

***Statement
of
Accounts
2010/2011***



Wyre Forest
District Council

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

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WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

1. FINANCIAL FOREWORD

Welcome to the Council's Statement of Accounts for the year ended 31st March 2011. These statements detail the financial position of the Council for the last year along with accompanying notes and explanations of the main issues affecting the Council.

The Council continues with its strong financial performance and due to decisions to reduce expenditure in previous years is in a relatively healthy position in meeting the challenges of reduced government funding. Local authority financial settlements for 2011/12 and beyond are now known to very challenging following the government's review of public spending in response to the growing national debt. Over the next four years the Council is expecting government support to reduce by around 40%. However, during 2010/11 the Council has been able to make a contribution to reserves; these valuable reserves will enable the Council to make the necessary adjustments to spending in a planned manner rather than having to make knee-jerk decisions and help towards mitigating the impact of the reduced government support in the short-term whilst plans to improve medium and long-term sustainability are progressed.

To ensure that the Council is ready to meet future challenges, particularly in light of the significant reductions in levels of central government support as a result of the extremely challenging times the nations finances are facing a number of initiatives are currently being undertaken:

Wyre Forest Forward and Corporate Plan

Every year the Council carefully considers what services it can afford to provide, however this new project will fundamentally review all of the Council's services. This review will be informed through public consultation and understanding our community's needs, it will also challenge how services are currently delivered. This review is being supplemented by the new Corporate Plan. The Council needs to make significant reductions in expenditure; however, this will be delivered in a planned and strategic way. Further details are available on the Council's web-site.

Shared Services

During 2010/11 the Council joined the Worcestershire Regulatory Shared Service. This service provides all of the Environmental Health, Licensing and Trading Standards services across Worcestershire. Through joining up the operations of all of the Districts and the County Council, savings of around 20% have been achieved and through further transformational change it is expected that further savings will be delivered in future years.

Other areas where the Council has either joined or is leading a shared service approach include, Human Resources, Payroll, Procurement, Economic Development and Regeneration and Building Control. Options are also currently being examined for Waste & Recycling and the Revenues & Benefits service. Further details will be presented to the Cabinet in the coming months.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

1. FINANCIAL FOREWORD (continued)

New Headquarters

The Council is using the proceeds of the sale of assets to build a New Headquarters with a view of saving around £500,000 per annum in rental and other premises costs. The Council has appointed contractors and work commenced in early June 2011, the anticipated completion date for the project is 15th June 2012.

To support the move to the New Headquarters the Council is also streamlining processes and procedures along with restructuring administrative needs. Three work streams are progressing seeking to maximise the flexibility of the workforce and to ensure that new technology is utilised. The administrative review is part of this process and is contributing £200,000 per annum of savings to help preserve front line services.

Service Transformation

During the last year the Council has made a number of changes in the method of delivering services, most significantly in relation to Waste and Recycling. The Council has improved the range of items that can be recycled and implemented a "paid for" garden waste service. These changes have resulted in operational savings to the Council of £300,000 per annum, whilst also resulting in the recycling rate increasing from 28% to 40% for the district area.

The Council has also implemented new services such as the MOT service at the Green Street depot, and has restructured areas such as Street Scene and Parking Services.

Areas that are currently being reviewed include the future for the Council's three Leisure Centres, this area is currently being scrutinised and initial recommendations have been considered by the Cabinet.

Icelandic Investments

In addition to the transformation programme and service reviews mentioned above the Council has also been actively seeking the recovery of the deposits with "Icelandic Banks". The Council had £9m invested in these banks and has been working over the last two and half years to secure their recovery. Full details are provided within the Financial Instruments section of these statements. At the Certificate date, over £3.5 million has already been recovered and the Council is confident that overall returns will be close to 85%.

The Council's position was boosted in April 2011 when we were successful in a case in the Icelandic Courts which confirmed the Council's "priority" status. This ruling results in significantly higher returns for the Council. Although this decision has been appealed, we remain confident we will be successful.

It must be noted however, that the recovery of these investments will continue to take more years to come. At present the final settlements are expected in 2017/18, however, the position is regularly monitored with reports to Council, Cabinet and the Scrutiny Committee.

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1. FINANCIAL FOREWORD (continued)

Financial Strategy

As highlighted above, these remain challenging times for the Council as we come to grips with an environment where funds will be reducing. The Financial Strategy 2011/14 approved by Council in February 2011 provides a stable financial platform to move forward with. For the coming year, Council approved a freeze in Council Tax which released an additional grant from Government, however, in each of the following two years annual increases of 2.5% have been assumed, along with a 40% reduction in Government Grant over the next four years.

It should be noted that the Council is still debt free, however, as part of the Financial Strategy it is recognised that the Council will be borrowing to fund assets such as the new Crematorium and ICT infrastructure.

If you have any queries relating to this foreword or the rest of the Statement of Accounts please do not hesitate in contact us.

David Buckland MAAT CPFA
Director of Resources

Nathan Desmond
Cabinet Member for Resources & Transformation

29th September 2011

2. EXPLANATORY FOREWORD

This foreword provides a brief explanation of the financial aspects of the Council's activities during the last year and draws attention to the main characteristics of the Council's financial position.

The Statement of Accounts for 2010/11 was approved by the Director of Resources and presented to the Council's Audit Committee on 29th June 2011, Local Authorities are required to approve their 2010/11 Statement of Accounts by 30th June 2011.

The accounts present a true and fair financial position of Wyre Forest District Council for the financial year ended 31st March 2011. Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in this document (see page 20). Compliance for the first time with the statutory International Financial Reporting Standards (IFRS) reporting requirements represents a significant change in the compilation and presentation of this Statement of Accounts. All relevant prior year comparator figures have been restated to reflect these changes, with additional 1st April 2009 and 31st March 2010 restatements, subject to scrutiny as part of the external audit process.

The Chief Executive and Leader of the Council are required to confirm that the Council's governance arrangements, reflected in the Annual Governance Statement, can be relied upon to produce an accurate Statement of Accounts (see page 10).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

2. EXPLANATORY FOREWORD (continued)

The Council's accounts for the financial year ended 31st March 2011, that follow, mainly comprise:

(a) Movement in Reserves Statement

This account shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services 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 accounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

(b) The Comprehensive Income and Expenditure Statement

This account brings together income and expenditure relating to all of the Council's functions. It demonstrates and reconciles the accounting costs of providing services in accordance with generally accepted accounting practices; it does not show the amount to be funded from the taxpayers, as the accounting cost is different to this.

(c) The Balance Sheet

This is fundamental to the understanding of the Council's year end financial position. It shows the balances and reserves at the Council's disposal, including the Collection Fund, its long term indebtedness, the current assets employed in its operations and summarised information on the fixed assets held.

(d) The Cash Flow Statement

This statement summarises major changes of the Council Funds over the period of the financial year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

(e) The Collection Fund Income and Expenditure Account

This reflects the statutory requirement to maintain a separate Collection Fund. This account records income received from the Council Tax and Business Rates. It also shows the distribution of that income to precepting authorities, such as Wyre Forest District Council, Worcestershire County Council, West Mercia Police Authority and The Hereford and Worcester Fire and Rescue Authority, along with the payment to the National Non Domestic Rate pool.

WYRE FOREST DISTRICT COUNCIL

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3. 2010/11 BUDGET

At its Council meeting on 24th February 2010 Wyre Forest District Council set a budget of £15.227 million and a Band D Equivalent Council Tax of £197.62 (£192.80 in 2009/10). For the first time in over ten years the original budget 2010/11 allowed for a modest contribution to reserves, this was reduced but still provided reserves in the revised estimates.

Total reserves available for the Finance Strategy increased from £2.976 million as at 31st March 2010 to £3.398 million as at 31st March 2011 (including £0.7million Working Balance). The approved Budget showed a planned increase in general reserves of £10,000. This was supplemented by Final Accounts savings of £412,000.

4. BUDGET OUTTURN

The main areas of the Council's expenditure are Employee Costs, Running Expenses and Grants & Benefits. This expenditure is funded by Specific Government Grant, Fees & Charges, Council Tax, Business Rates and Revenue Support Grant and the Council's reserves.

The main components of the budget for the year ended 31st March 2011, and how these compared with actual expenditure, are set out below.

(a) Revenue Expenditure - General Fund Services

	Estimated Expenditure (Income) £'000	Actual Expenditure (Income) £'000
Gross Expenditure on Services	60,579	67,315
Less: Income	(44,843)	(51,981)
Net Expenditure on Services*	15,736	15,334
Less: Collection Fund and Grant Income	(15,328)	(15,297)
Precept to Parish Councils	(459)	(459)
Net Deficit/ (Surplus) for Year	(51)	(422)

*The reduced Net Expenditure on Services is accounted for as follows:-

	£'000
Reduction in Employee and Administrative Expenses	(243)
Reduction in costs of Administrative Buildings and Industrial Estates	(198)
NNDR Refunds (including charitable relief for Museum dating back to 2000)	(140)
Benefits - reduction in costs and increased recovery of administrative costs	(120)
Recovery of election expenses	(86)
HMRC Voluntary Disclosure repayment	(68)
Waste - Income reduction, net of savings on vehicle running costs	248
Transformation reserve/Diamond Jubilee and Olympic additional reserves	125
Creation of provision for Termination Benefits	111
Total Reduction of Net Expenditure on Services	(371)

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4. BUDGET OUTTURN (continued)

The reduction in net expenditure analysis above includes a reduction of £243k in the costs of Employee and Administrative Expenses, together with reductions in the costs of Administrative Buildings and Industrial Estates. Work to secure refunds of NNDR (Property rates) continues with £120k achieved for last year that was not included in the original budget. The £68k refund from HMRC is the final payment in respect of claims for Sporting Exemption, paid following a Voluntary Disclosure made under the Michael Fleming (t/a Bodycraft) v The Crown case provisions. PricewaterhouseCoopers worked closely with the Council on these disclosures and we received £736k last year treated in the accounts as an exceptional item due to the significant sum.

The overall reduction on Net Expenditure on Services includes additional costs relating to the contribution to two reserves. Firstly, for a further contribution to the Transformation Reserve of £100k to facilitate the Wyre Forest Forward Programme and £25k in relation to a new reserve for the Diamond Jubilee and Olympics in 2012, approved at Cabinet on 21st June 2011, from the 2010/11 surplus. A provision for Termination Benefits for restructurings approved before year end was also made and shows as £111k additional costs (see notes 22 and 45 also).

In addition, as reported to Cabinet on the 21st June 2011, an update to the guidance for accounting for potential losses (impairment) from the Icelandic investments (update to LAAP Bulletin 82) was issued on 17th May 2011. This guidance results in a reversal of the potential principal loss (impairment) in relation to the Kaupthing Singer and Friedlander (KSF) Icelandic investment, of £520k. This adjustment for the impairment allows the capital financing revenue reserve (which had previously been utilised for severance costs in 2008/09) to be reinstated. The resultant earmarked reserve will be used for capital purposes. These gross entries are not shown in the Net Variance Analysis shown above.

(b) Capital Expenditure and Capital Receipts

During the financial year 2010/11, the Council spent £4.735 million on capital schemes (£6.15 million 2009/10). The majority of this expenditure relates to the acquisition of fixed assets and to the payment of Disabled Facilities/Improvement Grants. The major capital schemes were the new Headquarters, the vehicle replacement programme and the purchase of recycling bins.

This capital expenditure was financed by the application of capital receipts of £2.129 million (£4.078 million in 2009/10), by internal prudential borrowing of £1.829 million (£0.33 million in 2009/10) and by the application of government grants of £0.764 million (£1.63 million in 2009/10). The balance of financing was Direct Revenue Financing of £0.013 million, (£0.011 million in 2009/10). The Council paid a proportion of Housing Capital Receipts received into the National Pool for the first quarter of 2010/11. Payments in the year totalled £2,482 (£18,032 in 2009/10), the reason for the cessation of these payments and consequent significant reduction in the sum paid for this year, was based on the advice of our new Treasury advisors, Sector.

The total external loans outstanding stood at £0.18 million at the end of the financial year (£0.18 million 2009/10).

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5. SIMPLIFIED BALANCE SHEET

An extract from the main Balance Sheet to give an overview of what the Council owns and is owed is shown below:-

31/03/2010 £'000 (restated)	What the Council owns and is owed	31/03/2011 £'000
	What we own:	
46,807	Buildings, Land, Vehicles and Equipment	47,871
106	Stock	86
13,251	Cash Invested	17,274
6,570	Money owed to the Council	2,499
	What we owe:	
(4,548)	Money owed by the Council	(5,759)
(49,170)	Pension Fund Liability	(38,529)
13,016	Total Value of what we own	23,442

6. COLLECTION FUND

The Collection Fund Accounts for 2010/11 are shown on page 90 of this Statement; the overall surplus has increased from £0.108million as at 31st March 2010 to £0.143million at 31st March 2011. This surplus, together with next year's projection, will be taken into account when setting the Council Tax levy for 2012/13. Council Tax collection rates are just below the target of 98.0% being 97.58% for the year with a total of £52.896million receivable (analysed in note 2 of the Notes to the Collection Fund).

7. ACCOUNTING POLICIES

The accounting policies adopted by the Council comply with the relevant recommended accounting practices. The notes to the accounts form part of the accounts.

The CIPFA/LASAAC Joint Committee has fully incorporated the requirements of the International Financial Reporting Standards (IFRS) into the Code of Practice on Local Authority Accounting in the UK (The Code). This includes recognition of the net liability and a pensions reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement and Movement In Reserves Statement for movements in the liability.

Significant work has taken place this year to implement the full requirements of the International Financial Reporting Standards (IFRS) and this is the first year the accounts have been prepared on the basis of the IFRS and the Code of Practice on Local Authority Accounting in the UK (The Code). The 2009/10 accounts have been restated to comply with the IFRS requirements. The main areas of review and change as a result of this for 2010/11 relate to the treatment of the Council's fixed assets, leases, employee benefits and grants.

Further information about the Council's Finances is available from:

David Buckland, C.P.F.A., M.A.A.T.
Director of Resources
Duke House, Clensmore Street
KIDDERMINSTER
Worcestershire, DY10 2JX

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

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

The Director of Resources Responsibilities

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

In preparing this statement of accounts, the Director of Resources has:

- (a) selected suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that were reasonable and prudent;
- (c) complied with the local authority Code

The Director of Resources has also:

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

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STATEMENT OF ACCOUNTS 2010/11

Annual Governance Statement – 2010/11

Scope of Responsibility

Wyre Forest District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Wyre Forest District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Wyre Forest District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, and has implemented this framework during the last year. A copy of the code is on our website at www.wyreforestdc.gov.uk or can be obtained from main reception Duke House, Kidderminster. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

The purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wyre Forest District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The governance framework has been in place at Wyre Forest District Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

The Governance Framework

This is defined as 'the systems by which local authorities direct and control their functions and relate to their communities'. The Council has adopted the CIPFA/SOLACE *Framework Delivering Good Governance in Local Government*.

These arrangements have been implemented to provide a robust framework to deliver good governance. A review was undertaken based upon the six core principles of governance approved by the Audit Committee on 14 March 2011, which are:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

Annual Governance Statement – 2010/11 (continued)

1. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of members and officers to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability

The review, available at the following link, provides a high level summary of the Council's Governance Framework : WWW.WYREFORESTDC.GOV.UK

Delivery

The Council delivers these outcomes through:

- Annually reviewing local procedures and practices, which together create the framework for good corporate governance as described in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance.
- Nominating a lead officer for each of the six main themes that will be responsible for assessing the Council's effectiveness in practice.
- Producing an Assurance Statement on the extent to which the local code has been adhered to and the actions required where, adherence has not been achieved.

Review of Effectiveness

Wyre Forest District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Management Team within the authority, which has responsibility for the development and maintenance of the governance environment, the section 151 Officer's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council process for maintaining and reviewing the effectiveness of the governance framework includes:

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the external auditors and other review agencies and inspectorates.

