

IPSWICH BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2013/14

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EXPLANATORY FOREWORD BY CHIEF FINANCIAL OFFICER

1. Introduction

This foreword has been written to provide a guide to the significant matters reported in these accounts. Ipswich Borough Council's ('the Council') accounts for the year ended 31 March 2014 are set out in this publication.

2. Revenue Accounts - Financial Position

The main components of the Revenue budget for 2013/14, and how these compare with the out-turn for the year, are set out below:-

2.1. General Fund Income and Expenditure Account

The Council budgeted for net expenditure of £25.797m (million), which after transferring a net £1.612m from Reserves and Provisions and transferring £2.383m from the Working Balance, left £21.802m to be met from Government Grant, Local Taxpayers and retained Business Rates. This amount represented the Council's Budget requirement for 2013/14.

Actual net expenditure was £22.597m, which was £3.2m less than budgeted, which after transferring a net £1.788m from Reserves and provisions, leaves the Working Balance at 31 March 2014 £3.406m greater than anticipated.

The main components of the General Fund Revenue Budget and how these compared with the Out-turn for the year is shown below:-

2012/13 Restated Out-turn £000's		2013/14		
		Budget £000's	Out-turn £000's	Variance £000's
18,127	Services (Net Expenditure)	22,620	19,587	(3,033)
1,596	Capital Financing	1,575	1,574	(1)
(1,451)	Interest Received	(1,299)	(1,465)	(166)
2,499	Pension Interest & Return on Assets	2,901	2,901	-
20,771	Net Expenditure	25,797	22,597	(3,200)
(1,221)	Contributions to/(from) Provisions and Reserves	(1,612)	(1,788)	(176)
2,083	(Use of)/Contribution to Working Balance	(2,383)	1,023	3,406
21,633	Budget Requirement	21,802	21,832	30
Financing:				
(143)	Revenue Support Grant	(5,722)	(5,752)	(30)
(7,379)	Non-Domestic Rates	(3,806)	(3,806)	-
(1,013)	New Homes Bonus	(1,286)	(1,286)	-
(321)	Council Tax Reduction Grant	-	-	-
48	Collection Fund Surplus	(141)	(141)	-
(12,825)	Council Tax	(10,847)	(10,847)	-
(21,633)	Total Funding	(21,802)	(21,832)	(30)
Working Balance:-				
	Balance 1 April 2013	(10,989)	(10,989)	-
	Contribution to/(from) General Fund	2,383	(1,023)	(3,406)
	Balance 31 March 2014	(8,606)	(12,012)	(3,406)

2.2. Housing Revenue Account

The Local Government and Housing Act 1989 requires that all income and expenditure relating to the management of Council Housing is contained (ring-fenced) in the Housing Revenue Account.

In 2013/14 the Housing Revenue Account showed a surplus of £1.576m compared with a budgeted surplus of £1.023m, a reduction of £0.553m in net expenditure compared with the budget. The Working Balance at 31 March 2014 is therefore correspondingly greater than anticipated. After transferring a net £0.208m to Reserves and Provisions, the increase in Working Balance that is available to finance revenue expenditure in future years is £0.553m.

The main components of the Housing Revenue Account Budget and how these compared with the Out-Turn for the year is shown below: -

2012/13		2013/14		
Out-turn £000's		Budget £000's	Out-turn £000's	Variance £000's
11,779	Services (Net Expenditure)	12,492	12,069	(423)
20,375	Capital Financing	21,300	21,212	(88)
(1)	Interest Received	(15)	(15)	-
(33,166)	Rents (Net of Rebates)	(34,658)	(34,634)	24
(4)	Government Subsidy	-	-	-
-	Budgets Carried Forward (Net)	(1)	-	1
(1,017)	Net Expenditure	(882)	(1,368)	(486)
(331)	Contributions to/(from) Provisions and Reserves	(141)	(208)	(67)
(1,348)	Deficit/(Surplus)	(1,023)	(1,576)	(553)
1,348	(Use of)/Contribution to Working Balance	1,023	1,576	553
-		-	-	-
Working Balance:-				
	Balance 1 April 2013	(3,120)	(3,120)	-
	Contribution to/(from) Housing Revenue Account	(1,023)	(1,576)	(553)
	Balance 31 March 2014	(4,143)	(4,696)	(553)

2.3. Working Balances

Working Balances are a very important source of finance. Recent years have seen some relaxation in the controls on the spending of local authorities but the availability of balances increases the flexibility the Council has in financing future service costs to meet policy objectives. To provide for contingencies, the Council also recognises the importance of not allowing these balances to fall below prescribed levels and during 2013/14 the prescribed minimum levels were as follows:-

