



# Statement of Accounts 2013/14

# Doncaster MBC Statement of Accounts 2013/14

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## Explanatory Foreword

### Introduction

The information contained within the Statement of Accounts for 2013/14 is presented as simply and clearly as possible. However, the accounts of such a large and diverse authority as Doncaster Metropolitan Borough Council are, by their nature, both technical and complex and so this foreword explains some of the statements and provides a summary of the Council's financial performance as at 31<sup>st</sup> March 2014 and its financial prospects.

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2013/14 (the Code) and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The overriding requirement of the Code is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council.

The Statement of Accounts features four main statements reporting on the Council's core activities:

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

Each is preceded by a short note describing its purpose, and they are followed by notes explaining the statements.

The main statements are supplemented by three further sections:

- The Housing Revenue Account (HRA), which is consolidated into the main statements, reports on the Council's activities as a social landlord;
- The Collection Fund account reports on the collection of local taxes and their distribution; and
- The Group Accounts that show the full extent of the Council's activities by including subsidiary and associate companies and joint ventures.

After conclusion of the audit a separate Summary Statement of Accounts will be prepared which will contain the key elements from the full Statement of Accounts. This abridged version of the accounts will make the information easier to understand and more accessible and is available on the Council's website.

### **A summary of the Council's financial position as at 31<sup>st</sup> March 2014**

The following summary of the financial performance of the Council during 2013/14 covers:

The Council's overall financial performance for both revenue (including the HRA) and capital;  
The financial outlook for the Council, including recent developments; and  
The Council's Environmental and Sustainability Statement

### ***The Council's overall financial performance***

The Council's financial performance for the year was reported to the Cabinet on the 18<sup>th</sup> June 2014.

The financial outturn for 2013/14 includes the following elements

- A General Fund under spend against budget of £5.8m;
- General Fund reserves strengthening by £5.5m to £11.7m;
- Capital expenditure of £80.9m;
- Housing Revenue Account surplus of £1.4m; and
- Delivery of £26.0m of savings.

The table below represents General Fund activities only. The figures differ from those shown in the statements on pages 8 to 13 as these statements include both General Fund and Housing Revenue Account.

Description	Gross Budget £m	Net Budget £m	Outturn £m	Year-end Variance £m
Adults & Communities	138.81	90.60	88.14	(2.46)
Children & Young People Service (excludes schools budget)	81.03	43.37	45.20	1.83
Finance & Corporate Services	132.34	22.56	21.38	(1.18)
Regeneration & Environment	122.35	45.27	44.21	(1.06)
Public Health	18.26	(1.56)	(1.56)	0.00
<b>Total Service Budgets</b>	<b>492.79</b>	<b>200.24</b>	<b>197.37</b>	<b>(2.87)</b>
General Financing/Treasury Management	16.20	16.20	15.04	(1.16)
Levying Bodies	24.83	24.83	24.83	0.00
Council-wide savings targets	(2.94)	(2.94)	0.00	2.94
Former School Employee Pension Costs	4.12	3.87	3.87	0.00
Other Centrally Funded	7.08	(171.81)	(176.47)	(4.66)
<b>Total Council Wide</b>	<b>49.29</b>	<b>(129.85)</b>	<b>(132.73)</b>	<b>(2.88)</b>
<b>Total General Fund Services</b>	<b>542.08</b>	<b>70.39</b>	<b>64.64</b>	<b>(5.75)</b>

The Council's outturn position for its General Fund services is an under spend of £5.8m. This is made up of an on-going underspend of £1.2m plus a one-off underspend of £4.6m (after adjusting for carry forwards of £3.9m) which is a considerable achievement for the Council given the challenges this year with the need to deliver £26m of significant savings and puts the Council in a good position to prepare for the future funding cuts.

The Council needs to ensure that the level of reserves is sufficient to meet any potential future costs. At the beginning of the year General Fund reserves stood at £6.2m. After a review of balances during the year, a transfer of £5.5m was approved as part of the budget report in February which has increased the General Fund reserves to £11.7m. The 2013/14 on-going and one-off underspends will further increase this balance to £17.5m in line with the strategy of increasing the general reserves to provide sufficient funding to prepare for the considerable budget cuts in the forthcoming years.

The Housing Revenue Account (HRA) is a ring fenced account to which expenditure incurred and income received in relation to its social housing stock is charged. St Leger Homes of Doncaster Limited, a company set up in October 2005, is responsible for managing the housing service as agent for the Council. Routine day-to-day expenditure is charged to the HRA as is income received from tenants.

The Housing Revenue Account (HRA) the projected underspend at quarter 3 was £0.1m and this increased to a £1.4m underspend at outturn resulting in balances reducing by £3.3m to £5.9m. The budget for 2013/14 included a reduction in balances of £4.7m from £9.2m to £4.5m as surplus resources are used to fund the capital programme.

### Capital spending

The Council's total in year capital spend was £80.9m. An analysis of capital expenditure is summarised below:-

Capital Programme	Outturn £m
Adults & Communities	5.23
Children and Young People Services	9.03
Finance & Corporate Services	1.82
Regeneration & Environment	64.78
<b>Total</b>	<b>80.86</b>

Notable scheme updates at outturn include White Rose Way £5.0m and Finningley and Rossington Relief Road Scheme ('FARRRS') £12.3m.

## Financial Outlook

### *General Fund – Revenue*

The Council faces an unprecedented set of cuts and pressures on its budget. Having already delivered £93m of savings and efficiencies in the 3 years from 2011 to 2014, we now have to cut expenditure and / or raise money by a total of £109m between April 2014 and March 2017. The savings identified so far total £93m which includes £38m that needs to be saved in full in 2014/15, the first year of the three year budget. Whilst the cuts are of an unprecedented severity the Council has had no choice but to propose an increase in Council Tax and fees and charges, everything possible has been done to protect and improve services that are mayoral priorities. The Council will need to do further work over the coming months to identify further savings and cuts that will close the remaining budget gap of £16m for 2015/16 and 2016/17.

### *The Capital Programme*

The Council will invest £339m over 2014/15 to 2016/17 with £150m estimated to be spent in 2014/15. Despite the tough economic conditions, the Council is investing in the future prosperity of Doncaster. Transformational projects continue to improve education, housing, infrastructure, leisure and culture, as well as attracting investors and visitors to Doncaster. Funding has been identified to cover all of the proposals in the three year capital budget, and to keep the budget affordable the estimated asset sales need to be delivered and projects cannot exceed their budget allocations.

### *Recent developments*

The Council's Corporate Plan for 2014-17 was agreed by Full Council on 13th June 2014. The plan details the priorities that the Council will deliver for the people of Doncaster and supports the delivery of the Mayor's priorities. It covers a three year period so that it aligns with the medium term financial strategy and includes a range of measures that will be used to monitor progress.

A Government consultation (June 2014) proposes to bring forward the existing dates of 30th June and 30th September to 31st May and 31st July as from the accounts for 2017-18 for accounts being signed by the Responsible Finance Officer and then approved and published. The proposal is aligned with firmer Government moves to improve local government accountability to the public.

## Environmental and Sustainability Statement

### *Greenhouse gas emissions*

The Council employs 4,365 (FTE) staff and serves approximately 305,000 residents covering a geographical area of 224 miles<sup>2</sup>. The area has a diverse demographic made up of heavy and light industry, urban areas, rural areas, towns and villages. As part of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, the Council published its Corporate Energy and Sustainability Statement in October 2010. A CO<sub>2</sub> (carbon) reduction target of 3% year on year has been set, using a baseline year of 2008, in line with the European Union (EU) target of 80% reduction by 2050. Since 2010, the Council has consolidated all consumption data into a controlled energy management database and used it to provide information to Directors, service heads and employees in order to raise awareness of the Council's consumption levels and opportunities for reduction. The data forms the basis of the CRC report and contributed to achieving the Carbon Trust Standard in 2010.

Scope 1 and Scope 2 emissions have seen a reduction of 21% and 29% respectively against the baseline year of 2008/09, whereas Scope 3 has seen an increase of 44%. This data suggests the Council has made significant improvements in the way it operates its buildings, vehicles and plant equipment. It also identifies a need to reduce the level of mileage being undertaken through the use of non-Council vehicles.

- Scope 1 (Direct emissions): Activities owned or controlled by the Council that release emissions straight into the atmosphere. They are direct emissions. Examples of scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.
- Scope 2 (Energy indirect): Emissions being released into the atmosphere associated with the Councils' consumption of purchased electricity, heat, steam and cooling. These are indirect

emissions that are a consequence of the Councils' activities but which occur at sources the Council does not own or control.

- Scope 3 (Other indirect): Emissions that are a consequence of the Councils' actions, which occur at sources which you do not own or control and which are not classed as scope 2 emissions. Examples of scope 3 emissions are business travel by means not owned or controlled by your organisation, waste disposal, or purchased materials or fuels.

	Baseline Year	Financial Year	
	2008/09	2012/13	2013/14
Scope 1	24,984	26,179	19,655
Scope 2	30,244	28,876	21,509
Scope 3	782	824	1,130
<b>Total t/CO<sub>2</sub></b>	<b>56,010</b>	<b>55,879</b>	<b>42,294</b>

#### *Waste minimisation & management and the use of finite resources*

The Council's Environment Strategy, adopted in December 2012, will help the Council make plans and policies that protect and enhance Doncaster's environment and improve the quality of life for present and future generations. A key aspect of this is to balance the need for economic growth with our obligation to have responsibility for the protection of our local environment. Although this is a Council Strategy, it is produced in light of the need to work in partnership with a wide number of public, private and community organisations. This partnership approach to delivering shared priorities will help us to achieve even greater value for money and make better use of the assets and resources at our disposal. The strategy identifies our key environmental priorities (under theme areas) and sets out short and longer-term actions that contribute to addressing them.

The strategy focuses on three themes (T), within each theme is a number of key priorities (P) these are summarised in the table below. Under each priority sits a number of objectives, actions and outcomes which are set out in summary in the table below.

<b>Theme 1 (T1) - Managing our environmental resources and services</b>	
P1. Waste minimisation	Minimise the creation of waste in the borough and reduce the amount of waste that is going to landfill.
P2. Deliver more energy efficient housing	Improve the energy efficiency of social and private rented households and ensure the efficiency of new developments.
P3. Effective flood mitigation	Promote flood mitigation and further develop local residents' knowledge of flood risks in order to increase personal flood resilience.
<b>Theme 2 (T2) - Ensuring a quality environment</b>	
P4. Protect our air and water quality and address contaminated land issues	Effective monitoring of air & water quality and sites with contaminated land, taking remedial action when required
P5. Create a more attractive street-scene	Improve the look and attractiveness of the borough's Street Scene to support inward investment and to create places that people can be really proud of.
<b>Theme 3 (T3) - Valuing our environmental assets</b>	
P6. Protect and promote our historic environment	Increase public understanding of the value of our environment by promoting their social, cultural and economic benefits, whilst protecting its intrinsic value
P7. Protect and promote our natural environment	
P8. Ensure access to high quality green spaces and the countryside	Effective management of our public parks and woodlands and improve access to our public right of way network

**Simon Wiles**

**Director of Finance and Corporate Services  
(Section 151 Officer)**

**30<sup>th</sup> June 2014**

## **The Statement of Responsibilities for the Statement of Accounts**

### **The Council's Responsibilities**

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

**Cllr Austen White  
Chair of Audit Committee**

**30<sup>th</sup> June 2014**

### **The Director of Finance and Corporate Services' (Chief Financial Officer) Responsibilities**

The Director of Finance and Corporate Services as the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, the Code.

In preparing this Statement of Accounts, the Director of Finance and Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2013.

**Simon Wiles  
Director of Finance and Corporate Services  
(Section 151 officer)**

**30<sup>th</sup> June 2014**

## The Core Financial Statements

### Comprehensive Income and Expenditure Statement

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

2012/13				2013/14		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
30,287	(26,008)	4,279	Central services to the public	7,959	(5,151)	2,808
24,962	(2,569)	22,393	Cultural and related services	19,765	(3,147)	16,618
40,481	(5,760)	34,721	Environmental and Regulatory	31,768	(2,464)	29,304
16,485	(5,428)	11,057	Planning services	11,594	(5,207)	6,387
293,313	(196,281)	97,032	Children's and education services	236,249	(171,519)	64,730
43,047	(3,369)	39,678	Highways and transport services	39,639	(3,670)	35,969
59,992	(69,054)	(9,062)	Local authority housing (HRA)	51,383	(72,107)	(20,724)
108,216	(95,651)	12,565	Other housing services	107,773	(99,666)	8,107
112,945	(33,413)	79,532	Adult social care	112,141	(33,911)	78,230
0	0	0	Public Health	17,105	(18,780)	(1,675)
			<i>Exceptional items</i>			
3,278	0	3,278	- Redundancies	5,267	0	5,267
8,132	(655)	7,477	Corporate and democratic core	11,880	(6,392)	5,488
			<i>Non distributed costs</i>			
			- SLHD pre-transfer net pension liability	(4,458)	0	(4,458)
2,977	0	2,977	- past service	(2,063)	(213)	(2,276)
(5,849)	(134)	(5,983)	- surplus properties	1,302	(114)	1,188
1,016	0	1,016				
<b>739,282</b>	<b>(438,322)</b>	<b>300,960</b>	<b>Net Cost of Services</b>	<b>647,304</b>	<b>(422,341)</b>	<b>224,963</b>
		48,093	Other operating expenditure (Note 9)			53,428
		26,248	Financing and investment income and expenditure (Note 10)			29,871
		(326,187)	Taxation and non-specific grant income (Note 11)			(302,219)
		<b>49,114</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>6,043</b>
		(43,255)	(Surplus) / Deficit on revaluation of non current assets (Note 25a)			(11,741)
		74,833	Actuarial (gains) / losses on pension assets / liabilities (Note 25d)			(109,423)
		<b>31,578</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(121,164)</b>
		<b>80,692</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(115,121)</b>



## 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) or Deficit on the Provision of Services line shows the economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The Net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £'000	Earmarked General Fund Reserves (Note 8) £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 25) £'000	Total Council Reserves £'000
<b>Balance at 31<sup>st</sup> March 2012 brought forward</b>	<b>(12,197)</b>	<b>(42,890)</b>	<b>(6,735)</b>	<b>(14,156)</b>	<b>(5,137)</b>	<b>(18,586)</b>	<b>(99,701)</b>	<b>(461,926)</b>	<b>(561,627)</b>
<b>Movement in reserves during 2012/13</b>									
(Surplus) or deficit on the provision of services	41,449	0	7,665	0	0	0	49,114	0	49,114
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	31,578	31,578
<b>Total Comprehensive Income and Expenditure</b>	<b>41,449</b>	<b>0</b>	<b>7,665</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,114</b>	<b>31,578</b>	<b>80,692</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	(35,657)	0	(10,193)	4,580	(10,166)	1,669	(49,767)	49,767	0
Net(Increase)/ Decrease before Transfers to Earmarked Reserves	<b>5,792</b>	<b>0</b>	<b>(2,528)</b>	<b>4,580</b>	<b>(10,166)</b>	<b>1,669</b>	<b>(653)</b>	<b>81,345</b>	<b>80,692</b>
Transfers to/from Earmarked Reserves (Note 8)	(5,453)	5,291	0	0	0	162	0	0	0
Other movement in Reserves	(10)	0	1	2	0	0	(7)	2	(5)
<b>(Increase) / Decrease in 2012/13</b>	<b>329</b>	<b>5,291</b>	<b>(2,527)</b>	<b>4,582</b>	<b>(10,166)</b>	<b>1,831</b>	<b>(660)</b>	<b>81,347</b>	<b>80,687</b>
<b>Balance at 31<sup>st</sup> March 2013 carried forward</b>	<b>(11,868)</b>	<b>(37,599)</b>	<b>(9,262)</b>	<b>(9,574)</b>	<b>(15,303)</b>	<b>(16,755)</b>	<b>(100,361)</b>	<b>(380,579)</b>	<b>(480,940)</b>

	General Fund Balance £'000	Earmarked General Fund Reserves (Note 8) £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 25) £'000	Total Council Reserves £'000
<b>Balance at 31<sup>st</sup> March 2013 brought forward</b>	<b>(11,868)</b>	<b>(37,599)</b>	<b>(9,262)</b>	<b>(9,574)</b>	<b>(15,303)</b>	<b>(16,755)</b>	<b>(100,361)</b>	<b>(380,579)</b>	<b>(480,940)</b>
<b>Movement in reserves during 2013/14</b>									
(Surplus) or deficit on the provision of services	3,454	0	2,589	0	0	0	6,043	0	6,043
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(121,164)	(121,164)
<b>Total Comprehensive Income and Expenditure</b>	<b>3,454</b>	<b>0</b>	<b>2,589</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,043</b>	<b>(121,164)</b>	<b>(115,121)</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	(18,766)	0	744	1,826	(5,884)	41	(22,039)	22,039	0
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>	<b>(15,312)</b>	<b>0</b>	<b>3,333</b>	<b>1,826</b>	<b>(5,884)</b>	<b>41</b>	<b>(15,996)</b>	<b>(99,125)</b>	<b>(115,121)</b>
Transfers to/from Earmarked Reserves (Note 8)	9,717	(10,204)	0	0	0	487	0	0	0
Other movement in Reserves	0	0	0	6	0	0	6	2	8
<b>(Increase) / Decrease in 2013/14</b>	<b>(5,595)</b>	<b>(10,204)</b>	<b>3,333</b>	<b>1,832</b>	<b>(5,884)</b>	<b>528</b>	<b>(15,990)</b>	<b>(99,123)</b>	<b>(115,113)</b>
<b>Balance at 31<sup>st</sup> March 2014 carried forward</b>	<b>(17,463)</b>	<b>(47,803)</b>	<b>(5,929)</b>	<b>(7,742)</b>	<b>(21,187)</b>	<b>(16,227)</b>	<b>(116,351)</b>	<b>(479,702)</b>	<b>(596,053)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets 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 is 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'

31st March 2013		Notes	31st March 2014	
£'000	£'000		£'000	£'000
1,280,481		Property, Plant & Equipment	12	1,271,232
10,527		Heritage Assets	13	10,890
17,859		Investment Property	14	17,312
2,478		Intangible Assets	15	3,271
3,869		Long Term Investments	16	3,851
5,500		Long Term Debtors	16	5,835
	<b>1,320,714</b>	<b>Long Term Assets</b>		<b>1,312,391</b>
10,240		Short Term Investments	16	5,196
90		Assets Held for Sale	21	237
885		Inventories	17	855
70,804		Short Term Debtors	19	76,486
27,912		Cash & Cash Equivalents	20	66,960
	<b>109,931</b>	<b>Current Assets</b>		<b>149,734</b>
(229)		Cash & Cash Equivalents	20	(6,760)
(81,893)		Short Term Borrowing	16	(98,215)
(71,870)		Short Term Creditors	22	(76,831)
(12,842)		Provisions	23	(9,430)
(5,514)		Revenue Grants Receipts in Advance	39	(1,221)
(3,665)		Capital Grants Receipts in Advance	39	(4,884)
	<b>(176,013)</b>	<b>Current Liabilities</b>		<b>(197,341)</b>
(12,826)		Provisions	23	(14,792)
(311,748)		Long Term Borrowing	16	(301,363)
(52,479)		Deferred Liabilities	16, 55	(49,468)
(780)		Capital Grants Receipts in Advance	39	(6,847)
(395,859)		Liability related to defined benefit pension scheme	48	(296,261)
	<b>(773,692)</b>	<b>Long Term Liabilities</b>		<b>(668,731)</b>
	<b>480,940</b>	<b>Net Assets</b>		<b>596,053</b>

31st March 2013		Notes	31st March 2014	
£'000	£'000		£'000	£'000
		<b>Usable Reserves</b>	24	
11,868		General Fund Balance		17,463
37,599		Earmarked General Fund Reserves	8	47,803
9,262		Housing Revenue Account		5,929
9,574		Capital Receipts Reserve		7,742
15,303		Major Repairs Reserve		21,187
16,755		Capital Grants Unapplied		16,227
	<b>100,361</b>			<b>116,351</b>
		<b>Unusable Reserves</b>		
257,409		Revaluation Reserve	25a	251,696
518,720		Capital Adjustment Account	25b	521,126
(1,072)		Financial Instruments Adjustment Account	25c	(1,060)
(395,859)		Pension Reserve	25d	(296,261)
4,852		Deferred Capital Receipts Reserve	25e	4,845
1,791		Collection Fund Adjustment	25f	3,735
(5,262)		Accumulated Absences Account	25g	(4,065)
0		Unequal Pay Back Account	25h	(314)
	<b>380,579</b>			<b>479,702</b>
	<b>480,940</b>	<b>Total Reserves</b>		<b>596,053</b>

This balance sheet was completed and authorised for issue on 30<sup>th</sup> June 2014, the date to which events after the balance sheet date have been considered.

These accounts present fairly the financial position of Doncaster Metropolitan Borough Council as at 31<sup>st</sup> March 2014.

**Simon Wiles**  
**Director of Finance and Corporate Services**  
**(Section 151 officer)**

**30<sup>th</sup> June 2014**

## Cash Flow Statement

The Cash Flow 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.

<b>31<sup>st</sup> March 2013</b>		<b>31<sup>st</sup> March 2014</b>
<b>£'000</b>		<b>£'000</b>
(49,114)	Net surplus or (deficit) on the provision of services	(6,043)
152,988	Adjustments to net surplus or deficit on the provision of services for non-cash movements	82,677
(71,659)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(44,503)
<b>32,215</b>	<b>Net cash flows from Operating Activities (see Note 26)</b>	<b>32,131</b>
<b>(52,480)</b>	<b>Investing Activities (see Note 27)</b>	<b>(5,014)</b>
<b>16,453</b>	<b>Financing Activities (see Note 28)</b>	<b>5,400</b>
(3,812)	Net increase or decrease in cash and cash equivalents	32,517
31,495	Cash and cash equivalents at the beginning of the reporting period	27,683
<b>27,683</b>	<b>Cash and cash equivalents at the end of the reporting period (see Note 20)</b>	<b>60,200</b>

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## 1 Accounting Policies

### General Principles

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

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

### Accruals of Income and Expenditure

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

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

### Acquired and Discontinued Operations

There were no material acquired or discontinued operations during 2013/14.

### Carbon Reduction Commitment Allowances

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme ('CRCEES'). This scheme is currently in its introductory phase which lasted until 31<sup>st</sup> March 2013, the second phase commenced on 1<sup>st</sup> April 2013 and will last until 31<sup>st</sup> March 2020. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide (CO<sub>2</sub>) produced as energy is used. As CO<sub>2</sub> is emitted (i.e. as energy is used) a liability and an expense is recognised. The liability will be discharged by surrendering allowances.

The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date (currently set at £12/tonne of CO<sub>2</sub>). The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

## 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 highly liquid investments that mature within 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. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents include bank overdrafts that are an integral part of the Council's cash management. Investments or loans with a longer maturity at acquisition do not become cash equivalents once their remaining maturity period falls to three months.

In the Cash Flow Statement and Balance Sheet, 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.

## 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 non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off. In accordance with the item 8 determination revaluation and impairment losses relating to non dwelling HRA assets will no longer be reversed;
- 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. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government. The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund. Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

## Council Tax

Council Tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year due to the Council. This includes the Council's share of surpluses and deficits on the fund. Regulations specify that sums to be released from the Collection Fund to the General Fund should be the Council's precept plus any share of the previous year's surplus or deficit. Any difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included in the Movement in Reserves Statement.

Debtor and creditor balances relating to individual taxpayers are apportioned between all preceptors and only the Council's share of these are recognised on the Balance Sheet. Any difference between cash collected on behalf of other preceptors and cash paid over to them is included as a creditor



(where more cash has been collected than paid over) or a debtor. The Cash Flow Statement includes as operating activities only the Council's share of Council Tax collected from taxpayers in the year, and the net cost of pursuing Council Tax arrears. As cash is collected as agent on behalf of other preceptors, monies (precepts) paid over to them are not revenue activities of the Council and are excluded from operating activities. Cash held as agent, being the difference between other preceptors' cash collected and paid over, is included in other receipts/payments within financing activities.

## **NNDR**

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population. In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Doncaster the local share is 49%. The remainder is distributed to preceptors.

Retained Business Rate income will be included in the Comprehensive Income & Expenditure Statement for the year and treated as accrued income in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NNDR included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement.

## **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.

## **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.

## **Donated Assets**

Where assets are transferred for nil consideration or less than fair value (i.e. donated assets) and any conditions of the transfer have not been met, the shortfall of any consideration given against fair value is credited to a Donated Assets Account. Otherwise the credit goes to the Comprehensive Income and Expenditure Statement

## **Employee Benefits**

- Benefits Payable during Employment:

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the 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

made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

- Termination Benefits:

Termination benefits are amounts payable as a result of a decision by the 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 appropriate service or, where applicable, to the Non Distributed Costs 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.

- Post Employment Benefits:

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by South Yorkshire Pension Authority
- The NHS Pension Scheme, administered by NHS Business Services Authority on behalf of NHS organisations.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the Teachers' Pensions Scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year and the Public Health line is charged with the employer's contributions payable to the NHS pensions in year.