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Annual Governance Statement – 2010/11 (continued)

A review undertaken for the 2010/11 statement was carried out by the Corporate Management Team on 2nd June 2011. This review took into account:

- the Annual report from the s151 Officer – 2010/11 reported to the Corporate Management Team on the 2nd June 2011 and considered by the Audit Committee on 29th June 2011;
- comments of other review agencies, inspectorates and external bodies;
- the findings and recommendations of the External Audit's Annual Audit & Inspection Letter reported to the Audit Committee on 14th March 2011;

All Councillors and Officers of the Council adhere to the Constitution and codes of conduct. The duty to ensure compliance is predominantly the responsibility of the Council's three statutory officers:

- Head of the Paid Service (Chief Executive)
- Monitoring Officer (Director of Legal and Corporate Services)
- Chief Financial Officer (Director of Resources)

The constitution is under constant review, to ensure that it remains fit for purpose.

The Audit Committee is the member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters.

The Council's Director of Resources has the overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all of the Council's systems and produce reports containing recommendations for improvement wherever necessary, in line with their 3-year audit plan (2009-11). The Council's Internal Audit operates using the CIPFA Code of Practice Standards 2006.

External audit reports are reviewed and considered by the Audit Committee and the Council's Management Team. In addition to this, the Council is also subject to formal review by other inspectorates, these reviews are considered by the Council's Cabinet.

The authority has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of systems is shown below.

Significant governance Issues

The main issues, which are being or need to be addressed during the coming year, include:

- Completion of the New Headquarters project to ensure that the Council achieves Value for Money in its accommodation requirements;
- Continued priority to be given to the on-going recovery of the Council's "Icelandic" investments;
- Full implementation of the review of the Council's Corporate Risk Register;
- Implementation of the Wyre Forest Forward programme and associated Transformation projects.

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Annual Governance Statement – 2010/11 (continued)

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review

Signed

I Miller
Chief Executive

J P Campion
Leader of the Council

29th September 2011

WYRE FOREST DISTRICT COUNCIL

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MOVEMENT IN RESERVES STATEMENT

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

	General fund balance	Earmarked reserves	Capital receipts reserve	Capital grants unapplied account	Total usable reserves	Pensions reserve	Financial instruments adjustment account	Collection fund adjustment account	Revaluation reserve	Capital adjustment account	Deferred capital receipts	Employee benefit adjustment account	Total unusable reserves	Total reserves
Notes	7	8	23			24	24	24	24	24	24	24		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2010	2,976	1,963	11,887	810	17,636	(49,170)	(436)	15	11,580	33,583	(20)	(172)	(4,620)	13,016
Surplus/(deficit) on provision of services	4,153	-	-	-	4,153	-	-	-	-	-	-	-	-	4,153
Other comprehensive income & expenditure	-	-	-	-	-	5,950	-	-	323	-	-	-	6,273	6,273
Total comprehensive income & expenditure	4,153	-	-	-	4,153	5,950	-	-	323	-	-	-	6,273	10,426
Adjustments between accounting basis & funding basis under regulations	(3,006)	-	(1,783)	75	(4,714)	4,691	436	5	(202)	(331)	-	115	4,714	-
Net increase/ (decrease) before transfers to earmarked reserves	1,147	-	(1,783)	75	(561)	10,641	436	5	121	(331)	-	115	11,237	10,676
Transfers to/(from) earmarked reserves	(725)	725	-	-	-	-	-	-	-	-	-	-	-	-
Increase/ (decrease) in year	422	725	(1,783)	75	(561)	10,641	436	5	121	(331)	-	115	11,237	10,676
Balance at 31 March 2011	3,398	2,688	10,104	885	17,075	(38,529)	-	20	11,701	33,252	(20)	(57)	6,367	23,442

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2009/2010 Comparative Information

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Note	General fund balance	Earmarked reserves	Capital receipts reserve	Capital grants unapplied account	Total usable reserves	Pensions reserve	Financial instruments adjustment account	Collection fund adjustment account	Revaluation reserve	Capital adjustment account	Deferred capital receipts	Employee benefit adjustment account	Total unusable reserves	Total reserves
	7	8	23											
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2009	2,843	2,126	15,328	927	21,224	(40,644)	(3,316)	27	5,679	33,472	(20)	(81)	(4,883)	16,341
Surplus/(deficit) on provision of services	(3,973)	-	-	-	(3,973)	-	-	-	-	-	-	-	-	(3,973)
Other comprehensive income & expenditure	-	-	-	-	-	(7,145)	1,755	-	6,038	-	-	-	648	648
Total comprehensive income & expenditure	(3,973)	-	-	-	(3,973)	(7,145)	1,755	-	6,038	-	-	-	648	(3,325)
Adjustments between accounting basis & funding basis under regulations	3,943	-	(3,441)	(117)	385	(1,381)	1,125	(12)	(137)	111	-	(91)	(385)	-
Net increase/ (decrease) before transfers to earmarked reserves	(30)	-	(3,441)	(117)	(3,588)	(8,526)	2,880	(12)	5,901	111	-	(91)	263	(3,325)
Transfers to/(from) earmarked reserves	163	(163)	-	-	-	-	-	-	-	-	-	-	-	-
Increase/ (decrease) in year	133	(163)	(3,441)	(117)	(3,588)	(8,526)	2,880	(12)	5,901	111	-	(91)	263	(3,325)
Balance at 31 March 2010	2,976	1,963	11,887	810	17,636	(49,170)	(436)	15	11,580	33,583	(20)	(172)	(4,620)	13,016

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

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. The Council raises 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.

2009/2010	2009/2010	2009/2010		2010/2011	2010/2011	2010/2011
Expenditure	Income	Net	Notes	Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
Service Expenditure Analysis						
10,065	(9,137)	928	Central Services to the Public	10,846	(9,566)	1,280
11,890	(2,358)	9,532	Cultural, Environmental, Regulatory and Planning Services	12,756	(2,458)	10,298
3,466	(1,861)	1,605	Highways and Transport Services	3,057	(1,882)	1,175
30,219	(27,915)	2,304	Housing Services	31,318	(29,106)	2,212
3,496	(574)	2,922	Corporate and Democratic Core	2,954	(336)	2,618
219	-	219	Non Distributed Costs	95	-	95
658	(913)	(255)	Exceptional Items	51	(5,557)	(5,557)
60,013	(42,758)	17,255	Net cost of services	61,026	(48,905)	12,121
			Other operating expenditure:	9		
445	-	445	Payments of Precepts to Parishes	459	-	459
(88)	-	(88)	(Gains)/Losses on Disposal of Fixed Assets	119	-	119
18	-	18	Housing Capital Receipts payable to Government Pool	2	-	2
			Financing, investment income & expenditure:	10		
210	-	210	Interest payable and similar charges	55	-	55
5,322	-	5,322	Pensions interest cost	5,512	-	5,512
-	(2,287)	(2,287)	Expected return on pensions assets	-	(3,400)	(3,400)
-	(161)	(161)	Interest income	-	(143)	(143)
-	(561)	(561)	Icelandic investments interest adjustment	-	(270)	(270)
(565)	-	(565)	Long term investments impairment adjustments	(520)	-	(520)
-	-	-	Release of provision for long term investments impairments adjustments	(166)	-	(166)
1,755	-	1,755	Capitalisation of Icelandic Investments	-	-	-
-	(613)	(613)	Rentals received on investment properties	-	(528)	(528)
344	-	344	Expenses incurred on investment properties	227	-	227
-	-	-	Changes in fair value of investment properties	-	(988)	(988)
-	(25)	(25)	Other gains & losses	-	(14)	(14)
-	(2)	(2)	Surplus on trading accounts	-	(2)	(2)
			Taxation & non-specific grant income:	11		
-	(7,198)	(7,198)	Council tax income	-	(7,382)	(7,382)
-	(6,484)	(6,484)	National non-domestic rates distribution	-	(7,044)	(7,044)
-	(1,497)	(1,497)	Revenue Support Grant	-	(1,023)	(1,023)
-	(381)	(381)	Non-service related government grants	-	(327)	(327)
-	(1,514)	(1,514)	Capital grants and contributions	-	(841)	(841)
67,454	(63,481)	3,973	(Surplus) or deficit on the provision of services	66,714	(70,867)	(4,153)
			Other comprehensive income and expenditure:			
		(6,038)	(Surplus)/deficit on revaluation of fixed assets			(323)
		7,145	Actuarial (gains)/losses on assets and liabilities	24		(5,950)
		(1,755)	Capitalisation of Icelandic Investments	24		-
		(648)	Total other comprehensive income and expenditure			(6,273)
		3,325	Total Comprehensive Income and Expenditure	7		(10,426)

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council 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 are those that the Council 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".

1 April 2009 £000	31 March 2010 £000		Notes	31 March 2011 £000
		Property, Plant and Equipment:		
27,316	32,001	Land and Buildings	12,43	30,260
2,368	2,261	Vehicles, Plant and Equipment	12,43	3,317
682	699	Community Assets	12,43	764
2,563	1,119	Surplus Assets not held for Sale	20,43	1,005
220	227	Assets under Construction	12	1,631
7,388	6,899	Investment Property	13,43	7,900
348	757	Intangible Assets	14	783
13,366	4,644	Long-term Investments	15	4,350
161	166	Long-term Debtors	18	128
54,412	48,773	Long Term Assets		50,138
-	2,011	Short-term Investments	15	3,507
4,468	6,596	Cash and Cash Equivalents	19	9,417
105	106	Inventories	16	86
1,865	6,404	Short-term Debtors	18	2,371
24	2,844	Assets held for Sale (less than one year)	20	2,211
6,462	17,961	Current Assets		17,592
(88)	(148)	Short-term Borrowing	15	(148)
(3,525)	(4,078)	Short-term Creditors	21	(5,301)
(203)	(165)	Short-term Provisions	22	(182)
(3,816)	(4,391)	Current Liabilities		(5,631)
(35)	(30)	Long-term Provisions	22	(24)
(38)	(35)	Long-term Borrowing	15	(31)
(40,644)	(49,170)	Other Long-term Liabilities	46	(38,529)
-	(92)	Capital Grants Receipts in Advance	38	(73)
(40,717)	(49,327)	Long-term Liabilities		(38,657)
16,341	13,016	Net Assets		23,442
		Financed by:		
21,224	17,636	Usable Reserves	8,23	17,075
(4,883)	(4,620)	Unusable Reserves	24	6,367
16,341	13,016	Total Reserves		23,442

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

CASH FLOW STATEMENT

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

2009/2010		Notes	2010/2011
£000			£000
(3,973)	Net surplus/(deficit) on the provision of services		4,153
5,170	Adjust net (surplus)/deficit for non cash movements:		1,183
(1,795)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:		(489)
(598)	Net cash flows from operating activities		4,847
5,846	Net cash flows from investing activities	26	(3,694)
(3,120)	Net cash flows from financing activities	27	1,668
2,128	Net (increase)/decrease in cash or cash equivalents		2,821
4,468	Cash and cash equivalents at the beginning of the reporting period		6,596
6,596	Cash and cash equivalents at the end of the reporting period		9,417

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

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WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES

1.1 General Principles

The annual Statement of Accounts, required by The Accounts and Audit Regulations 2011, summarises the Council's transactions for the 2010/2011 financial year and its position at 31st March 2011. It has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code), recognised by statute as representing proper accounting practices. This has been supplemented by the Best Value Accounting Code of Practice 2010/11 (BVACOP), supported by International Financial Reporting Standards (IFRS) that establishes proper practice for consistent financial reporting and also the relevant Local Authority Accounting Panel (LAAP) Bulletins including the latest issues giving guidance on the impairment of deposits with Icelandic Banks to ensure compliance with the prevailing Capital Regulation for Accounting for Sums at Risk.

1.2 Accruals of Income and Expenditure

All revenue and capital expenditure is accounted for on an accruals basis in accordance with the Code and IAS8. That is, sums due to or from the Council during the year are recorded, irrespective of whether the cash has actually been received or paid during the year.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.4 Exceptional Items

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

1.5 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

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 Council'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.

There were no prior period adjustments in the 2010/11 accounts.

1.6 Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7 Employee Benefits

Benefits Payable During Employment

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant services line in the Comprehensive Income and Expenditure Statement when the Council 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 Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Redundancy payments are based upon an employee's actual week's pay and the number of weeks as defined in the Employment Relations Act 1996, up to a maximum of 30 weeks pay. These payments are charged to revenue in accordance with BVACOP.

Post Employment Benefits

The Council participates in one defined benefit scheme for its employees, administered by Worcestershire County Council. Pension costs are assessed in accordance with the advice of an independent qualified Actuary using the projected unit method. A new actuarial valuation was undertaken by the funds actuaries Mercer Human Resource Consulting Limited as at 31st March 2010. This has continued the annual increase in contribution rates payable by the Council in future financial years.

The Local Government Pension Scheme

- The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality AA rated corporate bond). The assets of Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement 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 Council, 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 Council 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 Worcestershire 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 Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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.

Further information in respect of the Pension Fund Accounts is available from Mr P. Birch C.P.F.A. Director of Resources, Worcestershire County Council, County Hall, Spetchley Road, Worcester, WR5 2NP www.worcestershire.gov.uk

1.8 Events After the Balance Sheet Date

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

- 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.

1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

The carrying amount of the Council's investments is the initial cost plus accrued interest. The frozen investments are also shown net of impairment charges relating to interest, as required by LAAP Bulletins 79 and 82.

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 Council currently does not hold any available-for-sale assets.

Loans and Receivables

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

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.

1.10 Government Grants and Contributions

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

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

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

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

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

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ring-fenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

1.11 Intangible Assets

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

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

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

1.12 Interests in Other Entities

The Council does not have material interests in another entity that has the nature of subsidiaries, associates or jointly controlled entities that require it to prepare group accounts. The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee. This Partnership is a jointly controlled operation and does not therefore require it to prepare group accounts.

1.13 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula for fuel. This is a departure from the Code of Practice but the impact is immaterial upon these accounts.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. The Council currently has long term contracts with DC Leisure for the leisure centre service and the Community Housing Group for the homelessness service. The contract values in 2010/11 were £0.7m and £0.4m respectively.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

1.14 Jointly Controlled Operations and Jointly Controlled Assets

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee together with Bromsgrove District Council (the host), Worcestershire County Council, Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. This partnership is a jointly controlled operation that uses the assets and resources of the partner authorities without the establishment of a separate entity. Under this arrangement, each participant in the arrangement accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows.

1.15 Leasing

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

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

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

The Authority as Lessee

Operating Leases

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

The Authority as Lessor

Operating Leases

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

The Council has not identified any material Finance Leases.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

1.16 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 Best Value Accounting Code of Practice 2010/11 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – impairment losses chargeable on Assets Held for Sale.

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

1.17 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 Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

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
- where applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The Council did not incur any borrowing costs in 2010/11, however there may be an impact in future years.

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

Assets are 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 by the Council's Valuer to determine 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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

Depreciation

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

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the property as estimated by a suitably qualified officer
- no depreciation is charged in the year of acquisition

Where an item of Property, Plant and Equipment asset, valued in excess of £1million, has major components whose cost is 20% 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 losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

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.

Surplus Assets

Assets that have been declared 'surplus' but are being held pending an improvement in market conditions are classified as surplus assets but continue to be held within Property Plant and Equipment.

1.18 Investment Property

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

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

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

1.19 Provisions

Provisions are made where an event has taken place that gives the Council 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 example, the Council may have approved a restructure resulting in severance payments that are to be paid in the next financial year.

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

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

1.20 Contingent Liabilities

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

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

1.21 Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.22 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year 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 Council – these reserves are explained in the relevant policies.

1.23 Revenue Expenditure funded from Capital under Statute

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

1.24 Value Added Tax (VAT)

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

1.25 Interest and Investment Income

Investments of surplus resources are carried out in accordance with regulations. Interest is credited to the General Fund based on the actual interest earned on investments during the year. Funds are managed in accordance with the Council's Treasury Management Strategy.

The accounting entries for the interest due on impaired investments have been prepared in accordance with the relevant guidance on the impairment of deposits with Icelandic banks including LAAP Bulletin 79 and 82 to meet the prevailing Capital Regulation allowing this Council to defer the impact of impairment on the frozen investments.

1.26 Borrowing

In accordance with the Capital and Treasury Management Strategies the Council has made use of the prudential borrowing regime. The vehicle, equipment and systems renewals schedule (with the exception of the ICT Strategy from 2009/2010) contained within the capital programme is being financed largely through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. A statutory minimum revenue provision (MRP) being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of external borrowing being available if required.