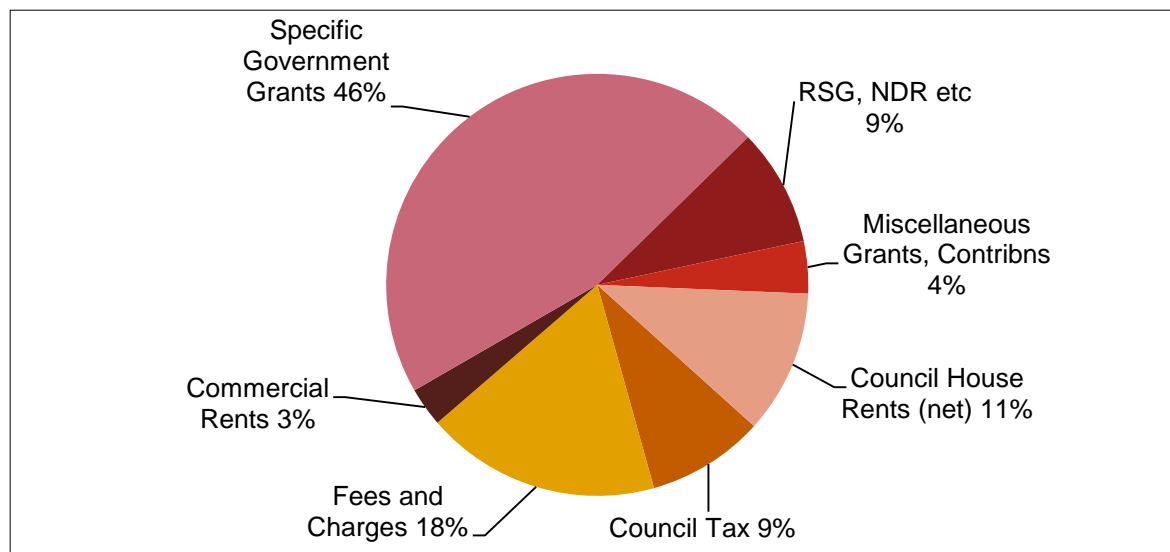
	£000's
General Fund Revenue Account	2,000
Housing Revenue Account	1,000
	3,000

The Council also has a number of provisions and reserves. The accounting treatment, nature and purpose of these can be found within this statement.

3. Major Influences on the Council's Income and Expenditure

The following two charts show, in broad terms, where the Council's money comes from and how it is spent. The percentages follow from a consolidation of the General Fund and the Housing Revenue Account and are based on total expenditure and matching income of £117m.

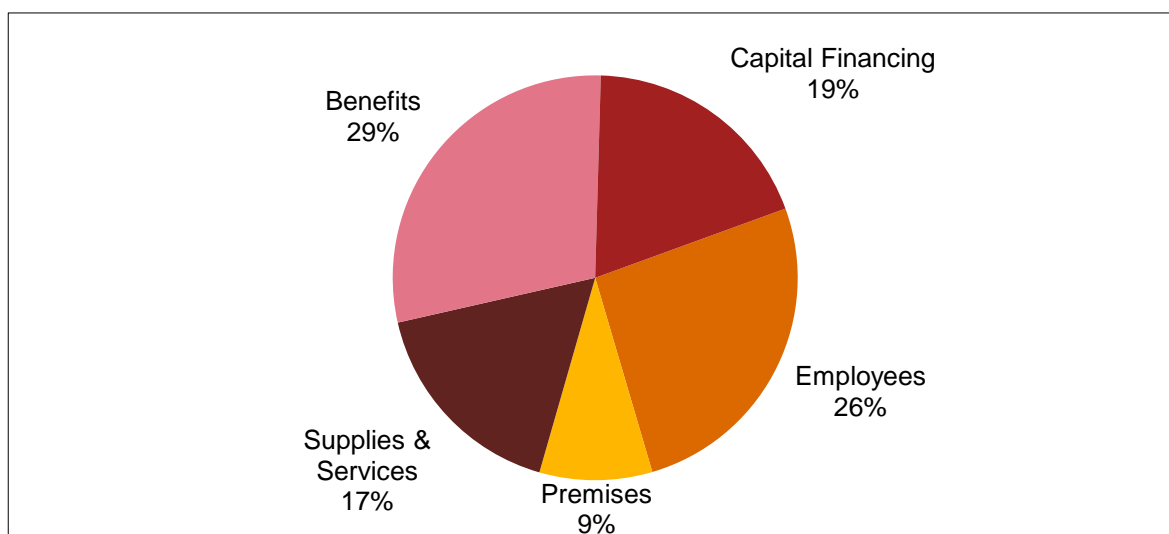
Where the money comes from



The total cost of providing rent rebates to Council tenants is deducted from their rent income, to produce a net figure.

The largest item of income is Specific Government Grants that contribute significantly towards the cost of Housing Benefit payments. Altogether, such grants provide 46% of the total income. 11% of income is provided through Council House Rents and 9% through the Revenue Support Grant and retained Non-Domestic Rate income. The other main sources of income are Council Tax and Fees and Charges paid by users of the Council's facilities.