- The Local Government Pension Scheme:

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

- The liabilities of the South Yorkshire 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 earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.9%. Details of the rates used and assumptions made are included in note 48 to the core financial statements.
- The assets of South Yorkshire 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
- unlisted securities – current bid price property – market value.
- The change in the net pensions liability is analysed into seven components:
  - **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned 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 – charged to the Pensions Reserve
  - **contributions paid to South Yorkshire 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 earned by employees.

- Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. The Council's current policy is not to award enhancements for non school Council employees i.e. those who are members of the Local Government Pension Scheme.

### Events after the Reporting Period

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

1. 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;
2. Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are 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

## Exceptional Items

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in Note 5 to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## Prior period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position. Where a change is made it is applied retrospectively (unless otherwise stated) 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.

## Financial Instruments

- Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost.

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income & Expenditure line in the Comprehensive Income and Expenditure statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of either spreading the gain/loss over the remaining term on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account (FIAA) in the Movement in Reserves Statement.

- Financial Assets

Financial assets are classified into two types:

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

Loans and receivables are recognised on the Balance Sheet when the 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.

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

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

Any gains and losses that arise on the 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.

- Available-for-Sale Assets:

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. For an asset to be classified as being 'held for sale', the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

For the sale to be highly probable the Council must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – based on the share of the company's net worth

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

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

### **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:

1. The Council will comply with the conditions attached to the payments; and
2. 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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

## Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, order and decorations (medals), museum and gallery collections and works of art. Such assets may be tangible or intangible assets.

Currently all categories of heritage assets are held at valuation with the exception of recordings of significant events which are held at cost. There are a small number of assets within the categories of exhibits, statues and monuments and works of art which are also held at cost. Note 13 provides separate disclosure of these categories to identify the totals of assets held at cost or valuation over each category head.

Valuations for historic land and buildings have been prepared by in house assets and property valuers, however all other categories of heritage assets valuations have been prepared by various means including curator estimates, valuations by Sheffield Railway auctions and valuations undertaken by Sothebys and Tennants for the purposes of insurance.

The only category of heritage asset which has a formal revaluation programme is the historic land and building category which will continue to be revalued over a five year rolling programme. All other heritage assets values will be reviewed annually to identify whether they have been revalued in year, however these assets do not have a formal revaluation programme and revaluations in these categories will only occur where new insurance or expert curator opinions have been updated in the financial year. It is felt that the cost of instigating a revaluation programme over these assets would outweigh the benefits to the presentation of the statement of accounts.

There are heritage assets within the Council with an individual value below £10,000 that are not disclosed. The value has been considered to have an immaterial effect and therefore the cost of valuing these assets would again outweigh any benefit.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment – see accounting policy for property, plant and equipment.

The Council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see accounting policy for property, plant and equipment).

Depreciation is not required to be charged on heritage asset as by nature they will be preserved for future generations, however some of the buildings within the category of historic land and buildings are still depreciated as determinable lives have been estimated by the internal valuers, these asset lives are reviewed in line with the revaluation programme.

## 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 (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the 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. No intangible asset

held by the Council meets this criterion and therefore all such assets are carried at amortised cost. The depreciable amounts for intangible asset is amortised over their useful lives 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 and 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.

### **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 First-In-First-Out (FIFO) costing formula. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

### **Interest in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which require it to prepare Group Accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost less any provision for losses.

### **Jointly Controlled Operations and Jointly Controlled Assets**

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

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

### **Landfill Allowances Schemes**

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

### **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.



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

- The Council as Lessee:
  - Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

- Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leases 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 cash payments e.g. there is a rent free period at the commencement of the lease.

- The Council as Lessor:
  - Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line within the Comprehensive Income and Expenditure statement as part of the profit or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal, matched by a long term lease debtor in the Balance Sheet for the capital value outstanding).

Subsequent lease rentals are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the long term debtor; and
- Finance income – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Statement. When the future rentals are received, the element of the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

- Operating leases

Where the 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 asset, even if this does not match the pattern of payments). 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.

### **Non-current Assets - Investment Properties**

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued 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.

### **Non-current Assets - Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production 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 costs of the item can be measured reliably. Expenditure that maintains but does not add value or increase an assets potential to deliver future economic benefits or service potential is charged as an expense when it is incurred. The de-minimis value of £20,000 is applied when reviewing revenue spend for capital items.

- Measurement

Assets are initially measured at cost, comprising:

1. The purchase price;
2. 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.

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

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

1. Infrastructure, community assets and assets under construction – depreciated historical cost;
2. Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
3. 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 is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued with sufficient regularity to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains are 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:

1. 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);
2. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

- Impairment

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

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

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

1. 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 accumulated gains);
2. 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 in the Comprehensive Income and Expenditure Statement.

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

- Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a

determinable useful life (e.g. 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:

<b>Asset Category</b>	<b>Useful Life</b>
Other Land & Building	Dependent upon the asset 30, 40 or 50 years
Vehicles, Plant & Equipment	3 - 15 years, dependent upon the asset
Infrastructure	40 years
Intangible e.g. surveys	Dependent upon the asset concerned
Council dwellings	Having considered the policy for depreciation of council dwellings the Council has decided to continue with its policy of using the Major Repairs Allowance (MRA) as a proxy depreciation charge

Assets in the course of construction are not depreciated until they are brought into use.

For Property, Plant & Equipment, other than non-depreciable land, non-operational investment properties and assets held for sale the only ground for not charging depreciation is that the charge would be immaterial.

Depreciation is calculated using the straight-line method.

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charged on assets and the depreciation that would have been chargeable based on 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 only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisations 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.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet 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 are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and then can only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

- Enhancement Expenditure and De-recognition of replaced part of an asset

Enhancement expenditure on Property, Plant & Equipment increases both the historic cost and carrying amount records. The enhancement expenditure could be in relation to one component, multiple components or for a single asset that has not been componentised.

The carrying amount of a replaced or restored part of the asset is derecognised, with the carrying amount of the new component being recognised subject to the capital recognition principles being met.

This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately, where it is not practicable to determine the carrying amount of the replaced part the cost of the new part is used as a proxy for the calculation of the old element to be derecognised (adjustments for depreciation and impairment, are made if required).

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £0.5million for determining whether an asset needs to be componentised. This has been set at a level below which the componentisation of an asset would have an insignificant impact upon the level of depreciation charged in the Comprehensive Income and Expenditure Statement.

### **Overheads and Support Services**

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

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

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

### **Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council. The amounts payable to the PFI operators each year are analysed into five elements:

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **lifecycle replacement costs** – Recognised as additions to Property, Plant and Equipment in the Balance Sheet as the scheduled works are carried out and the expenditure is incurred.

### 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.

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 (e.g. from an insurance claim), income is only recognised for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

### 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.

Specific reserves are available to fund capital or revenue expenditure following approval by Cabinet.

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.

### 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 that 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.

### 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.

## 2. Accounting standards that have been issued but have not yet been adopted

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

A suite of five Group Accounts standards were introduced or amended in May 2011. These comprise:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (as amended in 2011)
- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)

### IFRS 10 Consolidated Financial Statements (May 2011)

The key new principle is that control exists only if an investor (a reporting authority) possesses power over an investee (an entity which the authority has an interest or involvement in); has exposure to variable returns from its involvement with the investee; and has the ability to use its power to affect the level of variable returns. This is regardless of the nature of the involvement with the entity being considered for consolidation.

### IFRS 11 Joint Arrangements (May 2011)

The principle underpinning IFRS 11 is that a party to a joint arrangement recognises its rights and obligations arising from the arrangement. Classification of joint arrangements is based on whether the parties to the arrangement have 'rights' to assets and 'obligations' for liabilities of the underlying arrangement (a joint operation) or, alternatively, only have rights to the net assets of the joint arrangement (a joint venture). Under IFRS 11 the accounting requirements for the joint arrangement is not solely driven by its legal form and operators will account for their involvement in a joint arrangement in a manner that is consistent with their rights and obligations. Joint operations are accounted for by recognition of the entity's share of assets, liabilities revenues and expenses arising from a joint operation. Where the arrangement is classified as a joint venture, consolidation should be accounted for using the equity method. The option for proportional consolidation of joint ventures has been removed.

### IFRS 12 Disclosures of Interests in Other Entities (May 2011)

The objectives of IFRS 12 are to require entities to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. In order to do this the standard sets out specific disclosure objectives and introduces more principles based disclosures than those previously required.

### IAS 27 Separate Financial Statements (as amended in 2011) and IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)

IAS 27 includes the reporting requirements for entities in the separate financial statements. For local authorities the provisions in the Code set out how investments in subsidiaries, associates or joint ventures are accounted for in local authorities' single entity financial statements. The only significant change to the Code is to include the accounting requirements for a reporting authority that participates in, but does not have joint control of, a joint arrangement. IAS 28 now includes provisions for the application of the equity method to joint ventures. The Code contains significant amendments in relation to Investments in Associates including amalgamated provisions for equity accounting for associates and joint ventures; new provisions on the treatment of associates and joint ventures that are held for sale; new provisions on the treatment on discontinuation of the use of the equity method from the date when an authority's investment ceases to be an associate or a joint venture; and new provisions which eliminate the requirement to re-measure the retained interest where an investment in an associate becomes an investment in a joint venture, as the composition of the group is unaffected.

### IAS 32 Financial Instruments: Presentation of Offsetting Financial Assets and Financial Liabilities (as amended in December 2011)

The Code includes new disclosure requirements where financial assets and financial liabilities are offset. Further amendments to IAS 32 clarify the application of these criteria and these are now cited by a requirement to make direct reference to IAS 32 where they are relevant.

Annual Improvements to IFRSs 2009 to 2011 Cycle - The International Accounting Standards Board carries out cyclical work to identify and implement improvements in IFRSs. Of the latest issued cycle (Annual Improvements to IFRS s 2009-2011 Cycle) the only issue requiring amendment to the Code is clarification relating to comparative information. The main changes arising from the amendments to IAS 1 Presentation of Financial Statements are included in the Code, with cross reference to the detail in IAS 1.

### **3 Critical Judgments in Applying Accounting Policies**

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

#### **Central Government Funding**

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision other than those already earmarked for closure as part of budget delivery plans.

#### **Accounting for non-current schools' assets**

Due to the increased number of local authority schools which are opting to change their status, the Council has made the following judgements regarding the accounting treatment of the differing types of schools;

- Community schools are run by the local authority, which employs the staff, owns the land and buildings, decides which admission criteria to use. The land and buildings of these schools are accounted for on the Council's Balance Sheet.
- Trust schools are a type of foundation school which forms a charitable trust with an outside partner. They are run by their own governing body, which employs the staff and sets the admission criteria. Land and buildings are transferred out of local authority ownership upon transfer to Trust status. These schools are not accounted for on the Council's Balance Sheet and the assets are treated as a disposal upon transfer to Trust status.
- Voluntary-aided schools are mainly religious or 'faith' schools and, as with foundation schools, the governing body employs the staff and sets the admissions criteria. The school buildings are not accounted for on the Council's Balance Sheet although the land is.
- Voluntary-controlled schools are similar to voluntary aided schools but are run by the local authority. As with community schools, the local authority employs the school's staff and sets the admission criteria. The land and buildings of these Schools are accounted for on the Council's Balance Sheet.
- Academies are independently managed, all-ability schools. They are set up by sponsors from business, faith or voluntary groups in partnership with the Department for Education and the Council. Together they fund the land and buildings, with the government covering the running costs. The land and buildings are usually leased to the academy on a long term lease. The lease terms are reviewed on transfer to determine whether they represent finance or operating lease. Schools which are leased on a finance lease are treated as disposals. The buildings are not included on the Council's Balance Sheet but the land remains on the balance sheet at a nominal value. Schools which are issued on an operating lease are re-valued in the year of transfer.

#### **Group Accounts**

The Council has considered its relationships with other entities and has concluded that the inclusion of such interests in a set of group financial statements should only be made where there is a material effect on the Council's financial position and its obligations and therefore material for an understanding of its financial affairs.



#### 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 Council 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 Council's Balance Sheet as at 31<sup>st</sup> March 2014 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Property, Plant and Equipment, HRA valuation (Note 12)</b>	Local authorities are required to use the specific bases and methods of valuation set out in the 'Guidance on Stock Valuation for Resource Accounting'. The value of the Council's housing dwellings stock is arrived at by using beacon properties to assess the vacant possession value for properties, adjusted to reflect their occupation by a secure tenant. The adjustment is considered to reflect the additional risk and liability the public sector landlords undertake when compared with private sector investors. An adjustment factor is applied to the total vacant possession valuation based on the beacon valuation. Post self-financing this is for local authorities to determine seeking appropriate professional advice where applicable. An adjustment factor of 31% has been applied to the valuations in the 2013/14 accounts.	The fair value of the Council's housing dwellings stock as at the 31 <sup>st</sup> March 2014 is measured with the regional adjustment factor. However a further 1% decrease in the regional adjustment factor would have resulted in a revaluation loss of £15.8m in 2013/14.
<b>Defined Benefit Pension Schemes Liabilities (Note 48)</b>	Estimation of the net liability to pay pensions depends on a number of complex judgments 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. Mercers, a firm of consulting actuaries, are engaged to provide the Council with expert advice about the assumptions to be applied.	The net pension liability which the Council has in the long run is estimated to be £296.261m (£395.859m as at 31 <sup>st</sup> March 2013). A 0.1% increase in the discount rate assumption would result in a decrease in the pensions' liability of £21.641m. Conversely a 0.1% increase in the inflation rate assumption would result in an increase in the pensions' liability of £22.060m. Similarly a one year addition to members' life expectancy as at 31 <sup>st</sup> March 2014 would result in an increase in the pensions' liability of £22.082m.

#### 5 Material Items of Income and Expense

All material items of Income and Expense are shown on the face of the Comprehensive Income and Expenditure Statement and the Housing Revenue Account.

## 6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Corporate Services on 30<sup>th</sup> June 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31<sup>st</sup> March 2014 as they provide information that is relevant to an understanding of the Council's financial position but does not relate to conditions at that date.

### South Yorkshire Trading Standards

On 25th June 2014, the Council's Cabinet agreed to a proposal to settle the liability in relation to the South Yorkshire Trading Standards Unit and release the balance of the provision to general reserves. Whilst this provides further evidence of conditions that existed as at 31st March, the Council has concluded that the agreement demonstrates that the estimate used for the original provision was reasonable and not materially different to the settlement figure. The 2013/14 financial statements have therefore not been adjusted for this event.

### Sheffield City Region Combined Authority

The Sheffield City Region Combined Authority was established on 1st April 2014. The Sheffield City Region ('SCR') comprises the areas of nine local authorities including the four South Yorkshire authorities. The Combined Authority brings together two statutory bodies – the Integrated Transport Authority (ITA) and an Economic Prosperity Board (EPB) in order to align political decision making around strategic Economic Development and Transport.

## 7 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total 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.

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

### General Fund Balance

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

### Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year-end.

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

2013/14	Usable Reserves					Movements in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation of non-current assets	(20,550)	(20,029)	0	0	0	40,579
Charges for impairment of non-current assets	(562)	(899)	0	0	0	1,461
Revaluation losses on Property, Plant and Equipment	(1,956)	4,180	0	0	0	(2,224)
Movements in the fair value of Investment Properties	(222)	0	0	0	0	222
Amortisation of intangible assets	(743)	0	0	0	0	743
Capital grants and contributions applied	27,349	281	0	0	0	(27,630)
Revenue expenditure funded from capital under statute	(6,597)	0	0	0	0	6,597
Revenue grants to fund revenue expenditure funded from capital under statute	3,750	0	0	0	0	(3,750)
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	(32,043)	(21,387)	0	0	0	53,430
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	8,987	0	0	0	0	(8,987)
Former SYCC debt	1,222	0	0	0	0	(1,222)
PFI Finance lease - principal repayment	1,507	0	0	0	0	(1,507)
Finance leases - principal repayments	52	0	0	0	0	(52)
Capital expenditure charged against the General Fund and HRA balances	2,178	8,800	0	0	0	(10,978)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,441	0	0	0	(6,441)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	6,482	(6,482)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,109	2,046	(3,155)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	3,225	0	0	(3,225)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	(69)	69	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,138)	0	1,138	0	0	0
Transfer from deferred capital receipts reserves upon receipt of cash	0	0	(7)	0	0	7
Unattached capital receipts	45	6	(51)	0	0	0
Use of the Capital Receipts Reserve to finance provision	(607)	0	607	0	0	0
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Transfer decent homes backlog funding to MRR	0	7,784	0	(7,784)	0	0
Transfer depreciation to MRR	0	20,029	0	(20,029)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	21,929	0	(21,929)
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
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	10	2	0	0	0	(12)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 48)	(35,875)	0	0	0	0	35,875
Employer's pensions contributions and direct payments to pensioners payable in the year	26,050	0	0	0	0	(26,050)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
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	1,944	0	0	0	0	(1,944)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
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	1,197	0	0	0	0	(1,197)
<b>Adjustment primarily involving the Unequal Pay Back Pay Account:</b>						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(314)					314
<b>Total Adjustments</b>	<b>(18,766)</b>	<b>744</b>	<b>1,826</b>	<b>(5,884)</b>	<b>41</b>	<b>22,039</b>

<b>Usable Reserves</b>						
<b>2012/13</b>	<b>General Fund Balance £'000</b>	<b>Housing Revenue Account £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Major Repairs Reserve £'000</b>	<b>Capital Grants Unapplied £'000</b>	<b>Movements in Unusable Reserves £'000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation of non-current assets	(26,874)	(19,494)	0	0	0	46,368
Charges for impairment of non-current assets	(2,067)	(1,820)	0	0	0	3,887
Revaluation losses on Property, Plant and Equipment	(29,383)	(7,343)	0	0	0	36,726
Revaluation gain/loss on Assets Held for Sale	110	0	0	0	0	(110)
Movements in the fair value of Investment Properties	416	0	0	0	0	(416)
Amortisation of intangible assets	(521)	0	0	0	0	521
Capital grants and contributions applied	28,065	260	0	0	0	(28,325)
Revenue expenditure funded from capital under statute	(21,924)	(32)	0	0	0	21,956
Revenue grants to fund revenue expenditure funded from capital under statute	15,719	0	0	0	0	(15,719)
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	(28,460)	(31,019)	0	0	0	59,479
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	8,847	0	0	0	0	(8,847)
Former SYCC debt	1,111	0	0	0	0	(1,111)
PFI Finance lease - principal repayment	1,564	0	0	0	0	(1,564)
Finance leases - principal repayments	126	0	0	0	0	(126)
Capital expenditure charged against the General Fund and HRA balances	3,368	4,069	0	0	0	(7,437)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	7,579	0	0	0	(7,579)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	9,248	(9,248)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,377	1,847	(7,224)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	10,921	0	0	(10,921)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	(42)	42	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(869)	0	869	0	0	0
Transfer from deferred capital receipts reserves upon receipt of cash	0	0	(10)	0	0	10
Unattached capital receipts	14	4	(18)	0	0	0
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve :</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,835	0	0	0	0	(4,835)
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Transfer decent homes backlog funding to MRR	0	23,883	0	(23,883)	0	0
Transfer depreciation to MRR	0	19,494	0	(19,494)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	33,211	0	(33,211)
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
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	24	0	0	0	0	(24)



	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 48)	(28,752)	0	0	0	0	28,752
Employer's pensions contributions and direct payments to pensioners payable in the year	25,635	0	0	0	0	(25,635)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
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	250	0	0	0	0	(250)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
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	153	0	0	0	0	(153)
<b>Total Adjustments</b>	<b>(35,657)</b>	<b>(10,193)</b>	<b>4,580</b>	<b>(10,166)</b>	<b>1,669</b>	<b>49,767</b>

## 8 Transfers To / From Earmarked Reserves

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

	Balance at 31 <sup>st</sup> March 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance at 31 <sup>st</sup> March 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance at 31 <sup>st</sup> March 2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>							
Balances held by schools under a scheme of delegation	12,126	(3,568)	92	8,650	(706)	4,340	12,284
Borough Investment Fund	7,929	(266)	790	8,453	(288)	1,247	9,412
Service Transformation	0	0	0	0	0	7,000	7,000
Severance costs granted after 2010/11	3,741	(2,821)	1,800	2,720	(4,133)	3,049	1,636
Adult Social Care System implementation	2,336	(127)	0	2,209	(392)	0	1,817
Public Health	0	0	0	0	(500)	2,057	1,557
CYPS Improvement Plan	0	0	0	0	(2,165)	3,644	1,479
S106 agreements	1,791	(302)	444	1,933	(1,249)	575	1,259
One-off Pension Cost	0	0	0	0	(475)	1,500	1,025
S278 agreements	1,045	0	225	1,270	(296)	0	974
Stronger Families Programme	0	0	0	0	0	820	820
Reserve against Medium Term Financial Strategy Risk	1,000	(115)	0	885	(365)	0	520
ICT Pressures	0	0	0	0	0	500	500
Investment & Modernisation Fund – Revenue	0	0	0	0	0	500	500
Other	12,922	(9,388)	7,945	11,479	(19,279)	14,820	7,020
<b>Total</b>	<b>42,890</b>	<b>(16,587)</b>	<b>11,296</b>	<b>37,599</b>	<b>(29,848)</b>	<b>40,052</b>	<b>47,803</b>
<b>Movement in year (see Movement in Reserves Statement) (MIRS)</b>				<b>(5,291)</b>			<b>10,204</b>

### Schools Balances

This reserve represents balances held by schools under delegated schemes. The Scheme of Financing Schools, prepared in accordance with the School Standards and Framework Act 1998, provides that under-spending and over-spending will accrue to the school and be added to any balance brought forward from a previous year and as a consequence balances from school budgets have been built up over many years.

### Borough Investment Fund

This reserve was established in 2002 to provide funding for the delivery of the Transformational Projects Investment Programme (TPIP) and now also provides for schemes largely in the Regeneration and Environment capital programme. The reserve is built up over a number of years to allow for early repayment of debt at the end of a defined loan period, usually twenty five years and the accumulation of surplus from the Investment and Modernisation Fund.

**Service Transformation**

This reserve was established for Service Transformation. It will be used to help DMBC achieve its savings targets in a timely and well managed way.

**Severance costs granted after 2010/11**

The Council capitalised redundancy costs and pension strain costs occurring in 2011/12 from the post reductions. This earmarked reserve was created to fund those costs that could not be capitalised. The earmarked reserve has been used to fund the redundancy costs and the full three year costs of retirement for 2012/13 post reductions. The remaining balance will be used to fund retirement and redundancy costs in 2013/14 and 2014/15.

**Adult Social Care System**

This is being used to fund the implementation of the new case management integrated finance system for Adult Social Care. Work is ongoing with phase one due to go live in June 2014 and phase 2 in the first quarter of 2015.

**Public Health**

The responsibility for the Public Health service transferred to the Council on the 1st April 2014, with the service funded from a Department of Health ring-fenced grant. This reserve of £1.56m has been created as a prudent measure to meet any unforeseen costs associated with the service. The level of the reserve will be reviewed and monitored with surpluses used for service delivery. The service has significant savings targets over the next three years and some of this reserve will be used to manage the implementation of the service changes required. Budget pressures in this area include - Substance mis-use, Alcohol Services, Shared care, Smoke free costs, Sexual health costs, CCG in patient detox & prescribing pressures.

**CYPS Improvement Plan**

A fund of £2.704m was established within earmarked reserves to support the CYPS Improvement Plan actions to be delivered in 2013/14 to 2015/16 as set out on the Cabinet report 27<sup>th</sup> March 2013. It was subsequently decided during 2013/14 to amalgamate other funds also identified for the Improvement actions totalling £0.940m. £1.058m was drawn down and allocated in 2013/14. The Plan was reviewed during the 2014/15 - 2016/17 budget setting process and it was agreed to release £1.107m as no longer required. The balance at 31<sup>st</sup> March 2014 of £1.479m is to be used to deliver the remaining Improvement actions including payment of the Improvement partner contract.

**Section 106 agreements**

S106 of the Town and Country Planning Act 1990 allows developers to make payments to the Council in lieu of their planning obligations. This balance represents money paid by developers that is to be used to fund revenue expenditure in the future.

**One off pension costs**

Funding of £1.5m was established for one off Pensions Costs as part of the 2014/15 Budget setting report to Council on 20<sup>th</sup> February 2014.

**Section 278 agreements**

S278 of The Highways Act 1980 allows the Council to receive payment from developers prior to the work being carried out to improve highways. The remaining balance includes £694k to be spent on the Frenchgate interchange over its lifetime.

**Stronger Families Programme**

The Council and its partners have developed a Stronger Families programme in line with the Governments initiative, to provide an integrated approach to supporting families with additional needs. The grant received is short term and outcomes based, and the creation of this reserve of £0.82m which allows the programme to maximise the number of families that can be supported and assist in the move towards integrated early help services.

**Reserve against Medium Term Financial Strategy Risk**

The purpose of this reserve is to provide a contingency against non-delivery of various efficiency savings projects. It is being used to fund the one-off costs expected in 2014/15 and potentially future years.

**ICT Pressures**

The Council has an approved ICT strategy to improve Council Services, the main components being: Managing and securing data on mobile devices accessing Council Systems; Ensuring sufficient funding to replace Council IT equipment (PCs, laptops, tablets and peripherals); Utilising cloud technologies to deliver collaboration and improve sharing of data between partners delivering services to Doncaster residents; Proactive management of the Council network and systems that provide key services to residents out of Council working hours; and Implementing systems to support "Bring Your Own Device" – Delivering a "desktop" to staff in a secure fashion to their own equipment.