Minimum Revenue Provision

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision).

CLG Regulations have been issued which require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. The Council approved the following MRP Policy Statement on 24th February 2010, reaffirmed by Council 1st December 2010:

- From 1st April 2008 for all unsupported borrowing the MRP will be:

Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive).

1.27 Other Accounting Principles

The Bad Debt Provision is estimated by reference to previously issued CIPFA guidance and local knowledge.

For the purposes of Note 35 Officer's remuneration it has been determined that payments for Acting Returning Officer duties are not included, but are disclosed separately within the same note.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 1: ACCOUNTING POLICIES (continued)

Note 50 – Building Regulations has been included at the discretion of this Authority to provide additional information and meet the publication deadline of the 30th September for this service area. The decision has been taken to ring-fence this service, with surpluses held in earmarked reserves.

Note 2: ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

FRS30 Heritage Assets

A heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. The 2011/12 code confirms additional disclosure will be required in relation to the Code's adoption of FRS30.

Management information required for 2010/11 financial statements is that the Museum Collection falls within this new classification, as does the Organ at the Town Hall, The War Memorial Clock (at Coronation Gardens), The Angel of Peace statue, and antique furniture, paintings and Civic Regalia are also Heritage assets.

The Council balance sheet will, in 2011/12, reflect the value of any Heritage Asset identified under this new requirement, which are currently valued at insurance purposes at £1,174,888, except for the War Memorial Clock which is currently held in the Community and Infrastructure category of the Asset Register at a value of £70,630.

Note 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, 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:

- The main critical judgement in the Statement of Accounts is due to the high degree of uncertainty about future levels of funding for local government from central government. The Council has been given details of a reduced financial settlement for 2011/12 and 2012/13 but does not yet have a sufficient level of certainty to provide an indication that the assets of the Council might be impaired as a result of any further reduction in funding leading to the need to close facilities and reduce levels of service provision.
- The Authority had £5,849,040 remaining outstanding, deposited with Icelandic Banks Heritable Bank, Kaupthing Singer and Friedlander (KSF) and Landsbanki as at the 31st March 2011 that are in administration. In relation to the Landsbanki investment, the Council has been successful in defending our "priority" status. This decision announced mid April by the Icelandic Court, was a unanimous verdict. This excellent news means that the Council will receive the vast majority of the investment in line with current assumptions in the accounts.

An appeal against this decision has been made to the Icelandic Supreme Court, and this appeal will be heard in the coming months, probably by September. This is the final challenge the Council can face regarding this critical status and for the purposes of these accounts it is assumed the "priority" status is upheld.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Authority's Balance Sheet at 31st March 2011 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.	<p>If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £50,967 for every year that useful lives had to be reduced.</p>
Icelandic Investments	<p>Estimations of the repayments in respect of the three Icelandic investments are included in the accounts based on guidance in LAAP Bulletins 70 and 82. Significant impairment was shown in the 2009/10 accounts (capitalisation direction secured) and further adjustments made to reflect the most up-to-date position this year. Full details are contained in Note 15 but in summary estimated repayments are:</p> <p>Heritable – 84.995% of £1 million KSF – 82% of £5 million Landsbanki – 94.85% of £3m</p> <p>The Landsbanki investment carries the highest degree of risk as this is currently subject to a final ruling of appeal in the Icelandic Courts.</p>	<p>The effect of changes in the dividend payouts are:</p> <p>Heritable – 1% change +/- £10k KSF – 1% change +/- £50k Landsbanki – 1% change +/- £30k</p> <p>Failure to secure preferential creditor status of the Landsbanki deposit would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Based on initial estimates, if preferential creditor status is not achieved the recoverable amount may only be 33p in the £. This would result in an additional impairment charge to revenue of £1.85m.</p>

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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. The Actuary, Mercer Human Resource Consulting Ltd, is engaged to provide the Authority with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured and the sensitivity of the balance sheet deficit position are:</p> <p>+0.1% p.a. discount rate as at 31.03.2011 - £1.447m reduction</p> <p>+0.1% p.a. salary inflation give a £0.326m increase.</p> <p>1 year added to members' life expectancy gives £2.377m increase.</p> <p>However, the assumptions interact in complex ways. During 2010/11, the Authority's actuaries advised that the net pension liability had decreased by £5.585m as a result of estimates being corrected as a result of experience and decreased by £0.365m attributable to updating of the assumptions.</p>
Arrears	At 31 st March 2011, the Authority had a balance of sundry debtors of £2.064m. A review of significant balances suggested that the standard CIPFA Bad and Doubtful Debts Provision which has continued to be used by the authority for a number of years has proven to be an accurate reflection of the probability of successfully collecting debts based upon their age. The percentages used are 0.5% for debts up to 6 months old, 25% for debts between 6 and 12 months old, 50% for debts between 12 and 24 months old and 100% for debts outstanding in excess of 24 months. A provision equivalent to 33% (£684,285) of the sundry debtors outstanding has been provided for on this basis for 2010/11 which we believe to be appropriate in the current economic climate.	<p>If collection rates were to deteriorate, we would have to review whether the method used to calculate the provision for bad and doubtful debts was adequate in the prevailing economic climate.</p> <p>As a general rule of thumb, any debt outstanding for more than 6 months must be considered to be a bad debt. However, a debt can go bad at any time during its life cycle even when it is current.</p> <p>If we were to assume that any debt outstanding for more than 6 months was deemed to be a bad debt, then we would need to provide for £918,773 (an equivalent of 45% of the sundry debtors figure).</p> <p>A further increase of £203,445 would therefore be required in the provision.</p>

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 5: TRANSITION ARRANGEMENTS

5.1 Principles

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The following tables explain the differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

5.2 Short-term accumulating compensated absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant benefit covered by this heading is holiday pay.

As a result, the Council is required to accrue for any annual leave earned but not taken at 31st March each year. Under the previous accounting arrangements, no such accrual was required.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements:

	2009/10 Published Statements £000	Adjustments Made £000
Opening 1st April 2009 Balance Sheet		
Creditors	(3,840)	(81)
Accumulated Absences Account	-	81
31st March 2010 Balance Sheet		
Creditors	(4,443)	(172)
Accumulated Absences Account	-	172
2009/10 Comprehensive Income and Expenditure Statement		
Cost of Services (Net)		
Central Services to the Public	888	11
Highways and Transport Services	1,603	2
Cultural, Environmental, Regulatory and Planning Services	9,204	6
Corporate and Democratic Core	2,852	67
Housing Services	1,554	5
Non Distributed Costs	219	-

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 5: TRANSITION ARRANGEMENTS (continued)

5.3 Government grants - capital

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31st March 2009 has been transferred to the Capital Adjustment Account in the opening 1st April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- Grants were received in 2009/10 but not used. Previously no income was recognised in respect of these grants, which were shown in the liabilities section of the Balance Sheet. Following the change in accounting policy, the grants have been reviewed and either recognised as capital grants receipts in advance in the liabilities section of the Balance Sheet, or recognised in full and transferred to the Capital Grants Unapplied Account within the Reserves section of the Balance Sheet.

This has resulted in the following changes being made to the 2009/10 financial statements:

	2009/10 Published Statements £000	Adjustments Made £000
Opening 1st April 2009 Balance Sheet		
Government Grants Deferred Account	(1,287)	1,287
Creditors	(3,840)	315
Capital Adjustment Account	31,615	1,857
Capital Grants Unapplied Account	-	927
31st March 2010 Balance Sheet		
Government Grants Deferred Account	(1,664)	1,664
Capital grants receipts in advance	-	(92)
Creditors	(4,443)	365
Capital Adjustment Account	31,379	2,204
Capital Grants Unapplied Account	-	810
2009/10 Comprehensive Income and Expenditure Statement		
Cost of Services (Net)	16,065	325

There is no change to the General Fund Balance, as capital grant income is transferred out of the General Fund under both the previous and current accounting policies.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 5: TRANSITION ARRANGEMENTS (continued)

5.4 Cash and Cash Equivalents

Under the Code 'cash' has been extended to include cash equivalents. The Council has defined its cash equivalents to include instant access accounts and term deposits of less than 3 months in duration. This has led to a reclassification of £4.8m from short term investments to cash equivalents on the Balance Sheet for 1st April 2009 and £6.5m for 31st March 2010.

5.5 Surplus Assets Held for Sale

Under the Code Surplus Assets that are actively being marketed for sale have been reclassified as Assets Held for Sale. This has resulted in movements from Long Term Assets to Current Assets of £24,000 on the Balance Sheet for 1st April 2009 and £2.844m for 31st March 2010.

Note 6: EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts 2010/11 was approved by the Director of Resources and the Audit Committee on 29th September 2011. The Director of Resources confirms that the following Post Balance Sheet Events (PBE) have been identified as at 29th September 2011, the date that the audited Statement of Accounts 2010/11 was approved:

The financial statements and notes have not been adjusted for the following events which took place after 31st March 2011 as they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date:

- PBE 1. A further dividend was received from Kaupthing, Singer & Friedlander on 27th May 2011 of 5p in the £, totalling £250,000 principal and £7,818.90 interest, together with £62,500 principal from The Heritable and £1,960.09 interest on 19th April 2011.
- PBE 2. Shared Services – The Payroll Service was outsourced on 1st April 2011 and is now provided by a Shared Service Hosted by Redditch Borough Council together with Bromsgrove District Council. The Payroll Manager was subject to TUPE as part of this new service arrangement. This Council commenced the Hosting of a Shared Service for Economic Development and Regeneration together with Redditch Borough Council and Bromsgrove District Council on 1st June 2011, resulting in the TUPE to Wyre Forest of 10 posts. The estimated annual value of the Payroll Contract is circa £46,000. The largest element of this (approximately £42,000) is the charge per payslip produced which is a key variable to the contract given these austere times of change. The Partnership Service Level Agreement includes provisions for reduced volumes to ensure the contract remains competitive.
- PBE 3. The Contract for the construction of the new Headquarters was awarded to Thomas Vale Construction in May 2011, with works on site commencing on the 6th June 2011.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 6: EVENTS AFTER THE BALANCE SHEET DATE (continued)

- PBE 4. Oldington and Foley Park Community Network advised the Council that it had to make all staff redundant and cease trading in June 2011. They requested the Council consider writing off a debt of £12,724 owed by the Network; normal provision for this bad debt has been made within the 2010/11 accounts (see Note 4 Arrears section and Note 18 – Debtors/Bad Debt Provision). Any write-off will be reflected in the accounts for 2011/12.
- PBE 5. On 28th July 2011 the Administrators of Heritable Bank plc revised the anticipated recovery rate by an additional 5 pence in the pound, resulting in a further anticipated return of £50,000 principal. This will be reflected in the 2011/12 accounts.

The financial statements and notes have been adjusted for the following events which took place after 31st March 2011 as they reflect decisions taken before the end of the financial year:

- PBE 6. A small number of Termination payments were made to 5 employees before the end of June as a result of minor restructuring decisions taken before the 31st March 2011. Details of these payments are included in Note 22 Provisions and Note 45 Termination Benefits.
- PBE 7. Restructuring decisions were made in 2010/11 in relation to the Worcestershire Enhanced Two Tier (WETT) Shared Service for Regulatory Services but not to be implemented until 2011/12. This Council's share of these Termination Payments is included in a separate provision. Details of these payments are included in Note 22 Provisions and Note 45 Termination Benefits.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2010/11	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	3,381			(3,381)
Movements in the market value of Investment Properties	(988)			988
Capital grants and contributions applied	(132)			132
Capital grants and contributions unapplied	(75)		75	-
Revenue expenditure funded from capital under statute	514			(514)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	119			(119)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(568)			568
Capital expenditure charged against the General Fund balance	(12)			12
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		347		(347)
Use of the Capital Receipts Reserve to finance new capital expenditure		(2,128)		2,128
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	2	(2)		
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(520)			520
Clearing the balance of the Financial Instruments Adjustment Account in accordance with statutory requirements – expiry of Regulations	84			(84)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 46)	(2,180)			2,180
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,511)			2,511
Adjustments involving the Collection Fund Adjustment Account:				
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	(5)			5
Adjustment involving the Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(115)			115
Total Adjustments	(3,006)	(1,783)	75	4,714

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2009/10 Comparative Figures	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	2,281			(2,281)
Capital grants and contributions applied	(751)			751
Capital grants and contributions unapplied	117		(117)	-
Revenue expenditure funded from capital under statute	2,603			(2,603)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(88)			88
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(433)			433
Capital expenditure charged against the General Fund balance	(138)			138
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(25)	655		(630)
Use of the Capital Receipts Reserve to finance new capital expenditure		(4,078)		4,078
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	18	(18)		
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1,125)			1,125
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 46)	4,015			(4,015)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,634)			2,634
Adjustments involving the Collection Fund Adjustment Account:				
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	12			(12)
Adjustment involving the Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	91			(91)
Total Adjustments	3,943	(3,441)	(117)	(385)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 8: TRANSFERS TO/FROM EARMARKED RESERVES

This note details 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 the earmarked reserves to meet General Fund expenditure in 2010/11.

Reserve	Balance at 1 st April 2009 £'000	Transfers Out 2009/10 £'000	Transfers In 2009/10 £'000	Balance at 31 st March 2010 £'000	Transfers Out 2010/11 £'000	Transfers In 2010/11 £'000	Balance at 31 st March 2011 £'000
Other Reserves – Collection Fund and Building Control	33	-	12	45	(29)	4	20
Building Control Fee Earning Account	-	-	-	-	-	50	50
District Local Development Framework	22	(22)	33	33	-	20	53
FMS Consultancy	54	(19)	-	35	(21)	20	34
Future Leisure Centre Provision Costs	-	-	-	-	-	35	35
Headquarters	403	(3)	-	400	-	52	452
Housing Benefits, Council Tax & NNDR Administration Grants	-	-	80	80	(15)	-	65
Kidderminster Town Centre Enhancement Project	-	-	-	-	-	66	66
Local Authority Business Growth Incentive	189	(78)	29	140	(98)	1	43
Payroll One-Off Implementation Costs	-	-	-	-	(37)	68	31
Personal Search Refunds	-	-	-	-	-	34	34
Property Payments Reserve	-	-	-	-	-	250	250
Repairs & Maintenance of Admin Buildings	-	-	-	-	-	35	35
Revenue Financing Reserve for Capital Purposes	-	-	-	-	-	557	557
Transformation Fund	-	-	100	100	(15)	100	185
Earmarked Reserves below £30,000	721	(570)	406	557	(463)	213	307
External Funding Earmarked Reserves	396	(183)	324	537	(297)	187	427
Insurance Excesses Earmarked Reserve	39	(3)	-	36	-	8	44
Future Capital Expenditure Reserve	228	(228)	-	-	-	-	-
Recycling Earmarked Reserve – WCC	41	(41)	-	-	-	-	-
Total	2,126	(1,147)	984	1,963	(975)	1,700	2,688

Note 9: OTHER OPERATING EXPENDITURE

	2009/10 £'000	2010/11 £'000
Parish Council Precepts	445	459
Payments to the Government Housing Capital Receipts Pool	18	2
(Gains)/Losses on the disposal of non current assets	(88)	119
Total	375	580

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2009/10 £'000	2010/11 £'000
Interest payable and similar charges	210	55
Pension interest cost and expected return on pension assets	3,035	2,112
Interest receivable and similar income	(161)	(143)
Income and expenditure in relation to investment properties and charges in their fair value	(269)	(1,289)
Icelandic investments interest adjustment	(561)	(270)
Icelandic investments impairment adjustments	(565)	(520)
Icelandic investments release of provision	-	(166)
Capitalisation of Icelandic Impairments	1,755	-
Other gains and losses	(25)	(14)
Surplus on Trading Accounts	(2)	(2)
Total	3,417	(237)

Note 11: TAXATION AND NON SPECIFIC GRANT INCOMES

	2009/10 £'000	2010/11 £'000
Council tax income	(7,198)	(7,382)
Non domestic rates	(6,484)	(7,044)
Revenue Support Grant	(1,497)	(1,023)
Non-service related government grants	(381)	(327)
Capital grants and contributions	(751)	(132)
Total	(16,311)	(15,908)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 12: PROPERTY PLANT AND EQUIPMENT (PPE)

The movements in 2009/10 were as follows:

	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2009	28,737	4,345	700	2,563	220	36,565
Additions	497	572	35	935	7	2,046
Net Revaluation Increases/(Decreases)	5,675	-	-	(711)	-	4,964
Derecognition (Disposals)	-	(165)	-	-	-	(165)
Reclassifications	(1,176)	-	-	(1,668)	-	(2,844)
At 31st March 2010	33,733	4,752	735	1,119	227	40,566
Accumulated Depreciation and Impairment at April 1st 2009	(1,421)	(1,977)	(18)	-	-	(3,416)
Depreciation Charge	(775)	(658)	(18)	-	-	(1,451)
Depreciation Written Out	453	144	-	-	-	597
Impairment	(915)	-	-	-	-	(915)
Impairment Written Off/Reversed	915	-	-	11	-	926
Reclassifications	11	-	-	(11)	-	-
At 31st March 2010	(1,732)	(2,491)	(36)	-	-	(4,259)
Net Book Value at 31st March 2010	32,001	2,261	699	1,119	227	36,307

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 12: PROPERTY PLANT AND EQUIPMENT (continued)

The movements in 2010/11 were as follows:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2010	33,733	4,752	736	1,119	227	40,567
Additions	82	1,769	51	-	1,404	3,306
Net Revaluation Increases/(Decreases)	(2,498)	-	37	(114)	-	(2,575)
Derecognition (Disposals)	-	(977)	-	-	-	(977)
At 31st March 2011	31,317	5,544	824	1,005	1,631	40,321
Accumulated Depreciation and Impairment at April 1st 2010	(1,732)	(2,491)	(37)	-	-	(4,260)
Depreciation Charge	(833)	(617)	(26)	-	-	(1,476)
Depreciation Written Out	1,508	881	3	-	-	2,392
Impairment	(3,409)	-	(41)	(115)	-	(3,565)
Impairment Written Off/Reversed	3,409	-	41	115	-	3,565
At 31st March 2011	(1,057)	(2,227)	(60)	-	-	(3,344)
Net Book Value at 31st March 2011	30,260	3,317	764	1,005	1,631	36,977

Information about Depreciation Methodologies:

Method

All fixed assets are depreciated on a straight line basis over a period of their useful economic life (see section 1.18 of the Accounting Policies also).