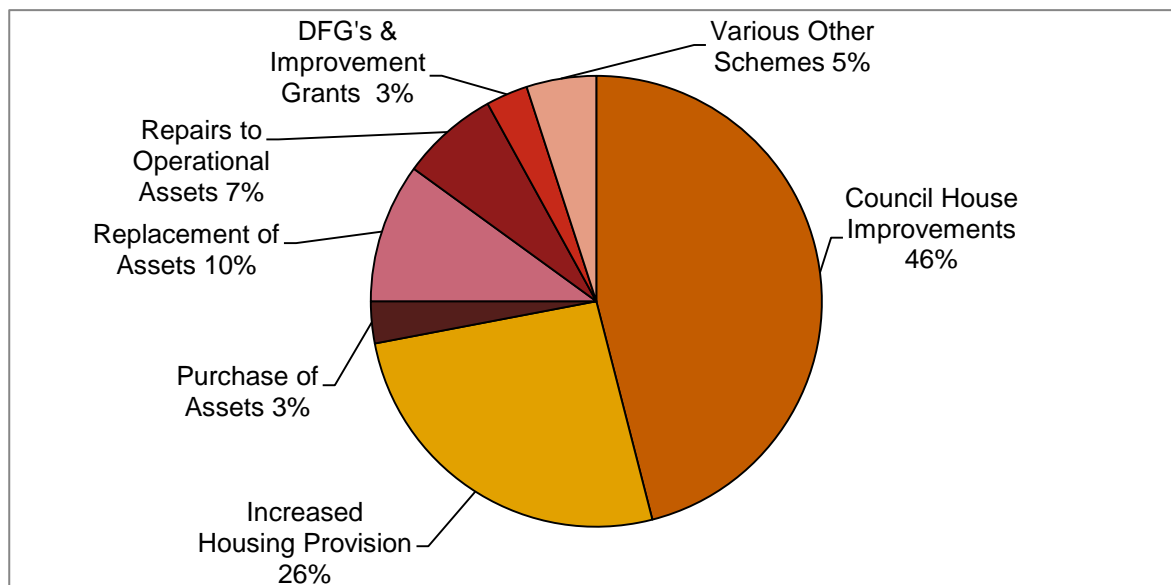
How the money was spent



Benefit payments cover Rent Allowances paid to private sector tenants. Capital Financing Costs relate to the repayments of principal and interest on loans.

4. Capital Expenditure and Financing

The major items of capital expenditure in 2013/14 were as follows:-



Details of the Council's 2013/14 capital expenditure by service groupings, together with details of financing are shown below. The main sources of financing are capital receipts arising from the sale of assets, revenue contributions to capital outlay and the major repairs allowance.

2012/13 Restated £000's		2013/14 £000's
	<u>SERVICES EXPENDITURE</u>	
2,167	Community and Cultural Services	1,269
1,401	Corporate Services	973
774	Development and Public Protection	35
11,481	Housing and Customer Services	12,979
732	Resource Management	1,773
137	Shared Revenue Partnership	47
16,692	TOTAL	17,076
	<u>FINANCING</u>	
2,441	Usable Capital Receipts	1,955
2,256	Borrowing	1,992
893	External Contributions	833
7,856	Major Repairs Allowance (HRA)	7,889
3,246	Revenue Contributions to Capital Outlay	4,407
16,692	TOTAL	17,076

5. Pensions

Employees of Ipswich Borough Council may participate in the Suffolk County Council Pension Fund, part of the Local Government Pension Scheme, which is a statutory defined benefit scheme. The Fund is administered by Suffolk County Council in accordance with the Local Government Pension Scheme Regulations 1997.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £260.9m has a substantial impact on the net worth of the Council as recorded in the balance sheet, resulting in a scheme deficit of £74.7m.

However, statutory arrangements for funding the deficit lessen the overall impact on the financial position of the Council. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

6. Changes

- The accounting implications resulting from the changes to IAS 19 on Pensions have been implemented and have resulted in prior year adjustments to the Movement in the Reserves Statement, Comprehensive Income and Expenditure Statement, Cash Flow Statement and Note D24, Pensions. It has also had the same effect on the Group Accounts.
- The Highways Agency reverted back to Suffolk County Council with effect from 1 April 2013.
- The first phase of the IASB's new Conceptual Framework for Financial Reporting 2010 which has been adopted by the Code of Practice.
- The 2013/14 Code of Practice has clarified the accounting requirements in a number of areas where there was previously a degree of uncertainty. These changes have been reflected in our accounts.
- Business Rates are now not all paid over to the Government and redistributed. With effect from 1 April 2013 the Council retain an agreed portion, plus 50% of any growth, and the remainder is paid into the Suffolk pool for redistribution.

There have been no significant changes in the Council's statutory functions during the year.

7. The Financial needs and resources of the Council

The Council requires financial resources to deliver its Strategic Priorities and statutory obligations. The 2014/15 Medium Term Financial Plan identified a requirement for £7.1m of savings over the three year period covered. The Council's plans include projects to achieve income generation and savings to deliver financial sustainability in the medium term.

8. Further Information

Further information about the accounts can be obtained from the Finance and Procurement Operations Manager at Grafton House. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Council's Responsibilities**

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In the Council, that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

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 Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Chief Financial Officer has also:

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

This Statement of Accounts give a true and fair view of the financial position of the Council at 31 March 2014 and its income and expenditure for the year ended on that date.

Chief Financial Officer

Date: 17 September 2014

APPROVAL OF THE STATEMENT OF ACCOUNTS

The Statement of Accounts for 2013/14 was considered and approved by Full Council at the meeting on 17th September 2014

The worshipful, The Mayor of Ipswich, Councillor Bill Quinton

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 true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance 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.