**Investment & Modernisation Fund – Revenue**

This revenue reserve of £0.5m was established to support the capital elements of the Investment & Modernisation Fund.

**Others**

A number of other minor reserves are earmarked for specific purposes.

**9 Other Operating Expenditure**

2012/13		2013/14
£'000		£'000
1,944	Parish Council Precepts	1,991
(2,182)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services (Note 31)	0
869	Payments to the Government Housing Capital Receipts Pool	1,138
47,462	(Gains) / Losses on the disposal of non-current assets	50,299
<b>48,093</b>	<b>TOTAL</b>	<b>53,428</b>

**10 Financing and Investment Income and Expenditure**

2012/13		2013/14
£'000		£'000
16,890	Interest payable and similar charges	17,850
10,331	Pensions interest cost and expected return on pensions Assets	15,599
(373)	Interest receivable and similar income	(601)
(470)	Income and expenditure in relation to investment properties and changes in their fair value (Note 14)	159
(20)	Other investment income	(6)
(110)	Revaluation (Increase) / Decrease on Assets held for Sale	0
0	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services (Note 31)	(3,130)
<b>26,248</b>	<b>TOTAL</b>	<b>29,871</b>

**11 Taxation And Non Specific Grant Incomes**

2012/13		2013/14
£'000		£'000
(96,146)	Council tax income	(79,849)
(133,206)	Non domestic rates redistribution	(40,504)
(2,250)	Transfer of Collection Fund (Surplus) / Deficit	(3,874)
(34,798)	Non-ring fenced government grants (Note 39)	(136,137)
(59,787)	Capital grants and contributions (Note 39)	(41,855)
<b>(326,187)</b>	<b>TOTAL</b>	<b>(302,219)</b>

## 12 Property, Plant and Equipment Movements in 2013/14

2013/14									
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1<sup>st</sup> April 2013</b>	<b>503,848</b>	<b>572,029</b>	<b>52,519</b>	<b>178,203</b>	<b>3,553</b>	<b>80,030</b>	<b>57,772</b>	<b>1,447,954</b>	<b>24,333</b>
<b>Opening balances reclassification</b>	<b>(98)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97</b>	<b>0</b>	<b>(1)</b>	<b>0</b>
<b>At 1<sup>st</sup> April 2013 adjusted</b>	<b>503,750</b>	<b>572,029</b>	<b>52,519</b>	<b>178,203</b>	<b>3,553</b>	<b>80,127</b>	<b>57,772</b>	<b>1,447,953</b>	<b>24,333</b>
Additions	33,906	8,469	3,338	5,787	680	443	19,793	<b>72,416</b>	133
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(16,630)	6,563	0	0	182	135	1,602	<b>(8,148)</b>	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(45)	(2,210)	0	0	(219)	(126)	0	<b>(2,600)</b>	0
De-recognition – disposals	(1,414)	(25,448)	(80)	0	0	(960)	0	<b>(27,902)</b>	0
De-recognition – other	(19,356)	(4,277)	(20,168)	(2,415)	(458)	0	(33)	<b>(46,707)</b>	(106)
Assets reclassified (to)/from Held for Sale	0	(280)	0	0	0	0	0	<b>(280)</b>	0
Reclassification within PPE	32	21,375	1,042	33,358	(474)	103	(55,436)	<b>0</b>	0
<b>At 31<sup>st</sup> March 2014</b>	<b>500,243</b>	<b>576,221</b>	<b>36,651</b>	<b>214,933</b>	<b>3,264</b>	<b>79,722</b>	<b>23,698</b>	<b>1,434,732</b>	<b>24,360</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>at 1<sup>st</sup> April 2013</b>	<b>(20,747)</b>	<b>(51,247)</b>	<b>(33,806)</b>	<b>(52,068)</b>	<b>(250)</b>	<b>(9,297)</b>	<b>(58)</b>	<b>(167,473)</b>	<b>(2,518)</b>
Depreciation charge	(19,465)	(12,898)	(3,318)	(4,456)	(69)	(134)	0	<b>(40,340)</b>	(676)
Depreciation & Impairment written out to the Revaluation Reserve	16,522	3,455	0	0	14	153	0	<b>20,144</b>	0
Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	4,225	0	0	0	0	0	0	<b>4,225</b>	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	(249)	0	0	0	0	0	<b>(249)</b>	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(899)	(135)	0	(77)	0	(350)	0	<b>(1,461)</b>	0
De-recognition – disposals	0	1,842	35	0	0	74	0	<b>1,951</b>	
De-recognition – other	0	14	19,569	76	0	0	0	<b>19,659</b>	14
Reclassification within Held for sale	0	43	0	0	0	0	0	<b>43</b>	0
Reclassification within PPE	(3)	3	(54)	0	54	0	0	<b>0</b>	0
<b>At 31<sup>st</sup> March 2014</b>	<b>(20,367)</b>	<b>(59,172)</b>	<b>(17,574)</b>	<b>(56,525)</b>	<b>(251)</b>	<b>(9,554)</b>	<b>(58)</b>	<b>(163,501)</b>	<b>(3,180)</b>
<b>Net Book Value</b>									
<b>at 31<sup>st</sup> March 2014</b>	<b>479,876</b>	<b>517,049</b>	<b>19,077</b>	<b>158,408</b>	<b>3,013</b>	<b>70,168</b>	<b>23,640</b>	<b>1,271,231</b>	<b>21,180</b>
<b>at 31<sup>st</sup> March 2013</b>	<b>483,101</b>	<b>520,782</b>	<b>18,713</b>	<b>126,135</b>	<b>3,303</b>	<b>70,733</b>	<b>57,714</b>	<b>1,280,481</b>	<b>21,815</b>

## Comparative Movements in 2012/13

2012/13									
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>At 1<sup>st</sup> April 2012</b>	<b>507,763</b>	<b>589,772</b>	<b>52,595</b>	<b>173,867</b>	<b>3,022</b>	<b>76,300</b>	<b>56,854</b>	<b>1,460,173</b>	<b>24,321</b>
<b>Opening balances reclassification</b>	<b>21</b>	<b>(576)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>425</b>	<b>0</b>	<b>(1)</b>
<b>At 1<sup>st</sup> April 2012 adjusted</b>	<b>507,784</b>	<b>589,196</b>	<b>52,595</b>	<b>173,867</b>	<b>3,022</b>	<b>76,430</b>	<b>57,279</b>	<b>1,460,173</b>	<b>24,320</b>
Additions	38,186	9,636	5,622	5,828	250	496	37,151	97,169	74
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(8,938)	6,038	0	0	43	5,833	1,744	4,720	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(12,501)	(13,021)	0	0	(21)	(278)	(16,100)	(41,921)	0
De-recognition – disposals	(850)	(29,075)	(306)	0	0	(6,940)	0	(37,171)	0
De-recognition – other	(21,249)	(1,073)	(5,392)	(2,581)	(673)	(2,254)	(62)	(33,284)	(61)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	(940)	0	(940)	0
Assets reclassified (to)/from Investment	0	(669)	0	0	0	0	0	(669)	0
Assets reclassified (to)/from Heritage	0	0	0	0	0	0	(60)	(60)	0
Reclassification within PPE	1,416	11,060	0	1,089	932	7,683	(22,180)	0	0
Other movements in cost or valuation	0	(63)	0	0	0	0	0	(63)	0
<b>At 31<sup>st</sup> March 2013</b>	<b>503,848</b>	<b>572,029</b>	<b>52,519</b>	<b>178,203</b>	<b>3,553</b>	<b>80,030</b>	<b>57,772</b>	<b>1,447,954</b>	<b>24,333</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>at 1<sup>st</sup> April 2012</b>	<b>(14,145)</b>	<b>(67,533)</b>	<b>(34,772)</b>	<b>(47,580)</b>	<b>(194)</b>	<b>(1,625)</b>	<b>(91)</b>	<b>(165,940)</b>	<b>(1,876)</b>
<b>Opening balances reclassification</b>	<b>0</b>	<b>440</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>(13)</b>	<b>(425)</b>	<b>0</b>	<b>1</b>
<b>At 1<sup>st</sup> April 2012 adjusted</b>	<b>(14,145)</b>	<b>(67,093)</b>	<b>(34,772)</b>	<b>(47,581)</b>	<b>(195)</b>	<b>(1,638)</b>	<b>(516)</b>	<b>(165,940)</b>	<b>(1,875)</b>
Depreciation charge	(18,880)	(19,090)	(3,415)	(4,482)	(52)	(248)	0	(46,167)	(650)
Depreciation & Impairment written out to the Revaluation Reserve	8,988	28,604	0	0	0	90	0	37,682	0
Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	5,157	0	0	0	0	0	0	5,157	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	(191)	0	0	0	0	(4)	(195)	0
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	(1,820)	(1,990)	0	(52)	0	0	(25)	(3,887)	0
De-recognition – disposals	0	2,367	169	0	0	351	0	2,887	0
De-recognition – other	0	(1,464)	4,213	46	69	0	62	2,926	7
Reclassification within PPE	(47)	7,546	(1)	1	(72)	(7,852)	425	0	0
other movements in depreciation & impairment	0	64	0	0	0	0	0	64	0
<b>At 31<sup>st</sup> March 2013</b>	<b>(20,747)</b>	<b>(51,247)</b>	<b>(33,806)</b>	<b>(52,068)</b>	<b>(250)</b>	<b>(9,297)</b>	<b>(58)</b>	<b>(167,473)</b>	<b>(2,518)</b>
<b>Net Book Value</b>									
<b>at 31<sup>st</sup> March 2013</b>	<b>483,101</b>	<b>520,782</b>	<b>18,713</b>	<b>126,135</b>	<b>3,303</b>	<b>70,733</b>	<b>57,714</b>	<b>1,280,481</b>	<b>21,815</b>
<b>at 31<sup>st</sup> March 2012</b>	<b>493,618</b>	<b>522,239</b>	<b>17,823</b>	<b>126,287</b>	<b>2,828</b>	<b>74,675</b>	<b>56,763</b>	<b>1,294,233</b>	<b>22,445</b>

### Depreciation

Depreciation is provided for on all Property, Plant & Equipment with a finite useful life according to the accounting policy detailed in Note 1

### Capital Commitments

At 31<sup>st</sup> March 2014, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2014/15 and future years budgeted to cost £35.318m. Similar commitments at 31<sup>st</sup> March 2013 were £40.828m. The major commitments are:

	£'000
Finningley & Rossington Regeneration Route Scheme	21,063
Waste PFI – Capital Contribution	7,710
Council House Building Programme Phase 1	2,004
Gypsy & Travellers – New Pitches	1,836
Decency Standards Stainforth Church Road	1,373
Bentley Park & Pavilion	1,332
<b>Total</b>	<b>35,318</b>

### Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. The policy is shown under accounting policies in Note 1.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at Historical Cost</b>			19,077	158,408	756		23,640	<b>201,881</b>
<b>Valued at Fair Value as at:</b>								
<b>31<sup>st</sup> March 2014</b>	479,876	59,079			404	1,360		<b>540,719</b>
<b>31<sup>st</sup> March 2013</b>		135,571			121	4,820		<b>140,512</b>
<b>31<sup>st</sup> March 2012</b>		50,207			1,024	18,040		<b>69,271</b>
<b>31<sup>st</sup> March 2011</b>		156,604			88	40,497		<b>197,189</b>
<b>31<sup>st</sup> March 2010</b>		115,588			620	5,451		<b>121,659</b>
<b>Total Cost or Valuation</b>	<b>479,876</b>	<b>517,049</b>	<b>19,077</b>	<b>158,408</b>	<b>3,013</b>	<b>70,168</b>	<b>23,640</b>	<b>1,271,231</b>

## 13 Heritage Assets

## Reconciliation of the Carrying Value of Heritage Assets Held by the Council

2013/14	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 <sup>st</sup> April 2013	136	2,514	7,120	12	43	3,084	12,909
Opening Balance Adjustment	0	0	0	0	(1)	0	(1)
1 <sup>st</sup> April 2013 Adjusted	136	2,514	7,120	12	42	3,084	12,908
Additions	0	0	24	0	0	0	24
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	(2,363)	0	1	0	(2,362)
Revaluation increases / (decreases) recognised in surplus or deficit on the provision of services	0	0	600	0	0	0	600
De-recognition	0	0	(15)	0	0	0	(15)
31 <sup>st</sup> March 2014	136	2,514	5,366	12	43	3,084	11,155
<b>Depreciation &amp; Impairment</b>							
1 <sup>st</sup> April 2013	0	0	(2,368)	0	0	(14)	(2,382)
Depreciation	0	0	(239)	0	0	0	(239)
Depreciation & Impairment written out to the Revaluation Reserve	0	0	2,356	0	0	0	2,356
31 <sup>st</sup> March 2014	0	0	(251)	0	0	(14)	(265)
<b>Net Book Value</b>							
At 31 <sup>st</sup> March 2014	136	2,514	5,115	12	43	3,070	10,890

2012/13	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 <sup>st</sup> April 2012	136	1,948	7,120	12	42	2,529	11,787
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	492	0	0	1	555	1,048
Reclassification (to) / from PPE	0	60	0	0	0	0	60
Other movements in cost or valuation	0	14	0	0	0	0	14
31 <sup>st</sup> March 2013	136	2,514	7,120	12	43	3,084	12,909
<b>Depreciation &amp; Impairment</b>							
1 <sup>st</sup> April 2012	0	0	(2,168)	0	0	(14)	(2,182)
Depreciation	0	0	(200)	0	0	0	(200)
31 <sup>st</sup> March 2013	0	0	(2,368)	0	0	(14)	(2,382)
<b>Net Book Value</b>							
At 31 <sup>st</sup> March 2013	136	2,514	4,752	12	43	3,070	10,527



**Civic Regalia**

There are a collection of mayoral ceremonial chains, pendants and robes held at the Mansion House.

**Exhibits, Statues and Monuments**

This category includes items of decorative art, pottery and furniture. The decorative art collection has just under 500 items from the Hull Grundy collection of costume jewellery, treen, textiles, glassware, metalwork (including the Doncaster Gold Cups) and a collection of art medals. Monuments within this category include cemetery and war memorials.

**Historic Land and Buildings**

The main items held within this category include cemeteries and Cusworth Hall which is a grade 1 listed building set in acres of historic parkland with lakes, plantations with dramatic views across the town. The site which was extensively restored between 2003 and 2007 invites visitors to experience a wealth of architecture, heritage, landscape and history. The Council holds several listed buildings which have been considered for classification as a heritage asset; however they do not currently meet the definition as they are used as office accommodation which means they are classified with operational land and buildings and not included in Heritage Assets.

**Military and Scientific Equipment**

This is a small collection of less than 500 items, concentrating on a small number of specific regiments.

**Recording of Historically Significant events**

These include more than a thousand title deeds (including the series of royal charters), the four volumes of the borough courtier (or act book) detailing the council's decisions from the mid 16<sup>th</sup> century up to the municipal reforms of the 1830s, records of the manor court of Doncaster from the 1450s, the records of the borough courts from 1533 onwards, and accounts of the borough collectors, the chamberlain, and other finance officers from 1551 until the mid 19<sup>th</sup> century.

Significant donations are comparatively few, but of the major collections that the council owns, paid no money for, and which did not form part of the muniments inherited from the predecessor authorities (Doncaster County Borough, Doncaster RDC, Thorne RDC, Adwick UDC, Bentley UDC, Conisbrough UDC, Mexborough UDC, Tickhill UDC, and the West Riding CC) the estate papers of the Thellusson family of Brodsworth, the papers of the solicitors Baxter & Somerville, the negatives from the studio of the Marsden's the commercial photographers and the staff records from the GNR/LNER/BR Locomotive Engineering Works are of the most significance.

**Works of Art**

There is a small fine art collection of around 1,750 items consisting of oil paintings, watercolours, prints, drawings, sculpture/bronzes and art photographs. The art collection aims to provide visitors with access to a wide variety of artistic styles over the last 250 years. A large section of the prints collection is related to Doncaster, either through portraying Doncaster scenes or horseracing.

There are heritage assets which the Council owns that are not included within the disclosures of Note 13, in line with the heritage asset accounting policy these assets have individual values of below £10,000 and include items such as artefacts from the Museum displays. The values of these assets are considered to have an immaterial effect on the presentation of the statement of accounts and therefore the cost of valuing them would outweigh any benefit.

**2013/14 Additions comprise of:**

<b>Heritage Asset</b>	<b>£'000</b>
Fabric works relating to Cusworth Hall	24

## 14 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

	<b>2012/13</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from investment property	68	73
Direct operating expenses arising from investment property	(14)	(10)
<b>Net gain/(loss)</b>	<b>54</b>	<b>63</b>

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:

	<b>2012/13</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of the year	10,624	17,859
<b>Additions:</b>		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
<b>Disposals</b>	6,150*	(325)
Net gains/losses from fair value adjustments	416	(222)
<b>Transfers:</b>		
to/from Inventories	0	0
to/from Property, Plant and Equipment	669	0
Other changes	0	0
<b>Balance at end of the year</b>	<b>17,859</b>	<b>17,312</b>

\* Part of the Earth Centre was accounted for as a disposal in 2011/12 however no such disposal took place. Therefore in 2012/13 the accounting error was corrected.

## 15 Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council.

The useful lives assigned to the major software suites used by the Council are:

	<b>Other Assets</b>
0-3 years	Verisecure cash receipting system, Customer Relation Management System, Highways and Transport Asset Management Programme (HAMP/TAMP), E-Marketplace
4-5 years	Electronic Document Management System (EDMS), Customer Relation Management System, Tranman Fleet Management System, VOIP System
6-10 years	Childrens Information System, Application Publishing and Centralisation software, Corporate Financial System, Housing Benefits Management System

The carrying amount of intangible assets is amortised on a straight-line basis. Of the £742,583 amortisation, £49,108 was charged to revenue in 2013/14 to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year is as follows:

	<b>2012/13</b>	<b>2013/14</b>
	<b>Others Assets</b>	<b>Others Assets</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of year		
- Gross carrying amounts	2,429	3,696
- Accumulated amortisation	(696)	(1,218)
Net carrying amount at start of year	1,733	2,478
Additions - Purchases	1,266	1,535
Assets reclassified - GBV	0	
Assets reclassified - accumulated depreciation & impairment	0	
Amortisation for the period	(521)	(742)
Net carrying amount at end of year	<b>2,478</b>	<b>3,271</b>
Comprising:		
- Gross carrying amounts	3,696	5,231
- Accumulated amortisation	(1,218)	(1,960)
	<b>2,478</b>	<b>3,271</b>

The Council does not revalue its software assets as they are currently of immaterial value and have a life of no more than 10 years.

The Council has entered into a number of contracts to replace various systems. The future budgeted cost of these systems is £95k.

<b>System Name</b>	<b>Date Contract Commenced</b>	<b>Financial year in which the system should be operational</b>	<b>Ongoing Commitment £'000</b>
Corporate Financial System	November 2012	2013/14	44
Tranman Fleet Management System	August 2013	2014/15	51
<b>Total</b>			<b>95</b>

## 16 Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term		Current	
	31 <sup>st</sup> March 2013 £'000	31 <sup>st</sup> March 2014 £'000	31 <sup>st</sup> March 2013 £'000	31 <sup>st</sup> March 2014 £'000
<b>Investments</b>				
Loans and receivables	1,097	1,079	10,240	5,196
Loans and receivables - Cash Equivalents (Note 20)	0	0	26,020	66,850
Unquoted equity investment at cost (b)	2,772	2,772	0	0
<b>Total investments</b>	<b>3,869</b>	<b>3,851</b>	<b>36,260</b>	<b>72,046</b>
<b>Debtors</b>				
Loans and receivables	5,500	5,835	0	0
Financial assets carried at contract amount (trade debt)	0	0	18,421	28,124
<b>Total Debtors</b>	<b>5,500</b>	<b>5,835</b>	<b>18,421</b>	<b>28,124</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost (a)	311,748	301,363	81,893	98,215
<b>Total borrowings</b>	<b>311,748</b>	<b>301,363</b>	<b>81,893</b>	<b>98,215</b>
<b>Other Long Term Liabilities</b>				
PFI lease liabilities (Note 43)	39,729	38,061	1,507	1,670
Finance lease liabilities (Note 42)	0	0	52	0
Metropolitan debt (SYCC)	12,750	11,407	1,222	1,344
<b>Total other long term liabilities</b>	<b>52,479</b>	<b>49,468</b>	<b>2,781</b>	<b>3,014</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount (trade credit)	0	0	8,413	6,308
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>8,413</b>	<b>6,308</b>

Note a - Under accounting requirements the carrying value of the financial instrument is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped Interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note b - Unquoted equity investment at cost. Shares held by the council are unquoted and there is no readily available market on which to value them. Whilst there are a variety of methods to value unquoted shares, none of them provide reliable fair values and therefore the shares have not been re-valued and are included in the accounts at open book value

### Material Soft Loans Made by the Council

The loan to Doncaster Culture & Leisure Trust for gym equipment is deemed to be a material soft loan. The loan for £0.282m is at an interest rate below the prevailing market rate.

## Loan to Doncaster Culture &amp; Leisure Trust

	2012/13	2013/14
	£'000	£'000
Balance at the Start of the year:		
Opening Balance	0	0
Nominal Value of New Loans Granted in Year	0	282
Fair value adjustment on initial recognition	0	(80)
Closing Balance at end of year	0	202
Nominal Value as at 31 March	0	202

**Valuation Assumptions**

The interest rate at which the fair value of this soft loan has been made is arrived at by taking the Council's prevailing cost of borrowing (1.72%) and adding a risk premium (1.5%) for the five year period and then comparing this to the commercial rate of interest available for a five year loan.

**Employee Car Loans**

The Council does not make any material loans for car purchases for employees within the Council.

**Reclassifications**

During 2013/14 the Council did not reclassify any of its investments.

**Income, Expense, Gains and Losses**

	2012/13			2013/14		
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000
Interest expense (Note 10)	(16,890)	0	(16,890)	(17,850)	0	(17,850)
Reductions in fair value	0	0	0	0	(80)	(80)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(16,890)</b>	<b>0</b>	<b>(16,890)</b>	<b>(17,850)</b>	<b>(80)</b>	<b>(17,930)</b>
Interest income (Note 10)	0	373	373	0	601	601
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>373</b>	<b>373</b>	<b>0</b>	<b>601</b>	<b>601</b>
<b>Net gain/(loss) for the year</b>	<b>(16,890)</b>	<b>373</b>	<b>(16,517)</b>	<b>(17,850)</b>	<b>521</b>	<b>(17,329)</b>

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 Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

During 2008/09 a number of Icelandic banks had difficulty in meeting their obligations and this Council has, in respect of the investment in default, made appropriate provision for reduced repayment and this is reflected in the fair value.

**Fair Values of Assets and Liabilities**

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

- For loans from the PWLB and the other loans payable borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;

- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity in the next 12 months or is a trade or other receivable fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The valuations from the Council's advisors use the Net Present Value (NPV) approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used in the private sector.

The Discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

In providing their fair value calculations the discount rate used by the PWLB is taken from the 'new borrowing rate' set of rates in force at close of business on the last working day of the financial year.

The estimated range of interest rates at 31<sup>st</sup> March 2014 are between 1.26% and 4.33% for loans from the PWLB, market loans payable were between 1.21% and 4.40% and between 0.25% and 0.70% for loans and receivables. No early repayment is recognised. An investment with an Icelandic bank has been treated as impaired (see note 51)

The fair values calculated are as follows:

	31 <sup>st</sup> March 2013		31 <sup>st</sup> March 2014	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities	390,252	442,250	296,259	427,921

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 <sup>st</sup> March 2013		31 <sup>st</sup> March 2014	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and receivables	37,255	35,776	73,273	71,877
Long-term debtors	5,500	5,500	5,835	5,835

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The Council currently provides overdraft facility guarantee for Doncaster Chamber of Commerce (see Note 49) of £0.075m. In addition the Council guarantees the full amount of the St Leger Homes of Doncaster Limited net pensions' deficit of £7.618m and has agreed to underwrite the liability of Doncaster Culture and Leisure Trust in respect of their local government pension scheme.