Useful lives

Asset Category	Life
Offices, Sport & Leisure Centres, Museum and Market	20-90
Depot & Workshops	20-30
Public Conveniences	15-25
Miscellaneous Community Assets	10-35
Vehicles, Plant & Machinery, Equipment & Lighting	3-10
ICT Systems	3-5
CCTV	2

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 12: PROPERTY PLANT AND EQUIPMENT (continued)

The number and type of major fixed assets are:

Asset Description	2009/10 (restated)	2010/11
Land & Properties:		
Civic & Administrative Buildings	5	4
Car Parks	29	29
Asset Under Construction – New HQ	-	1
Trading Estates & Enterprise Centres	5	5
Public Conveniences	14	14
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3	3
Museums	1	1
Farms	2	2
Sports & Social Clubs	4	4
Sports Fields & Parks	22	22
Nature Reserves	3	3
Other Land & Buildings	38	38
Vehicles, Equipment & Systems:		
Equipment	Various	Various
Systems & Software	Various	Various
Vehicles	83	88
Play Equipment	Various	Various

The major Items of capital expenditure in 2010/11 were:

Scheme	£'000
New Headquarters	1,404
Vehicle Replacement Programme	867
Green Recycling Bins	849
Disabled Facilities Grants	799
ICT Strategy	134
Total Operational Management System	103
Other Capital Schemes	579
Total Capital Expenditure	4,735

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Internal Prudential Borrowing	1,829
Grants	764
Application of Capital Receipts	2,129
Direct Revenue Financing	13
Total Financing	4,735

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 12: PROPERTY PLANT AND EQUIPMNENT (continued)

Contractual Commitments

At 31st March 2011 the following Capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Disabled Facilities Grant	119
Municipal Crematorium / Cemetery	1,250

The provision of the new Municipal Crematorium / Cemetery was subject to a full competitive tender exercise, with Dignity PLC being awarded the contract early in 2010. This is a £5m partnership scheme to include Crematorium as well as burial services, with Dignity managing the facility and the Council as Land owner making a £1.25m capital contribution. Work is progressing well, with an anticipated completion date in August/September 2011. A contractual commitment exists for the Council to pay its agreed share of this partnership project of £1.25m on practical completion of the scheme expected to be in the Autumn 2011.

The contract for the construction of the Council's new Headquarters had not been let at the balance sheet date. The contract has now been awarded to Thomas Vale Construction Ltd. and construction work has commenced. Details of this contract are given in Note 6 on Events after the Balance Sheet date.

Note 13: INVESTMENT PROPERTIES

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

	2009/10 £'000	2010/11 £'000
Rental income from Investment Property	613	528
Direct operating expenses arising from Investment Property	(344)	(227)
Net gain	269	301

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

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

	2009/10 £'000	2010/11 £'000
Balance at Start of Year	7,388	6,899
Additions/Enhancements	7	13
Disposals	(496)	-
Net Gains/ (Losses) from Fair Value Adjustments	-	988
Balance at Close of Year	6,899	7,900

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 14: INTANGIBLE ASSETS

	2009/10 £'000	2010/11 £'000
Balance at Start of Year:		
Gross Carrying Amounts	856	1,467
Accumulated Amortisation	(508)	(710)
Net Carrying Amount at Start of Year	348	757
Additions:		
Purchases	612	250
Amortisation for Period	(203)	(224)
Net Carrying Amount at End of Year	757	783
Comprising:		
Gross Carrying Amount	1467	1,717
Accumulated Amortisation	(710)	(934)
Net Carrying Amount at End of Year	757	783

Note 15: FINANCIAL INSTRUMENTS

WFDC Investments as at 31st March 2011 (Principal)

Financial Institution	Amount Invested £'000	Maturity Date
Clydesdale Bank	1,000	Instant Access
Royal Bank of Scotland	2,925	Instant Access
Santander UK PLC	2,000	Instant Access
Barclays Bank	1,000	26/04/2011
Santander UK PLC	1,000	13/04/2011
Nationwide B/Soc	2,500	03/05/2011
Lloyds TSB Bank	1,500	10/05/2011
Lloyds TSB Bank	1,500	15/06/2011
Total	13,425	

Long- Term (Icelandic) Investments as at 31st March 2011 (Outstanding Principal)

Financial Institution	Amount Invested £'000	Maturity Date	Balance Sheet Carrying Value £'000
Landsbanki	3,000	30/10/2008	2,609
Kaupthing, Singer & Friedlander	2,350	30/10/2008	1,397
Heritable Bank	499	30/10/2008	344
Total	5,849		4,350

Long Term Investments (including accrued interest)

In light of the current economic climate, the Council held no long term investments other than the Icelandic deposits shown above, as at 31st March 2010 and 2011.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

The above investments are classified in the Balance Sheet, along with the bank overdraft and investment interest accrued, as follows:

	£'000
Clydesdale Bank	1,000
Royal Bank of Scotland	2,925
Santander UK PLC	2,000
Santander UK PLC	1,000
Lloyds TSB Bank	1,500
Lloyds TSB Bank	1,500
Bank Overdraft	(514)
Interest Accrued on Investments	6
Cash and Cash Equivalents	9,417
Barclays Bank	1,000
Nationwide B/Soc	2,500
Interest Accrued on Investments	7
Short-term Investments	3,507
Landsbanki	2,609
Kaupthing, Singer & Friedlander	1,397
Heritable Bank	344
Long-term Investments	4,350

Key Risks

The Council's Treasury Management activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum for exposures and the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid year update.

The annual treasury management strategy which incorporated the prudential indicators was approved by Council on 24th February 2010, this was on the basis of the Butlers, the then Council's Treasury advisors, lowest common denominator credit rating methodology. A Copy of this report and associated appendices can be found at the links below:

http://www.wyreforest.gov.uk/council/docs/doc41577_20100216_cabinet_report.pdf

http://www.wyreforest.gov.uk/council/docs/doc41569_20100216_cabinet_report.pdf

Following a competitive tender exercise Sector were appointed as the Council's Treasury advisors on the 1st September 2010. An updated Treasury Management Strategy was approved by Council on 1st December 2010, this included the Sector Creditworthiness Methodology; and was reaffirmed by Council on 23rd February 2011.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

The full reports are available on the Council website at:

- http://www.wyreforest.gov.uk/council/docs/doc43385_20110215_cabinet_report.pdf
- http://www.wyreforest.gov.uk/council/docs/doc43033_20101116_cabinet_report.pdf
- http://www.wyreforest.gov.uk/council/docs/doc43036_20101116_cabinet_report.pdf

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied. Details of the Investment Strategy can be found on the Council's website and are summarized in Key Note 2 (Council approval on the 24th February 2010 supplemented by changes approved 1st December 2010 and 23rd February 2011). The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

This Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of 25% of total investments with any financial institution or group, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2011 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £9m invested in this sector at that time (£5.85m at 31st March 2011). In accordance with accounting practice the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

The impact of the principal invested has been mitigated in the revenue accounts in accordance with the successful Capitalisation direction in 2009/10 and government regulations; although all related investment income has been fully impaired.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Council maintains strict credit criteria for investment counterparties.

The Council held no other deposits in Non-UK domiciled institutions as at 31st March 2010 and 2011

The Councils standard credit terms are 14 days from invoice date for it's trade debtors, the past due amount can be analysed by age as follows:

Age of Debt	31st March 2010 £'000	31st March 2011 £'000
Less than three months	723	704
Three to six months	50	19
Six months to one year	63	134
More than one year	41	123
Total	877	980

Loans, Contractual Creditors and Receivables held on the 31st March 2011 at carrying value (equivalent to fair value) were:-

Loans, Contractual Creditors and Receivables	31st March	
	2010 £'000	2011 £'000
Sundry Creditors - contractual	2,328	1,497
Receivables:		
Mortgages	55	41
Assisted Car Purchase Scheme	111	87

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice.

The maturity analysis of financial assets is as follows:

	31st March 2010 £'000	31st March 2011 £'000
Less than one year	9,345	15,040
Between one and two years	1,454	1,159
Between two and three years	884	262
More than three years	1,510	1,327
Total	13,193	17,788

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

All trade and other payables are due to be paid in less than one year and are not shown in the table above, The maturity structure of the frozen investments has been calculated by using the CIPFA model provided with LAAP Bulletin 82.

Refinancing and Maturity Risk

The Council currently maintains a significant investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial assets. As the only long term investments relate to Icelandic deposits, this risk is currently mitigated

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council as part of the Treasury Management Strategy, see Key Note 1)

	Approved Maximum Limits	Approved Minimum Limits	Actual 31st March 2010 £'000	Actual 31st March 2011 £'000
Less than one year	100%	-	148	148
Between one and two years	100%	-	-	-
Between two and five years	100%	-	-	-
Between five and ten years	100%	-	35	31
More than ten years	100%	-	-	-
Total	100%	-	183	179

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings (zero as no external borrowing)	-
Increase in interest receivable on variable rate investments	(163)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note Key 3– Fair value of Assets and Liabilities carried at Amortised Cost

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

(1) Key Note to the Accounts – Treasury Management Prudential Indicators and Limits on Activity approved at Council 24th February 2010, 1st December 2010 and the 23rd February, 2011.

	2010/11	2011/12	2012/13
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates based on net debt	100%	100%	100%
Maturity Structure of fixed interest rate borrowing 2010/11			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£7m	£4m	£2m

(2) Key Note to the Accounts – Counterparty and Investment Criteria

The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within specified durational bands in accordance with the approved methodology contained within the approved Treasury Management Service Strategy.

The full reports are available on the Council website at:

- http://www.wyreforest.gov.uk/council/docs/doc43385_20110215_cabinet_report.pdf
- http://www.wyreforest.gov.uk/council/docs/doc43033_20101116_cabinet_report.pdf

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

(3) Key Note to the Accounts Financial Instruments Balances – The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments

£000s	Long-Term		Current	
	31 st March 2010 £000s	31 st March 2011 £000s	31 st March 2010 £000s	31 st March 2011 £000s Restated
Financial liabilities (principal amount)	35	31	148	148
Financial liabilities at amortised cost (1)	35	31	148	148
Total Borrowings	35	31	148	148
Other long term liabilities	-	-	-	-
Total Creditors	35	31	148	148
Financial Guarantees	-	-	-	-
Soft loans received	-	-	-	-
Loans and receivables (principal amount)	-	-	15,435	19,274
+ Accrued interest	-	-	14	13
+/- Accounting adjustments	-	-	(2,256)	(1,499)
Loans and receivables at amortised cost	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Financial Assets at fair value through profit or loss	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Total investments	-	-	13,193	17,788

Allowance for Credit Losses

Section 7.4.2.6 of the Code states when financial assets are impaired by credit losses and the authority records the impairment in a separate account (e.g. an allowance account used to record individual impairments or a similar account used to record a collective impairment of assets) rather than directly reducing the carrying amount of the asset, it should disclose a reconciliation of changes in that account during the period for each class of financial assets.

Key Note to the Accounts – Financial instruments Gains/Losses

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

Financial Instruments Gains and Losses	Financial Assets Loans and Receivables 2009/10 £'000	Financial Assets Loans and Receivables 2010/11 £'000
Impairment adjustments	(1,190)	686
Interest payable and similar charges	(210)	(55)
Interest income	722	413
Net gain/(loss) for the year	(678)	1,044

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

Note – Fair value of Assets and Liabilities carried at Amortised Cost

The fair values calculated are as follows:

Investments as at 31st March 2011 for fair value purposes

	31st March 2010		31st March 2011	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Cash and Cash Equivalents	6,596	6,596	9,417	9,417
Add back: (Cash at Bank)/Overdraft	(58)	(58)	514	514
Short-term Investments	2,011	2,011	3,507	3,507
Long-term Investments	4,644	4,644	4,350	4,350
Total Temporary Investments	13,193	13,193	17,788	17,788

Icelandic Bank Defaults –

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had **£9m** deposited across **3** of these institutions, with varying interest rates as follows:

	Date Invested	Maturity Date	Amount Invested £'000	Interest rate	Carrying Amount £000	Total Impairment charged to C I & E as at 31 st March 2011 £000	Principal Default %
Landsbanki	01/11/07	30/10/08	3,000	6.12%	2,609	1,171	5.15
Heritable	02/04/08	30/10/08	1,000	6.04%	344	266	15.005
Kaupthing Singer & Friedlander	02/04/08	30/10/08	5,000	6.04%	1,397	1,416	18.00
Total			9,000		4,350	2,853	

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators/receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the authority considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of future payments to be made by the administrators/receivers, it is likely that further adjustments will be made to the accounts in future years.

In addition to the items to the issues discussed above, a revenue variance of £165k was shown in the 2009/10 accounts, relating to the creation of a provision for the interest element of the Council's Icelandic investments, included within the claims to the administrators. Under the current assumption this will lead to around a total of £657k of interest being repaid to the Council. However, as a result of the method for accounting for these investments it was considered prudent to include a provision in 2009/10 of £165k.

The impact upon the accounts over the period of the Medium Term financial plan and beyond, as a result of this issue is calculated as follows:

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15 and beyond	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue impact	165	-	(235)	(151)	(108)	(328)	(657)

Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7th October 2008. The current position on actual payments received and estimated future payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 84.98p in the £.

Date	Repayment
Received to date	50.08%
April 2011	6.25%
July 2011	5.00%
October 2011	5.00%
January 2012	5.00%
April 2012	5.00%
July 2012	5.00%
October 2012	3.65%
Total Expected Recovery	84.98%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 6th October 2008.

Kaupthing Singer and Friedlander Ltd

The current position on actual payments received and estimated future payouts is as shown in the table. The authority has decided to recognise an impairment based on it recovering 82p in the £.

Date	Repayment
Received to date	53.0%
May 2011	5.00%
January 2012	8.00%
July 2012	8.00%
January 2013	8.00%
Total Expected Recovery	82.00%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 7th October 2008.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. The current position on estimated future payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 94.85p in the £.