	Revenue Reserves				Capital Reserves					
	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Housing Revenue Account (HRA) £000's	Earmarked HRA Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1 April 2012	(8,905)	(5,641)	(1,772)	(2,987)	(5,333)	-	(3,166)	(27,804)	(240,938)	(268,742)
Movement in reserves during 2012/13 Restated										
(Surplus) or deficit on the provision of services	1,068	-	(6,795)	-	-	-	-	(5,727)	-	(5,727)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	10,977	10,977
Total Comprehensive Income and Expenditure	1,068	-	(6,795)	-	-	-	-	(5,727)	10,977	5,250
Adjustments between accounting basis & funding basis under regulations (Note B1).	(2,537)	-	3,681	-	(1,809)	-	259	(406)	406	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(1,469)	-	(3,114)	-	(1,809)	-	259	(6,133)	11,383	5,250
Transfers to/from Earmarked Reserves (Note B2)	(616)	616	1,766	(1,766)	-	-	-	-	-	-
(Increase)/Decrease in 2012/13	(2,085)	616	(1,348)	(1,766)	(1,809)	-	259	(6,133)	11,383	5,250
Miscellaneous Adjustment	1	-	-	-	-	-	-	1	-	1
Balance at 31 March 2013 carried forward	(10,989)	(5,025)	(3,120)	(4,753)	(7,142)	-	(2,907)	(33,936)	(229,555)	(263,491)

	Revenue Reserves				Capital Reserves					
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Movement in reserves during 2013/14										
Balance at 1 April 2013 brought forward	(10,989)	(5,025)	(3,120)	(4,753)	(7,142)	-	(2,907)	(33,936)	(229,555)	(263,491)
(Surplus) or deficit on the provision of services	10,954	-	(13,233)	-	-	-	-	(2,279)	-	(2,279)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	1,055	1,055
Total Comprehensive Income and Expenditure	10,954	-	(13,233)	-	-	-	-	(2,279)	1,055	(1,224)
Adjustments between accounting basis & funding basis under regulations (Note B1)	(12,318)	-	9,970	-	(8,892)	(231)	586	(10,885)	10,885	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(1,364)	-	(3,263)	-	(8,892)	(231)	586	(13,164)	11,940	(1,224)
Transfers to/from Earmarked Reserves (Note B2)	342	(342)	1,687	(1,687)	-	-	-	-	-	-
(Increase)/Decrease in 2013/14	(1,022)	(342)	(1,576)	(1,687)	(8,892)	(231)	586	(13,164)	11,940	(1,224)
Miscellaneous Adjustment	(1)	-	-	-	-	-	-	(1)	2	1
Balance at 31 March 2014 carried forward	(12,012)	(5,367)	(4,696)	(6,440)	(16,034)	(231)	(2,321)	(47,101)	(217,613)	(264,714)

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note D25.

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. Councils 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 Restated				2013/14			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's			£000's	£000's	£000's
17,620	(14,680)	2,940	Central services to the public		5,079	(2,871)	2,208
15,976	(6,949)	9,027	Cultural and related services		24,121	(7,305)	16,816
10,542	(5,144)	5,398	Environmental and regulatory services		11,915	(4,997)	6,918
5,714	(3,072)	2,642	Planning services		5,747	(2,629)	3,118
7,576	(7,256)	320	Highways and transport services		3,057	(2,968)	89
22,571	(33,353)	(10,782)	Local Authority Housing (HRA)		18,192	(34,825)	(16,633)
56,154	(54,359)	1,795	Other housing services		55,456	(53,661)	1,795
5,877	(1,769)	4,108	Corporate and democratic core		6,156	(1,789)	4,367
-	(263)	(263)	Non distributed costs		-	(258)	(258)
142,030	(126,845)	15,185	Cost Of Services		129,723	(111,303)	18,420
2,390	(4,649)	(2,259)	Other Operating Expenditure	C1	6,671	(11,322)	(4,651)
24,040	(19,237)	4,803	Financing and Investment Income and Expenditure	C2	18,952	(12,877)	6,075
-	(23,456)	(23,456)	Taxation and Non-Specific Grant Income and Expenditure	C3	17,437	(39,560)	(22,123)
		(5,727)	(Surplus) or Deficit on Provision of Services				(2,279)
	204		(Surplus) or deficit on revaluation of non current assets				(6,448)
	12		(Surplus) or deficit on revaluation of available for sale financial assets				5
	10,761		Actuarial (gains) / losses on pension assets / liabilities				7,498
	10,977		Other Comprehensive (Income) and Expenditure				1,055
	5,250		Total Comprehensive (Income) and Expenditure				(1,224)

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note D25.

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), and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2013		Note	31 March 2014
£000's			£000's
381,308	Property, Plant & Equipment	D1	376,941
47,781	Heritage Assets	D2	47,781
13,151	Investment Property	D3	13,467
29	Intangible Assets	D4	17
1,726	Long Term Investments	D5	322
5	Long Term Receivables	D5	3
444,000	Long Term Assets		438,531
11,151	Short Term Investments	D5	9,067
328	Inventories	D6	398
10,635	Short Term Receivables	D7	9,071
2,084	Cash and Cash Equivalents	D8	19,626
709	Assets Held For Sale	D9	580
24,907	Current Assets		38,742
(3,587)	Short Term Borrowing	D5	(3,731)
(15,926)	Short Term Payables	D10	(15,069)
(598)	Provisions	D11	(1,358)
(20,111)	Current Liabilities		(20,158)
(11)	Long Term Payables	D5	(52)
(257)	Provisions	D11	(246)
(119,722)	Long Term Borrowing	D5	(115,970)
(64,806)	Other Long Term Liabilities	D5 & D24	(74,798)
(509)	Capital Grants Receipts in Advance	D16	(1,335)
(185,305)	Long Term Liabilities		(192,401)
263,491	Net Assets		264,714
(33,936)	Usable Reserves	D12	(47,101)
(229,555)	Unusable Reserves	D13	(217,613)
(263,491)	Total Reserves		(264,714)

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.