## 17 Inventories

2013/14	Consumable Stores	Transport	Other	Total
	£'000	£'000	£'000	£'000
<b>Balance outstanding at start of year</b>	<b>526</b>	<b>202</b>	<b>157</b>	<b>885</b>
Purchases	1,424	1,523	2,451	5,398
Recognised as an expense in the year	(1,357)	(1,515)	(2,480)	(5,352)
Written off balances	0	(4)	(72)	(76)
<b>Balance outstanding at year-end</b>	<b>593</b>	<b>206</b>	<b>56</b>	<b>855</b>

Comparative 2012/13	Consumable Stores	Transport	General Materials	Total
	£'000	£'000	£'000	£'000
<b>Balance outstanding at start of year</b>	<b>518</b>	<b>242</b>	<b>216</b>	<b>976</b>
Purchases	1,381	1,737	2,965	6,297
Recognised as an expense in the year	(1,357)	(1,777)	(2,958)	(6,306)
Written off balances	(16)	0	(66)	(82)
<b>Balance outstanding at year-end</b>	<b>526</b>	<b>202</b>	<b>157</b>	<b>885</b>

## 18 Construction Contracts

There are no material transactions relating to construction contracts within 2013/14

## 19 Debtors

	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014
	£'000	£'000
<b>Debtors</b>		
Central Government bodies	24,192	17,140
Other local authorities	1,755	2,939
NHS bodies	1,097	1,778
Other entities and individuals	40,152	45,560
	<b>67,196</b>	<b>67,417</b>
Payments in advance	3,608	9,068
<b>Total</b>	<b>70,804</b>	<b>76,485</b>

## 20 Cash and Cash Equivalents

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

	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014
	£'000	£'000
Cash held by the Council	1,892	110
Bank overdraft	(229)	(6,760)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	26,020	66,850
<b>Total Cash and Cash Equivalents</b>	<b>27,683</b>	<b>60,200</b>

**21 Assets Held For Sale**

	Current	
	2012/13 £'000	2013/14 £'000
<b>Balance outstanding at start of year</b>	<b>27</b>	<b>90</b>
<b>Assets newly classified as held for sale:</b>		
Property, Plant and Equipment	1,030	237
Revaluation Gains	110	0
<b>Assets declassified as held for sale:</b>		
Property, Plant and Equipment	(90)	0
Assets sold	(987)	(90)
<b>Balance outstanding at year-end</b>	<b>90</b>	<b>237</b>

**22 Creditors**

	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014
	£'000	£'000
<b>Creditors</b>		
Central Government bodies	(11,367)	(6,927)
Other local authorities	(3,124)	(1,634)
NHS bodies	(692)	(794)
Public corporations and trading funds	(3,523)	(2,605)
Other entities	(50,831)	(55,469)
	<b>(69,537)</b>	<b>(67,429)</b>
<b>Receipts in Advance</b>	(2,333)	(9,401)
<b>Total</b>	<b>(71,870)</b>	<b>(76,830)</b>

**23 Provisions**

Provisions are included in the accounts for potential liabilities that are likely or certain to be incurred but there is a degree of uncertainty as to the amount concerned or the dates on which these may arise.

	Balance at 1 <sup>st</sup> April 2013	Additional provisions made in 2013/14	Amounts used in 2013/14	Unused amounts reversed in 2013/14	Balance at 31 <sup>st</sup> March 2014	Short Term Provisions	Long Term Provisions
<b>Insurance fund</b>	8,592	6,461	(4,104)	(3,341)	<b>7,608</b>	696	6,912
<b>Digital Region Limited</b>	6,379	0	(1,623)	0	<b>4,756</b>	4,756	0
<b>NDR Appeals</b>	0	3,058	0	0	<b>3,058</b>	0	3,058
<b>South Yorkshire Trading Standards</b>	3,007	0	0	0	<b>3,007</b>	3,007	0
<b>Municipal Mutual Insurance</b>	2,558	0	(1,197)	0	<b>1,361</b>	0	1,361
<b>Clawback of grant</b>	1,820	840	0	0	<b>2,660</b>	244	2,416
<b>Other Provisions</b>	3,312	950	(2,015)	(475)	<b>1,772</b>	727	1045
<b>Total</b>	<b>25,668</b>	<b>11,309</b>	<b>(8,939)</b>	<b>(3,816)</b>	<b>24,222</b>	<b>9,430</b>	<b>14,792</b>



### **Insurance**

The Council self-insures part of its insurable financial risk by holding excesses on the various insurance policies that it has in place, currently with Zurich Municipal. These excesses apply to various categories of cover including property, public liability and employer's liability, and any claim that falls below the policy excess will be a cost to the Council.

The insurance provision covers the estimated value of outstanding insurance claims for which the Council has a potential legal liability, as at 31<sup>st</sup> March 2014 this was estimated to be approximately £9m, and it is estimated that the cost to the Council of settling these claims will be £6.2m based on previous claims experience.

In addition, the Council continues to monitor claims experience and has identified an appropriate reserve to meet other potential insurance claims incurred but not reported, the value of those claims being estimated at £1.4m, which gives a total insurance fund value of £7.6m.

### **Provision for Digital Region Limited**

Of the £7.58m total provision £1.20m was used in 2012/13 and a further £1.62m used in 2013/14 to leave £4.76m for use in 2014/15 to cover the costs attributable to the Council to conduct an orderly closedown of DRL. The costs will include payments to the network operator Thales for terminating the contract, network de-commissioning costs, DRL running and legal costs, customer compensation and grant clawback.

### **NNDR Appeals**

Prior to 1<sup>st</sup> April 2013, business rates collected were paid into a central pool managed by central government. On 1<sup>st</sup> April 2013, the business rates scheme changed with the introduction of the Local Government Finance Act 2012. With the new scheme 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority) and 50% is passed to central government. Business rate payers can appeal against the rateable value and provision must be made for successful appeals. The total provision for appeals as at 31<sup>st</sup> March 2014 is £6.241m. The Council's share is £3.058m (49%).

### **South Yorkshire Trading Standards**

In February 2006 the South Yorkshire Trading Standards Organisation was reviewed and found to be financially unviable and was subsequently closed down. The Council's share of the cost of recovering the financial losses incurred as well as the closure costs has been estimated at £3.007m but this will not necessarily be the final settlement. There have been on-going discussions but this as yet remains unresolved. It is expected that the matter will be settled in 2014/15.

### **Provision for MMI**

MMI were the Council's insurer until their demise in 1992 when they ceased writing new business. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle all outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent then a clawback clause would be triggered with the Council liable to repay MMI. This Scheme of Arrangement was triggered in November 2012 and so a levy was imposed on all scheme creditors, including the Council, who have been paid amounts in respect of scheme liabilities. The initial levy, set at 15%, by the scheme's administrators has been paid in 2013/14 (£1.197m). However, projected outcomes for an solvent run-off could be anywhere in the range between 9.5% and 28%. Because of the nature of many of the claims and the fact that trends continue to be adverse the projections are subject to substantial uncertainty, a provision of £1.361m remains in place. A contingent liability covers the remainder up to 100% (£5.747m).

### **Provision for Grant Claw-back**

The provision has been established to meet the cost of potential clawback of grants, specifically in relation to the Derelict Land Grant (DLG), Land Reclamation Programme Grant (LRPG) and European Regional Development Fund (ERDF).

DLG and LRPG were used for the reclamation of land to facilitate future development. As part of the grant conditions, on disposal, appropriation or bringing the land into use the Council has to repay grant based on the after value of the land. An initial provision of £1.8m was created to cover potential repayment of these grants.

In 2013/14 the provision has been increased by £840k to cover the potential clawback of ERDF grant to DCLG. Audits of the Inclusive Enterprise Programme and CCQ Enabling Works grants highlighted procurement issues resulting in the Council concluding that £596k and £244k respectively are likely to be clawed back.

### Other Provisions

This balance represents the Council's other provisions and includes provisions for Stadium Management Company, Equal Pay Claims, Section 117 Mental Health Act and various other smaller provisions.

### 24 Usable Reserves

Details of the Council's usable reserves are given in the table below

Usable Reserve	Balance 31 <sup>st</sup> March 2013 (£'000's)	Balance 31 <sup>st</sup> March 2014 (£'000's)	Purpose of Reserve
General Fund	11,868	17,463	Resources available to meet future running costs for non-housing services
Earmarked General Fund Reserves (see Note 8)	37,599	47,803	Voluntarily set aside to meet specific future spending plans
Housing Revenue Account	9,262	5,929	Resources available to meet future running costs for council housing
Capital Receipts Reserve	9,574	7,742	Proceeds of fixed asset sales available to meet future capital investment
Major Repairs Reserve	15,303	21,187	Resources available to meet capital investment in council housing
Capital grants and contributions unapplied	16,755	16,227	Resources available to meet future capital investment

### 25 Unusable Reserves

31 <sup>st</sup> March 2013 £'000		31 <sup>st</sup> March 2014 £'000
257,409	Revaluation Reserve (Note 25a)	251,696
518,720	Capital Adjustment Account (Note 25b)	521,126
(1,072)	Financial Instruments Adjustment Account (Note 25c)	(1,060)
(395,859)	Pension Reserve (Note 25d)	(296,261)
4,852	Deferred Capital Receipts Reserve (Note 25e)	4,845
1,791	Collection Fund Adjustment (Note 25f)	3,735
(5,262)	Accumulated Absences Account (Note 25g)	(4,065)
0	Unequal Pay Back Pay Account	(314)
<b>380,579</b>	<b>Total Unusable Reserves</b>	<b>479,702</b>

#### 25a Revaluation Reserve

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

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

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

2012/13 £'000		2013/14 £'000
<b>227,170</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>257,409</b>
53,726	Upward revaluation of assets	15,576
(10,471)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(3,835)
<b>43,255</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>11,741</b>
(5,074)	Difference between fair value depreciation and historical cost depreciation	(3,832)
(7,942)	Accumulated gains on assets sold or scrapped	(13,622)
<b>(13,016)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(17,454)</b>
<b>257,409</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>251,696</b>

## 25b Capital Adjustment Account

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

The account contains accumulated gains and losses on investment properties and assets held for sale that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2012/13 £'000		2013/14 £'000
<b>557,608</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>518,720</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
(27,487)	Charges for depreciation of non-current assets	(21,114)
(18,880)	Charges for depreciation on council dwellings	(19,465)
(3,887)	Charges for impairment of non-current assets	(1,461)
(36,727)	Revaluation losses on Property, Plant and Equipment	2,224
(521)	Amortisation of intangible assets	(743)
(21,956)	Revenue expenditure funded from capital under statute	(6,597)
(59,479)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(53,430)
416	Movements in the market value of Investment Properties debited or credited to the CI&ES	(222)
110	Revaluation gain/loss on Assets held for sale	0
<b>(168,411)</b>		<b>(100,808)</b>
13,016	Adjusting amounts written out of the Revaluation Reserve	17,455
<b>(155,395)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(83,353)</b>
<b>Capital financing applied in the year:</b>		
10,921	Use of the Capital Receipts Reserve to finance new capital expenditure	3,225
33,211	Use of the Major Repairs Reserve to finance new capital expenditure	21,929
44,044	Capital grants and contributions credited to the CI&ES that have been applied to capital financing	31,380

2012/13 £'000		2013/14 £'000	
9,248	Application of grants to capital financing from the Capital Grants Unapplied Account	6,482	
8,847	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	8,987	
7,437	Capital expenditure charged against the General Fund and HRA balances	10,978	
<b>113,708</b>			<b>82,981</b>
1,564	Write down of PFI Finance Liabilities	1,507	
126	Write down of Finance Lease Liabilities	52	
1,111	Former South Yorkshire County Council debt repayment	1,222	
(2)	Other	(3)	
<b>518,720</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>521,126</b>

### 25c Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement.

Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were deemed. As a result the balance on the Account at 31<sup>st</sup> March 2013 will be charged to the General Fund.

2012/13 £'000		2013/14 £'000	
<b>(1,096)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(1,072)</b>
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(80)	
24	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	92	
<b>24</b>	<b>Amount by which finance costs charged to the Comprehensive Income and Expenditure are different from finance costs chargeable in the year in accordance with statutory requirements</b>		<b>12</b>
<b>(1,072)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(1,060)</b>

### 25d 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 pay's any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>2012/13 restated</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>(317,909)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(395,859)</b>
(69,693)	Actuarial gains or losses on pensions assets and liabilities	109,423
(33,892)	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 (see Note 48)	(35,875)
25,635	Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 48)	26,050
<b>(395,859)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(296,261)</b>

The 2012/13 comparator information above has been restated to align the disclosure note with the revised accounting standard IAS19 as required by the Code. The figures involved are not considered to be of a material value to require restatement of the Balance Sheet, CI&ES, Cash Flow Statement or Movement in Reserves Statement. These core financial statements therefore remain unadjusted.

### 25e Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets but for which cash settlement has yet to take place. Under statutory arrangements, the 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.

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>27</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>4,852</b>
4,835	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive Income and Expenditure Statement	0
(10)	Transfer to the capital Receipts Reserve upon receipt of cash	(7)
<b>4,852</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>4,845</b>

### 25f Collection Fund Adjustment Account

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

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>1,541</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>1,791</b>
250	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	1,944
<b>1,791</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>3,735</b>

### 25g 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, flexi leave and time off in lieu (TOIL) entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

2012/13			2013/14	
£'000			£'000	
	(5,415)	<b>Balance at 1<sup>st</sup> April</b>		<b>(5,262)</b>
5,415		Settlement or cancellation of accrual made at the end of the preceding year	5,262	
(5,262)		Amounts accrued at the end of the current year	(4,065)	
	153	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		1,197
	<b>(5,262)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(4,065)</b>

### 25h Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants.

2012/13			2013/14	
£'000			£'000	
<b>0</b>		<b>Balance at 1<sup>st</sup> April</b>		<b>0</b>
0		Increase in provision for back pay in relation to Equal Pay cases	(921)	
0		Cash settlements paid in year	607	
0		Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements		<b>(314)</b>
<b>0</b>		<b>Balance at 31<sup>st</sup> March</b>		<b>(314)</b>

### 26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2012/13			2013/14	
£'000			£'000	
290		Interest received		645
(17,159)		Interest paid		(17,883)
0		Dividends received		0

The surplus or deficit on the provision of services has been adjusted on the following non-cash movements:

2012/13			2013/14	
£'000			£'000	
46,367		Depreciation		40,579
40,614		Impairment and downward valuations		(763)
521		Amortisation		743
0		Reductions in fair value of Soft Loans (non-subsidiary) made in the year		(202)
5,610		Increase/Decrease in creditors		435
(935)		Increase/Decrease in debtors		(21,270)
91		Increase/Decrease in inventories		30
3,117		Movement in pension liability		9,825
59,425		Carrying amount of non-current assets held for sale, sold or de-recognised		53,430
(1,822)		Other non-cash items charged to the net surplus or deficit on the provision of services		(1,213)
<b>152,988</b>				<b>81,594</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2012/13 £'000		2013/14 £'000
(12,035)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,136)
(59,624)	Capital Grants credited to surplus or deficit on the provision of services	(41,367)
<b>(71,659)</b>		<b>(44,503)</b>

### 27 Cash Flow Statement – Investing Activities

2012/13 £'000		2013/14 £'000
(98,361)	Purchase of property, plant and equipment, investment property and intangible assets	(73,951)
(10,000)	Purchase of short-term and long-term investments	(5,000)
(219)	Other payments for investing activities	(212)
7,333	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,092
1,425	Proceeds from short-term and long-term investments	10,018
47,102	Capital grant received	60,981
240	Other capital cash receipts	58
<b>(52,480)</b>	<b>Net cash flows from investing activities</b>	<b>(5,014)</b>

### 28 Cash Flow Statement – Financing Activities

2012/13 £'000		2013/14 £'000
65,400	Cash receipts of short- and long-term borrowing	55,500
(3,471)	Council Tax and NNDR adjustments	4,152
(250)	Appropriations to/from Collection Fund Adjustment Account	(1,944)
(1,691)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,557)
(43,535)	Repayments of short- and long-term borrowing	(50,751)
<b>16,453</b>	<b>Net cash flows from financing activities</b>	<b>5,400</b>

### 29 Amounts Reported For Resource Allocation Decisions

The disclosure note for Amounts Reported for Resource Decisions has been included within the group section of these accounts.

### 30 Acquired and Discontinued Operations

This disclosure note shows where operations have been acquired or discontinued in the year, the nature of the acquired or discontinued operations and details of any outstanding liabilities in respect of discontinued operations.

During the 2013/14 financial year there were no acquired or discontinued operations

### 31 Trading Operations

The Council has reviewed its trading units in 2013/14 which are detailed below. Trading units are where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The trading operations are separated into two groups, those which are an integral part of the Council's services to the public and those that are support services to the Council's services to the public (e.g. schools catering). The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations.

	2012/13			2013/14		
	Turnover	Expenditure	Surplus	Turnover	Expenditure	Surplus
<b>Services to the public included in Expenditure of Continuing Operations</b>						
Markets	(1,840)	1,566	(274)	(1,820)	1,463	(357)
<b>Total Services to the public included in Expenditure of Continuing Operations</b>	<b>(1,840)</b>	<b>1,566</b>	<b>(274)</b>	<b>(1,820)</b>	<b>1,463</b>	<b>(357)</b>
<b>Support services recharged to Expenditure of Continuing Operations</b>						
Metro Clean	(5,847)	5,598	(249)	(5,639)	5,631	(8)
Bereavement Services	(2,355)	1,137	(1,218)	(2,670)	1,151	(1,519)
Parking	(1,728)	1,500	(228)	(1,665)	1,532	(133)
Schools Catering	(8,460)	7,898	(562)	(8,446)	7,724	(722)
Trade Waste	(1,665)	1,392	(273)	(1,921)	1,530	(391)
<b>Total Support services recharged to Expenditure of Continuing Operations</b>	<b>(20,055)</b>	<b>17,525</b>	<b>(2,530)</b>	<b>(20,341)</b>	<b>17,568</b>	<b>(2,773)</b>
<b>Net surplus credited to Other Operating Expenditure (Note 9)</b>	<b>(21,895)</b>	<b>19,091</b>	<b>(2,804)</b>	<b>(22,161)</b>	<b>19,031</b>	<b>(3,130)</b>

#### Services to the public included in Expenditure of Continuing Operations

##### Markets

The Markets undertaking is regarded as one of the foremost in the region. It includes three retail sites providing a wide range of produce and goods as well as a Wholesale Market supplying local businesses.

#### Support Services recharged to Expenditure of Continuing Operations

##### Metro Clean

Metro Clean is the Council's in-house building cleaning service responsible for the cleaning at hundreds of sites across the borough (including schools, libraries, care homes, offices etc).

##### Bereavement Services

Bereavement Services has management responsibility for the crematorium, thirteen cemeteries, nine closed churchyards and several community War Memorials in the Borough.

The Crematorium complies with the requirements of the Environmental Protection Act 1990.

##### Parking Services

The Parking Services department operates both on and off street parking in the town centre and rural areas. The department's responsibilities include a range of services relating to the operational management of the car parks, including revenue collection and control as well as the maintenance of



the car park assets. The department also maintains and manages on street pay and display machines including the processing of parking tickets (Penalty Charge Notices).

### Schools Catering

Schools Catering provides meals in Doncaster for schools and academies.

### Business waste and recycling (commercial and trade)

The Council provides an extensive range of waste collection and disposal services available to all businesses located in Doncaster. Expenditure includes the collection cost of trade refuse and commercial recycling, along with the associated trade refuse disposal costs. Turnover includes income from businesses and other external parties including Schools.

## 32 Agency Services

The Council is allowed to undertake certain work on behalf of other bodies and authorities. The nature and amount of any significant agency income and expenditure is required to be disclosed under the Code.

No significant agency services have been identified in 2013/14 (nil 2012/13)

## 33 Road Charging Schemes under the Transport Act 2000

The Council does not currently operate a road charging or workplace charging scheme

## 34 Pooled Budget Arrangements

The Council has not entered into pooled budget arrangements under section 31 of the Health Act 1999

## 35 Members' Allowances

The Code requires the disclosure of the total amount of members' allowances paid under the Local Authorities (Members' Allowances) Regulations 2003.

2012/13		2013/14
£		£
756,000	Basic allowance	760,692
234,720	Special responsibility allowance	245,507
4,535	Travel	5,775
7,834	Co-opted members	3,391
<b>1,003,089</b>	<b>Total</b>	<b>1,015,365</b>

### 36 Officers Remuneration

#### Senior Officer Remuneration

Title / Name	Year	Gross Salary	Allowances & Expenses	Additional payments	Compensation for loss of office	Employer Pension Contribution	Total
		£	£	£	£	£	£
<b>Chief Executive</b> J Miller	2013/14	149,000	60	0	0	29,949	<b>179,009</b>
	2012/13	149,000	0	0	0	29,204	<b>178,204</b>
<b>Director of Adults &amp; Communities</b> J Beck	2013/14	120,379	0	0	0	24,196	<b>144,575</b>
	2012/13	122,940	0	0	0	24,096	<b>147,036</b>
<b>Director of Regeneration &amp; Environment</b> P Dale	2013/14	120,379	187	0	0	24,196	<b>144,762</b>
	2012/13	125,501	0	0	0	24,598	<b>150,099</b>
<b>Director of Children &amp; Young People's Services</b> E Brazil from July 2013 - Note 2	2013/14	125,800	11,840	0	0	0	<b>137,640</b>
<b>Director of Children &amp; Young People's Services</b> C Pratt to June 2013	2013/14	30,095	0	0	0	6,049	<b>36,144</b>
<b>Director of Children &amp; Young People's Services</b> C Pratt	2012/13	125,501	0	0	0	24,598	<b>150,099</b>
<b>Director of Finance &amp; Corporate Services (Section 151 Officer)</b> S Wiles	2013/14	112,695	0	0	0	22,652	<b>135,347</b>
	2012/13	112,695	0	0	0	22,088	<b>134,783</b>
<b>Director of Public Health</b> T Baxter	2013/14	132,878	265	0	0	17,865	<b>151,008</b>
<b>Director of Change</b> K Atherton (Note 1)	2012/13	82,232	0	0	65,016	16,091	<b>163,339</b>
<b>Monitoring Officer</b> R Harvey	2013/14	89,644	210	0	0	18,019	<b>107,873</b>
	2012/13	92,305	0	0	0	18,072	<b>110,377</b>

**Note 1** – The costs relate to April to December 2012. Post excluded from structure.

**Note 2** – E Brazil, although not regarded as an employee of the Council under employment law, currently occupies the statutory role of the Director of Children and Young People Services and is therefore included within this note as a senior officer of the Council. The figures cover all amounts directly received and includes sums due by way of expense allowances and the estimated monetary value of any other benefits received otherwise than in cash.

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions), expressed in bands of £5,000, is as below

2012/13			Salary Banding £	2013/14		
DMBC	Schools	Total		DMBC	Schools	Total
20	35	55	50,000 - 54,999	21	38	59
19	44	63	55,000 - 59,999	17	31	48
9	34	43	60,000 - 64,999	14	26	40
4	13	17	65,000 - 69,999	2	10	12
2	5	7	70,000 - 74,999	2	5	7
1	4	5	75,000 - 79,999	0	4	4
9	2	11	80,000 - 84,999	10	1	11
2	1	3	85,000 - 89,999	3	2	5
1	0	1	90,000 - 94,999	0	0	0
0	3	3	95,000 - 99,999	1	1	2
0	0	0	100,000 - 104,999	0	1	1
0	1	1	105,000 - 109,999	0	0	0
<b>67</b>	<b>142</b>	<b>209</b>	<b>Total</b>	<b>70</b>	<b>119</b>	<b>189</b>

The table above excludes the senior employees and posts whose remuneration for 2012/13 and 2013/14 are shown in the senior officer remuneration analysis. The inclusion of termination payments has had the effect of certain employees being in a higher band for 2012/13 and 2013/14 than would otherwise be the case.

### Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The information does not include any costs relating to schools.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
£0 - £20,000	37	37	64	150	101	187	749,217	1,310,700
£20,001 - £40,000	12	2	11	27	23	29	604,045	397,125
£40,001 - £60,000	0	0	8	0	8	0	381,329	0
£60,001 - £80,000	1	0	8	0	9	0	604,016	0
£80,001 and above	0	0	3	0	3	0	271,310	0
<b>TOTAL</b>	<b>50</b>	<b>39</b>	<b>94</b>	<b>177</b>	<b>144</b>	<b>216</b>	<b>2,609,917</b>	<b>1,707,825</b>

The retirement cost included in the exit packages above were all charged in 2012/13 for that year and are changed in 2013/14 for this year.

### **37 External Audit Costs**

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

	2012/13	2013/14
	£'000	£'000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	218	218
Fees payable to KPMG for the certification of grant claims and returns for the year	41	49
Fees payable in respect of other services provided by KPMG during the year	4	14
<b>Total</b>	<b>263</b>	<b>281</b>

### 38 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by DSG provided by the Department for Education. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011.

The Schools Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details for the deployment of DSG receivable for 2013/14 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2013/14 before academy recoupment	20,207	195,433	215,640
Academy figure recouped for 2013/14	(526)	(79,362)	(79,888)
<b>Total DSG after academy recoupment for 2013/14</b>	<b>19,681</b>	<b>116,071</b>	<b>135,752</b>
Plus: Brought Forward from 2012/13 (Note a)	0	0	0
<b>Final budgeted distribution for 2013/14</b>	<b>19,681</b>	<b>116,071</b>	<b>135,752</b>
Less: Actual central expenditure	(16,314)	0	(16,314)
Less: Actual ISB deployed to schools	0	(116,071)	(116,071)
<b>Carry forward to 2014/15</b>	<b>3,367</b>	<b>0</b>	<b>3,367</b>

Note a – The deficit from 2012/13 was funded by the Council.