Date	Repayment
Received to date	0.00%
December 2011	22.17%
December 2012	8.87%
December 2013	8.87%
December 2014	8.87%
December 2015	8.87%
December 2016	8.87%
December 2017	8.87%
December 2018	19.46%
Total Expected Recovery	94.85%

Recovery is subject to the following uncertainties and risks:

- Whilst the Icelandic courts have initially confirmed that deposits enjoy preferential creditor status, this is currently subject to final appeal.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling.
- Settlement of the terms of a 'bond' which will allow creditors of old Landsbanki to enjoy rights in New Landsbanki.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Based on initial estimates, if preferential creditor status is not achieved the recoverable amount may only be 33p in the £. This would result in an additional impairment charge to revenue of £1.85m.

Recoveries are expressed as a percentage of the authority's claim in the administration, which it is expected may validly include interest accrued up to 30th October 2008.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 15: FINANCIAL INSTRUMENTS (continued)

Accounting for Impairment

Total impairment (principal plus interest not received) recognised in the Comprehensive Income and Expenditure Account is calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the authority until monies are recovered. Following the revised estimated recovery rate for Kaupthing Singer and Friedlander Ltd, detailed in LAAP bulletin 82, a net reduction in impairment of £520,166 has been recognised in the financial statements. This adjustment for the impairment allows the capital financing revenue reserve (which had previously been utilised for severance costs in 2008/09) to be reinstated. The resultant earmarked reserve will be used to for capital purposes.

Adjustments to the assumptions will be made in future accounts as more information becomes available. The expiry of the regulations requires the authority to charge the full impairment in 2010/11.

Note 16: INVENTORIES

Inventories	31st March	
	2010 £'000	2011 £'000
Inventories - at central stores	74	71
Inventories - other	32	15
Total Balance at Year End	106	86

Note 17: CONSTRUCTION CONTRACTS

As at the 31st March 2011 the Council had no construction contracts.

Note 18: DEBTORS

Short Term Debtors

Debtors	1st April 2009 £'000	31st March	
		2010 £'000	2011 £'000
Amounts receivable within one year:			
Government Departments	219	4,942	620
Other Local Authorities	-	52	223
Sundry Debtors	2,055	1,888	2,064
Council Tax and Rate Payers	192	217	258
	2,466	7,099	3,165
Less provision for bad debts:			
Sundry Debtors	521	603	684
Collection Fund	80	92	110
	601	695	794
Total Balance at Year End	1,865	6,404	2,371

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 18: DEBTORS (continued)

Long Term Debtors

Long Term Debtors	31st March	
	2010 £'000	2011 £'000
Mortgages	55	41
Assisted Car Purchase Scheme	111	87
Total Balance at Year End	166	128

Note 19: CASH AND CASH EQUIVALENTS

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

Cash and Cash Equivalents	2009/10 £'000	2010/11 £'000
Cash held by the Authority	16	14
Bank current accounts	42	(528)
Short-term deposits with building societies	6,538	9,931
Total Balance at Year End	6,596	9,417

Note 20: ASSETS HELD FOR SALE

Assets Held For Sale	2009/10 £'000	2010/11 £'000
Balance at Start of Year	24	2,844
Additions/Enhancements	-	18
Disposals	(24)	(355)
Revaluations	-	73
Impairments	-	(369)
Transfers (to)/ from Other Surplus Assets	2,844	-
Balance at Year End	2,844	2,211

Assets included in the Held for Sale category are those which were being actively marketed at the balance sheet date. There are three such assets, sites at Bridge Street, Coventry Street and Worcester Street. It is the Council's intention to market the other surplus properties in due course.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 21: CREDITORS

Creditors	1st April 2009 £'000	31st March	
		2010 £'000	2011 £'000
Government Departments	5	2	1,988
Local Authorities	283	258	339
Sundry Creditors	1,533	2,328	1,497
Precepting Authorities	89	-	-
Council Taxpayers (overpayments)	99	102	92
Inland Revenue	457	261	202
Receipts in Advance	1,057	1,124	1,181
Contractors and Other Deposits	2	3	2
Total Balance at Year End	3,525	4,078	5,301

Note 22: PROVISIONS

Description of Provision	1st April 2010 £'000	Provided in Year £'000	Payments in Year £'000	31st March 2011 £'000
Severn Trent Superannuation Fund	30	-	(6)	24
Future Severance Costs – WETT - Regulatory Services	-	57	-	57
Transformation Costs – WETT – Regulatory Services	-	14	-	14
Icelandic Interest	165	-	(165)	-
Termination Benefits	-	111	-	111
Total All Provisions	195	182	(171)	206

The Severn Trent Superannuation Fund consists of income received from Severn Trent pending its payment to Worcestershire County Council, the Superannuation Fund managers for the Council.

The Provision for Future Severance Costs is in respect of this Council's share of the known costs of restructuring decisions made in 2010/11 in relation to the WETT Shared Service for Regulatory Services but not to be implemented until 2011/12. The separate Provision for Termination Benefits is in respect of 5 former employees made redundant in 2011/12 as part of service review decisions taken before the 31st March 2011.

The Provision for Icelandic Interest, related to the interest element of the Council's Icelandic Investments for 2009/2010 and 2010/2011. This Provision was a prudent approach to reflect that this Council has taken advantage of the prevailing Capital Regulations allowing the deferment of the impairment charges for the interest element of these investments until 2010/11.

No insurance provision is held. An earmarked reserve account in respect of insurance excesses is held and the movement in the year is an increase of £7,732.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 23: USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement, this Note and also Note 24.

Usable Capital Receipts Reserve

These are capital receipts which are available for financing new capital expenditure but have yet to be applied for that purpose.

Usable Capital Receipts Reserve	31st March	
	2010 £'000	2011 £'000
Balance at 1st April	15,328	11,887
Receipts from Sales of Assets etc.	655	347
Receipts applied for new Capital Expenditure	(4,078)	(2,128)
Contribution of Housing Receipts to the National Pool	(18)	(2)
Balance at 31st March	11,887	10,104

Capital Grants Unapplied

	31st March	
	2010 £'000	2011 £'000
Balance at 1st April	927	810
Receipts in Year	1,071	843
Adjustments	-	(21)
Applied in Year	(1,188)	(747)
Balance at 31st March	810	885

Capital Grants Receipts In Advance

	31st March	
	2010 £'000	2011 £'000
Balance at 1st April	-	92
Receipts in Year	105	-
Applied in Year	(13)	(19)
Balance at 31st March	92	73

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 24: UNUSABLE RESERVES

Revaluation Reserve

The Revaluation Reserve replaced the Fixed Asset Restatement Account (FARA) from 1st April 2007 and contains the unrealised net revaluation gains that have occurred since that date. Gains prior to this date were contained in the FARA that was consolidated within the Capital Financing Account as at 31st March 2007 in accordance with SORP guidelines.

Revaluation Reserve	31st March	
	2010 £'000	2011 £'000
Balance at 1st April	5,679	11,580
Revaluation Gains	7,036	2,578
Excess Current Value Depreciation over Historic Cost Depreciation	(153)	(202)
Impairment written off against prior balances	(982)	(2,155)
Balance written out following disposal	-	(100)
Balance at 31st March	11,580	11,701

Capital Adjustment Account

The Capital Adjustment Account reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Adjustment Account	31st March	
	2010 £'000	2011 £'000
Balance at 1st April	33,472	33,583
Capital Receipts Applied	4,078	2,128
Depreciation	(1,654)	(1,699)
Impairment Adjustments	(626)	(796)
Direct Revenue Financing	138	12
Repayments of Long Term Debts	(17)	(14)
Appropriation of Minimum Revenue Provision	433	568
Revenue Expenditure Funded From Capital Under Statute	(2,603)	(514)
Disposal of Fixed Assets	(542)	(451)
Capital Grants	751	132
Revaluation Reserve	153	303
Balance at 31st March	33,583	33,252

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 24: UNUSABLE RESERVES (continued)

Financial Instruments Adjustments Account

This Council has taken advantage of the capital regulations and statutory guidance that allows the impact of the impairments on frozen investments to be deferred until 2010/11. The impairment of the investments along with the accrued interest on the deposits had been transferred to the Financial Instruments Adjustment Account (FIAA) in accordance with LAAP Bulletin 82. The balance on the FIAA was written out in 2010/11.

CIPFA issued an update to LAAP Bulletin 82 in May 2011 that revised the recovery estimates.

Financial Instruments Adjustment Account (Relating to Icelandic Investments)	31st March	
	2010 £'000	2011 £'000
Balance at 1st April	(3,316)	(436)
Impairment	565	520
Interest due	560	-
Capitalisation	1,755	-
Balance transferred to General Fund (expiry of regulations)	-	(84)
Balance at 31st March	(436)	-

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

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

Pensions Reserve	2009/10 £'000	2010/11 £'000
Balance at 1st April	(40,644)	(49,170)
Actuarial gains or losses on pensions assets and liabilities	(7,145)	5,950
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	(4,208)	2,180
Employer's pension contributions and direct payments to pensioners payable in the year	2,827	2,511
Balance at 31st March	(49,170)	(38,529)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 24: UNUSABLE RESERVES (continued)

Deferred Capital Receipts Reserve

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

Deferred Capital Receipts Reserve	2009/10 £'000	2010/11 £'000
Balance at 1st April	(20)	(20)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-
Transfer to the Capital Receipts Reserve upon receipt of cash	-	-
Balance at 31st March	(20)	(20)

Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2009/10 £'000	2010/11 £'000
Balance at 1st April	27	15
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	(12)	5
Balance at 31st March	15	20

Accumulated Absences Account

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

Accumulated Absences Account	2009/10 £'000	2010/11 £'000
Balance at 1st April	(81)	(172)
Reversal of Opening Balance	81	172
Amounts accrued at the end of the current year	(172)	(57)
Balance at 31st March	(172)	(57)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 25: CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2009/10 £'000	2010/11 £'000
Interest received	1,168	147
Interest paid	(3)	(2)
Dividends received	-	-
Net cash flows from operating activities	1,165	145

Note 26: CASH FLOW STATEMENT - INVESTMENT ACTIVITIES

Cash Flow Statement – Investment Activities	2009/10 £'000	2010/11 £'000
Purchase of property, plant and equipment, investment property and intangible assets	2,684	3,571
Purchase of short-term and long-term investments	-	445
Other payments for investing activities	1,773	1,012
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(655)	(355)
Proceeds from short-term and long-term investments	(7,921)	(147)
Other receipts from investing activities	(1,727)	(832)
Net cash flows from investing activities	(5,846)	3,694

Note 27: CASH FLOW STATEMENT - FINANCING ACTIVITIES

Cash Flow Statement – Financing Activities	2009/10 £'000	2010/11 £'000
Cash receipts of short and long-term borrowing	(60)	-
Other receipts from financing activities	-	(1,674)
Repayments of short and long-term borrowing	3	4
Other payments for financing activities	3,177	2
Net cash flows from financing activities	3,120	(1,668)

Note 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING

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 Council's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. 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)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

- 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 directorates.

The following tables detail the Council's net revenue expenditure by service as reported under management reporting arrangements and how this reconciles to the comprehensive income and expenditure statement and the subjective analysis within the Comprehensive Income and Expenditure Statement on page 16.

2010/11	Resources	Chief Executive	Community & Partnership	Planning & Regulatory	Legal & Corporate	Other	Total Net Expenditure by Service
	£000	£000	£000	£000	£'000	£000	£000
Fees, Charges & Other Service Income	(8,623)	(35)	(957)	(3,182)	(259)	-	(13,056)
Recharges	(4,410)	(267)	(3,154)	(3,030)	(2,494)	-	(13,355)
Government Grants	(37,500)	-	-	(6)	-	-	(37,506)
Total Income	(50,533)	(302)	(4,111)	(6,218)	(2,753)	-	(63,917)
Employee Expenses	13,454	768	2,883	4,620	1,436	-	23,161
Other Service Expenses	42,144	98	4,404	3,983	1,969	-	52,598
Support Service Recharges	1,636	627	1,004	1,303	525	-	5,095
Total Expenditure	57,234	1,493	8,291	9,906	3,930	-	80,854
Net Cost of Services	6,701	1,191	4,180	3,688	1,177	-	16,937

2009/10 Comparative Figures	Resources	Chief Executive	Community & Partnership	Planning & Regulatory	Legal & Corporate	Other	Total Net Expenditure by Service
	£000	£000	£000	£000	£'000	£000	£000
Fees, Charges & Other Service Income	(1,426)	(152)	(1,139)	(2,908)	(302)	(913)	(6,840)
Recharges	(5,735)	(883)	(2,416)	(4,020)	(2,315)	-	(15,369)
Government Grants	(35,675)	-	-	(4)	-	-	(35,679)
Total Income	(42,836)	(1,035)	(3,555)	(6,932)	(2,617)	(913)	(57,888)
Employee expenses	5,796	1,591	2,852	5,511	1,439	-	17,189
Other Service Expenses	42,616	337	4,630	3,858	2,411	658	54,510
Support Service Recharges	602	745	923	1,316	435	-	4,021
Total Expenditure	49,014	2,673	8,405	10,685	4,285	658	75,720
Net Cost of Services	6,178	1,638	4,850	3,753	1,668	(255)	17,832

Note: The Other column in the preceding table for 2009/10 refers to exceptional items (eg significant VAT refund). There were no such items in 2010/11

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	2009/10 £000	2010/11 £000
Net Cost of Service from Service Analysis	17,832	16,937
Add amounts not reported to management (see table below)	(460)	(4,633)
Amounts not included in the Comprehensive Income and Expenditure Statement (see table below)	(117)	(183)
Net Cost of Services in Comprehensive Income and Expenditure Statement	17,255	12,121

Reconciliation to Subjective Analysis (Surplus) deficit on the provision of services

2010/11	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(13,056)	(634)	592	(13,098)	-	(13,098)
Recharges	(13,354)	-	-	(13,354)	-	(13,354)
Surplus on Trading Account & Investment Properties	-	-	-	-	(303)	(303)
Changes in Fair Value of Investment Properties	-	-	-	-	(988)	(988)
Other Gains & Losses	-	-	-	-	(14)	(14)
Interest & Investment Income	-	-	-	-	(143)	(143)
Icelandic Investments Interest Adjustment	-	-	-	-	(270)	(270)
Income from Council Tax	-	-	-	-	(7,382)	(7,382)
Government Grants and Contributions	(38,215)	-	-	(38,215)	(8,526)	(46,741)
Total Income	(64,625)	(634)	592	(64,667)	(17,626)	(82,293)
Employee expenses	23,162	(6,802)	-	16,360	-	16,360
Other Service Expenses	52,597	2,803	(775)	54,625	-	54,625
Support Service Recharges	5,094	-	-	5,094	-	5,094
Long Term Investments	-	-	-	-	(686)	(686)
Impairment Adjustments	-	-	-	-	2,112	2,112
Pension Interest Cost & Expected Return	-	-	-	-	55	55
Interest Payments	-	-	-	-	459	459
Parish Precepts	-	-	-	-	2	2
Payment to Housing Capital Receipts Pool	-	-	-	-	-	-
Capitalisation of Icelandic Investments	-	-	-	-	119	119
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-
Gross Cost of Services	80,853	(3,999)	(775)	76,079	2,061	78,140
Surplus or Deficit on the Provision of Services	16,228	(4,633)	(183)	11,412	(15,565)	(4,153)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 28: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

2009/10 Comparative Figures	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(6,841)	(879)	502	(7,218)	-	(7,218)
Recharges	(15,369)	-	-	(15,369)	-	(15,369)
Surplus on Trading Account & Investment Properties	-	-	-	-	(271)	(271)
Changes in Fair Value of Investment Properties	-	-	-	-	-	-
Other Gains & Losses	-	-	-	-	(25)	(25)
Interest & Investment Income	-	-	-	-	(161)	(161)
Icelandic Investments Interest Adjustment	-	-	-	-	(561)	(561)
Income from Council Tax	-	-	-	-	(7,198)	(7,198)
Government Grants and Contributions	(36,442)	-	-	(36,442)	(9,113)	(45,555)
Total Income	(58,652)	(879)	502	(59,029)	(17,329)	(76,358)
Employee expenses	17,190	(1,461)	-	15,729	-	15,729
Other Service Expenses	54,511	1,880	(619)	55,772	-	55,772
Support Service Recharges	4,020	-	-	4,020	-	4,020
Long Term Investments	-	-	-	-	(565)	(565)
Impairment Adjustments	-	-	-	-	-	-
Pension Interest Cost & Expected Return	-	-	-	-	210	210
Interest Payments	-	-	-	-	3,035	3,035
Parish Precepts	-	-	-	-	445	445
Payment to Housing Capital Receipts Pool	-	-	-	-	18	18
Capitalisation of Icelandic Investments	-	-	-	-	1,755	1,755
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	(88)	(88)
Gross Cost of Services	75,721	419	(619)	75,521	4,810	80,331
Surplus or deficit on the provision of services	17,069	(460)	(117)	16,492	(12,519)	3,973

Explanatory Note on unreported/excluded items included in previous two tables:

Items not reported to management are in respect of technical accounting adjustments not known until year-end, such as impairment and pension adjustments. These cannot be made until the relevant guidance is issued/ information known.