2012/13			2013/14
Restated			
£000's			£000's
(5,727)	Net (surplus) or deficit on the provision of services		(2,279)
(8,192)	Adjust net surplus or deficit on the provision of services for non cash movements	Note E1	(13,724)
535	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		-
(13,384)	Net cash flows from Operating Activities		(16,003)
9,538	Investing Activities	Note E2	(2,959)
2,419	Financing Activities	Note E3	1,420
(1,427)	Net (increase) or decrease in cash and cash equivalents		(17,542)
(657)	Cash and cash equivalents at the beginning of the reporting period		(2,084)
(2,084)	Cash and cash equivalents at the end of the reporting period	Note D8	(19,626)

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note D25.

SECTION A: NOTES TO THE CORE FINANCIAL STATEMENTS

A1. Accounting Policies

A1.1 General Principles

The glossary of financial terms provides definitions of the accounting terms used in the Statement of Accounts.

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014.

The Accounting policies adopted by the Council have not changed during the year and have been applied in a consistent basis throughout the year.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2013. The 2013 Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on International Financial Reporting Standards (IFRS) and the Service Reporting Code of Practice 2013/14, taking into account any subsequent accounting guidance such as Local Authority Accounting Panel (LAAP) bulletins and any statutory requirements.

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common need of most users'.

It has the following underlying assumption:

- Going concern basis – The accounts are prepared on the assumption that the local Council will continue to operate for the foreseeable future.

There are the following qualitative characteristics:

- Understandability - Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable, an explanation has been provided in the Glossary of Terms.
- Relevance - The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- Materiality - In using its professional judgement, the Council considers the size and nature of any transaction, or set of transactions. An item is considered material where its omission would reasonably change the substance.
- Reliability - The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.
- Comparability - A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has material effect on information, this has been disclosed.
- Timeliness - The accounts are prepared on a timely basis taking account of all events during the year and also those that have happened post the balance sheet date to help with readers understanding of the accounts.
- Verifiability - The information provided in these accounts is such that independent observers could reach consensus that it represents a faithful representation.

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

A1.2 Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the 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 those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- The full cost of employees is charged to the accounts of the period within which the employee worked. Accruals are made for salaries and other employee benefits (e.g. annual leave – see separate accounting policy 'Employee Benefits') earned but unpaid at the year end, where material. No accrual is made for flexi leave, maternity leave or sickness, as the amounts are immaterial.
- 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 there is evidence that debts are unlikely to be settled, the balance of receivables is written down (impaired) and a charge made to revenue for the income that might not be collected.

There are certain exceptions to this principle that do not have a material effect on the accounts:

- Weekly paid wages – basic pay, together with related employer's National Insurance and Superannuation contributions, are charged to the Accounts for the week in which they were earned. Related bonus is charged in the following week, and is not accrued at the year-end. No accrual is made for part weeks at the beginning and end of the year.
- Rent Income – a smoothing adjustment is applied each year to evenly spread the rent when an additional rent week occurs.

A1.3 Cash and Cash Equivalents

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

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

A1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

A1.5 Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue (known as the Minimum Revenue Provision, or MRP) to contribute 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 amortisation are therefore replaced by Capital Financing Costs 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.

The depreciation policy is detailed within the policy on Property, Plant and Equipment in Note D1.

A1.6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. Where material, an accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable at the balance sheet date. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines within the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Account when the Council is demonstrably committed to either terminating 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 termination benefits related to pensions enhancements 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 the Local Government Pensions Scheme, administered by Suffolk County Council.

The Local Government Pension Scheme

The scheme is accounted for as a defined benefits scheme and provides to members retirement lump sums and pensions, earned as employees worked for the Council.

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

Contribution rates, which are included in the Accounts, are determined by triennial actuarial valuations. The rates payable in 2013/14 were determined by the valuation on 31 March 2010.

Liabilities are discounted to their value at current prices, using a discount rate equivalent to the gross redemption yield on the iBoxx Sterling Corporates AA Over 15 Years Index at the IAS19 valuation date, with one slight amendment – the removal of recently re-rated bonds from the index.

The assets of the 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 the following components:

Service cost comprising:

- 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Net interest on the net defined liability (asset), ie net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result on contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- 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 as Other Comprehensive Income and Expenditure.
- Contributions paid to the 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 transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement, in exchange for a reduction in their future annual pension. On the advice of our actuaries, we have taken the view that an allowance should be included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free cash for post-April 2008 service.

Discretionary Benefits

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

A1.7 Events after the Reporting Period

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

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

A1.8 Exceptional Items

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

A1.9 Financial Instruments

Financial Liabilities

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

For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. Where a financial instrument has a maturity of less than 12 months or is a trade or other payable, the fair value is taken to be the principal outstanding or the billed amount.

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 and 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 spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, or in accordance with the item 8 determination with respect to the Housing Revenue Account debt. 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 in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

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

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 then measured at their amortised cost.

Loans receivable prevailing benchmark market rates have been used to provide the fair value. Where a financial instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount.

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.

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 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.