### 39 Grant Income

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

	2012/13	2013/14
	£'000	£'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<b>Capital Grants and Contributions - Note 11</b>		
Department for Business, Innovation and Skills - Regional Growth Fund (Finningley and Rossington Regeneration Route Scheme)	0	13,109
Homes and Communities Agency - Decent Homes	23,000	7,000
Department for Transport - Local Transport Plan (LTP) Maintenance	3,039	3,590
Department for Transport - White Rose Way	5,969	3,484
Department for Education - Local Authority Capital Maintenance	3,562	2,986
Department of Communities and Local Government - White Rose Way	4,715	1,419
Department for Education - New Pupil Places (Basic Need)	3,018	1,332
Department for Transport - Local Sustainable Transport Fund (Waterfront)	47	1,084
Section 106 Contributions	566	1,011
Community Energy Saving Programme - Borough Wide Decency	850	851
Department of Health - Adults Personal Social Services Capital Grant	791	812
European Regional Development Fund - Energy Efficiency	883	784
National Heritage Memorial Fund - Bentley Park	30	748
Department for Transport - Local Transport Plan (LTP) Central Pot	2,662	633
Department for Transport - Local Transport Plan (LTP) Additional Maintenance	0	528
Department for Education - Devolved Formula Capital	982	451
Arts Council - Civic Cultural Quarter	1,130	327
Big Lottery Fund - My Place	1,902	0
South Yorkshire Passenger Transport Executive - A630 Balby Road	1,123	0
Department of Health - Reablement	786	0
Community Energy Saving Programme - Wheatley	702	0
Department of Environment - Improvement Grants	688	0
Department for Education - 2 year old entitlement	686	0
Carbon Emissions Reduction Target - Borough Wide Decency	672	0
Yorkshire Electricity Contribution	360	0
Other Grants & Contributions	1,624	1,706
<b>Total</b>	<b>59,787</b>	<b>41,855</b>
<b>Non-Ring fenced Government Grants – Note 11</b>		
Revenue Support Grant	2,582	100,279
Business Rates Retention Top Up Grant	0	25,961
New Homes Bonus	853	1,879
Council Tax Freeze Grant	2,355	1,429
Small Business Rates Relief	0	1,359
Troubled Families - Set up Costs	874	1,128
Social Fund	0	1,108
Local Services Support Grant	1,339	576
Capitalisation Refund	0	529
Early Intervention Grant	15,651	0
Learning Disability & Health Reform	10,551	0
Other	593	1,891
<b>Total</b>	<b>34,798</b>	<b>136,139</b>
<b>Credited to Services</b>		
Dedicated Schools Grant (DSG)	140,602	135,752
Mandatory Rent Allowances: subsidy	50,812	53,213
Mandatory Rent Rebates: subsidy	41,909	43,649
Public Health Grant	0	19,595

	2012/13	2013/14
	£'000	£'000
Pupil Premium	5,629	8,411
Education Services Grant	0	3,902
Skills Funding Agency Sixth Forms	6,123	3,860
PFI Annuity Grant	3,478	3,478
Housing and Council Tax Admin Benefit Subsidy	2,841	2,649
DfT - Local Sustainable Transport Fund (LSTF)	60	2,384
DFE Improvement Grant	0	1,516
European Regional Development Fund Grant	1,412	1,073
Adoption Reform Grant	47	1,052
Youth Justice Board	925	886
Music Services	735	588
Skills Funding Agency Safeguarded Learning	754	583
Graduate Teacher Programme	179	545
Discretionary Housing Payments	208	522
PE & Sports Grant	0	522
Department for Education Academies	12,721	431
Outwood Sports Pitch Contribution	2,204	38
Council Tax Benefit: subsidy	22,582	0
Department for Education - Academy Teachers Threshold Pay Grant	2,229	0
Ridgewood post 16 Learning Skills Council	769	0
Other Grants	2,990	1,548
<b>Total</b>	<b>299,209</b>	<b>286,197</b>
<b>Contributions</b>		
Primary Care Trust - Continuing Healthcare Contribution to care packages	6,304	6,633
Primary Care Trust - Section 256	4,737	5,594
Rotherham MBC Contribution for Coroners	517	461
Other	1,946	2,501
<b>Total</b>	<b>13,504</b>	<b>15,189</b>

\* Individual grants in 2012/13, part of the revenue support grant in 2013/14

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

	Current		Long Term	
	2012/13	2013/14	2012/13	2013/14
	£'000	£'000	£'000	£'000
<b>Capital Grants &amp; Contributions Receipts in Advance</b>				
Developer Contributions - Finningley and Rossington Regeneration Route scheme	0	0	0	5,500
Department for Education - Targeted Basic Need	0	1,767	0	0
Department for Transport - Local Transport Plan (LTP) Maintenance	939	1,094	0	0
Department for Education - Devolved Formula Capital	932	600	0	443
Department for Business, Innovation and Skills - Regional Growth Fund (Finningley and Rossington Regeneration Route Scheme)	0	585	0	0
Section 106	153	135	770	894
Department of Environment – Improvement Grant	1,138	0	0	0
Other Grant & Contribution	503	703	10	10
<b>Total</b>	<b>3,665</b>	<b>4,884</b>	<b>780</b>	<b>6,847</b>

			2012/13	2013/14
			£'000	£'000
<b>Revenue Grants Receipts in Advance</b>				
Reablement Grant	5,183	0	0	0
Improvement Grant	0	826	0	0
Other	331	395	0	0
<b>Total</b>	<b>5,514</b>	<b>1,221</b>	<b>0</b>	<b>0</b>

#### 40 Related Parties

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

- Central Government
- Members
- Officers
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

#### Central Government

Central Government has significant influence 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. Council Tax bills, housing benefits). Grant information is shown in Note 39.

#### Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2013/14 is shown in Note 35. Members have not disclosed any material transactions with related parties during 2013/14.

The Register of Members' Interest is open to public inspection at the Civic Office during office hours, on application, and is also available on the Council's website.

#### Officers

Officers have not disclosed any material transactions with related parties during 2013/14.

#### Other Public Bodies

The Council also pays levies towards the services provided by the South Yorkshire Integrated Transport Authority (SYITA)

- The amount paid to SYITA in 2013/14 was £19.248m (£19.178m in 2012/13)

#### Entities controlled or significantly influenced by the Council

The Council has interests in two subsidiaries and three joint ventures. Details of the relationships with these companies are shown within the Group Accounts.

The Council's subsidiary companies are as follows:

- St Leger Homes of Doncaster Limited (SLHD)
- Doncaster Children's Services Trust Limited

The Council's joint venture companies are as follows:

- Digital Region Limited
- Doncaster Racecourse Management Company Limited
- Lakeside Sports Complex LLP

## 41 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	<b>2012/13</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>534,726</b>	<b>538,650</b>
<b>Capital investment</b>		
Property, Plant and Equipment *	97,169	72,416
Heritage Assets **	0	24
Intangible Assets ***	1,266	1,535
Long term loans and advances	42	282
Revenue Expenditure Funded from Capital Under Statute	21,956	6,598
<b>Sources of Finance</b>		
Capital receipts	(10,921)	(3,225)
Government grants and other contributions	(53,292)	(37,861)
Major Repairs Reserve	(33,211)	(21,930)
Direct revenue contributions	(7,437)	(10,979)
MRP / loans fund principal	(11,648)	(11,767)
<b>Closing Capital Financing Requirement</b>	<b>538,650</b>	<b>533,743</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrowing (supported by government financial assistance)	2,155	519
MRP / loans fund principal	(11,648)	(11,767)
Increase in underlying need to borrowing (unsupported by government financial assistance)	9,973	5,880
Unfinanced expenditure	3,444	461
<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>3,924</b>	<b>(4,907)</b>

\* These figures match to the additions lines in Note 12 – Property, Plant and Equipment

\*\* These figures match to the additions lines in Note 13 – Heritage Assets

\*\*\* These figures match to the additions lines in Note 15 – Intangible Assets

## 42 Leases

### a) Council as lessee

#### Finance Leases

The Council has acquired plant, vehicles and equipment under leases accounted for as finance leases under IAS17 - Leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:



	2012/13	2013/14
	£'000	£'000
Vehicles, Plant, Furniture and Equipment	139	49
<b>Total</b>	<b>139</b>	<b>49</b>

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

	2012/13	2013/14
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	52	0
Non-current	0	0
Minimum lease payments	52	0
Finance costs payable in future years	1	0

Outstanding obligations to make payments under these finance lease arrangements as at 31<sup>st</sup> March 2014, accounted for as part of the long term liabilities (Note 16) (excluding finance costs), are as follows:

	Minimum Lease Payments		of which Finance Lease Liabilities	
	31 <sup>st</sup> March 13	31 <sup>st</sup> March 14	31 <sup>st</sup> March 13	31 <sup>st</sup> March 14
	£'000	£'000	£'000	£'000
Not later than one year	53	0	52	0
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
<b>Total</b>	<b>53</b>	<b>0</b>	<b>52</b>	<b>0</b>

### Operating Leases

The Council has entered into a number of operating leases for vehicles, plant and equipment and land and buildings. The expenditure charged to the services line in the Comprehensive Income and Expenditure during the year in relation to these leases is as below:

	Rent Paid in Year	
	2012/13	2013/14
	£ 000	£ 000
Hire of plant and machinery	2,065	1,931
Land and buildings	1,521	1,430
<b>Total</b>	<b>3,586</b>	<b>3,361</b>

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

	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	2012/13		2013/14	
	£'000	£'000	£'000	£'000
<b>Operating leases which expire:</b>				
Within 1 year	1,214	1,655	1,298	1,308
Between 1 and 5 years	4,436	1,477	4,387	900
After 5 years	11,366	0	10,329	0
<b>Total</b>	<b>17,016</b>	<b>3,132</b>	<b>16,014</b>	<b>2,208</b>

**b) Council as lessor****Finance Leases**

The Council has entered into two finance lease arrangements, one for Doncaster Racecourse and one for the Keepmoat Stadium. The Council has a gross investment in the leases made up of the minimum lease payments expected to be received over the remaining lease terms. There is no residual value anticipated at the end of either of the lease terms. The minimum lease payments comprise settlement of the long-term debtor for the interest in each property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. Both lease arrangements are for a term of 99 years. The Council entered into the lease arrangement for Doncaster Racecourse and the Keepmoat Stadium in January 2006 and August 2012 respectively.

The gross investment is made up of the following amounts:

	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2014</b>
	<b>£000</b>	<b>£000</b>
Finance lease debtor (net present value of minimum lease payments):		
Current	4	4
Non-Current	4,827	4,824
Finance Income	16,414	16,193
<b>Gross investment in the lease</b>	<b>21,245</b>	<b>21,021</b>

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

	<b>Gross Investment in the Lease</b>		<b>Minimum Lease Payments</b>	
	<b>31<sup>st</sup> March 13</b>	<b>31<sup>st</sup> March 14</b>	<b>31<sup>st</sup> March 13</b>	<b>31<sup>st</sup> March 14</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	223	223	223	223
Later than one year and not later than five years	893	893	893	893
Later than five years	20,129	19,905	20,129	19,905
<b>Total</b>	<b>21,245</b>	<b>21,021</b>	<b>21,245</b>	<b>21,021</b>

In both of the above arrangements, the minimum lease payments do not include rents that are contingent on events taking place after the balance sheet date.

The Council currently leases a number of land and school buildings to academies on long term arrangements. Where these have been classified as finance leases the schools have subsequently been treated as disposals and are excluded from the Council's Balance Sheet in line with the appropriate accounting standard and accounting policy (see Note 3, Critical Judgements in Applying Accounting Policies).

**Operating Leases**

The Council has properties which it leases out under operating leases which generate revenue. The future minimum lease payments receivable under non-cancellable leases in future years are:

	<b>Land and buildings</b>	
	<b>2012/13</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
Operating leases which expire:		
Within 1 year	1,564	1,716
Between 1 and 5 years	3,837	3,847
After 5 years	26,455	28,329
<b>Total</b>	<b>31,856</b>	<b>33,892</b>

### 43 Private Finance Initiatives and Similar Contracts

#### Private Finance Initiatives and Similar Contracts

##### a) Schools PFI

In 2007/08 the council entered a contract over 25 years with Doncaster School Solutions and committed to making payments estimated at £6.8m per annum on average over the 25 years for the provision of two secondary PFI schools. The variable element of the payments are inflated by RPIX each year. The contractor payments began in December 2008 with actual payments of £6.199m in 2013/14 (£6.112m in 2012/13).

31 <sup>st</sup> March 2013 £'000		31 <sup>st</sup> March 2014 £'000
<b>The value of assets held under PFI arrangements and similar contracts</b>		
22,445	Property, Plant & Equipment - other land & buildings NBV b/fwd	21,815
74	Lifecycle replacement costs	133
(54)	De-recognised component	(92)
(650)	less depreciation	(676)
<b>21,815</b>	<b>Net Book Value c/fwd</b>	<b>21,180</b>
<b>The value of liabilities resulting from PFI arrangements and similar contracts</b>		
1,507	Current liabilities: Finance lease principal repayment due within one year	1,670
39,729	Long Term Liabilities: Deferred Liabilities (finance lease liability)	38,061
<b>41,236</b>	<b>Total</b>	<b>39,731</b>

An analysis of the amounts due going forward are shown below with the contract due to expire in 2033/34.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

Details of payments due to be made under PFI arrangements and similar contracts (£'000)								
	Sir Thomas Wharton College (see Note 1 below)			Mexborough Science College				Total
	Repayment of finance lease liability	Unitary charge (other)	Total	Repayment of finance lease liability	Interest	Service charge	Lifecycle replacement	
Within 1 year	827	2,268	3,095	843	782	1,451	80	3,156
Within 2-5 years	3,522	9,220	12,742	3,592	2,790	6,174	440	12,996
Within 6-10 years	3,546	13,272	16,818	3,617	2,687	8,626	2,225	17,155
Within 11-15 years	5,630	12,299	17,929	5,743	1,895	9,760	891	18,289
Within 16-20 years	6,144	11,727	17,871	6,267	654	10,269	1,220	18,410
<b>Total</b>	<b>19,669</b>	<b>48,786</b>	<b>68,455</b>	<b>20,062</b>	<b>8,808</b>	<b>36,280</b>	<b>4,856</b>	<b>70,006</b>

#### Note 1

Sir Thomas Wharton College transferred to Trust Status with effect from 1<sup>st</sup> March 2010 and then to be an Academy from 1<sup>st</sup> February 2013, so the asset is no longer recognised on the Council's

Balance Sheet in accordance with the Council's accounting policies. The unitary charge will continue to be paid by the Council over the remaining contract period with the liability shown between repayment of the finance lease liability and unitary charge (other)

#### **b) Waste Management PFI**

The Council, in partnership with Barnsley and Rotherham Councils, has entered into a 25 year contract with 3SE to dispose of the authorities' residual waste. The project is supported by a joint award of £77.4m PFI credits.

Financial close occurred 30<sup>th</sup> March 2012. The planned service commencement date is 1<sup>st</sup> July 2015, with the commissioning period scheduled to start six months prior to this and therefore no payments in respect of the unitary charge have yet been made.

The unitary charge payments are estimated to total £721m (nominal) for the partnership over the contract term. The net present value of the unitary charge payments is £255.4m. The Council's share of the total unitary charge is estimated to be £281m (nominal), £220m net of PFI credits.

The analysis of the amounts due going forward are shown below with the contract due to expire in 2040/41

<b>Details of payments due to be made under Waste Management PFI</b>	
	<b>Unitary charge (£'000)</b>
Within 1 year	0
Within 2-5 years	33,427
Within 6-10 years	48,208
Within 11-15 years	52,933
Within 16-20 years	59,640
Within 21-25 years	68,126
Within 26-29 years	18,584
<b>Total</b>	<b>280,918</b>

#### **44 Impairment Losses**

During 2013/14 the Council has recognised an impairment loss of £982k which was due to the downward revaluation of Wharf House and there were also downward revaluations for Hawthorn Primary School and St James' Baths which amounted to £609k and £488k respectively.

#### **45 Capitalisation of Borrowing Costs**

The Council did not capitalise any interest charges in 2013/14

#### **46 Termination Benefits**

The Council terminated the contracts of a number of employees in 2013/14 incurring liabilities of £1.708m (£2.610m in 2012/13) - see Note 36 for the number of exit packages and total cost per band.

#### **47 Pensions Schemes Accounted For As Defined Contribution Schemes**

##### **Teachers' Pension Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme. The scheme is a Defined Benefit scheme administered by the Department for Children, Schools and Families. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries.

Although the scheme is unfunded, teachers' pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However it is not possible for the

Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2013/14, the Council's contribution to the Department for Children, Schools and Families in respect of teachers' retirement benefits was £6.948m (£8.356m in 2012/13), which represents 14.1% of teachers' pensionable pay (14.1% in 2012/13). In addition a further sum of £3.345m (£3.082m in 2012/13) was paid to former teachers representing the cost of added years and related increases. Amendments to the scheme came into force in 1997/98 under the Pensions Act 1995 making employers responsible for additional costs of the scheme.

#### **NHS Pension Scheme**

Public Health staff transferred in to the Council on 1<sup>st</sup> April 2013. These staff are members of the NHS Pension Scheme. The scheme is a Defined Benefit scheme administered by NHS Pensions as a multi-employer scheme in which the Council's liability cannot be separated out. It provides staff with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries.

It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2013/14, the Council's contribution to Public Health staff in respect of retirement benefits was £0.185m which represents 14.0% of related pensionable pay.

### **48 Defined Benefit Pension Schemes**

#### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement

#### **Local Government Pension Scheme**

The Council participates in the South Yorkshire Pension Scheme which 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 pension liabilities with investment assets.

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The Council has given an undertaking to assume responsibility for liabilities relating to the South Yorkshire Pension Fund relating to staff transferred to St Leger Homes of Doncaster Ltd which was formed on 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council (details of St Leger Homes of Doncaster Ltd retirement benefits are included in the Group Accounts). The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balances via the Movement in Reserves Statement during the year.

<b>Local Government Pension Scheme</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
<b>Service cost comprising:</b>		
Current service cost	21,952	27,010
Past service costs	493	520
(gains)/loss from settlements	(6,008)	(2,796)
SLHD pre-transfer net pension liability	2,977	(4,458)
<b>Financing and Investment Income and Expenditure</b>		
Net Interest expense	14,478	15,599
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>33,892</b>	<b>35,875</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(58,820)	(33,212)
Actuarial gains and losses arising on changes in demographic assumptions	11,272	16,961
Actuarial gains and losses arising on changes in financial assumptions	117,241	(93,172)
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>69,693</b>	<b>(109,423)</b>
<b>Movement in the Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(8,257)	(9,825)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
Employers' contributions payable to scheme	25,635	26,050

#### **Pension Assets and Liabilities Recognised in the Balance Sheet**

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

<b>Local Government Pension Scheme</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
Present value of the defined benefit obligation	(1,194,945)	(1,140,507)
Fair value of plan assets	799,086	844,246
<b>Net Liability arising from defined benefit obligation</b>	<b>(395,859)</b>	<b>(296,261)</b>

#### **Reconciliation of the Movement in the Fair Value of Scheme (Plan Assets)**

<b>Local Government Pension Scheme</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of scheme assets</b>	<b>707,256</b>	<b>799,086</b>
Interest Income	32,939	31,926
<i>Remeasurement gain/(loss):</i>		
- The return on plan assets, excluding the amount included in the net interest expense	58,820	7,095
- Other - Admin Expenses & Settlements	(4,017)	(602)
Contribution from employer	25,635	26,050
Contributions from employees into the scheme	7,322	7,177
Benefits paid	(33,348)	(35,941)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>794,607</b>	<b>834,791</b>
Movement in SLHD plan assets pre-transfer	4,479	9,455
<b>Closing balance at 31<sup>st</sup> March</b>	<b>799,086</b>	<b>844,246</b>

**Reconciliation of present value of the scheme liabilities (defined benefit obligation):**

<b>Local Government Pension Scheme</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance at 1 <sup>st</sup> April	(1,025,165)	(1,194,945)
Current service cost	(21,952)	(27,010)
Interest cost	(47,417)	(47,525)
Contributions from scheme participants	(7,322)	(7,177)
<i>Remeasurement (gains) and losses</i>		
- Actuarial gains/losses arising from changes in demographic assumptions	(11,272)	(16,961)
- Actuarial gains/losses arising from changes in financial assumptions	(117,241)	93,172
- Other – Experience (gain)/loss	0	26,117
Past service cost	(25)	(57)
Losses/(gains) on curtailments	(905)	(767)
Benefits paid	33,348	35,941
Liabilities extinguished on settlement	10,462	3,702
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,187,489)</b>	<b>(1,135,510)</b>
Movement in SLHD scheme liabilities pre-transfer	(7,456)	(4,997)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(1,194,945)</b>	<b>(1,140,507)</b>

The 2012/13 comparator information above has been restated to align the disclosure note with the revised accounting standard IAS19 as required by the Code. The figures involved are not considered to be of a material value to require restatement of the Balance Sheet, CI&ES, Cash Flow Statement or Movement in Reserves Statement. These core financial statements therefore remain unadjusted. The financial impact would have been that pension costs, as reported through the CI&ES, would have been £5.140m higher under the requirements of the revised IAS19. Actuarial gains and losses as reported within the Other Comprehensive Income & Expenditure would have been reduced by £5.140m.

**Local Government Pension Scheme assets comprised:**

	<b>Fair value of scheme assets</b>	
	<b>2012/13</b>	<b>2013/14</b>
Cash and cash equivalents	12,866	17,121
<b>Equity Instruments:</b>		
UK quoted	170,212	183,514
Overseas quoted	314,544	337,724
<b>Bonds</b>		
UK Government indexed	92,263	87,861
Overseas Government fixed	20,521	22,136
UK other	53,403	52,639
Overseas other	5,394	3,385
<b>Property</b>		
UK Direct	62,273	70,727
Property Funds	11,027	12,144
<b>Alternatives</b>		
Pooled Investment Vehicles	56,583	56,995
<b>Total</b>	<b>799,086</b>	<b>844,246</b>

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality, salary levels, etc. The liabilities have been assessed by Mercer Human Resource Consulting Limited, an

independent firm of actuaries with estimates for the Council fund being based on the latest full valuation of the scheme as at 1<sup>st</sup> April 2014.

The significant assumptions used by the actuary have been;

Beginning of period		End of period
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners</b>	
21.8	Men	22.9
24.7	Women	25.5
	<b>Longevity at 65 for future pensioners</b>	
23.7	Men	25.2
26.6	Women	28.3
2.40%	Rate of inflation	2.40%
4.15%	Rate of increase in salaries	4.15%
2.40%	Rate of increase in pensions	2.40%
4.20%	Rate for discounting scheme liabilities	4.50%

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

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	22,082	(22,082)
Rate of inflation (increase or decrease by 0.1%)	22,060	(22,060)
Rate of salaries (increase or decrease by 0.1%)	5,141	(5,141)
Rate of pensions (increase or decrease by 0.1%)	22,060	(22,060)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(21,641)	21,641

#### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31<sup>st</sup> March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31<sup>st</sup> March 2014 (or service after 31<sup>st</sup> March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates to pay £28.435m expected contributions to the scheme in 2014/15. The estimated weighted average duration of the defined benefit obligation for scheme members is 19 years.



### **West Yorkshire Superannuation Fund**

Payments in 2013/14 totalling £0.074m (£0.074m in 2012/13) were made to the West Yorkshire Superannuation Fund being the Council's share of payments to employees of the former West Riding County Council incurred as a result of the Local Government Reorganisation in 1974

## **49 Contingent Liabilities**

### **St Leger Homes of Doncaster Limited (SLHD)**

To demonstrate the going concern status of SLHD the Council has issued a letter of support to SLHD that guarantees the amount of their pensions' deficit. The actuary has assessed this deficit at £7.618m as at 31<sup>st</sup> March 2014 and this sum is included within the pension liability shown in the group accounts. However as the Council considers it unlikely that this guarantee will be exercised this is disclosed as a contingent liability in the Council's own accounts.

### **Doncaster Chamber of Commerce**

The Doncaster Chamber of Commerce is a not-for-profit membership organisation whose membership is open to all businesses either resident and/or engaged in business in the Borough of Doncaster. At the present time the council has guaranteed an overdraft facility up to the value of £75,000. This means that the Doncaster Chamber of Commerce can go overdrawn by this amount and be charged interest. This overdraft facility has been approved until 31<sup>st</sup> March 2015. There is low risk that this will be breached. Should the Chamber of Commerce be wound up or go into administration, the Council would be liable to the Yorkshire Bank for the overdrawn balance of the account, up to a maximum of £75,000. However, based on financial information provided by the Chamber of Commerce, there is no reason to believe this situation would arise in the immediate future.

### **Municipal Mutual Insurance Ltd (MMI)**

MMI were the Council's insurer until their demise in 1992 when they ceased writing new business. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle all outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent then a clawback clause would be triggered with the Council liable to repay MMI. This Scheme of Arrangement was triggered in November 2012 and so a levy was imposed on all scheme creditors, including the Council, who have been paid amounts in respect of scheme liabilities. The initial levy, set at 15%, by the scheme's administrators has been paid in 2013/14 (£1.197m) with projected outcomes for a solvent run-off ranging anywhere between 9.5% and 28%. Because of the nature of many of the claims and the fact that trends continue to be adverse the projections are subject to substantial uncertainty and a provision of £1.361m remains in place (see Note 23). This contingent liability covers the remaining claims up to 100% (£5.747m).