Items not included in the Comprehensive Income and Expenditure Statement are in respect of the remapping of the presentation of Grants and Reserves to comply with The Code.

Note 29: ACQUIRED AND DISCONTINUED OPERATIONS

There are no acquired or discontinued operations for 2010/11.

Note 30: TRADING OPERATIONS/AGENCY SERVICES

The Authority has Markets and Industrial Estate Trading Operations, where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. Details of all of these units in 2010/11 are as follows:

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 30: TRADING OPERATIONS/AGENCY SERVICES (continued)

Trading Operations	2009/2010 £'000	2010/2011 £'000
Market Undertakings The Authority manages a Market operation in Kidderminster Town Centre, with services provided by a private sector contractor.		
Income	(10)	(10)
Expenditure	8	8
Net (Income)/Expenditure	(2)	(2)
Industrial Estates The Authority provides ground leases on 4 industrial estates. It also lets and manages 27 units on 1 further small industrial estate, comprising of starter units for which an initial rent free incentive may be offered		
Income	(613)	(528)
Expenditure	344	227
Net (Income)/Expenditure	(269)	(301)

Note 31: AGENCY SERVICES

There was no Agency income or expenditure to disclose in 2010/11.

Note 32: ROAD CHARGING SCHEMES

This Council does not operate a road charging or workplace charging scheme under the Transport Act 2000. Operation of its on-street Civil Enforcement Parking regime is under the Traffic Management Act 2004 and is outside the scope of this note.

Note 33: POOLED BUDGETS

This Council does not have any pooled budget arrangements.

Note 34: MEMBERS ALLOWANCES

Members' Allowances paid during the year are as follows:

Description of Allowance	2009/2010 £	2010/2011 £
Allowances	326,776	330,500
Travel & Subsistence	4,867	2,920
Telephone	12,889	14,760
Total Members Allowances	344,532	348,180

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 35: OFFICERS' REMUNERATION

The number of officers whose remuneration for the year exceeded £50,000 (including salary, redundancy payments and other minor allowances):

Total Remuneration	2009/2010	2010/2011
£50,000 - £54,999	1	1
£55,000 - £59,999	-	-
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	2	4
£75,000 - £79,999	2	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	1
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	-
£145,000 - £149,999	-	-
£150,000 - £154,999	-	-
£155,000 - £159,999	-	-
£160,000 - £164,999	-	-
£165,000 - £169,999	-	-
£170,000 - £174,999	-	-
£175,000 - £179,999	1	-

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 35: OFFICERS' REMUNERATION (continued)

The following table details the remuneration of Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year:

Position/Post Holder	Salary (including fees & allowances)	Compensation for loss of Office	Benefits In kind	Total Remuneration Excl pension contributions 2010/2011	Pension Contribution	Total Remuneration Incl pension Contributions 2010/2011
£	£	£	£	£	£	£
Chief Executive Mr I Miller *	114,835	-	2,403	117,238	30,672	147,910
Director of Resources Mr D Buckland	72,064	-	2,383	74,447	20,712	95,159
Director of Legal and Corporate Services Mrs C Newlands	71,917	-	2,383	74,300	20,712	95,012
Director of Planning and Regulatory Services Mr M Parker	71,917	-	2,383	74,300	20,712	95,012
Director of Community and Partnership Services Mrs L Collis	71,917	-	2,383	74,300	20,712	95,012
Senior Administration Officer Mr P Lewis	30,990	17,489	1,538	50,017	8,755	58,772
Total	433,640	17,489	13,473	464,602	122,275	586,877

*In addition to the above salary, Mr I Miller received £3,888 in 2010/11 as remuneration for his role as Elections Returning Officer for the Wyre Forest District.

Note 36: EXTERNAL AUDIT COSTS

Fees payable to the Council's External Auditors	2009/10 £	2010/11 £
External Audit Services / Statutory Inspection	121,934	121,927
Certification of Grant Claims	29,063	26,431
Corporate Plan Development	-	-
Total External Audit Costs	150,997	148,358

The agreed fee for external audit and statutory inspection services in 2010/11 was £104,913 (net of rebate). This differs from the amount stated above due to timing differences of the payments.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 38: GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11.

Grant Income	2009/10 £'000	2010/11 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	1,497	1,023
Area Based Grant	381	327
Other Capital Grants	751	132
Total Credited to Taxation and Non Specific Grant Income	2,629	1,482
Credited to Services		
Housing Benefit Subsidy	35,312	36,990
Housing Benefit Admin	976	976
Concessionary Travel	295	304
Worcestershire Hub Contribution	200	188
NNDR Cost of Collection Allowance	140	139
Homelessness	77	128
Regulatory Shared Services - Reimbursement of costs incurred	-	101
Safer & Stronger Communities	25	79
Planning delivery Grant	196	76
Recycling enhancement grant	135	55
Sports joint delivery plan	14	36
Local Housing Allowance Subsidy	22	34
Land Charges Grant	-	34
Best Foot Forward	26	31
Community Safety Partnership	20	24
District Council Support Package	35	20
Wyre Forest Matters	33	20
Air Pollution	-	19
Future Jobs Fund	-	16
Baxter Gardens	-	15
Grazing Animal Project	19	15
The Dance Project	15	14
Community Sports Coach Scheme	20	14
Rural Payments agency	17	14
Rangers Lottery Funding	40	-
Rangers educational events	-	10
Britanica Gardens - Section 106	10	10
Active Communities Grant	56	-
Business Rate Deferral Scheme	18	-
DEFRA Recycling grant	41	-
Bewdley Museum HLF	13	-
Business Start up Grant contribution	10	-
Christmas lights contribution	10	-
Stourport Forward	30	-
Other Grants	113	89
Total Grant Income Credited to Services	37,918	39,451

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 38: GRANT INCOME (continued)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached that may require the monies to be returned to the giver.

The balances at the year end are as follows:

Revenue Grants - Receipts in Advance	2010/11 £'000
Rangers Lottery Funding	14
The Dance Project	18
Community Sports Coach Scheme	16
Brit Gardens/Watery Lane - Section 106	36
Stourvale/Oxbow Way - Section 106	26
Employment support allowance	12
Community Safety Partnership	31
Safer & Stronger Communities	48
Wyre Forest Matters	18
Health and wellbeing funding	22
Master plan funding	50
Other	50
Total Revenue Grants - Receipts in Advance	341

Capital Grants - Receipts in Advance	2010/11 £'000
Community Safety Grant income	3
Franch Street - Section 106	70
Total Capital Grants - Receipts in Advance	73

Note 39: RELATED PARTY TRANSACTIONS

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

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits).

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 39: RELATED PARTY TRANSACTIONS (continued)

The following table details the transactions for the period 1st April 2010 to 31st March 2011 with organisations with which the Council has a related party interest.

Organisation	Member/Senior Officer	Relationship	Income £'000	Expenditure £'000
Community Housing Group	Cllr J Aston , Cllr A Buckley, Cllr N Gale, Cllr J Greener, Cllr M Kelly, Cllr G Yarranton	Non-Executive Board Members	48	1,125
Age Concern	Cllr M Salter	Members	-	8
Bewdley Development Trust	Cllr S Clee, Economic Development & Tourism Manager	Directors	-	10
Bewdley Museum Management Committee	Cllr S Clee, Cllr J Greener, Cllr T Onslow	Committee Members	-	1
Citizens' Advice Bureau	Cllr D Millis	Board Members	7	45
Kidderminster Town Centre Partnership	Cllr J Baker, Cllr P Harrison, Cllr K Prosser	Trustees	-	5
Local Government Association	Cllr F Oborski, Cllr H Martin, Cllr D Godwin, Cllr J Phillips	Members	-	28
Relate – Worcestershire	Cllr B Glass	Members	-	3
Stourport Forward	Cllr M Salter, Economic Development & Tourism Manager	Members	-	7
Stourport Sports Club	Director of Community & Partnership Services, Community Development Manager	Directors	26	20
West Midlands Leaders Board	Cllr J-P Campion	Members	-	15
Worcestershire County Council (excludes precepts)	Cllr M Ahmed, Cllr J-P Campion, Cllr S Clee, Cllr N Desmond, Cllr, M Hart, Cllr A Hingley, Cllr F Oborski, Cllr J Parish, Cllr J Thomas, Cllr G Yarranton	Members (of which 2 Cabinet members)	391	2,809
Wyre Forest Nightstop & Mediation	Cllr M J Hart, Cllr T L Onslow, Cllr H E Dyke, Research & Policy Officer	Members	-	3

During 2009/10 there were also transactions with all of the above organisations.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 39: RELATED PARTY TRANSACTIONS (continued)

Outstanding balances as at 31st March 2011 are as follows:

Organisation	Income £'000s	Expenditure £'000
Community Housing Group	-	25
Worcestershire County Council	91	82

Other Public Bodies:

The Council collects precepts on behalf of Worcestershire County Council, Worcestershire Police Authority, Hereford and Worcester Fire & Rescue Authority, and the Town and Parish Councils.

Some Wyre Forest District Council Councillors are also members of these bodies – major transactions between Wyre Forest District Council and other Parishes are shown below:

Parish Councils	Numbers of Members	Income £'000	Payments (excl. precepts) £'000
Kidderminster Charter Trustees	22	-	3
Stourport Town Council	6	1	7
Bewdley Town Council	2	4	15

Jointly Controlled Operations:

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee, which is a jointly controlled operation hosted by Bromsgrove District Council. Under this shared service the Council paid £726,129 to Bromsgrove District Council, and received £71,364 from them for recharges. At 31st March 2011 £29,994.61 was owed by Bromsgrove District Council.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 40: CAPITAL EXPENDITURE AND CAPITAL FINANCING

Capital Expenditure and Capital Financing	2009/10 £'000	2010/11 £'000
Opening Capital Financing Requirement	1,829	1,697
Operational Assets	1,715	2,152
Non-operational Assets	950	1,435
Revenue Expenditure Financed from Capital Under Statute	3,453	1,148
Capital Receipts	(4,078)	(2,128)
Government Grants and other Contributions	(1,601)	(765)
Sums Set Aside from Revenue	(571)	(580)
Closing Capital Financing Requirement	1,697	2,959
Explanation of movements in the year:		
Increase/(decrease) in underlying requirement to borrow (unsupported by Government financial assistance)	(132)	1,262
Increase/(decrease) in Capital Financing Requirement	(132)	1,262

Note 41: LEASES

The authority was committed at 31st March 2011 to making payments of £148,800 under operating leases in 2011/12, comprising the following elements:

Leases	31st March 2010		31st March 2011	
	Land and Buildings £'000	Other Operating Leases £'000	Land and Buildings £'000	Other Operating Leases £'000
Not later than one year	-	3	-	-
Later than one year and not later than five years	110	-	110	5
Later than five years	34	-	34	-
Total	144	3	144	5

Other Operating Leases

The Council has previously provided vehicles, equipment and systems through operating leases. Following the introduction of the Prudential Code there were no assets acquired by lease during 2010/11. The amount paid under outstanding operating lease obligations in 2010/11 was £7,987 (2009/10 £14,484).

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 41: LEASES (continued)

Land and Buildings

The Council leases an automated public convenience in Stourport and land at Rushock Trading Estate, accounted for as operating leases. The rentals payable in 2010/11 were £7,061 for the automated public convenience (2009/10 £7,061) and £27,240 for land at Rushock Trading Estate (2009/10 £27,240). In addition, the Council leases Duke House, Clensmore Street on a short-term lease. The amount payable in 2010/11 was £110,000 (2009/10 £110,000).

Note 42: PRIVATE FINANCE INITIATES (PFI) AND SIMILAR CONTRACTS

The Council has no PFI or similar contracts.

Note 43: FIXED ASSET VALUATIONS

The Council's Land, Buildings, Community Assets and Surplus Assets are valued on a five year rolling programme. Investment Properties and Assets Held for Sale are subject to an annual revaluation. In addition, all residual values are reviewed annually. The current asset values used in the accounts are based on valuations provided by V Bendall, MRICS, P Harris, MRICS (the Council's Estates Surveyors) and Bruton Knowles, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include Vehicles, Plant and Equipment or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

Valuations of fixed assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Investment Properties £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued at historical cost	388	151	0	0	966	1,505
Valued at current value in:						
2010/2011	18,931	509	7,893	1,005	1,245	29,583
2009/2010	10,797	0	0	0	-	10,797
2008/2009	0	104	0	0	-	104
2007/2008	144	0	7	0	-	151
Total	30,260	764	7,900	1,005	2,211	42,140

Note 44: CAPITALISATION OF BORROWING COSTS

The costs of borrowing to fund capital expenditure were not capitalised during the financial year.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 45: TERMINATION BENEFITS

The Council terminated the contracts of 4 employees in 2010/11, incurring liabilities of £69,791 (2009/10 £396,511). Two separate Provisions have been made for Termination Benefits; the first is in respect of 5 former employees made redundant in the first quarter of 2011/12 as part of internal service review decisions taken before the 31st March 2011, incurring liabilities of £110,994). The second provision of £70,605 is in respect of this Council's share of the known costs of restructuring, including termination payments, in relation to the WETT Shared Service for Regulatory Services; the decision was made in 2010/11 but not implemented until early 2011/12. See Note 22 - Provisions also.

Note 46: PENSION COSTS

As part of the terms and condition of employment of its officers, the Council makes contributions towards the costs of post employment benefits. Although these benefits will not be payable until the employee retires, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Worcestershire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Retirement Benefits

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

	2009/10 £'000 Unfunded Benefits	2009/10 £'000 Funded Benefits	2010/11 £'000 Unfunded Benefits	2010/11 £'000 Funded Benefits
Net Cost of Service				
Current Service Cost		902		1,265
Past Service and Curtailment Costs		78	(348)	(5,209)
Net Operating Expenditure				
Expected Return on Assets		(2,287)		(3,400)
Interest on Pension Liabilities	429	4,893	405	5,107
Net Change to Income & Expenditure Account	429	3,586	57	(2,237)
Movement on Pension Reserve	70	(1,451)	426	4,265
Actual amount charged against council tax for pensions in the year				
Employers Contribution payable to the scheme	499	2,135	483	2,028

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 46: PENSION COSTS (continued)

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gains of £5,950,000 (losses of £7,145,000 2009/10) were also included in the Statement.

