful debts based on previous debt collection performance. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to further deteriorate, an increase of the amount of the impairment of doubtful debts would require additional funds to be set aside as an allowance.

W. Business Rates Retention

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, with effect from 1 April 2013.

General Fund – The Comprehensive Income and Expenditure statement accrues the Authority's share of the 2013/14 rates bills. The movement in Reserves Statement features an adjustment reconciling accrued rates income for the year to the entitlement to transfer from the Collection Fund (with a balancing entry in the Collection Fund Adjustment Account).

Appeals – Provision is made for likely refunds of business rates as a result of appeals, against the rateable value of business properties. The appeals provision is based on the total value of outstanding appeals at the year end as advised by the Valuation Office Agency and on advice from them about the likely success rate of appeals.

COLLECTION FUND

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

This account reflects the statutory requirements for the Council as a billing authority to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

2012/13 £'000	**2012/13 £'000**	**INCOME**	**2013/14 £'000**	**2013/14 £'000**
Business Rates	Council Tax		Business Rates	Council Tax
	30,055	Council Tax		31,189
	3,985	Council Tax Benefit		0
10,460		Business Rates	10,421	
(295)		Transitional Relief	(72)	
10,165	**44,205**		**10,349**	**31,189**
		EXPENDITURE		
		Precepts & Demands		
	23,465	- Devon County Council		21,123
	1,554	- Devon & Somerset Fire & Rescue Authority		1,426
	3,357	- Devon & Cornwall Police Authority		3,083
	5,280	- West Devon Borough Council (Including Parishes)		4,849
		Business Rates		
10,080		- Payments to National Pool	10,897	
85		- Costs of Collection	84	
		Rates increase/decrease in provision for appeals	368	
	217	Write-offs	44	34
		Movement in Provision for Uncollectable Rates	(178)	
	171	Movement in Provision for Uncollectable Council Tax		91
		Contribution towards previous year's Collection Fund surplus transferred to		
	528	- Devon County Council		352
	34	- Devon & Somerset Fire & Rescue Authority		23
	74	- Devon & Cornwall Police Authority		49
	114	- West Devon Borough Council		76
10,165	**44,959**		**11,215**	**31,106**
	(754)	*Movement on Fund Balance*	(866)	83
	1,508	Balance brought forward at 1 April	0	754
NIL	**754**	Balance carried forward at 31 March	**(866)**	**837**
	636	Balance attributable to major precepting bodies	(520)	704
	118	Balance attributable to WDBC	(346)	133
NIL	**754**		**(866)**	**837**

The Collection Fund is consolidated with the other accounts of the Authority. The sources of income to the Collection Fund are Council Tax, which amounted to £31m (£34m in 2012/13) and the National Non Domestic Rates (Business Rates), which amounted to £10.3m (£10.2m in 2012/13).

1. INCOME FROM COUNCIL TAX

Council Tax income comes from charges raised according to the value of residential properties, which have been classified into eight valuation bands (A to H) estimating April 1991 values for this specific purpose.

For Council Tax purposes the number of domestic properties in each valuation band converted to a Band D equivalent was as follows:-

Band	Council Tax	No. of Dwellings after Discounts and Exemptions	Multiplier	Band D Equivalent Number
A-	889.56	11.25	5/9	6.25
A	1,067.47	2,689.25	6/9	1,792.83
B	1,245.38	5,495.30	7/9	4,274.12
C	1,423.29	4,556.45	8/9	4,050.18
D	1,610.98	3,716.10	1	3,716.10
E	1,957.02	2,991.35	11/9	3,656.09
F	2,312.84	1,609.50	13/9	2,324.83
G	2,668.67	919.40	15/9	1,532.33
H	3,202.40	75.50	18/9	151.00
				21,503.73
Less allowance for non-collection				(430.07)
Change in tax base for Local Council Tax Benefit Scheme				(2,476.78)
Change on tax base for technical reforms				323.91
Tax base including Local Council Tax Benefit Scheme & Technical changes				**18,920.79**

Individual Council Tax charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities for the forthcoming year (See Note 3) and dividing this by the Council Tax Base. The Tax Base is the number of properties in each band adjusted to Band D equivalents.