### **Sterefibre stockpile**

In Partnership with other Councils, Doncaster Council contracted for the treatment and disposal of a proportion of its residual waste. Some of the material produced from the waste has been successfully deployed but since the contractor went into administration in Autumn 2012, the majority of the material remains stockpiled at a site in Doncaster owned by a third party. The administrator has advised that contractually the ownership of the material has now been passed onto the site owner. Doncaster Council served a planning enforcement notice on the site owner to remove the fibre by 30<sup>th</sup> October 2013 and Planning Committee subsequently agreed to extend the period for compliance to 30<sup>th</sup> October 2014 for the consideration of various options, therefore the fibre remains on the site. The Council has obtained external legal advice that confirms there is no basis for the site owner to recover costs from the Council. Depending on a number of future events the Council may or may not need to act under its Default Powers to remove the material itself. If this is the case, the cost of removing and disposing of the material could be significant and the likelihood of fully recovering the costs from the site owners is limited. The value of any liability cannot be measured with sufficient reliability because it depends on the actions of the third party and subsequent decisions of the Planning Committee. Council Officers are committed to mitigating this risk and there is a planned approach to work together with the third party to comply with the notice and secure alternative outlets for the material.

### **Potential Appeals Relating to the 2010 Rateable Value**

Prior to 1<sup>st</sup> April 2013, business rates collected were paid into a central pool managed by central government. On 1<sup>st</sup> April 2013, the business rates scheme changed with the introduction of the Local Government Finance Act 2012. With the new scheme 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority)

and 50% is passed to central government. Business rate payers can appeal against the rateable value and provision must be made for successful appeals. The total provision for appeals as at 31<sup>st</sup> March 2014 is £6.241m (the council's share is £3.058m). Full revaluations are carried out every five years and the next revaluation was due in April 2015, however central government announced in October 2012 the decision to postpone the next business rates revaluation until 2017. This means that there may be appeals lodged up to 31<sup>st</sup> March 2017 relating to the 2010 rateable value. It is not possible to quantify the number or value of any such appeals.

## 50 Contingent Assets

### Claims for Recovery of Tax

The Council has various claims against Her Majesty's Revenues and Customs (HMRC) which it is pursuing. The quantity and strength of the claims are under review.

- The recovery of landfill tax where material was put to certain uses by the landfill operator on site. This claim dates back to October 1996;
- The recovery of over-declared output tax on the collection of trade waste. This claim dates back to April 1980; and
- The recovery of overpaid VAT for off-street car-parking. This claim dates back to 1980-81.

## 51 Nature and Extent of Risks Arising From Financial Instruments

### Key Risks

The Council's activities expose it to a variety of financial risks:

- **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.

### Overall procedures for managing risks

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

This Council has adopted the CIPFA Treasury Management in the Public Services Code of Practice, and produces treasury management indicators to control key financial instrument risks, in accordance with CIPFA's Prudential Code. A centralised treasury function operates to manage the investment and borrowing activities, and financial risk is controlled in accordance with the adopted Policy and Practice statements which are reviewed periodically. A treasury strategy report is prepared in advance of each financial year, and an annual report after the year end detailing the activities of the function. Both of these are reported to council. Treasury advisors have been appointed to provide professional and economic advice.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 21<sup>st</sup> February 2013. The key issues within the strategy were:

The Authorised Limit for 2013/14 was set at £588m. This is the maximum limit of external borrowings or other long term liabilities.

The Operational Boundary was expected to be £537m. This is the expected level of debt and other long term liabilities during the year.

The maximum amounts of fixed and variable interest rate exposure were set at 100% and 30% based on the Council's net debt.

The maximum and minimum exposures to the maturity structure of debt are shown within the Refinancing and Maturity Risk note below.

### a) Credit Risk - Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This council regards it as being a prime objective to ensure the security of the principal sums it invests. 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 information provided by various credit rating agencies. The Annual Investment Strategy also considers maximum amounts and time limits for each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. This Council uses the creditworthiness service provided by Sector Treasury Management Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current ratings of counterparties but also takes into account credit watches and outlooks from credit rating agencies and Credit Default Swap prices which provide early warning of likely changes in credit ratings. The full Investment Strategy for 2013-14 was approved by Full Council on 21<sup>st</sup> February 2013. An analysis of the credit criteria and lending limits at the time the investment was placed is given below for outstanding deposits at 31<sup>st</sup> March 2014.

Credit Ratings							
Long Term Rating	Short Term Rating	Viability Rating	Support Rating	Max Limit £'m	Highest Investment £'m	Total Investments £'m	Number Of Institutions
A	F1	a-	1	£30m	£20m	£30m	2
A	F1		1	£30m	£30m	£30m	1
A	F1	a	1	£5m	£5	£5m	1
B	B	b	5	£11m	£6.85m	£6.85m	1

A maturity analysis based on the expectation of repayment of the investments, after allowing for £0.4m impairment, at 31<sup>st</sup> March, 2014 is:

	Impaired Investment	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Deposits with Banks and Building Societies	1.24	61.87	10.01	0	0	73.12

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £61.85m 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 is no evidence at the 31<sup>st</sup> March 2014 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 and bonds.

As a result of the Icelandic banking crisis the Council has amended its investment policy to only invest in UK banks which are protected by the UK government. The plunge in shorter-term interest rates as a result of the global depression has resulted in the council foregoing borrowing, and instead utilising the investment balance to fund capital spending. In addition, this also benefited the revenue budget position as the bank rate remained at its lowest for many years, reducing the level of returns available through investment activities. This action avoids the need for more expensive borrowing, but is only a short-term solution, which requires re-assessing when interest rates start increasing.

## Exposure to Icelandic Banks – Impaired Investment

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 Council had £3m deposited with Landsbanki, with a maturity date and interest rate as follows:

Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate	Carrying Amount	Impairment
Landsbanki Islands	03/09/08	11/11/08	£3,000,000	5.59%	£1,569,869.12	£410,412.24

Following the latest advice from CIPFA, the Council judge that it is appropriate to consider an impairment adjustment for the deposit, and has taken the action outlined below. Revised guidance was received for the 2013/14 financial year which resulted in a partial reduction of the impairment. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years. The impairment of £614k was charged to revenue in 2010-11 in accordance with regulations and a reduction was processed in subsequent years.

All monies within this institution are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Council will be determined by the administrators/receivers. As the available information is not definitive as to the amounts and timings of future payments to be made by the receivers/administrators, it is likely that further adjustments will be made to the accounts in future years.

### 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 Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies in February 2012. A further distribution was issued in May & October 2012 and September 2013.

An element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland and is earning interest of 4.17%. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control.

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 100p in the £.

Date	Repayment £
Settlement to date	1,608,695
31 December 2014	227,378
31 December 2015	227,378
31 December 2016	227,378
31 December 2017	227,378
31 December 2018	227,378
31 December 2019	136,427
Post 2019	149,692

The recovery is subject to the following uncertainties and risks:

The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Council's claim, which may be denominated wholly or partly in currencies other than sterling;

The total impairment (principal plus interest not received) recognised in the Comprehensive Income and Expenditure Statement in 2013/14, £410k, has been 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 Council until monies are recovered. Adjustments to the assumptions will be made in future accounts as more information becomes available.

## b) Other Credit Risks

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings within parameters set by the Council.

The sundry debtors total net of provision for bad debts, £76.485m (Note 19), includes trade debtors (£28.124m). In respect of trade debtors, the Council does not generally allow credit for customers, such that £14.596m of the £28.124m balance is past its due date for repayment. The past due date amount can be analysed by age as follows:

### Trade Debtors

2012/13		After due date	2013/14	
Arrears £'000	Provision £'000		Arrears £'000	Provision £'000
3,938	13	Less than 3 months	3,430	1
1,029	79	3 to 6 months	3,455	1
761	307	6 months to 1 year	3,000	33
4,245	1,411	More than 1 year	4,711	2,188
<b>9,973</b>	<b>1,810</b>	<b>Total Trade Debtors</b>	<b>14,596</b>	<b>2,223</b>

The carrying amount of housing rent arrears is split into two parts, those where the arrears relate to former tenants and those where the arrears relate to current tenants. The table below shows the analysis of former tenant arrears. The current tenants arrears are considered to be current and amount to £2.111m (£1.465m in 2012/13), which is equivalent to 1.53 weeks total rent debit (1.13 weeks in 2012/13) or £102.51 per dwelling (£70.97 in 2012/13). Whilst individual tenants may be in arrears or advance these amounts are considered to be immaterial for the purposes of this statement and with the exception of 25% provision for non-collection the £2.111m is considered to represent fair value for this class of tenant.

### Housing Rents

2012/13		After due date	2013/14	
Arrears £'000	Provision £'000		Arrears £'000	Provision £'000
		2012/13	359	341
331	315	2011/12	272	258
191	182	2010/11	0	0
920	886	More than 2 years old	766	735
<b>1,442</b>	<b>1,383</b>	<b>Total Housing Rents</b>	<b>1,397</b>	<b>1,334</b>

## c) 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. This seeks to ensure that cash is available when needed.

The council ensures it has sufficient funds available on a daily basis that are necessary for the achievement of its service objectives. To achieve this, surplus funds are placed initially with reference to cash flow requirements. Appropriate temporary borrowing facilities have been negotiated, and, are in place to cover any shortfall.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing from financial assets are due to be paid in less than one year. With the exception of the Council's deposit with Landsbanki Islands hf detailed above.

#### d) Refinancing and Maturity Risk

The Council maintains a significant debt and 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 both the maturing of longer term financial liabilities and longer term financial assets.

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 financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term 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.

MATURITY PROFILE	UPPER LIMIT %	LOWER LIMIT %	Actual 31 <sup>st</sup> March 2013 %	Actual 31 <sup>st</sup> March 2014 %
UNDER 12 MONTHS	30.00	0	17.55	23.95
12 MONTHS AND WITHIN 24 MONTHS%	30.00	0	16.88	11.08
24 MONTHS AND 5 YEARS%	50.00	0	6.04	6.36
5 YEARS AND WITHIN 10 YEARS%	75.00	0	7.69	8.76
10 YEARS AND WITHIN 20 YEARS %	95.00	10	5.38	5.20
20 YEARS AND WITHIN 30 YEARS %			13.47	13.36
OVER 30 YEARS			32.99	31.29
<b>TOTAL</b>			<b>100.00</b>	<b>100.00</b>

Note: The under 12 months section of the maturity profile has increased following a change to the way loans with embedded options are now classified, coupled with the strategic decision to take advantage of the current historic short term interest rates. However, the actual percentage falls well within the agreed upper limit.

For the Prudential Code the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender has the right to increase the interest rate payable without limit, such as in a Lender Offer Borrower Offer (LOBO) loan, this should be treated as a right to require repayment. On this basis this type of loan has been included within the table with a maturity date of the next call date.

#### e) Market Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Investments – With the exception of Landsbanki Islands hf, all deposits will mature within a year, and are at fixed rates of interest. The protection of capital is more important than maximising a return. However in order to ensure an adequate return is achieved compatible with this risk principle, an appropriate benchmark is used to measure the interest earned.

Borrowing – The majority of the debt portfolio is at fixed rates of interest that ensures certainty of borrowing costs. In order to protect the Council against adverse movements in interest rates the policy is to keep the variable interest rate debt to a maximum of 30%. The actual variable element in 2013/14 equated to 7.32%.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants. Movement in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Corporate Financial Management Group has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and which is used to update the quarterly budget monitoring reports during the year. This allows any adverse changes to be accommodated, and the analysis also informs the decision relating to whether new borrowing is to be fixed or variable. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

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

2012/13		2013/14
£'000		£'000
	<b>External Debt</b>	
90	Increase in interest payable on variable rate borrowings	290
(60)	Share attributable to the HRA	194
	<b>Investments</b>	
(432)	Increase in interest receivable on variable rate investments	(619)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

#### f) Foreign Exchange Risk

With the exception of its investment in Landsbanki, the council has no financial assets or liabilities denominated in a foreign currency and thus have no exposure to loss arising from movement in exchange rates. If income or expenditure is incurred in a foreign currency, exposure is eliminated as soon as it is identified by immediate conversion to ensure certainty of values.

Foreign exchange risk in relation to Icelandic deposits - The Council has foreign exchange exposure resulting from an element of the settlement received from Landsbanki. This is being held in Icelandic Kroner in an escrow account due to the current imposition of currency controls.

#### g) Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings to the value of £2.772m in a number of joint ventures and in local industry. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, generally associated with the economic regeneration of the borough, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

The shares are unquoted equity investments and are accounted for at the open book value.

## 52 Heritage Assets: Five Year Summary of Transactions

	2009/10	2010/11	2011/12	2012/13	2013/14
	£'000	£'000	£'000	£'000	£'000
<b>Cost of acquisitions of heritage assets</b>					
Civic Regalia	0	0	0	0	0
Exhibits, Statues & Monuments	0	0	0	0	0
Historic Land & Buildings	3	0	8	0	24
Military & Scientific Equipment	0	0	0	0	0
Recording of Historically Significant Events	0	7	0	0	0
Works of Art	0	0	0	0	0
<b>Total cost of purchases</b>	<b>3</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>24</b>

## 53 Heritage Assets: Further Information on Collections

### Further information on the Museum collections

The values have been arrived at through three methods, valuation by an auctioneer, the price of purchases within the last 15 years and then valuation by a curator based upon recent sales. Valuations by an auctioneer are conducted when funds allow.

The works included in this list include assets which are key parts of Doncaster's heritage, such as the painting Giant's Refreshed by Terence Cuneo which depicts work in the Plant Railway Works at Doncaster. Also the three paintings by Joseph Wright of Derby of William Brooke (Mercer and Mayor of Doncaster) and his daughter and son-in-law William and Elizabeth Pigot. Present are also key pieces of Doncaster's horseracing heritage such as the paintings by J.F. Herring and the Gold Cups.

Although this list comprises those items that are individually worth over £10,000 the Museum Service cares for several collections that are cumulatively significant, both historically and for insurance purposes. An example of this would be the Yorkshire Pottery collection, which contains pieces from all over Yorkshire, but particularly from the important industry based along the Don from Mexborough through to Swinton.

Doncaster Museum was opened in 1909, although collecting had started several years previously. Since then the collection has grown from just over 1,000 objects and specimens to around 600,000 objects and specimens, the majority (around 350,000) belonging to the Mollusca (shell) collection and the entomology (insect) collection.

The museum holds collections in these areas : social, local and industrial history, costume, photographs, military history, coins and trade tokens, archaeology, world cultures, decorative art (jewellery, silver, ceramics), fine art, horseracing and natural sciences (geology, palaeontology, botany vertebrates and invertebrates).

As would be expected, the museum collections are particularly strong in representing the human history, natural history and artistic and cultural achievements of the Doncaster area. However the collections have been built up over the last 100 years, when it was often more of a priority that the collections should represent a wider, national and even world view. It should be remembered that the majority (numerically) of the museum collections are unsuitable for public display – significant parts of the archaeology and natural sciences collections exist primarily for research purposes.

The overall museum collection has a value that reflects the conservation value of the collection more than replacement value as the majority of items are irreplaceable. It is not practical to do more than allocate a global value upon the majority of the museum collections.



## The museum collections

### Social, Local and Industrial

Around 25,000 items reflecting life from around 1750 to present, particularly looking at the Doncaster area. The collection has strengths in industrial history (particularly rail and mining), domestic life, toys/games and country halls – especially Cusworth Hall. Some of the rail and mining objects are of great local, and even national, importance e.g. the Edward Medals awarded for bravery at the Bentley Pit Disaster of 1931.

### Military History

This is a small collection of less than 500 items, concentrating on a small number of specific regiments. It is distinct from the King's Own Yorkshire Light Infantry Regimental Collection.

### Coins and Trade tokens

There are around 6,000 coins from the Iron Age to the present day, with a great deal of duplication in some areas. There are around 60 trade tokens from the Doncaster area, particularly from the coin shortage of the 1660s.

### Archaeology

The archaeology collection has around 15,000 individual 'small finds' and 5 tonnes of bulk material (ceramics, bones etc). It has been built up through excavations and casual finds (such as metal detecting), with some items having been purchased. It is almost entirely from sites within the Doncaster area. Some of the objects, such as the Roman Rossington dagger and Danum shield are of national importance.

There is a small antiquities collection, especially from the classical world of ancient Greece and Rome. This collection is generally below average in quality.

### World Cultures

There is a small collection of around 3,000 World Cultures objects. Knowledge and access to this collection has recently been greatly improved through grant aid. Some of the items are of historical significance e.g. the rare Ibibio puppets from Nigeria

### Natural Sciences : vertebrates & invertebrates

There are around 12,500 specimens in the vertebrate section. These are mounted specimens (mammals, birds and fish), birds' eggs and the specimens in spirit.

The collection includes some extinct species, such as the hybrid Quagga foal, which was born at Owston in the early 1800s and a Passenger Pigeon. There are also many specimens connected either to the Doncaster or Yorkshire area, or to Doncaster collectors. There are an estimated 360,000 specimens. These are mainly in the Mollusca (shell) collection of around 200,000 shells and around 160,000 insects in the entomology collection. The 50,000 long-horned beetles (Cerambycid) collection, which contains 'Type' specimens (a specimen or group of specimens used to define a taxonomic group), is internationally significant. Around half of the shell collection is the work of a Doncaster collector.

### Natural Sciences : Botany, Geology and Palaeontology

There are around 6,000 botanical specimens, with historical specimens from Yorkshire and also the Doncaster area. There are around 4,000 specimens in these collections representing Yorkshire, Britain and the World. The palaeontology collection has been recently studied and has already revealed specimens of national and international significance.

### Care of the collections

Both Doncaster Museum & Art Gallery and Cusworth Hall are Accredited Museums. This means that they adhere to national standards with regard to the care of the museum collections and to the Museums Association's Code of Ethics. As well as stores at the Museum & Art Gallery and Cusworth Hall the Museum Service also manages a one off-site store, which also houses the museum's school loans collection. The archaeology, social, local and industrial, world cultures, fine and decorative art collections are curated by the Assistant Manager (Human History and Cusworth Hall building management), the p/t Assistant Museums Officer (Human History) and the p/t Assistant Manager (Art, Exhibitions and Outreach). The other collections, including the natural science collections are cared for by the Assistant Manager (Conservation, Collections Care and Museum building management) and the Museum Registrar. These posts also assist the curators with the care of the collections for which they are responsible.

There is a Collections Care Plan for overseeing the care of the collections and a Disaster Plan is in place. The Museum & Art Gallery has an air handling system to maintain temperature and humidity within the galleries. The budget for the care of the collections is £3,500 p.a. and this is for the purchase of equipment and materials. Grant aid is obtained when possible to assist with the care of the collections. Staff are assisted by volunteers to document, clean and conserve the collection.

### **Preservation, Management, Acquisition and Disposal**

The Museum Service has no acquisitions budget, so acquisitions are by donation, or by applying for grant aid in exceptional circumstances. All acquisitions and disposals are taken to the Acquisitions & Disposals Panel so that the consequences, both with regard to the museum's collecting priorities and with regard to collections care, can be evaluated.

The Museum Service has completed the first stage of a process called 'Taking Stock' where the museum collections are being assessed for their relevance to the museum's priorities (such as telling the story of the Doncaster area), their care needs, the scientific data available (in the case of the natural science and archaeology collections), whether they are duplicates within the collection or are of too poor a quality to be appropriately within the collection. Any disposals/dispersals will follow the Museums Association's Code of Ethics. This states that items leaving a museum collection should generally first be offered free of charge to another museum. Exceptions to this are largely made when items have been purchased. It also states that disposals should never be financially motivated.

The **Preservation policy for Archives information** is determined by BS5454:2000; Data Protection and Freedom of Information are governed by statute and by DMBC policy.

### **Further Information on the Archive's Collections**

Doncaster Archives, established on a professional basis in December 1973, exists to collect, care for and preserve the documentary heritage of the Doncaster district and to make it available to all. Though its primary function is to look after the records of Doncaster Metropolitan Borough Council and its predecessors, more generally its purpose is to identify records from all sources that are worthy of permanent preservation owing to their historical significance to Doncaster and its hinterland. The archival material kept on a permanent basis ranges in date from the late 12th century to the early 21st, amounts to something in excess of 248 cubic metres, and occupies around 1.5 kilometres of shelving.

### **Access to Records**

In accordance with statute and long-established national and local authority record office practice, records of national and local government and associated bodies are normally available for consultation if more than thirty years old (based on the date of the last entry in the volume or file). In order to protect confidentiality, records of a more recent date are not available for general use. Information can, however, be extracted from such records in accordance with Freedom of Information legislation, or through a Subject Access Request permitted by the Data Protection Act 1998. The same principles apply to records from private sources unless the depositor specifies different access conditions. Where this is the case, the restriction is mentioned in the catalogue.

All records containing personal information are subject to the provisions of the Data Protection Act 1998, which closes such material for 100 years barring special permission or exceptional circumstances.

Certain specific classes of records defined as Public Records by the Public Records Act 1958 and related legislation are subject to extended closure periods. Under the rules made for these, personnel records of hospitals are closed for seventy-five years and patients' records for one hundred years. Coroner's Court records are closed for seventy-five years.

Nearly two thousand visits a year are made to Doncaster Archives. Another thousand make enquiries by email, telephone and post. Users tend mostly to be investigating the history of the area for their own interest, pursuing their family history, or carrying out research for school and university projects. More practical enquiries to which the Archives can often provide the answer include those regarding building control and planning permissions, property boundaries, drainage layouts, rights of way, and architectural drawings. Council officers regularly make use of the Archives to find records of the local authority's past decisions, evidence of its legal rights and title to property, and diverse documentation of the past for use in understanding the present and informing decisions about the future.

## Acquisition Policy

The Department collects records of all kinds by gift, loan, transfer or purchase, relating to the area of the Metropolitan Borough. These include the records of non-conformist churches, schools, estates, businesses, charities, societies, sports clubs, trades unions, solicitors, families, prominent local people (including politicians, antiquarians, environmentalists) and private citizens.

The Department is recognised by the Lord Chancellor for the deposit of public records (including the records of courts, hospitals, local taxation, the mines inspectorate, nationalized industries) and by the Master of the Rolls for the deposit of manorial and tithe records. Notice of the acquisition of records in these categories will be given to the Public Record Office and the Royal Commission on Historical Manuscripts at the time of deposit.

The Department has been diocesan record office for the archdeaconry of Doncaster (which is one half of the diocese of Sheffield) since 1979. Under the terms of the General Synod's Parochial Registers & Records Measure 1978 Doncaster Archives is responsible for housing and making available the records of around 100 present and former Church of England parishes – almost 30 of which lie outside Doncaster (in the East Riding, Rotherham, and Barnsley).

No records will be acquired or disposed of in contravention of the terms of any current legislation and in particular the Public Records Acts 1958 & 1967, the Manorial and Tithe Documents Rules issued under the Law & Property Acts 1922 & 1924 and the Tithe Act 1936 and the Parochial Registers and Records Measure 1978.

## Preservation

Preservation management is conducted in accordance with the tenets of PD5454-2012 *Guide for the storage and exhibition of archival materials*

## Disposal Policy

Disposal of material which is not the property of Doncaster Council and has been selected for permanent preservation only occurs when the owner of a body of deposited material wishes to withdraw any or all of the said deposited material. If significant expense has been incurred by DMBC in keeping and conserving such deposited items, financial recompense may be sought from the withdrawing depositor.

## Further Information on the Mansion House Collections

Although currently the Mansion House itself is not classified as a Heritage asset, many of the assets within the House are, these assets have been included within the Heritage asset sub groups of Civic regalia, exhibits statues and monuments, Military and scientific equipment and Works of art.

Mansion House has many period rooms each containing items such as paintings, furniture, clocks, barometers, ceramics, glassware and silver ware from a large and varied collection. Some of the more significant items include a Charles II Silver Gilt Mace, set of six George III parcel gilt Girandoles and many of the items and fittings in the Mansion House are original. Although some pieces are valued, many have not been examined. The last valuation was undertaken by Tennants Auctioneers of Leyburn, North Yorkshire in 2004.

## Care of the Collections

In recent history and currently there is no known documented plan to care for the Mansion House assets. There are however on-going repairs to the interior fabric of the building with agreed timescales, undertaken by a bespoke artist. There are currently negotiations underway between the Council and English Heritage to examine potential funding for structural repairs and development of the site as a tourist attraction. This could have a significant impact on the conservation of assets and the collection in the future.

## Preservation, Management, Acquisitions and Disposal

The Mansion House is currently cared for by the Council's Facilities Management Team, who have no acquisitions budget. Any future acquisitions are likely to be donations or via a grant scheme.

It is not intended that any assets are disposed of in the near future, if this situation arises, it is intended that the mechanism for disposal is properly scrutinised and agreed by a cross-section of Doncaster Council officers, to include the Elected Mayor, Chief Executive, Cabinet Members and the Conservation Team. It should also be noted that a number of items within the Mansion House have been loaned from the museum and are included within the museums policies.

#### 54 Trust Funds

These are funds that are held on trust for specified purposes in which the Council has an interest but do not form part of the Council's finances. They are maintained by the Council and, where appropriate, invested by the Council as trustee either externally or in the consolidated loans and advances pool. In all cases listed below the Council is the sole trustee for the funds.