The movement in the net pension liability for the year to 31st March is as follows:

	2009/10 £'000 Unfunded Benefits	2009/10 £'000 Funded Benefits	2010/11 £'000 Unfunded Benefits	2010/11 £'000 Funded Benefits
Net pension liability at 1 st April	(6298)	(34,346)	(7,478)	(41,692)
Current Service Costs		(902)		(1,265)
Employer contributions	499	2,135	483	2,028
Benefits Paid		193		-
Past Service				
Costs/Gains/Curtailment Costs		(271)	348	5,209
Interest on Pension Liabilities	(429)	(4,893)	(405)	(5,107)
Expected return on assets		2,287		3,400
Actuarial Gain/Loss	(1250)	(5,895)	744	5,206
Net Pension Liability at 31 st March	(7,478)	(41,692)	(6308)	(32,221)

In the UK budget statement on 22nd June 2010 the Chancellor announced that with effect from 1st April 2011 public service pensions would be up-rated in line with Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing the Council's liabilities in the Pension Fund by £5,557,000 and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

The movement in the fair value of pension scheme assets for the year to 31st March is as follows:

	2009/2010 £'000 Unfunded Benefits	2009/2010 £'000 Funded Benefits	2010/2011 £'000 Unfunded Benefits	2010/2011 £'000 Funded Benefits
Scheme Assets at 1 st April		36,185		50,478
Expected Return		2,287		3,400
Actuarial Gain / (Loss)		13,900		1,085
Employer Contribution	499	2,328	483	2,028
Employee Contribution		501		470
Benefits Paid	(499)	(4,723)	(483)	(3,682)
Scheme Assets at 31 st March	0	50,478	0	53,779

The expected return on scheme assets is determined by considering the expected return available on the assets underlying the current investment policy. Expected yields on fixed investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £4,140,000 (2009/10 gains of £16,187,000).

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 46: PENSION COSTS (continued)

Scheme History

The underlying assets and liabilities for retirement benefits attributable to the council at 31st March are as follows:

	31st March 2007 £'000	31st March 2008 £'000	31st March 2009 £'000	31st March 2010 £'000	31st March 2011 £'000
Fair Value of Plan Assets					
Local Government Pension Scheme	50,740	47,124	36,185	50,478	53,779
Unfunded Benefits		0	0	0	0
Present Value of Plan Liabilities					
Local Government Pension Scheme	(81,115)	(82,043)	(70,531)	(92,170)	(86,000)
Unfunded Benefits		(7,423)	(6298)	(7,478)	(6,308)
Net Liabilities	(30,375)	(42,342)	(40,644)	(49,170)	(38,529)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement benefits). The total deficit of £38,529,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of £23,692,000.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the schemes independent actuaries, Mercer Human Resource Consulting Ltd.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in 2011/12 is £2,553,000.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels. The last full valuation of the scheme was as at 1st April 2010.

The Principal assumptions used by the actuary have been:

Long term expected rate of return on assets		
	2009/10 %	2010/11 %
Equities	7.50	7.50
Government Bonds	4.50	4.40
Other Bonds	5.20	5.10
Property	N/A	N/A
Cash/Liquidity	0.50	0.50
Other	N/A	N/A

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 46: PENSION COSTS (continued)

Financial Assumptions		
	2009/10 %	2010/11 %
Rate of Inflation (RPI)	3.30	3.40
Rate of Inflation (CPI)	2.80	2.90
Rate of increase in salaries	4.80	4.40
Rate of increase in pensions	3.30	2.90
Discount Rate on liabilities	5.60	5.50
Take up of option to convert annual pension into retirement lump sum	50	50

Mortality Rates		
	2009/2010 Yrs	2010/2011 Yrs
Longevity at 65 of current pensioners		
Male	21.2	22.0
Female	24.1	24.5
Longevity at 65 of future pensioners		
Male	22.2	23.4
Female	25.0	26.1

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

Split of assets between investment categories		
	2009/2010 %	2010/2011 %
Equities	92.30	92.70
Government Bonds	2.80	2.60
Other Bonds	3.90	3.80
Cash/Liquidity	1.00	0.90

History of Experience of Gains and Losses

The actuarial gains and losses identified as movements on the Pension Reserve for the current and recent years can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March each year:

	31st March 2007 %	31st March 2008 %	31st March 2009 %	31st March 2010 %	31st March 2011 %
Difference between expected and actual return on assets	0.2	(14.5)	(40.2)	27.5	2.0
Experience gains and losses on liabilities	-	0.4	-	-	4.9

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 46: PENSION COSTS (continued)

Pensions Liability Relating to Share Services

For the Regulatory Shared Services governed by Joint Committee this Council transferred its staff to the host authority – Bromsgrove District Council on a fully funded basis for pension's purchases. The share service was admitted to the pensions fund as a ghost admitted body, as such any liability or surplus that accrues is the responsibility of the partners to those shared services.

The table below shows the overall deficit of the admitted bodies together with this Council's share as defined by the partnership legal agreement.

	2010/11 £'000
Present value of liabilities	16,973
Fair value of assets	(17,200)
(Surplus)/Deficit in scheme	(227)
WFDC Share – 10.82%	(25)

Further information can be found in the Worcestershire County Council's Pension Fund Annual Report which is available upon request from Mr. P Birch C.P.F.A., Director of Resources, Worcestershire County Council, County Hall, Spetchley Road, Worcester, WR5 2NP. www.worcestershire.gov.uk

Note 47: CONTINGENT LIABILITIES

Upon expiry of the lease for the Duke House Offices, to coincide with the New Headquarters project, there may be a contingent liability in respect of dilapidations. However, it is not possible to quantify, if any, what the liability of any potential charges dilapidations would be at this time.

The Council has recently been successful in defending the "priority" status in relation to the Council's investment with Landsbanki hf. This ruling has been appealed and in due course will be considered by the Icelandic Supreme Court, the Financial instruments note provides full details, however, if the status is lost then there could be a charge to the revenue account of around £1.85m.

The Council has a number of Service Reviews in progress as part of the Wyre Forest Forward Work Programme; these are programmed over the medium term financial strategy. It is highly likely that these Service Reviews will result in reductions in employee numbers and a reduction in overall service costs necessitating the payment of Severance Costs that may be classed as future Termination Benefits. As the exact details of these future severance costs are not yet known, they are a contingent liability applicable in particular to the Revenues and Benefits Service, Waste Management for 2012/13 service cost reductions, although there are several other smaller service reviews for which this contingent liability may also be relevant. The Council has recognised the need to resource the cost of implementing such Cabinet Proposals and has an approved 2011/12 budget of £700,000 towards funding such one-off costs.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 48: CONTINGENT ASSETS

The Authority does not have any contingent assets as at 31st March 2011.

Note 49: TRUST FUNDS

The Kidderminster Educational Foundation is a registered charity governed by a Scheme made by the Secretary of State of 31st July 1973, varied by a Scheme approved by the Charity Commissioners on 7th August 1991. In the original trust deeds, Kidderminster Borough Council was appointed Corporate Trustee of the Foundation. Wyre Forest District Council succeeded as Corporate Trustee on 1st April 1974 under Section 210 of the Local Government Act 1972. The Council is the Corporate Trustee of the Charity. Individual Members are not themselves Trustees. The assets of the Foundation were mainly derived from the sale of assets (the Old Schools of Art and Science) and these are held in trust by the Council and can only be used to further the objects expressed in the governing scheme. The basic activity of the Foundation is a grant-maker to individuals and to assist other organisations on their activities, which comply with the governing objectives. This Fund is invested in the money market but is not included within the Balance Sheet. The capital balance invested during the year was £271,209 (£271,209 at 31st March 2010) whilst the revenue balance was £8,791 at 31st March 2011 (£18,364 at 31st March 2010).

The Council became trustee of the Bewdley Museum Trust in May 1975, and operates the Museum as a local service under powers contained in the Public Libraries and Museums Act 1964. The Council retains the shop profits to partially offset the gross expenditure incurred in running the Museum. There is, therefore, no income or expenditure accruing directly to the Trust.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2010/11

Note 50: BUILDING REGULATIONS CHARGEABLE AND NON-CHARGEABLE ACCOUNT

There is a change to the end of year reporting requirements relating to Building Regulations. The Building (Local Authority Charges) Regulations 2010 require local authorities to publish a financial statement relating to the Building Regulations Chargeable and Non-chargeable Account by 30th September each year. Previously, the Chargeable and Non-chargeable accounts were operated under the Building (Local Authority Charges) Regulations 1998. Outturn for 2009/10 is also shown below for comparison purposes.

	2009/10			2010/11		
	Chargeable £	Non- Chargeable £	Total £	Chargeable £	Non- Chargeable £	Total £
Expenditure						
Employees	130,760	92,120	222,880	130,320	92,250	222,570
Premises	13,330	8,250	21,580	12,230	8,690	20,920
Transport	8,360	4,500	12,860	8,390	4,520	12,910
Supplies & Services	7,320	3,310	10,630	5,820	2,300	8,120
Support Services	41,190	32,120	73,310	52,840	39,460	92,300
Total Expenditure	200,960	140,300	341,260	209,600	147,220	356,820
Income						
Building Regs Charges	186,490	-	186,490	209,860	-	209,860
Partnership Income	15,810	-	15,810	19,260	-	19,260
Miscellaneous Income	950	50	1,000	870	-	870
Total Income	203,250	50	203,300	229,990	-	229,990
<i>Surplus/(Deficit) for the Year</i>	<i>2,290</i>	<i>(140,250)</i>	<i>(137,960)</i>	<i>20,390</i>	<i>(147,220)</i>	<i>(126,830)</i>
<u>Surplus(Deficit) Balance</u>						
Brought Forward	27,210			29,500		
Carried Forward	29,500			49,890		

The Building Regulations Chargeable account continues to be a “ring-fenced” account with year end surpluses/deficits rolled forward subject to review and comparison of costs and income.

Note 51: EXCEPTIONAL ITEMS

Following the UK Government’s announcement on 22 June 2010, the inflation index to be used to derive the statutory pension increase has been changed from RPI to CPI. Due to differences between the indices, CPI is expected to be less than RPI over the long-term, which means that the defined benefit obligation (i.e. the amount the Council would have to pay to satisfy all pension entitlements that have been earned by employees to date) has reduced. This has been accounted for as a change to the constructive obligation to provide certain benefits to Scheme members and gives rise to a negative past service cost. This has resulted in a credit of £5.557m to the Comprehensive Income and Expenditure Account in 2010/11.

This has not had an impact on the General Fund balance as the entry is reversed via the Movement in Reserves Statement.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

THE COLLECTION FUND ACCOUNT 2010/11

2009/10 £'000	Income	£'000	2010/11 £'000
(43,405)	Income from Council Tax		(44,425)
	Transfers from General Fund:		
(7,991)	Council Tax Benefits	(8,472)	
-	Transitional Relief	1	
-	Local Discount – Council Tax	-	
			(8,471)
(24,934)	Non-Domestic Rates	(25,001)	
-	Transfers from General Fund:		
	Hardship Relief – Non-Domestic Rates	-	
			(25,001)
(76,330)	Total Income		(77,897)
<u>Expenditure</u>			
	Precepts and Demands		
35,549	Worcestershire County Council	36,396	
6,088	West Mercia Police Authority	6,260	
2,509	Hereford & Worcester Combined Fire Authority	2,580	
7,209	Wyre Forest District Council (including parishes)	7,382	
51,355			52,618
128	Provision for Non-Payment of Council Tax		243
	Non-Domestic Rates		
24,685	Payment to National Pool	24,816	
140	Cost of Collection Allowance	139	
24,825			24,955
109	Provision for Non-Payment of Non-Domestic Rates		46
76,417	Total Expenditure		77,862
87	(Surplus)/Deficit for the Year		(35)
(195)	Balance b'fwd as at 1 st April 2010		(108)
87	(Surplus)/Deficit for the Year		(35)
(108)	Surplus Balance C/fwd as at 31 st March 2011		(143)

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

NOTES TO THE COLLECTION FUND ACCOUNT

Note 1: NATIONAL NON-DOMESTIC RATES (NNDR) (BUSINESS RATES)

NNDR is organised on a National basis. A five-yearly revaluation is carried out by the Government, the latest coming into effect from 2005/06. The Government specifies an amount (48.5p in 2009/10 and 41.4p in 2010/11) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. From 1st April 2005 the Government introduced a second multiplier for small businesses 48.1p in 2009/10 and 40.7p in 2010/11. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The Non-Domestic rateable value of the Council's area at 31st March 2011 was £73,167,810 (31st March 2010 - £63,545,638).

Note 2: COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council, Worcestershire County Council, West Mercia Police Authority and The Hereford and Worcester Fire and Rescue Authority for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,489.04 for 2010/11 (£1,451.71 for 2009/10) is multiplied by the proportion specified for the particular band to give an individual amount due. Council Tax written off in the year amounted to £126,484.15 (£53,090.34 in 2009/10).

The Council taxbase, which is used in the calculation of the Council Tax, is based upon the number of dwellings in each valuation band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2010/11 was 34,945 calculated as follows:

Valuation Band	Number of Dwellings Per Valuation List	Adjustment for Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Approximate Ratio to Band D Charge	Band D Equivalent
Band A	10,796	(2,155.32)	8,640.68	6/9	5,759.97
Band B	10,946	(1,324.50)	9,621.50	7/9	7,483.39
Band C	10,817	(1,032.75)	9,784.25	8/9	8,697.08
Band D	5,967	(522.00)	5,445.00	1	5,445.00
Band E	3,180	(238.25)	2,941.75	11/9	3,595.48
Band F	1,644	(111.50)	1,532.50	13/9	2,213.60
Band G	1,138	(60.50)	1,077.50	15/9	1,795.85
Band H	118	(8.75)	109.25	2	218.50
Total	44,606	(5,453.57)	39,152.43		35,208.87
Less Allowance for Non Collection District Tax Base					(263.87)
					34,945

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

NOTES TO THE COLLECTION FUND ACCOUNT (CONTINUED)

Note 2: COUNCIL TAX (continued)

The income of £52,896,000 for 2010/11 is receivable from the following sources:

Council Tax Income	£000s
Billed to council tax payers	44,425
Transferred from general fund:	
Council tax benefits	8,472
Less: Transitional Relief adjusted from previous years	(1)
Total	52,896

Note 3: CONTRIBUTIONS TO COLLECTION FUND SURPLUSES AND DEFICITS

The surplus of £143,000 on the Collection Fund at 31st March 2011 will be distributed in subsequent financial years to the Council, Worcestershire County Council, West Mercia Police Authority and Hereford and Worcester Fire and Rescue Authority in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

Note 4: PRECEPTING AUTHORITIES

The Authorities that made significant precepts and demands on the Collection Fund in 2010/11 are as follows:

Precepting Authorities	£000s
Worcestershire County Council	36,310
West Mercia Police Authority	6,245
Hereford and Worcester Fire and Rescue Authority	2,574
Wyre Forest District Council (including parishes)	7,364

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

DIRECTOR OF RESOURCES AND LEADER'S CERTIFICATE

The Statement of Accounts on pages 2 to 89 is prepared and published in accordance with the Accounts and Audit Regulations 2011.

The accounts have been prepared on a historic cost basis, in accordance with the Code of Practice on Local Authority Accounting and the Best Value Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of Accounting Standards. They present a true and fair position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2011.

DAVID BUCKLAND, CPFA, MAAT
DIRECTOR OF RESOURCES

COUNCILLOR J P CAMPION
LEADER OF THE COUNCIL

29th September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYRE FOREST DISTRICT COUNCIL

Opinion on the Authority accounting statements

I have audited the accounting statements of Wyre Forest District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Wyre Forest District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Officer (Finance and Commercial Services) and auditor

As explained more fully in the Statement of the Chief Officer's (Finance and Commercial Services) Responsibilities, the Chief Officer (Finance and Commercial Services) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Wyre Forest District Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.



Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

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

Authority's responsibilities

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

Auditor's responsibilities

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

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

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



Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Wyre Forest District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of Wyre Forest District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Elizabeth Cave
District Auditor

Audit Commission
Room 24
West Mercia Police HQ
Hindlip Hall
PO Box 55
Worcs
WR3 8SP

30 September 2011



WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/2011

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

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

ACCRUALS

Income and expenditure are shown in the accounts in the period they are earned or incurred, not as money is received or paid. All entries shown are therefore in respect of the 2010/11 financial year.

ACTUARY

An expert on pension scheme assets and liabilities.

AREA BASED GRANT

A non-ring fenced general grant, with no conditions imposed on its use, paid directly to the authority that benefits from the grant. This grant is included in the Income and Expenditure Account with other general income sources. Area based Grant replaced Local Area Agreement Grant in 2008/2009.

ASSET

Something the Council owns – for example a building, some cash or money owed to it.

ASSET REGISTER

Each Local Authority is required to compile a register of all its capital assets (examples include premises, vehicles, equipment and computer systems). Each asset must be professionally valued, generally at replacement cost, every five years. Capital charges for the use of assets are calculated on the values contained in the Asset Register.