The carrying amount of receivables is adjusted for doubtful debts, which are provided for, and known uncollectible debts are written off. An annual contribution to the impairment provision is made allowing for likely bad debt levels to ensure the provision is maintained at a satisfactory level.

Any gains and losses that arise on the derecognition of an asset are credited/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. 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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus/Deficit on Revaluation of Available-for-Sale Financial Assets line in the Comprehensive Income and Expenditure Statement. 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. 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 derecognition 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/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).

A1.10 Government Grants and Contributions

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

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

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

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

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

A1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (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 restricted to that incurred during the development phase (research expenditure is not capitalised).

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

Intangible assets are measured initially at cost. The only intangible assets held by the Council are software licences that are amortised over their useful life, which is determined on an individual basis, to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

A1.12 Interests in Companies and Other Entities

Summarised group financial statements have been produced to reflect the Council's material interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities. In the Council's own single-entity accounts, the interests in companies and other entities are recorded at cost, less any provision for losses. The Council's only related company is Ipswich Buses Limited, a company set up by the Council under the Transport Act 1985.

A1.13 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

A1.14 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.

Recognition

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

Measurement

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 (i.e. market value). Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental Income and Disposals

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 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.

A1.15 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 assets and resources 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. The Council is involved in two such operations, the joint arrangement with Colchester Borough Council for the running of a joint Museums Service and the Shared Revenues Partnership with Babergh and Mid-Suffolk District Councils.

A1.16 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all of 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. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred. 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, for Property, Plant and Equipment subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be 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 paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve 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.

Operating Leases

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

Lease Type Arrangements

Where the Council enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of property, plant or equipment) in return for a payment or series of payments, the arrangement is accounted for as a lease as detailed above.

A1.17 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the 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 Service Areas 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. The recharge of overheads and support services to service areas is on the following basis:

- Central, Administrative and Technical Departments - Time spent/volume related charge
- Office Accommodation - Charge related to area occupied

A1.18 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Assets valued at £10,000 or more are included in the Accounts.

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- All other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)

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

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

The assets were last revalued on 31 March 2014 by the Council's internal valuers. Subsequent revaluations will be carried out at intervals of no more than 5 years.

Council dwellings have been revalued as at 31 March 2014 in accordance with the requirements of Resource Accounting for the Housing Revenue Account.

The valuation of land and buildings is undertaken by professionally qualified valuers.

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

Gains are credited to the appropriate line(s) in the Surplus or Deficit on Provision of Services (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised) where they arise from the reversal of a revaluation loss previously charged to the same asset.

Where decreases in value are identified, the revaluation loss is accounted for by:

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

When an asset is re-valued (revaluation gain and revaluation loss), any accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Revaluation gains and revaluation 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.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

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

In exceptional cases where an impairment loss is reversed subsequently on the same asset, the reversal is credited to the relevant service line(s) in the Surplus or Deficit on Provision of Services 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 is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following basis:

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

Depreciation is recognised in the appropriate line(s) in the Surplus or Deficit on Provision of Services. Depreciation is not permitted to have an impact on the General Fund Balance. The depreciation is therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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

Disposals and Assets Held for Sale

If the carrying amount of an asset will be recovered principally through a sale transaction, that is highly probable to complete within one year from the date of classification, rather than through its continuing use, it is reclassified as a Current Asset Held for Sale. For council dwellings this is deemed to be the 1st day of the month following the receipt of an acceptance of offer note from the tenant.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses recognised in the Surplus or Deficit on Provision of Services on the same asset (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised). Depreciation is not charged on Assets Held for Sale. Where assets are expected to be sold beyond 12 months of the end of the financial year, but the delay in the completion of the sale is beyond the Council's control and there is sufficient evidence that the Council remains committed to the plan to sell the asset, the assets are classified as Non-Current 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 (Property, Plant and Equipment or Investment Property) and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

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

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

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

Componentisation

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

The Council will apply a de minimis limit of £500,000, below which assets will not be componentised because the asset is not considered significant in relation to the overall value of the Council's asset portfolio. For those above this de minimis limit, there will be a separate de minimis to only consider those components that are significant in relation to the total cost of the asset (20% or above of the total cost). These de minimis limits will be assessed on a regular basis to ensure that the levels are appropriate and do not materially affect the depreciation calculation.

Componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred, and revaluations carried out, from 1 April 2010.

Where part of a Property, Plant and Equipment asset is replaced, the cost of the replacement is recognised in the carrying value of the asset and the carrying amount of those parts that are replaced is derecognised. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately.

The Council carried out a componentisation exercise in 2013/14 as part of the revaluation exercise as at 31 March 2014 and this has been reflected in the accounts.

The depreciation charged in 2013/14 relates to the life of the building, but in future years the depreciation will be charged on the individual components, which are likely to have shorter lives than the building. As a result, the expected depreciation will increase.

Reclassifications to Investment Property

Where Property, Plant and Equipment meet the criteria for Investment Property, the asset is reclassified to Investment Property. The asset is revalued immediately before reclassification to Investment Property with any remaining balance on the Revaluation Reserve 'frozen' until such time it is reclassified.

A1.19 Heritage Assets

The Code of Practice on local Council accounting in the United Kingdom 2013/14 defines heritage assets as 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.