	<b>Balance 1<sup>st</sup> April 2013</b>	<b>Net Movement</b>	<b>Balance 31<sup>st</sup> March 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Children and Young Persons</b>	40	0	40
Money is held on the behalf of clients. Funds can only be used for the benefit of the individual to which they belong			
<b>Adults</b>	6,445	2,402	8,847
Money is held on the behalf of clients. Funds can only be used for the benefit of the individual to which they belong			
<b>Education Prize Funds</b>	260	2	262
Interest received on these donations is used to provide prizes and grants to award children who are currently educated in certain Doncaster Schools for their academic and sporting achievements.			
<b>Youth Clubs</b>	76	0	76
Youth clubs monies held by the Council			
<b>Clayton Park</b>	22	(22)	0
A fund set up from sale proceeds to be used for the benefit of the aged in Mexborough			
<b>Museum and Libraries Bequests</b>	7	0	7
Donations to the services, the interest on which is used to purchase exhibits and publications			
<b>Conisbrough Miners Welfare</b>	2	0	2
Amounts to be used for the provision of a community centre for the inhabitants of Conisbrough			
<b>Parish Investments</b>	1	0	1
Amounts invested on behalf of parish councils			
<b>Carcroft Welfare</b>	21	0	21
A fund set up from the transfer of balances held by the Carcroft social welfare and recreation ground when the trusteeship of this organisation passed to the Council.			

#### 55 Deferred Liabilities

These liabilities totalling £49.468m (£52.479m at 31<sup>st</sup> March 2013) are payable in a period exceeding 12 months and include the following

- a) £11.407m (£12.750m as at 31<sup>st</sup> March 2013) in respect of debt taken over from the former South Yorkshire County Council which by arrangement are payable over a repayment period ending 31<sup>st</sup> March 2021 and for which the loan management rests with Rotherham MBC
- b) £38.061m (£39.729m at 31<sup>st</sup> March 2013) relating to PFI schemes' long term liabilities as disclosed in Note 16 and 43.

## Housing Revenue Account

### Comprehensive Income and Expenditure Account

The Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure (maintenance and administration) and how these are met by rents, subsidy and other income.

From 1<sup>st</sup> October 2005, maintenance and administration of the council's dwellings was transferred to St. Leger Homes of Doncaster Limited, an Arms Length Management Organisation, limited by guarantee and wholly owned by the Council.

2012/13 £'000		Notes	2013/14	
			£'000	£'000
	<b>Expenditure</b>			
9,987	Repairs and maintenance		9,445	
20,037	Supervision and management		23,220	
486	Rents, rates, taxes and other charges		997	
	Depreciation of Property, Plant & Equipment	5		
18,880	On dwellings		19,464	
614	On other assets		565	
9,200	Impairment of Property, Plant & Equipment	6	(3,281)	
18	Debt management costs		35	
770	Increased provision for bad or doubtful debts		938	
<b>59,992</b>				<b>51,383</b>
	<b>Income</b>			
(66,500)	Dwelling rents (gross)		(70,362)	
(853)	Non-dwelling rents (gross)		(834)	
(1,317)	Charges for services and facilities		(694)	
(284)	Contributions towards expenditure		(217)	
(132)	Housing Revenue Account subsidy receivable	7	0	
32	Sums directed by Secretary of State that are income in accordance with proper practices		0	
<b>(69,054)</b>				<b>(72,107)</b>
<b>(9,062)</b>	<b>Net cost of HRA Services as included in the whole authority Income and Expenditure Account</b>			<b>(20,724)</b>
233	HRA share of Corporate and Democratic Core			676
<b>(8,829)</b>	<b>Net Cost of HRA Services</b>			<b>(20,048)</b>
	<b>HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account</b>			
29,214	(Gain) or Loss on sale of HRA Property, Plant & Equipment			19,410
11,430	Interest payable and similar charges			11,470
(1)	Interest and investment income			(172)
(24,143)	Capital Grants and Contributions			(8,065)
(6)	Other Income			(6)
<b>7,665</b>	<b>(Surplus) or Deficit for the year on HRA services</b>			<b>2,589</b>

**Movement on the HRA Statement**

This statement identifies those amounts in addition to the HRA Income and Expenditure Account surplus or deficit for the year that are required by statute to be charged to or credited to the HRA Balance. The reconciliation statement summarises the differences between the outturn on the HRA Income and Expenditure Account and the HRA Balance.

<b>2012/13</b>		<b>Notes</b>	<b>2013/14</b>	
<b>£'000</b>			<b>£'000</b>	<b>£'000</b>
<b>(6,735)</b>	<b>Balances on the HRA at the end of the previous year</b>			<b>(9,262)</b>
7,665	(Surplus) or deficit for the year on the HRA Income and Expenditure statement		2,589	
(10,193)	Adjustments between accounting basis and funding basis statute	Note 7	744	
(2,528)	Net (increase) or decrease before transfers to or from reserves		3,333	
(2,528)	(Increase) or decrease in year on the HRA			<b>3,333</b>
<b>(9,263)</b>	<b>Balance on the HRA at the end of the current year</b>			<b>(5,929)</b>

**Notes to the Housing Revenue Account**

1(i) As at 31<sup>st</sup> March 2014, the Council was responsible for the management of 20,595 dwellings, made up as follows:-

<b>As at 31<sup>st</sup> March 2013</b>		<b>As at 31<sup>st</sup> March 2014</b>
16,713	Houses and bungalows	16,698
2,516	Low-rise flats and maisonettes	2,482
1,417	Medium and high-rise flats	1,415

## 1(ii) Movement of Property, Plant &amp; Equipment

The balance sheet values of property within the HRA were as follows:-

2012/13 Total		Council Dwellings	Other Operational Land & Buildings	Other Property, Plant & Equipment	2013/14 Total
£'000		£'000	£'000	£'000	£'000
	<b>Cost or Valuation</b>				
<b>542,827</b>	<b>At 1<sup>st</sup> April 2013</b>	<b>503,848</b>	<b>11,354</b>	<b>12,339</b>	<b>527,541</b>
0	Opening Balances reclassification	(98)	0	98	0
<b>542,827</b>	<b>At 1<sup>st</sup> April 2013 adjusted</b>	<b>503,750</b>	<b>11,354</b>	<b>12,437</b>	<b>527,541</b>
<b>38,846</b>	Additions	33,906	380	241	<b>34,527</b>
<b>(9,132)</b>	Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(16,630)	(59)	103	<b>(16,586)</b>
<b>(12,537)</b>	Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(45)	0	0	<b>(45)</b>
<b>(7,224)</b>	De-recognition – disposals	(1,414)	0	(285)	<b>(1,699)</b>
<b>(26,655)</b>	De-recognition – other	(19,356)	(237)	(513)	<b>(20,106)</b>
<b>1,416</b>	Reclassifications within PPE	32	(35)	103	<b>100</b>
<b>527,541</b>	<b>At 31<sup>st</sup> March 2014</b>	<b>500,243</b>	<b>11,403</b>	<b>12,086</b>	<b>523,732</b>
	<b>Accumulated Depreciation and Impairment</b>				
<b>(18,956)</b>	<b>At 1<sup>st</sup> April 2013</b>	<b>(20,747)</b>	<b>(1,380)</b>	<b>(974)</b>	<b>(23,101)</b>
<b>(19,494)</b>	Depreciation charge	(19,465)	(364)	(201)	<b>(20,029)</b>
<b>9,199</b>	Depreciation & Impairment written out to the Revaluation Reserve	16,522	784	0	<b>17,306</b>
<b>5,157</b>	Depreciation & Impairment written out to the Surplus/Deficit on the Provision of Services	4,225	0	0	<b>4,225</b>
<b>(1,820)</b>	impairment losses/(reversals) recognised in the Surplus/ Deficit on the Provision of Services	(899)	0	0	<b>(899)</b>
<b>11</b>	De-recognition – disposals	0	0	418	<b>418</b>
<b>2,849</b>	De-recognition – other	0	0	0	<b>0</b>
<b>(47)</b>	Reclassifications within PPE	(3)	0	0	<b>(3)</b>
<b>(23,101)</b>	<b>At 31<sup>st</sup> March 2014</b>	<b>(20,367)</b>	<b>(960)</b>	<b>(757)</b>	<b>(22,083)</b>
<b>504,440</b>	<b>Net Book Value as at 31<sup>st</sup> March</b>	<b>479,876</b>	<b>10,443</b>	<b>11,329</b>	<b>501,649</b>

2. The vacant possession value of dwellings within the HRA following annual revaluation as at 1<sup>st</sup> April 2013 was £1.545 billion. A difference arises between the vacant possession valuation £1.545 billion and the valuation used for balance sheet purposes of £479 million because the latter represents the social housing value of tenanted dwellings. The difference £1.066 billion indicates the economic cost to Government of providing council housing at less than open market rents.

3. Authorities are required to maintain a Major Repairs Reserve (MRR), which controls an element of the capital resources required to be used on HRA assets or for capital financing purposes. The breakdown of the MRR is detailed below:

2012/13		2013/14
£'000		£'000
(5,137)	Balance as at 1 <sup>st</sup> April	(15,303)
(23,883)	Transfer Capital grant to MRR	(7,784)
(614)	Transfer Depreciation Non Dwellings to MRR	(565)
(18,880)	Transfer Depreciation Dwellings to MRR	(19,464)
33,211	Financing of capital expenditure	21,929
<b>(15,303)</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>(21,187)</b>

- 4 (i) Capital expenditure on land, houses and other property within the HRA and the financing sources are given below:-

2012/13		2013/14
£'000		£'000
	<b>Capital expenditure per asset classification:</b>	
38,186	Council Dwellings	33,906
391	Other operational Land and Buildings	380
154	Vehicles Plant and equipment	82
115	Infrastructure	159
<b>38,846</b>		<b>34,527</b>
	<b>Sources of funding:</b>	
(371)	Useable Capital Receipts	(226)
(756)	Capital Grants and Contributions	(286)
(33,211)	Major Repairs Reserve	(21,929)
(4,092)	Direct revenue financing	(8,425)
(416)	Unsupported borrowing	(3,661)
<b>(38,846)</b>		<b>(34,527)</b>

- 4 (ii) During 2013/14 total capital receipts from the disposals of land, houses and other property within the HRA amounted to £1,976,974 and is analysed as follows:

2012/13	Receipts Description	2013/14
£'000		£'000
1,273	Houses (Council Dwellings)	1,799
585	Land	178
<b>1,858</b>	<b>Total</b>	<b>1,977</b>

- 5 The depreciation charged to the HRA assets in 2013/14 financial year was £20.044m (£19.494m in 2012/13). A detailed breakdown is provided below.

2012/13		2013/14
£'000		£'000
18,880	Council Dwellings	19,464
354	Other Land and Buildings	364
260	Other PPE	201
<b>19,494</b>		<b>20,029</b>



6 A breakdown of the impairment charge to HRA which totals £4.354m is detailed below:

2012/13		2013/14
£'000		£'000
13,690	Revaluation Loss on Council Dwellings	5,997
36	Revaluation Loss relating to non-Council Dwelling Assets	0
906	Impairment due to Council Dwelling demolition in year and proposed future	385
914	Consumption of Economic Benefit re Council Dwellings	514
(6,346)	Reversal of previous impairment loss re Council Dwellings	(10,177)
<b>9,200</b>		<b>(3,281)</b>

7 Housing Revenue Account (HRA) subsidy income comprised of the following:-

2012/13		2013/14
£'000		£'000
132	Prior Year Adjustment	0
<b>132</b>		<b>0</b>

8 The amount of rent arrears, excluding amounts collectable on behalf of other agencies, was as follows:-

31 <sup>st</sup> March 2013		31 <sup>st</sup> March 2014
£'000		£'000
1,442	Former Tenants Rent Arrears	1,334
1,465	Current Tenants Rent Arrears	2,111
<b>2,907</b>	<b>Total</b>	<b>3,445</b>

The bad debt provision in respect of all uncollectable rent arrears was £1,862,077 (£1,396,138 in 2012/13). The aggregate balance sheet provision in respect of all uncollectable debts relating to the Housing Revenue Account was £2,254,340 (£1,881,523 in 2012/13).

#### 9 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

In 2013/14 the cost to the HRA was nil (£32k in 2012/13)

## Collection Fund

The account reflects the statutory requirement contained in Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund, which accounts for the income from Council Tax, Business Rates and residual Community Charge. This income finances the net expenditure requirements of the authorities within the Doncaster Council area, including the council itself, the South Yorkshire Joint Authorities and Parish Councils. The Collection Fund accounts are prepared on an accruals basis. There is no requirement for a separate Collection Fund balance sheet and Collection Fund balances are consolidated into the Council's balance sheet.

2012/13 £'000		Notes	2013/14 £'000
	<b>Amounts required by statute to be credited to the collection fund</b>		
(116,742)	Council Tax (showing the amount receivable, net of benefits discounts for prompt payments and transitional relief)	1	(100,323)
	Transfers from General Fund:		
(2)	- Transitional relief	4	0
(82,575)	Non-domestic rates (showing the amount receivable, net of discretionary and mandatory reliefs)	2	(91,500)
<b>(199,319)</b>	<b>Total Income</b>		<b>(191,823)</b>
	<b>Amounts required by statute to be debited to the collection fund</b>		
	Precepts and demands from major preceptors and the authority – Council Tax	3	
96,146	- Doncaster Council		79,849
11,761	- South Yorkshire Police Authority		10,115
5,347	- South Yorkshire Fire and Rescue Authority		4,526
	Shares of non-domestic rating income to major preceptors and the (billing) authority – non domestic rates		
0	- Doncaster Council		42,135
0	- South Yorkshire Fire and Rescue Authority		860
82,207	Payment with respect to central share (including allowable deductions) of the non-domestic rating income to be paid to central government by billing authorities		42,995
0	Transitional protection payments non-domestic rates		358
	Impairment of debts/appeals for council tax		
276	- Write-offs of uncollectable amounts		379
567	- Allowance for impairment		857
	Impairment of debts/appeals for non-domestic rates		
0	- Write-offs of uncollectable amounts		1,681
0	- Allowance for impairment		6,430
368	Charge to General fund for allowable collection costs for non-domestic rates		368
2,349	Contributions towards previous years Collection Fund surplus – Council Tax		354
<b>199,021</b>	<b>Total Expenditure</b>		<b>190,907</b>

2012/13 £'000		Notes	2013/14 £'000
	<b>Opening fund balance</b>		
(1,819)	- Council Tax		(2,116)
	<b>Closing fund balance</b>		
(2,116)	- Council Tax		(6,359)
0	- Non-domestic rates		3,326
	<b>Movement on fund balance</b>		
(297)	- Council Tax		(4,243)
0	- Non-domestic rates		3,326
	Accumulated surplus of the collection fund (Council Tax) is attributable to the following:		
(1,472)	- Doncaster Council		(5,364)
(581)	- South Yorkshire Police Authority		(686)
(63)	- South Yorkshire Fire and Rescue Authority		(309)
<b>(2,116)</b>			<b>(6,359)</b>
	Accumulated surplus of the collection fund (non-domestic rates) is attributable to the following:		
0	- Doncaster Council		1,630
0	- Central Government		1,663
0	- South Yorkshire Fire and Rescue Authority		33
<b>0</b>			<b>3,326</b>

## Collection Fund

### 1 Council Tax

Income from Council Tax is derived from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated values as at 1<sup>st</sup> April 1991. The Tax Base calculation is based upon the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and exemptions. Individual charges are calculated by estimating the amount of income required to fund the demands on the Collection Fund and then dividing this by the Tax Base (see note 4).

The table below shows the number of properties in each band and the equivalent number of band D properties.

Band	Number of Dwellings in the Band	Less Local Tax Support, Exemptions, Discounts & Other Changes	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwelling	Council Tax 2013/14 (Excluding Parishes) £
A	78,889	(31,108)	47,781	6/9	31,854	872.02
B	23,256	(4,134)	19,122	7/9	14,873	1,017.37
C	14,147	(1,901)	12,246	8/9	10,885	1,162.70
D	8,539	(744)	7,795	1	7,795	1,308.04
E	4,106	(334)	3,772	11/9	4,610	1,598.71
F	1,753	(95)	1,658	13/9	2,395	1,889.40
G	789	(42)	747	15/9	1,245	2,180.06
H	117	(57)	60	18/9	120	2,616.08
Total	131,596	(38,415)	93,181		73,777	
Less allowance for non-collection					(2,821)	
Tax base for the calculation of Council Tax					70,956	

## Reconciliation of Council Tax income to the tax base

2012/13		2013/14
88,149	No of band D properties	73,777
£1,301.80	Band D rate	£1,308.04
£1,943,924	Parish Precepts	£1,675,884
<b>£m</b>		<b>£m</b>
(116.7)	Estimated Income	(98.2)
0.0	In year changes	(2.1)
(116.7)	Income	(100.3)

The in year changes in 2013/14 are due to an increase in the number of band D properties to 75,337, compared with 73,777 used in the calculation of the budget. This is mainly attributable to 1,373 fewer Local Council Tax Reduction Scheme discounts being awarded.

## 2 Business Rates

Under statutory arrangements, business rates are collected locally on the basis of a nationally determined rate in the pound charged on the rateable value of the property. In 2013/14 the Standard Rate was 47.1p (45.8p in 2012/13) and the Small Business Rate was 46.2p (45.0p in 2012/13).

Prior to 1<sup>st</sup> April 2013, the business rates collected were paid into a central pool managed by central government. Formula Grant was paid to local authorities using pool income and other tax receipts. Formula grant was distributed to local councils in accordance with their government assessed needs so that in theory each council should be able to set broadly the same level of Council tax for providing the same level of service. The Formula grant mechanism took account of information on the population, social structure and other characteristics of each council. Doncaster's income from the pool in 2012/13 was £133m (£111m in 2011/12) paid into the Income and Expenditure account.

On 1<sup>st</sup> April 2013, the business rates scheme changed with the introduction of the Local Government Finance Act 2012. With the new scheme 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority) and 50% is passed to central government. The new local retention of business rates model calculates the difference between each council's individual business rate baseline and their calculated baseline funding level and either a top up or a tariff will be paid to councils from central government. The emphasis of these reforms is to move local government funding away from a needs based system to one based on business rates. Central government have made it clear there will be no updating of needs in this new system until at least 2020. Doncaster Council received top-up funding of £25.961m, which represents the difference between our individual business rate baseline funding level of £40.752m and the calculated baseline level of £66.713m.

The Business Rates collectable after reliefs and provisions was £91.5m in 2013/14 (£82.6m in 2012/13) and was based on a rateable value for the Council's area of £227,509,056 as at 31<sup>st</sup> March 2014 (£225,313,635 as at 31<sup>st</sup> March 2013). Full revaluations are carried out every five years and the next revaluation was due in April 2015, however central government announced in October 2012 the decision to postpone the next business rates revaluation until 2017.

### 3 Precepts and Demands

Expenditure requirements financed by the Collection Fund:

	Net Budget Requirement	Band D Equivalent Dwellings	Band D Council Tax
	£'000		£
Doncaster MBC Revenue Budget*	483,341		
Revenue Support Grant	(100,279)		
Government top up grant	(25,961)		
Retained Business Rates	(41,720)		
Housing Benefit Grant	(98,711)		
Public Health Grant	(19,648)		
Specific Grants	(35,804)		
Fees & Charges	(19,131)		
Other Income	(62,355)		
Use of Released Reserve	(317)		
Council Tax Freeze Grant	(942)		
Collection Fund Surplus	(300)		
Doncaster Council Demand	78,173	70,956	1,101.71
S Y Police Authority	10,115	70,956	142.55
S Y Fire and Rescue Authority	4,526	70,956	63.79
<b>Total</b>	<b>111,310</b>		<b>1,308.05</b>

\* excludes Parish Precepts of £1,943,924.

### 4 Local Exemption - Floods

Following the June 2007 floods many residents were unable to occupy their properties as they were undergoing major repairs and were therefore granted a statutory exemption. This exemption could only be granted for 12 months and so in order to ensure that Council Tax exemptions continue to be awarded for those residents still not able to return to their properties the Council decided to establish a locally defined reduction.

This award is for properties defined as "Unoccupied dwellings, uninhabitable due to the June 2007 floods, where the statutory exemption has exceeded 12 months".

The cost of a locally defined exemption is met by the Council's General Fund budget and so a transfer from the General Fund is shown in the Collection Fund.

In 2013/14 locally defined exemptions totalling £32k were awarded (£2k in 2012/13).

## Group Accounts

GROUP COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT						
2012/13				2013/14		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
30,287	(26,008)	4,279	Central services to the public	7,959	(5,151)	2,808
24,962	(2,569)	22,393	Cultural and related services	19,765	(3,147)	16,618
40,481	(5,760)	34,721	Environmental and Regulatory	31,768	(2,464)	29,304
16,485	(5,428)	11,057	Planning services	11,594	(5,207)	6,387
293,313	(196,281)	97,032	Children's and education services	236,249	(171,519)	64,730
43,047	(3,369)	39,678	Highways and transport services	39,639	(3,670)	35,969
57,015	(66,077)	(9,062)	Local authority housing (HRA)	51,383	(72,107)	(20,724)
108,934	(98,784)	10,150	Other housing services	114,499	(100,822)	13,677
112,945	(33,413)	79,532	Adult social care	112,141	(33,911)	78,230
0	0	0	Public Health	17,105	(18,780)	(1,675)
3,278	0	3,278	Exceptional Items	5,267	0	5,267
8,132	(655)	7,477	Corporate and democratic core	11,880	(6,392)	5,488
(1,856)	(134)	(1,990)	Non Distributed Costs	(5,219)	(327)	(5,546)
3,158	(3,005)	153	Doncaster Racecourse Management Company	2,805	(3,328)	(523)
1,988	(2,328)	(340)	Digital Region Limited	5,187	(4,292)	895
<b>742,169</b>	<b>(443,811)</b>	<b>298,358</b>	<b>Net Cost of Services</b>	<b>662,022</b>	<b>(431,117)</b>	<b>230,905</b>
		48,093	Other Operating Expenditure			53,428
		26,431	Financing and Investment Income and Expenditure			26,293
		(326,187)	Taxation and non-specific grant income			(302,219)
		<b>46,695</b>	<b>(Surplus) / Deficit for the year</b>			<b>8,407</b>

<b>GROUP BALANCE SHEET</b>				
<b>2012/13</b>			<b>2013/14</b>	
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
1,280,481		Property, Plant & Equipment	1,271,232	
10,527		Heritage Assets	10,890	
17,859		Investment Properties	17,312	
2,478		Intangible Assets	3,271	
3,869		Long Term Investments	3,851	
5,500		Long Term Debtors	5,835	
	<b>1,320,714</b>	<b>Non-Current Assets</b>		<b>1,312,391</b>
829		Investment in Doncaster Racecourse Management Company Limited	1,168	
(7,821)		Investment in Digital Region Limited	(5,191)	
	<b>(6,992)</b>	<b>Investment in Associates and Joint Ventures</b>		<b>(4,023)</b>
10,240		Short Term Investments	5,196	
90		Assets Held for Sale	237	
4,959		Inventories	9,267	
66,452		Debtors	70,482	
27,916		Cash and cash equivalents	67,047	
	<b>109,657</b>	<b>Current Assets</b>		<b>152,229</b>
(282)		Cash & cash equivalents	(6,760)	
(81,893)		Short term borrowing	(98,215)	
(71,363)		Short term creditors	(79,076)	
(12,842)		Provisions	(9,430)	
(5,514)		Revenue Grants Receipts in Advance	(1,221)	
(3,665)		Capital Grants Receipts in Advance	(4,884)	
	<b>(175,559)</b>	<b>Current Liabilities</b>		<b>(199,586)</b>
(13,006)		Provisions	(15,042)	
(311,748)		Long term borrowing	(301,363)	
(52,479)		Deferred Liabilities	(49,468)	
0		Grants Receipts in Advance (Revenue)	0	
(780)		Grants Receipts in Advance (Capital)	(6,847)	
(403,691)		Liabilities Related to Defined Benefit Pension Schemes	(299,269)	
	<b>(781,704)</b>	<b>Long Term Liabilities</b>		<b>(671,989)</b>
	<b>466,116</b>	<b>Total Net Assets</b>		<b>589,022</b>
		<b>Financed by:</b>		
		<b>Reserves of Group Entities</b>		
(1,451)		DMBC Share of Doncaster Racecourse Management Company Limited Profit & Loss	(1,112)	
2,280		DMBC Share of Doncaster Racecourse Management Company Limited Share Premium	2,280	
(7,821)		DMBC Share of Digital Region Limited Profit & Loss	(5,191)	
	<b>(6,992)</b>			<b>(4,023)</b>

		<b>Usable Reserves</b>		
11,868		General Fund Balance	17,463	
37,599		Earmarked General Fund Reserves	47,803	
9,262		Housing Revenue Account	5,929	
9,574		Capital Receipts Reserve	7,742	
15,303		Major Repairs Reserve	21,187	
16,755		Capital Grants Unapplied	16,227	
	<b>100,361</b>			<b>116,351</b>
		<b>Unusable Reserves</b>		
257,409		Revaluation Reserve	251,696	
518,720		Capital Adjustment Account	521,126	
(1,072)		Financial Instrument Adjustment Account	(1,060)	
(403,691)		Pensions Reserve	(299,269)	
4,852		Deferred Capital Receipts	4,845	
1,791		Collection Fund Adjustment Account	3,735	
(5,262)		Accumulated Absences Account	(4,065)	
0		Unequal Pay, Back Pay Account	(314)	
	<b>372,747</b>			<b>476,694</b>
	<b>466,116</b>	<b>Total Equity</b>		<b>589,022</b>