The basic amount of Council Tax for a Band D property was £1,610.98 for 2013/14 (£1,601.20 for 2012/13). The income credited to the Collection Fund can be analysed as follows:-

	2012/13 £'000	2013/14 £'000
Actual Income from Council Tax	34,040	31,189
Less: Council Tax Benefit	-3,985	0
TOTAL	**30,055**	**31,189**

The tax base multiplied by the Band D Council Tax for the year of £1,610.98, including parishes, would have produced income amounting to £30,480,993 (See Note 3). The actual income of £31,188,621 differed from this figure due to changes in the Council Tax Base and the tax collection rate during the year and equates to approximately 2% of total income.

2. INCOME FROM BUSINESS RATES

Business Rates are organised on a national basis. In line with the Local Government Act 2003, from 1st April 2005, there are two multipliers, the small business non-domestic rating multiplier, which is applicable to those that qualify for the small business relief; and the non domestic rating multiplier, which includes the supplement to pay for small business relief. The small business non-domestic rating multiplier for 2013/14 was 46.2p per pound of rateable value and the non-domestic rating multiplier was 47.1p per pound.

The Business Rates income after reliefs and provisions is based on an initial rateable value of £28,806,351 for 2013/14 (£29,077,264 for 2012/13). The income collectable from Business Rates is shown below:-

	2012/13	2013/14
	£'000	£'000
Business Rateable Value (£28,806,351) multiplied by SB business rate (46.2p)	13,085	10,421
Less: Allowances, specific relief for small businesses and transitional relief adjustments	-2,920	-72
TOTAL	**10,165**	**10,349**

3. PRECEPTS AND DEMANDS

The following authorities made a demand upon the Collection Fund:

	2012/13	2013/14
	£	£
Devon County Council	23,465,206	21,122,413
Devon & Somerset Fire & Rescue Authority	1,553,753	1,426,438
Devon & Cornwall Police Authority	3,357,427	3,082,575
West Devon Borough Council	5,279,785	4,849,567
TOTAL	**33,656,171**	**30,480,993**

4. CONTRIBUTION TOWARDS/FROM PREVIOUS YEAR'S COLLECTION FUND DEFICIT/SURPLUS

This item represents the transfer of the surplus or deficit on the Collection Fund, estimated for the previous year on 15 January of that year.
During the year, the estimated surplus for 2013/14 of £500,000 relating to Council Tax was transferred to Devon County Council, Devon & Somerset Fire & Rescue Authority, Devon & Cornwall Police Authority and West Devon Borough Council in proportion to the precepts drawn on the Fund in 2013/14.

The amounts transferred were as follows:

	2012/13	2013/14
	£	**£**
Devon County Council	528,558	352,123
Devon & Somerset Fire & Rescue Authority	33,867	22,654
Devon & Cornwall Police Authority	73,730	49,454
West Devon Borough Council	113,845	75,769
Total	**750,000**	**500,000**

5. ACCOUNTING FOR THE COLLECTION FUND BALANCE

The opening balance on the Collection Fund for Council Tax 2013/14 there was a surplus of £754,582. The balance as at 31 March 2014 was a surplus of £837,689. Surpluses and deficits are shared with the other major precepting bodies that make a demand of the Fund. The Council accounted for the Collection Fund in its 2013/14 Statement of Accounts as follows:

2012/13 £'000	**Major Precepting Bodies:**	**2013/14 £'000**
526	Devon County Council	580
35	Devon & Somerset Fire & Rescue Authority	39
75	Devon & Cornwall Police Authority	85
636	Balance attributable to major precepting bodies	704
118	Balance attributable to WDBC	133
754	**Total Collection Fund Surplus – Council Tax**	**837**

The opening balance on the Collection Fund for Business Rates 2013/14 was nil. The balance as at 31 March 2014 was a deficit of £866,453. Surpluses and deficits are shared with the other major precepting bodies that make a demand of the Fund. The Council accounted for the Collection Fund in its 2013/14 Statement of Accounts as follows:

2012/13 £'000	**Major Precepting Bodies:**	**2013/14 £'000**
	Devon County Council	78
	Devon & Somerset Fire & Rescue Authority	9
	Central Government	433
0	Balance attributable to major precepting bodies	520
0	Balance attributable to WDBC	346
0	**Total Collection Fund deficit – Rates**	**866**

THE 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 secure that one of its officers has responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance as the Council's Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts.