The council holds a range of heritage assets. These include the museum collections which are categorised as follows:

- Fine Art
- Decorative Art
- Archaeology
- Geology/Biology/Zoology
- Ethnography
- Local/Social History
- Civic Regalia
- Costume
- Books and archives

Other heritage assets held include a number of public art works, statues, war memorials and other items. These are held with the primary objective of increasing the knowledge, understanding and appreciation of local and national history.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the council's accounting policies on property, plant and equipment. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council includes various properties within its asset base (e.g. museum buildings, town hall, regent theatre). Although these are historical buildings, they are operational assets i.e. the council uses them to deliver its services. These are included within property, plant and equipment and valued/depreciated accordingly.

The Council's collections of heritage assets are accounted for as follows.

Museum Collections

An internal valuation was undertaken by the Colchester and Ipswich Museums Service for insurance purposes in September 2008. The 'significant' objects were valued on an individual basis and these are reported at insurance valuation, based on market values. For the rest of the collection, the Council maintains an inventory however there is no readily available valuation held by the Council. The Council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of this archive. As such the Council has not recognised these items on the balance sheet.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance valuation.

Public Art/Statues/War Memorials

The Council has a number of public art works, statues and war memorials around the borough. There is no readily available valuation held by the Council for the majority of these assets and no definitive market value for these type of assets as they are not normally traded. The Council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of these assets. As such the Council has generally not recognised these assets on the balance sheet. The exception is where cost information is available, in these instances the assets are recognised on the balance sheet at cost.

Heritage Assets - General

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).

For those assets held on the balance sheet they are deemed to have indeterminate lives and a high residual value. Therefore the Council does not consider it appropriate to charge depreciation.

The museums collection is managed by the Colchester and Ipswich Museums Service and they work to ensure the assets are maintained and preserved.

The Public Art/Statues/War Memorials are managed by the Property Services section who ensure the assets are maintained and preserved.

A1.20 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

Provisions are classified on the Balance Sheet as short term (due to be settled within 12 months of the financial year end) or long term (due to be settled over 12 months of the financial year end). For long term provisions where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount due to the passage of time is recognised as interest within Surplus or Deficit on the Provision of services.

A1.21 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 Note D22 to the accounts.

A1.22 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 Note D23 to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

A1.23 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/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.

For each reserve established, the purpose, usage and the basis of transactions are clearly identified. Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management.

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes.

The Major Repairs Reserve is required by statutory provision to be established in relation to the HRA in England. The items to be credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the statement of movement on the HRA balance. The amounts debited to the Major Repairs Reserve are expenditure for the HRA capital purposes, repayment of principal on amounts borrowed and transfers to the HRA required by statutory provision.

A1.24 Revenue Expenditure Funded from Capital under Statute

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

A1.25 Value Added Tax

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

A1.26 Foreign Currency

Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate as at 31 March. Resulting gains and losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

A2 Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2014. The following changes are not considered to have a significant impact on the Statement of Accounts as demonstrated below:

- IFRS 10 Consolidate Financial Statements - This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Council already consolidates Ipswich Buses within its Group Accounts and so it is not considered that this change will effect the Statement of Accounts.
- IFRS 11 Joint Arrangements - This standard addresses the accounting for a "joint arrangement", which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or joint operation. The Shared Revenue Partnership is a joint operation involving Ipswich Borough Council, Babergh District Council and Mid Suffolk District Council to provide services relating to Housing Benefits, Council Tax and Business Rates. The Council accounts for this as a joint operation.
- IFRS 12 Disclosure of Interests in Other Entities - This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated "structured entities". It is not considered that this change will effect the Statement of Accounts.
- IAS 27 Consolidate and Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures - These deal with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there would be no changes to the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact as a result of changes in IAS 27 and IAS 28.
- IAS 32 Financial Instruments Presentation - This deals with offsetting of financial assets and financial liabilities. The gains and losses are separately identified in the Comprehensive Income and Expenditure Statement, so no further disclosure is required.

A3 Critical Judgements in applying Accounting Policies

In applying the accounting policies, 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:

- Influences on going concern, such as future levels of funding for local government – The future funding for local authorities has a high degree of uncertainty. The Council has set aside amounts in working balances and reserves which it believes are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the Council's track record in financial management. The Council's budget strategy for 2013/14 was approved in February 2013.
- Whether other entities with which the Council has a relationship are subsidiaries, associates or jointly controlled entities - The list of corporate partnerships was reviewed and updated and each was then analysed to determine the nature of the relationship and therefore the proper accounting treatment. Of all the partnerships, there was only one, Ipswich Buses Limited, a subsidiary, that requires consolidation in the accounts and the impact is shown in the Group Accounts.

A4 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 at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £25.296m; a 1 year increase in member life expectancy would result in an increase in the pension liability of £7.826m; a 0.5% increase in the Salary increase rate would result in an increase in the pension liability of £7.754m; a 0.5% increase in the pension increase rate would result in an increase in the pension liability of £17.177m.
Arrears	At 31 March 2014, the Council had a balance of sundry receivables for £5.4m. A review of significant balances suggested that an impairment of doubtful debts of approx 15% (£831k) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a further 50% increase impairment of doubtful debts would require an additional £415k to be set aside as an allowance.
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Council Dwellings would increase by £60,000 for every year that useful lives had to be reduced.
Provisions	The Council has made a provision of £819,000 for the possible settlement of outstanding insurance claims based on information provided by its insurers. It is not certain that all of the claims provided for will result in a payout or that the amount provided for will match the payments made.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £81,900 to the provision needed.