AUDIT OPINION

The auditor's opinion on whether the Council's accounts show a true and fair view of its financial affairs. If the auditors are satisfied with the accounts, they will issue an unqualified audit opinion.

BALANCE SHEET

A year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. The Balance Sheet is known as the Statement of Financial Position under IFRS.

BEST VALUE ACCOUNTING CODE OF PRACTICE (BVACOP)

This code of practice details standard definitions of services and total cost, for consistency of data for Government Returns, and comparisons with other Local Authorities.

BUDGET

A statement detailing the Council's financial policy over a specified period of time.

CAPITAL ADJUSTMENT ACCOUNT

Capital Adjustment Account – this reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them

CAPITAL EXPENDITURE

Expenditure on acquisition, construction or improvement of assets (property, plant and equipment) which have a value to the authority for more than one year e.g. land and buildings.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

GLOSSARY OF FINANCIAL TERMS (continued)

CAPITAL GUIDELINES

The sum set by the Government as their view of appropriate capital spending levels on services.

CAPITAL PROGRAMME

The Authority's plan of capital expenditure on capital schemes/projects for current and future financial years, including details on the funding of the programme.

CAPITAL RECEIPTS

Income from the sale of capital assets, such as land or buildings, which may also be available to finance other items of capital (but not revenue) expenditure.

CENTRAL SUPPORT SERVICES

The provision of services by the central divisions of the Council in respect of finance, personnel, legal, policy, administration, information technology and property.

CODE OF PRACTICE ON LOCAL GOVERNMENT ACCOUNTING (THE CODE)

The replacement for the Statement of Recommended Practice (SORP), following the implementation of International Financial Reporting Standards (IFRS). The Code is the framework for publishing local authority statutory accounts based on accounting standards and interpretations issued by the IASB and IFRIC, modified to reflect specific statutory requirements.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A statement of the Council's net revenue costs in the year and how this cost was financed by Government grant and taxpayers.

CONTINGENT LIABILITY

A possible or present obligation which is difficult to quantify, or which may not come to pass (A Liability which can not be reasonably estimated and may, or may not be incurred depending on the outcome of a future event).

CORPORATE AND DEMOCRATIC CORE (CDC)

The Corporate and Democratic Core consists of two elements, Democratic Representation and Management (DRM) and Corporate Management.

DRM includes all aspects of members' activities including corporate programme and service policy making, together with officer time in support of these functions. Examples of costs charged to DRM includes all members allowances and expenses.

Corporate Management concerns those activities and costs which allow services to be provided, whether by the authority or not, and the information which is required for public accountability. Costs properly charged to this heading include time spent in allocating corporate resources and producing the annual accounts, treasury management activities and external audit fees for the statutory audit.

COUNCIL TAX

A tax collected by the District Council which is payable at the same rate by each household in the same valuation band in the same area. There are eight Council Tax bands and how much each household pays depends upon the value of the homes. Council tax income is distributed to Precepting Authorities.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

GLOSSARY OF FINANCIAL TERMS (continued)

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

Discounts are available to people who live alone and owners of homes that are not anyone's main home. Council Tax is not charged for certain properties, known as exempt properties, like those lived in only by students.

COUNCIL TAXBASE

The Council Tax base of an area is equal to the number of band D equivalent properties. To calculate this, the Government counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties; because it attracts twice as much tax.

COUNCIL TAX BENEFIT

Amounts deducted from the bills of council tax payers whose incomes fall below prescribed amounts which take into account the financial circumstances of the taxpayer. The majority of the cost of this scheme is met by Central Government which reimburses authorities for the reduction made in bills by means of a direct grant known as council tax benefit subsidy.

COUNTERPARTY REPORT

List of approved Financial Institutions the Council can invest surplus funds with. This is based on Credit Ratings criteria approved by Council within the Treasury Management Policy.

CREDITORS

Amounts owed by the District Council for work done, goods or services received but for which payment has not been made by the end of the accounting period.

CURRENT ASSET OR LIABILITY

An asset or liability the Council expects to hold for less than one year.

DEBTORS

Amounts due to the District Council but unpaid by the end of the accounting period.

DEPRECIATION

The measure of the cost or revalued amount of the benefits of an asset that have been consumed/used during the financial year. Consumption includes wear and tear, age and obsolescence.

DIRECT REVENUE FINANCING

Revenue resources used to finance Capital Expenditure.

EARMARKED RESERVES

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

FEES AND CHARGES

In addition to income from the Government, Local Authorities charge for numerous services including car parking.

FINANCE LEASE

An arrangement whereby the party leasing the asset has most or all of the use of an asset, and the lease payments are akin to repayments on a loan.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

GLOSSARY OF FINANCIAL TERMS (continued)

FINANCIAL INSTRUMENT

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. Examples include borrowings, loans receivable and investments.

FINANCIAL INSTRUMENTS ADJUSTMENTS ACCOUNT

A new account that records the timing differences between charging the amount of the impairment calculated in relation to Icelandic investments to the General Fund in accordance with the new Capital Regulation.

FINANCIAL REGULATIONS

The rules that the Council's financial affairs are operated within.

INVENTORY

Previously referred to as Stock – items purchased and paid for but not yet used.

FINANCIAL STATEMENTS

Another term for the Statement of Accounts.

FIXED ASSET

A tangible asset which is intended to be used for several years, such as a vehicle or building.

GOVERNMENT GRANTS

Payments by Central Government towards the cost of Local Authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (revenue support grant).

GROSS AND NET TOTAL COST

The gross total cost of a service includes all expenditure relating to the service/activity including employee costs, transport, support services and capital charges. Net total cost is the gross total cost of a service less income other than specific grants.

HEREDITAMENT

A property appearing in a valuation list upon which business rates are levied. Applies to non-domestic property.

HOUSING ADVANCES

Loans by an Authority to individuals towards the cost of acquiring or improving their homes.

HOUSING ASSOCIATION

A non-profit making body concerned with the construction, improvement or management of houses.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

GLOSSARY OF FINANCIAL TERMS (continued)

HOUSING BENEFIT

This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord or privately owned accommodation, whose incomes fall below prescribed amounts. Income Support claimants may claim Housing Benefit at the same time as they claim Income Support from Central Government. Income Support claimants may also claim direct to the District Council for Housing Benefit. All other claimants must make their claim to the District Council.

In the case of private tenants, a payment (rent allowance) is made to the tenant or to the landlord if requested by the claimant.

The District Council is reimbursed by the Government for 100% of the cost of benefits to private sector tenants. The Government also contributes towards the costs of administering the scheme. Some Authorities may choose to operate a 'local scheme' whereby allowances in excess of the standard payments are granted. This extra cost is borne by the District Council.

HOUSING INVESTMENT PROGRAMMES (HIPS)

These are submitted annually to the Office of the Deputy Prime Minister by the District Council which details its capital plans. Approved expenditure is allocated in one block to cover all the following items of capital expenditure:

Private sector improvement grants

Support to Registered Social Landlords for both new house building and renovation schemes.

IMPAIRMENT

A reduction in the value of a fixed asset below its carrying amount on the balance sheet arising from physical damage such as a major fire or a significant reduction in market value.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The new accounting standard that this Council has adopted from 2010/2011.

LIABILITY

Something the Council owes – for example an overdraft, a loan, or a bill it has not yet paid.

LIQUID RESOURCES

These are assets that are readily converted into cash without significant loss, e.g. short term investments.

MOVEMENT IN RESERVES STATEMENT (MIRS)

A statement which analyses movements in the Council's usable and unusable reserves during the year.

NATIONAL NON-DOMESTIC RATES (BUSINESS RATES) (NNDR)

A tax collected locally by District Councils and paid to Central Government. It is then redistributed to County, Unitary, Borough and District Councils on the basis of the resident population.

NON DISTRIBUTABLE COSTS (NDC)

These are costs which cannot reasonably be charged to the cost of individual services and include, for example, contributions to meet pension fund deficits.

NON OPERATIONAL ASSETS

Council assets not directly used in the provision of services, such as investment properties.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

GLOSSARY OF FINANCIAL TERMS (continued)

OPERATIONAL ASSETS

Council owned fixed assets used to deliver services, such as buildings and equipment.

OPERATING LEASES

This is where the rewards and risks of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

OUT-TURN

Actual income and expenditure.

PRECEPT

This is the amount of council tax income County Councils, Police Authorities, District Councils, Parish Councils and some Fire Authorities need to provide their services. The amounts for all Local Authorities providing services in an area appear on one council tax bill which is issued by the District Council.

PROVISIONS

These are monies set aside to meet any liabilities or losses which are likely or will be incurred, but the amounts or the dates on which they will arise are uncertain e.g. provision for bad debts.

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

CIPFA developed a professional code of practice to support local authorities in taking capital investment decisions. The key objectives of the code are to ensure, within a clear framework, that local authorities' capital investment decisions are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported. The code was implemented with effect from 1st April 2004.

RATEABLE VALUE

A value placed on all non-domestic properties subject to business rates to which a uniform rate poundage is applied to arrive at rates payable. The value is based on a notional rent that property could be expected to yield after deducting the cost of repairs.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Capital expenditure for which no tangible fixed asset exists is now classified as Revenue Expenditure Funded from Capital Under Statute (previously termed Deferred Charges) and is charged to the Income and Expenditure Account.

RESERVES

These are monies set aside to meet the cost of specific future expenditure.

REVALUATION RESERVE

Revaluation Reserve – this records the unrealised net gains from revaluations made after 1st April 2007

REVENUE BALANCES

The accumulated surplus or deficit of income over expenditure.

REVENUE EXPENDITURE

This is expenditure incurred on the day to day provision of services and consists principally of pay costs, capital charges and general running expenses in respect of the financial year.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

GLOSSARY OF FINANCIAL TERMS (continued)

REVENUE SUPPORT GRANT

Grant paid by the Government to local authorities as a contribution towards the costs of their services. The grant is distributed so that if each Authority were to spend at the level of its Standard Spending Assessment (SSA) all charging Authorities could set the same council tax known as the Council Tax for Standard Spending.

SPECIFIC GRANTS

Government grants to Local Authorities in aid of particular projects or services e.g. Disabled Facilities Grants.

STANDING ORDERS

Rules and procedures determined by the Council to assist in the efficient performance of its activities.

TRUE AND FAIR

It is the aim of the accounts to show a true and fair view of the Council's financial position. In other words they should faithfully represent what has happened in practice.

UK GENERALLY ACCEPTED ACCOUNTING PRACTICE (UK GAAP)

The Standard basis of accounting in the UK for previous year's accounts; from 2010/2011 the international standards have been adopted and the accounts restated.

UNREALISED GAINS AND LOSSES

Gains and losses may be realised or unrealised. Unrealised gains and losses are gains and losses that the Council has recognised in its accounts but which are potential as they have not been realised. An example of a gain that is recognised but not realised is where the value of assets has increased. The gain is realised when the asset is sold.

VIREMENT

The authorised transfer of an underspend in one budget head to another head.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2010/11
List of commonly Used Acronyms

Acronym	Description/Definition
ABG	Area Based Grant – a general grant from central government allocated directly to Local Authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae.
AGS	Annual Governance Statement – this provides an overview of the Governance arrangements within the Council, along with any potential weaknesses.
BVACOP	Best Value Accounting Code of Practice – this Code issued by CIPFA identifies standard definitions of services and total cost for consistency of data for Government returns, and comparisons with other local authorities.
CAA	Comprehensive Area Assessment – now formally abolished by government but was the performance framework for Local Government.
CDC	Corporate and Democratic Core – central account which identifies the corporate costs of the authority, including Members and the democratic process.
CFR	Capital Financing Requirement – measures the authority's underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
CI&E	Comprehensive Income and Expenditure Statement – This new statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice rather than the amount to be funded from taxation. It replaces the former Income and Expenditure Account and Statement of Total Recognised Gains and Losses.
CIPFA	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
DCLG	Department for Communities and Local Government – central government department which has the responsibility for Local Government.
DRC	Depreciated Replacement cost – valuation method used within the Statement of Accounts relating to the Replacement Cost less any accrued depreciation.
DWP	Department for Works and Pensions – largest central government department which amongst its responsibilities are Benefits payments.
HMRC	Her Majesty's Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
FIAA	Financial Instruments Adjustment Account – this is a balance sheet account which is the balancing account to hold the differences between statutory requirements and proper accounting practices for borrowings and investments.
FARA	Fixed Asset Restatement Account – this was the balance sheet account which contained the surplus arising from the revaluation of fixed assets, now called the Revaluation Reserve.
FTE	Full-time equivalent – relates to employee numbers.
HRA	Housing Revenue Account – is a separate landlord account that any council with more than 50 council dwellings must keep.
IAS	International Accounting Standard – these provide detailed guidance on the application of IFRS.
IASB	International Accounting Standards Board – governing body of expertise on accounting standards.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards – new international framework to ensure common approach to the production of Statement of Accounts across the world.
LAA	Local Area Agreement – set out the properties for a local area agreed between central government and a local area (the local authority and Local Strategic partnership) and other key partners at the local level.
LAAP	Local Authority Accounting Panel – issues LAAP Bulletins to local authority practitioners. These Bulletins provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.

WYRE FOREST DISTRICT COUNCIL
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List of commonly Used Acronyms

LASAAC	Local Authority (Scotland) Accounts Advisory Committee – operates in the same way as CIPFA within England, and often works in partnership with CIPFA on accounting guidance through a Joint Committee.
LGA	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.
MIRS	Movement in Resources Statement – this statement replaces the former Statement of Movement on the General Fund Balance and the note on the movement in reserves. It represents the changes in the Council's financial resources.
MRP	Minimum Revenue Provision –this represents the minimum which authorities must repay on their debts each year.
NDR or NNDR	National Non Domestic Rates – sometimes called business rates – these are collected by Local Authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.
NAO	National Audit Office – The National Audit Office (NAO) scrutinises public spending on behalf of Parliament. The NAO does not yet audit local government spending; this is the responsibility of the Audit Commission.
OMV	Open Market Value – valuation method within the accounts which relates directly to the current valuation of the asset.
PBE	Post Balance Sheet Event – an event taking place after the Balance Sheet event that may either be noted or adjusted in the accounts depending on its relevance.
PFI	Private Finance Initiative – is a way of creating “public-private partnerships” (PPPs) by funding public infrastructure projects with private capital
POP	Purchase Order Processing – the new method by which goods and services are electronically ordered at the Council.
PPE	Property Plant and Equipment – new IFRS terminology for fixed assets.
PPP	Public-private Partnership – describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.
PWLB	Public works Loan Board – this is a central government body which makes loans to local government and other prescribed public bodies from the National Loans Fund.
RICS	Royal Institute of Chartered Surveyors – is an independent, representative professional body which regulates property professionals and surveyors in the United Kingdom and other sovereign nations.
S151	Section 151 – this refers to Section 151 of the Local Government Act 1972 where it states that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
SOLACE	Society of Local Authority Chief Executives – organisation that represents Chief Executives within Local Government.
SSAP	Statement of Standard Accounting Practice – accounting standards issued by the Accounting Standards Committee. SSAPs have now generally been replaced by Financial Reporting Standards.
STC4	Stourport Town Centre 4 – Bridge Street area of Stourport which is in the process of being enhanced.
TUPE	Transfer of Undertakings (Protection of Employment) Regulations – protects employees' terms and conditions of employment when a business is transferred from one owner to another.
UITF	Urgent Issues Task Force -a committee of the UK Accounting Standards Board that considers major urgent and emerging accounting issues. Its publications are known as UITF Abstracts.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2010/11
List of commonly Used Acronyms

UKGAAP	Generally Accepted Accounting Practice in the UK or UK GAAP – are the overall body of regulation establishing how company accounts must be prepared in the United Kingdom. This includes not only accounting standards but also UK company law. IFRS supersedes IFRS for local government accounts from 2010/2011.
UoR	Use of Resources – now formally abolished, however, for the last six years this has been used by auditors to assess how well local authorities are managing their finances and other resources.
VFM	Value for Money – this represents a formal review by the auditors on whether the Council is delivering Value for Money to its residents. This opinion forms part of the overall audit certificate.
WETT	Worcester Enhanced Two Tier – a programme whereby all Worcestershire local authorities are working together to investigate shared services and joint working to become more efficient and effective.