The Responsibilities of the Head of Finance and Audit

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

In preparing the Statement of Accounts, the Head of Finance and Audit has:-

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

The Head of Finance and Audit has also:

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

The Head of Finance and Audit has signed below to certify that the Statement of Accounts gives a true and fair view of the financial position of the authority at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

……………. **LISA BUCKLE Bsc,ACA**
Head of Finance and Audit

30th June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST DEVON BOROUGH COUNCIL

Opinion on the Authority financial statements

SECTION 7. GLOSSARY.

ACCRUALS	A sum included in the account to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received/made by the end date of the period for which the accounts have been prepared.
ACTUARIAL GAINS & LOSSES	These are changes in actuarial deficits or surpluses that arise because either actual experience or events have not been exactly the same as the assumptions adopted at the previous valuation (experience gains and losses) or the actuarial assumptions have changed.
BALANCES	The surplus or deficit on any account at the end of the year. Amounts in excess of that required for day to day working may be used to reduce the demand on the Collection Fund.
BUSINESS IMPROVEMENT DISTRICT (BID)	A Business Improvement District is a partnership between a local authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area.
CAPITAL EXPENDITURE	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
CAPITAL RECEIPTS	Income received from sale of assets which is available to finance other capital expenditure or to repay debt on assets financed from loan.
CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY	The governing body responsible for issuing the statement of recommended practice to prepare the accounts.
COLLECTION FUND	A separate fund which must be maintained by a district for the proper administration of Council Tax and Non Domestic Rates.
CURRENT SERVICE COST	Amount chargeable to Services based on the Actuary's assessment of pension liabilities arising and chargeable to the financial year.
CURTAILMENTS	This is the amount the Actuary estimates as the cost to the authority of events that reduce future contributions to the scheme, such as granting

early retirement.

DEFINED BENEFIT SCHEME	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
DEMAND	The charging authorities own Demand is, in effect, its precept on the fund.
FEES & CHARGES	In addition to the income from charge payers and the Governments, Local Authorities charge for services, including Planning Consents, Hire of Sporting Facilities, Car Parking etc.
FINANCIAL INSTRUMENTS	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
GOVERNMENT GRANTS	Payments by Central Government towards the cost of Local Authority services, including both Revenue and Capital.
IMPAIRMENT ALLOWANCE (“BAD DEBT PROVISION”)	Provisions against income to prudently allow for non collectable amounts.
INTEREST COST	For the pension fund this represents the discount rate at the start of the accounting period applied to the liabilities during the year based on the assumptions at the start of the accounting period.
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) & THE CODE OF PRACTICE (CODE)	Formal financial reporting standards adopted by the accounting profession and to be applied when dealing with specific topics within its accounting Code. The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.
LIBID	Acronym for the London Inter-bank Bid Rate, being the interest rate at which a market maker or underwriter will offer to buy bonds and securities.

MINIMUM REVENUE PROVISION (MRP)
This is a statutory requirement to make an annual calculation of an amount or MRP considered prudent to offset against borrowings made under the Prudential Borrowing rules

PAST SERVICE COST
These will typically be additional benefits awarded on early retirement. This includes added years or augmentation and unreduced pension benefits awarded before eligible retirement age in the pension scheme.

PRECEPT
The levy made by precepting authorities including the County Council and Parish Councils, on the District Council requiring it to collect the required income from council taxpayers on their behalf.

PROJECTED UNIT METHOD
An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

RATEABLE VALUE
A value placed on all properties subject to Rating. The value is based on a national rent that property could be expected to yield after deducting the cost of repairs.

REVENUE EXPENDITURE
Recurring items of day to day expenditure consisting principally of Salaries and Wages, Debt Charges and general running expenses etc.

SETTLEMENTS
A settlement will generally occur where there is a bulk transfer out of the Pension Fund or from the employer's share of the Fund to a new contractor's share of the Fund as a result of an outsourcing. It reflects the difference between the IAS 19 liability transferred and the assets

	transferred to settle the liability
STRAIN ON FUND CONTRIBUTIONS	Additional employers pension contributions as a result of an employee's early retirement
SUNDRY CREDITORS	Amounts owed by the Authority at 31 March.
SUNDRY DEBTORS	Amounts owed to the Authority at 31 March.