**GROUP MOVEMENT IN RESERVES  
STATEMENT 2012/13**

	General Fund Balance £'000	Earmarked GR Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000	(Group) Share of Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2012 brought forward	(12,197)	(42,890)	(6,735)	(14,156)	(5,137)	(18,586)	(99,701)	(461,926)	(561,627)	12,251	(549,376)
<b>Movement in reserves during 2012/13</b>											
Surplus or (deficit) on provision of services	41,449	0	7,665	0	0	0	49,114	0	49,114	(2,419)	46,695
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	31,578	31,578	4,992	36,570
<b>Total Comprehensive Expenditure and Income</b>	41,449	0	7,665	0	0	0	49,114	31,578	80,692	2,573	83,265
Adjustments between accounting basis & funding basis under regulations	(35,657)	0	(10,193)	4,580	(10,166)	1,669	(49,767)	49,767	0	0	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	5,792	0	(2,528)	4,580	(10,166)	1,669	(653)	81,345	80,692	2,573	83,265
Transfers to/from Earmarked Reserves	(5,453)	5,291	0	0	0	162	0	0	0	0	0
Other movement in reserves	(10)	0	1	2	0	0	(7)	2	(5)	0	(5)
<b>(Increase)/Decrease in Year</b>	329	5,291	(2,527)	4,582	(10,166)	1,831	(660)	81,347	80,687	2,573	83,260
<b>Balance at 31 March 2013 carried forward</b>	<b>(11,868)</b>	<b>(37,599)</b>	<b>(9,262)</b>	<b>(9,574)</b>	<b>(15,303)</b>	<b>(16,755)</b>	<b>(100,361)</b>	<b>(380,579)</b>	<b>(480,940)</b>	<b>14,824</b>	<b>(466,116)</b>

**GROUP MOVEMENT IN RESERVES  
STATEMENT 2013/14**

	General Fund Balance £'000	Earmarked GR Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000	(Group) Share of Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2013 brought forward	(11,868)	(37,599)	(9,262)	(9,574)	(15,303)	(16,755)	(100,361)	(380,579)	(480,940)	14,824	(466,116)
<b>Movement in reserves during 2013/14</b>											
Surplus or (deficit) on provision of services	3,454	0	2,589	0	0	0	6,043	0	6,043	2,364	8,407
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(121,164)	(121,164)	(10,157)	(131,321)
<b>Total Comprehensive Expenditure and Income</b>	3,454	0	2,589	0	0	0	6,043	(121,164)	(115,121)	(7,793)	(122,914)
Adjustments between accounting basis & funding basis under regulations	(18,766)	0	744	1,826	(5,884)	41	(22,039)	22,039	0	0	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	(15,312)	0	3,333	1,826	(5,884)	41	(15,996)	(99,125)	(115,121)	(7,793)	(122,914)
Transfers to/from Earmarked Reserves	9,717	(10,204)	0	0	0	487	0	0	0	0	0
Other movement in reserves	0	0	0	6	0	0	6	2	8	0	8
<b>(Increase)/Decrease in Year</b>	(5,595)	(10,204)	3,333	1,832	(5,884)	528	(15,990)	(99,123)	(115,113)	(7,793)	(122,906)
<b>Balance at 31 March 2014 carried forward</b>	<b>(17,463)</b>	<b>(47,803)</b>	<b>(5,929)</b>	<b>(7,742)</b>	<b>(21,187)</b>	<b>(16,227)</b>	<b>(116,351)</b>	<b>(479,702)</b>	<b>(596,053)</b>	<b>7,031</b>	<b>(589,022)</b>

**Group Cash Flow Statement**

<b>31 March 2013</b>		<b>31 March 2014</b>
<b>£'000</b>		<b>£'000</b>
(49,114)	Net surplus or (deficit) on the provision of services - DMBC	(6,043)
2,139	Net surplus or (deficit) on the provision of services - SLHD	(7,832)
<b>(46,975)</b>	<b>Net surplus or (deficit) on the provision of services – total *</b>	<b>(13,875)</b>
149,262	Adjustments to net surplus or deficit on the provision of services for non-cash movements	90,645
(71,659)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(44,503)
<b>30,628</b>	<b>Net cash flows from Operating Activities</b>	<b>32,267</b>
(52,480)	Investing Activities	(5,014)
16,453	Financing Activities	5,400
<b>(5,399)</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>32,653</b>
33,033	Cash and cash equivalents at the beginning of the reporting period	27,634
<b>27,634</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>60,287</b>

\* Under the provisions of IAS 31 (Interests in Joint Ventures) and IAS 7 (Statement of Cash Flows), the cash flows of Doncaster Racecourse Management Company Limited and Digital Region Limited have not been consolidated as both entities are incorporated in the group statements using the equity method of consolidation.

**Notes to the Group Accounts****Note a****Details of the Group**

A review undertaken during 2013/14 of the Council's related companies has indicated that there are four entities to be included within the Council's Group Accounts.

- Subsidiaries**

St. Leger Homes of Doncaster Limited and Doncaster Children's Services Trust Limited are accounted for as subsidiary undertakings under IAS 27 'Consolidated and Separate Financial Statements'.

**St. Leger Homes of Doncaster Limited**

This is a company limited by guarantee and does not have any share capital. The Council is the sole member. The company was formed on 1<sup>st</sup> October 2005 to provide housing management and other services on behalf of the Council.

**Doncaster Children's Services Trust Limited**

This is a company limited by guarantee and does not have any share capital. The Council is the sole member. The company, incorporated on 6<sup>th</sup> December 2013, was formed to provide social care services to children and young people in Doncaster. The DfE are paying directly for any costs incurred during the initial implementation of the Trust. The first set of statutory accounts will be prepared for the 2014/15 financial year.

- **Joint Ventures**

The Doncaster Racecourse Management Company Limited and Digital Region Limited are accounted for as joint ventures under the provisions of IAS31 'Interests in Joint Ventures'. Under these provisions, inter-company transactions have not been excluded from the statements and, under the provisions of IAS7, cash flows have not been consolidated. The Council recognises its interest in these companies using the equity method.

The financial year for The Doncaster Racecourse Management Company Limited ends on 31<sup>st</sup> December. The latest financial statements are as at 31<sup>st</sup> December 2013. As no changes have taken place in the period between this date and 31<sup>st</sup> March 2014 which would affect the understanding of the group accounts, the accounts for The Doncaster Racecourse Management Company Limited for the year ended 31<sup>st</sup> December 2013 have been incorporated within the group accounts.

**The Doncaster Racecourse Management Company Limited**

The Council has 190 shares of £1 each, which is 19% of the share capital. The company was formed on 1<sup>st</sup> January 2006 to develop and operate the Racecourse.

**Digital Region Limited**

The Council has a 6/70<sup>th</sup> share in the company. The aim of the company was to build a next generation fibre optic broadband network throughout South Yorkshire. During the year the decision was taken to start an orderly wind down of DRL following an assessment that concluded it was financially unviable. In the absence of statutory accounts, the management accounts for March 2014, adjusted upon consolidation, have been incorporated within the group accounts.

The table gives an analysis of the Council's share of the joint ventures' accounts which have been consolidated for 2013/14

Joint Ventures, proportion of ownership	Digital Region Limited (8.57%)	Doncaster Racecourse Management Company Limited (19.00%)
	£'000's	£'000's
<b>(Profit) / Loss After Tax</b>	<b>(2,630)</b>	<b>(339)</b>
Property, Plant & Equipment	0	6,511
Current Assets	902	506
Liabilities due within 1 year	(307)	(5,656)
Liabilities due > 1 year	(5,786)	(193)
<b>Total Assets Less Liabilities</b>	<b>(5,191)</b>	<b>1,168</b>

**Note b**

**Statement of Accounting Policies**

The group accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances as those for the Council. As far as can be ascertained there are no material differences between the accounting policies of the group entities and the Council which require realignment

**Note c**

**Amounts Reported For Resource Allocation Decisions (Group Accounts)**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice.

However, 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)
- 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; and
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The results of the group members are not reported to the Council's Chief Operating Decision Maker in internal management reports and as such are not shown as reportable segments in the analysis below. The Council is organised into five portfolios based around the services delivered. These are

Adults & Communities  
 Children & Young People's Services  
 Finance & Corporate Services  
 Public Health  
 Regeneration & Environment

The income and expenditure of the Council's directorates recorded in the budget reports for the year, as referred to under the financial performance for 2013/14 in the explanatory foreword, is as follows:

<b>2013/14 Directorate</b>	<b>Gross spend £'000</b>	<b>Income £'000</b>	<b>Net spend £'000</b>
Adults and Communities	128,924	(40,781)	88,143
Children & Young People's Services (excluding schools budgets)	340,139	(294,933)	45,206
Finance & Corporate Services	133,668	(112,291)	21,377
Public Health	17,223	(18,780)	(1,557)
Regeneration & Environment	129,709	(85,498)	44,211
Council Wide and other	88,051	(220,791)	(132,740)
<b>Total</b>	<b>837,714</b>	<b>(773,074)</b>	<b>64,640</b>

#### Comparative Figures

<b>2012/13 Directorate</b>	<b>Gross spend £'000</b>	<b>Income £'000</b>	<b>Net spend £'000</b>
Adults and Communities	133,497	(47,243)	86,254
Children & Young People's Services (excluding schools budgets)	430,863	(357,749)	73,114
Finance & Corporate Services	170,965	(153,532)	17,433
Regeneration & Environment	92,788	(42,471)	50,317
Council Wide and other	105,346	(94,500)	10,846
<b>Total</b>	<b>933,459</b>	<b>(695,495)</b>	<b>237,964</b>

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

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement. The Council does not internally report on the assets and liabilities of individual segments and so therefore there is no separate segmental analysis required to be disclosed.

	2012/13 £'000	2013/14 £'000
Net expenditure in the directorate analysis	237,964	64,640
Additional segments not reported to management in the analysis	(2,602)	5,942
Amounts in the CI&ES not reported to management in the analysis	47,669	43,906
Amounts included in the analysis not included in the CI&ES	15,327	116,417
<b>Cost of Services in Group Comprehensive Income and Expenditure Statement</b>	<b>298,358</b>	<b>230,905</b>

### Reconciliation to Subjective Analysis

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

2013/14	Net expenditure in directorate analysis £000	Additional segments not reported in the analysis £000	Amounts not included in the analysis but included in the CI&ES £000	Amounts included in the analysis but not included in the CI&ES £000	Net cost of services £000	Amounts reported below the net expenditure of continuing operations in the CI&ES £000	Total (surplus) / deficit for the year £000
<b>Net expenditure</b>	<b>195,013</b>	<b>0</b>	<b>24,489</b>	<b>0</b>	<b>219,502</b>	<b>0</b>	<b>219,502</b>
Trading Services surplus	(3,237)	0	0	3,236	0	(3,130)	(3,130)
Interest and investment income	(429)	0	0	429	0	(601)	(601)
Income from Council Tax	0	0	0	0	0	(79,849)	(79,849)
Government grants and contributions	(136,137)	0	0	136,137	0	(222,370)	(222,370)
Capital grants and contributions applied	0	0	27,349	0	27,349	0	27,349
HRA	0	0	(20,048)	0	(20,048)	0	(20,048)
Investment in subsidiaries, joint ventures and associates	0	5,942	0	0	5,942	(3,578)	2,364
SLHD pension liability (pre transfer)	0	0	(4,458)	0	(4,458)	0	(4,458)
Pension interest cost and expected return in pension assets	0	0	(1,423)	0	(1,423)	15,599	14,176
Depreciation, Amortisation and Impairment	0	0	23,811	0	23,811	0	23,811
Interest payments	6,380	0	0	(6,380)	0	17,850	17,850
Precepts and levies	1,991	0	0	(1,991)	0	1,991	1,991
Payments to Government Housing Capital Receipts Pool	1,138	0	0	(1,138)	0	1,138	1,138
Gains / losses on disposal of Fixed Assets	0	0	0	0	0	50,299	50,299
Adjustments involving revenue expenditure funded from capital under statute	0	0	2,847	0	2,847	0	2,847
Adjustments involving other reserves	(10)	0	(8,661)	0	(8,671)	0	(8,671)
Items not included in CI&ES (e.g. MRP)	0	0	0	(13,946)	(13,946)	0	(13,946)
Other	(69)	0	0	69	0	153	153
<b>Net Expenditure as per analysis</b>	<b>64,640</b>	<b>5,942</b>	<b>43,906</b>	<b>(116,417)</b>	<b>230,905</b>	<b>(218,920)</b>	<b>8,407</b>

2012/13	Net expenditure in directorate analysis £000	Additional segments not reported in the analysis £000	Amounts not included in the analysis but included in the CI&ES £000	Amounts included in the analysis but not included in the CI&ES £000	Net cost of services £000	Amounts reported below the net expenditure of continuing operations in the CI&ES £000	Total (surplus) / deficit for the year £000
<b>Net expenditure</b>	<b>305,179</b>	<b>0</b>	<b>927</b>	<b>0</b>	<b>306,106</b>	<b>0</b>	<b>306,106</b>
Trading Services surplus	(2,366)	0	0	2,366	0	(2,182)	<b>(2,182)</b>
Interest and investment income	(373)	0	0	373	0	(373)	<b>(373)</b>
Income from Council Tax	0	0	0	0	0	(96,146)	<b>(96,146)</b>
Government grants and contributions	(67,860)	0	0	67,860	0	(230,041)	<b>(230,041)</b>
Capital grants and contributions applied	0	0	(28,065)	0	<b>(28,065)</b>	0	<b>(28,065)</b>
HRA	0	0	(8,829)	0	<b>(8,829)</b>	0	<b>(8,829)</b>
Investment in subsidiaries, joint ventures and associates	0	(2,602)	0	0	<b>(2,602)</b>	182	<b>(2,420)</b>
SLHD pension liability (pre transfer)	0	0	2,977	0	<b>2,977</b>	0	<b>2,977</b>
Pension interest cost and expected return in pension assets	0	0	(10,375)	0	<b>(10,375)</b>	10,331	<b>(44)</b>
Depreciation, Amortisation and Impairment	0	0	58,845	0	<b>58,845</b>	0	<b>58,845</b>
Interest payments	5,460	0	0	(5,460)	0	16,890	<b>16,890</b>
Precepts and levies	1,944	0	0	(1,944)	0	1,944	<b>1,944</b>
Payments to Government Housing Capital Receipts Pool	869	0	0	(869)	0	869	<b>869</b>
Gains / losses on disposal of Fixed Assets	(4,835)	0	0	4,835	0	47,463	<b>47,463</b>
Adjustments involving revenue expenditure funded from capital under statute	0	0	0	6,205	<b>6,205</b>	0	<b>6,205</b>
Adjustments involving other reserves	0	0	(153)	(10,730)	<b>(10,883)</b>	0	<b>(10,883)</b>
Items not included in CI&ES (e.g. MRP)	0	0	0	(15,021)	<b>(15,021)</b>	0	<b>(15,021)</b>
Other	(54)	0	0	54	0	(600)	<b>(600)</b>
<b>Net Expenditure as per analysis</b>	<b>237,964</b>	<b>(2,602)</b>	<b>15,327</b>	<b>47,669</b>	<b>298,358</b>	<b>(251,663)</b>	<b>46,695</b>

## Glossary

### Accounting Period

The period of time covered by the accounts is normally a period of twelve months commencing on 1<sup>st</sup> April. The end of the accounting period is the Balance Sheet date.

### Accounting Policies

These are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements.

### Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31<sup>st</sup> March.

### Amortisation

An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.

### Asset

An asset is a resource controlled by the Council as a result of past events from which future economic benefits or service potential is expected to flow to the Council.

- A current asset is an amount which is expected to be realised within 12 months.
- A non-current asset is an amount which is expected to be realised after more than 12 months.

### Audit of Accounts

An independent examination of the Council's financial affairs

### Budgets

A statement of the Council's forecast spend, i.e. net revenue expenditure for the year

### Capital Charge

A charge to service revenue accounts to reflect the cost of Property, Plant & Equipment used in the provision of services.

### Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure that adds to and not merely maintains the value of an existing fixed asset.

### Capital Financing

These are funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### Capital Programme

The capital schemes the Council intends to carry out over a specific period of time.

### Capital Receipts

The proceeds from the disposal of land or other Property, Plant & Equipment. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government, but they cannot be used to finance revenue expenditure.

### Capitalisation

Capitalisation is the means by which the Department for Communities and Local Government, exceptionally, permits local authorities to treat revenue costs as capital costs. This means that these costs can be funded from capital, including by borrowing or use of capital receipts, and enables authorities to meet these costs over a number of years. Capitalisation is a relaxation of accounting



convention, that revenue costs should be met from revenue resources. It also permits authorities to borrow for revenue purposes, with implications for the levels of public sector borrowing. As such, capitalisation is strictly controlled and subject to an application process, with applications assessed against clear criteria.

### **Cash**

Comprises cash on hand and demand deposits.

### **Cash Equivalents**

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Chartered Institute of Public Finance and Accountancy ('CIPFA')**

The Chartered Institute of Public Finance and Accountancy is the professional body for people in public finance

### **Collection Fund**

A fund administered by the Council recording receipts from Council Tax and payments to the General Fund and other public authorities. It also records receipts of business rates collected on behalf of Central Government.

### **Community Assets**

These are assets that the council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples include parks, historic buildings, museum exhibits and works of art.

### **Consistency**

The principle that the accounting treatments of like items within an accounting period and from one period to the next should be the same

### **Contingent Asset**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

### **Contingent Liability**

A condition which exists at the balance sheet date, which may arise in the future but where the outcome will be confirmed only on the occurrence or non-occurrence of one or more future events.

### **Corporate and Democratic Core**

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

### **Council Tax**

A banded property tax, based on assessed property values at 1<sup>st</sup> April 1991, that is levied on domestic properties

### **Creditor**

Amount owed by the council for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

### **Credit Risk**

The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party

### **Debtor**

Amount owed to the council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

**Defined Benefit Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

**Defined Contribution Scheme**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Depreciation**

The measure of the wearing out, consumption or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes

**Dedicated Schools Grant ('DSG')**

A ring-fenced grant for schools paid by the Department for Education and Skills ('DfES') to the Council; it replaces the Schools Formula Spending Share ('FSS').

**Earmarked Reserve**

A sum set aside in a reserve for a specific purpose

**Equity**

The Council's value of total assets less total liabilities

**Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

**Exceptional Items**

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

**Fair Value**

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

**Fees and Charges**

Income arising from the provision of services e.g. the use of leisure facilities

**Finance Lease**

A method of acquiring non-current assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the Council, in return for rental payments to the legal owner of the asset.

**Financial Instrument**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivable (debtors) and trade payable (creditors) and the most complex ones such as derivatives.

**Formula Grant**

This is a grant distributed by formula through the local government finance settlement. There are no restrictions on what local government can spend it on. It comprises redistributed business rates and Revenue Support Grant.

**General Fund Balances**

These are accumulated surpluses on the General Fund. They can be applied to reduce borrowing, reduce the Council Tax, or be held for use in future years.

### **General Fund Services**

This comprises all services provided by the Council with the exception of services relating to the provision of local Council housing which is accounted for in the Housing Revenue Account. The net cost of General Fund services is met by Council Tax, Government grants and Non Domestic Rates.

### **Going Concern**

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future

### **Government Grants**

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

### **Heritage Assets**

Heritage assets are held and maintained by the Council principally for their contribution to knowledge and culture. Heritage assets can have historical, artistic, scientific, geophysical or environmental qualities.

### **Historic Cost**

This represents the original cost of acquisition, construction or purchase of a non-current asset

### **Housing Benefits**

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

### **Housing Revenue Account ('HRA')**

This account includes all revenue expenditure and income relating to the provision, maintenance and administration of Council housing. It is a statutory requirement that the account be maintained separately ('ring-fenced') from General Fund services.

### **Impairment**

A reduction in the value of a fixed asset not caused by general changes in market values (e.g. obsolescence or physical damage).

### **Infrastructure Assets**

These are assets where ownership cannot be transferred and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and drainage facilities.

### **Intangible Assets**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

### **International Financial Reporting Standards ('IFRS')**

International Financial Reporting Standards are principles-based Standards, Interpretations and the Framework adopted by the International Accounting Standards Board ('IASB').

### **Investments**

A long-term investment is an investment that is being held for use on a continuing basis in the activities of the council. Investments should be so classified only where an intention to hold the investment for the long term can be clearly demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

### **Liability**

A liability is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources. A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which is expected to be settled within 12 months.
- A non-current liability is an amount which is expected to be settled after more than 12 months.

### **Liquid Resources**

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

### **Local Authority (Scotland) Accounts Advisory Committee ('LASAAC')**

The CIPFA/LASAAC Local Authority Code Board is established as a standing committee of CIPFA and LASAAC for the purpose of preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting

### **Long-Term Contract**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

### **Major Repairs Allowance**

A revenue grant received as part of the Council's Housing Subsidy used to finance major housing repairs.

### **Materiality**

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

### **Minimum Revenue Provision ('MRP')**

This is the minimum amount that must be charged to the Council's revenue account each year to provide for the repayment of loans used to finance capital expenditure.

### **Net Book Value ('NBV')**

The amount at which Property, Plant & Equipment are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

### **Net Current Replacement Cost**

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

### **Net Debt**

The Council's borrowings less cash and liquid resources

### **Net Expenditure**

Gross expenditure less specific grants and income for charging for services

### **Net Realisable Value**

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

### **Non-Current Assets**

These are tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

### **Non-Distributed Costs**

These are overheads for which no user benefits and as such are not apportioned to services

**Non-Domestic Rates**

These are business rates collected locally by the Council but paid into a national pool. The rates are subsequently redistributed by the Government as a grant to fund local authority services.

**Operating Lease**

A lease other than a finance lease. This method of financing assets, which allows the council to use, but not own an asset in exchange for rental payments, but where the risks and rewards of ownership are not substantially transferred.

**Operational Assets**

These are non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a responsibility.

**Post Balance Sheet Events**

Those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed and authorised for issue by the responsible financial officer.

**Precept**

The proportion of total Council Tax that is due to local parishes and various authorities e.g. the Police, Fire and Rescue Authorities and which is collected on their behalf by the council.

**Prior Year Adjustments**

Material adjustments, applicable to prior years and arising from changes in accounting policies, or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

**Private Finance Initiative**

A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset and which traditionally have been provided by the Council. The Council will pay for the provision of this service, which is linked to availability, performance and levels of usage.

**Property, Plant & Equipment**

These are tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

**Provisions**

Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.

**Prudence Concept**

Requires that revenue is not anticipated until realisation can be assessed

Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.

**Public Works Loan Board ('PWLB')**

A Government agency that provides long-term loans to local authorities at interest rates lower than prevailing market rates. The Council is able to borrow a proportion of its capital financing requirement from this source.

**Rateable Value**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

**Recharges**

The transfer of costs within the Council from one account to another to reflect work undertaken on behalf of another service

### **Related Party**

For the Council's purposes, related parties are deemed to include the elected Members of the Council and their partners; the Chief Officers of the Council and the companies in which the Council has an interest.

### **Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

### **Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

### **Residual Value**

The net realisable value of an asset at the end of its useful life

### **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

### **Revaluation Reserve**

Records unrealised revaluation gains arising (since 1<sup>st</sup> April 2007) from holding Non- Current Assets

### **Revenue Contributions**

A method of financing capital expenditure through the Comprehensive Income and Expenditure Statement

### **Revenue Expenditure**

Expenditure on the day-to-day running costs of services (e.g. employees, premises, supplies and services).

### **Revenue Support Grant ('RSG')**

This is a Government grant paid to the Council to finance the Council's general expenditure. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

### **Ring Fencing**

This refers to the statutory requirement that certain accounts such as the Housing Revenue Account must be maintained separately from the General Fund services.

### **Royal Institute of Chartered Surveyors ('RICS')**

The Royal Institute of Chartered Surveyors is the world's leading professional body for qualifications and standards in land, property and construction

### **Service Reporting Code of Practice ('SeRCOP')**

The Service Reporting Code of Practice is published by the Chartered Institute of Public Finance and Accountancy ('CIPFA') and provides guidance for accounting and defines the cost data for performance indicators (replaces the Best Value Accounting Code of Practice ('BVACOP'))

### **Specific Government Grants**

These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.

### **Temporary Borrowing**

Money borrowed for a period of less than one year.

**Termination Benefits**

These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

**Trust Funds**

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors

**Urgent Issues Task Force ('UTIF')**

The main role of the Urgent Issues Task Force is to assist the Accounting Standards Board where unsatisfactory or conflicting interpretations have developed

**Useful Life**

The period over which the council will derive benefits from the use of a fixed asset

**Work In Progress (WIP)**

The cost of work performed on an uncompleted project at the end of the financial year.

**Working Balances**

This represents the accumulated surplus (excess of income over expenditure) on the Council's revenue accounts (i.e. General Fund and Housing Revenue Account).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DONCASTER METROPOLITAN  
BOROUGH COUNCIL**