A5 Material items of Income and Expense

There are no individually material items of Income and Expense which are not disclosed elsewhere in the Statement of Accounts.

A6 Events after the Balance Sheet date

There are no such events.

SECTION B: NOTES TO MOVEMENT IN RESERVE STATEMENT**Note B1****Adjustments between Accounting Basis and Funding Basis under Regulations**

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

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 the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent 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. The balance however is not available to be applied to funding HRA services.

Housing Revenue Account Balances

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the Council's 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

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.

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.

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.

Note B1**Adjustments between Accounting Basis and Funding Basis under Regulations**

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

	Usable Reserves					Movement in Unusable Reserves £000's
	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	
2012/13 Restated						
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Charges for depreciation and impairment of non current assets	(4,007)	(3,929)	-	-	-	7,936
Revaluation losses on Property, Plant & Equipment	(292)	(6,422)	-	-	-	6,714
Impairment losses on Property, Plant & Equipment	-	-	-	-	-	-
Movements in the market value of Investment Properties	(90)	-	-	-	-	90
Amortisation of intangible assets	(42)	-	-	-	-	42
Capital grants and contributions that have been applied to capital financing	633	-	-	-	259	(892)
Revenue expenditure funded from capital under statute	(1,004)	(124)	-	-	-	1,128
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	2,191	468	(4,649)	-	-	1,990
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Statutory provision for the financing of capital investment	1,521	2,714	-	-	-	(4,235)
Capital expenditure charged against the General Fund and HRA balances	112	3,134	-	-	-	(3,246)
Adjustments primarily involving the Capital Receipts Reserve:						
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(400)	-	400	-	-	-
Capital Receipts applied to fund Capital Expenditure	-	-	2,441	-	-	(2,441)
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	(1)	-	-	1

Note B1
2012/13 continued

	Usable Reserves					Movement in Unusable Reserves £000's
	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	7,856	-	(3,929)	-	(3,927)
Excess of depreciation charged to HRA services over the Major Repairs Allowance element of Housing Subsidy	-	-	-	(3,927)	-	3,927
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	7,856	-	(7,856)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(12)	81	-	-	-	(69)
Adjustments primarily involving the Pension Reserve:						
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(6,934)	(115)	-	-	-	7,049
Employer's pension contributions and direct payments to pensioners payable in year	5,685	-	-	-	-	(5,685)
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	8	18	-	-	-	(26)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax/NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	94	-	-	-	-	(94)
Total Adjustments	(2,537)	3,681	(1,809)	-	259	406

Note B1
2013/14

Adjustments primarily involving the Capital Adjustment Account:

Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement

	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	Movement in Unusable Reserves £000's
Charges for depreciation and impairment of non current assets	(4,140)	(3,842)	-	-	-	7,982
Revaluation losses on Property, Plant & Equipment	(10,135)	(1,559)	-	-	-	11,694
Impairment losses on Property, Plant & Equipment	-	-	-	-	-	-
Movements in the market value of Investment Properties	(523)	-	-	-	-	523
Amortisation of intangible assets	(42)	-	-	-	-	42
Capital grants and contributions that have been applied to capital financing	247	-	-	-	586	(833)
Revenue expenditure funded from capital under statute	(954)	(326)	-	-	-	1,280
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	4,279	848	(11,322)	-	-	6,195

Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement

Statutory provision for the financing of capital investment	1,382	2,691	-	-	-	(4,073)
Capital expenditure charged against the General Fund and HRA balances	148	4,259	-	-	-	(4,407)

Adjustments primarily involving the Capital Receipts Reserve:

Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(476)	-	476	-	-	-
Capital Receipts applied to fund Capital Expenditure	-	-	1,955	-	-	(1,955)
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	(2)	-	-	2

Note B1**2013/14 continued****Adjustment primarily involving the Major Repairs Reserve:**

	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	Movement in Unusable Reserves £000's
Reversal of Major Repairs Allowance credited to the HRA	-	8,120	-	(3,842)	-	(4,278)
Excess of depreciation charged to HRA services over the Major Repairs Allowance element of Housing Subsidy	-	-	-	(4,278)	-	4,278
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	7,889	-	(7,889)

Adjustments primarily involving the Financial Instruments Adjustment Account:

Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(11)	72	-	-	-	(61)
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Adjustments primarily involving the Pension Reserve:

Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(7,746)	(288)	-	-	-	8,034
Employer's pension contributions and direct payments to pensioners payable in year	5,587	-	-	-	-	(5,587)

Adjustments primarily involving the Accumulated Absences Account:

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(151)	(5)	-	-	-	156
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Adjustments primarily involving the Collection Fund Adjustment Account:

Amount by which council tax/NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	217	-	-	-	-	(217)
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Sub-total Adjustments

Miscellaneous Adjustment	-	-	1	-	-	(1)
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Total Adjustments

Usable Reserves						
General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	Movement in Unusable Reserves £000's	
(12,318)	9,970	(8,893)	(231)	586	10,886	
-	-	1	-	-	(1)	
(12,318)	9,970	(8,892)	(231)	586	10,885	

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note D25.

Note B2**Transfers to/from Earmarked Reserves**

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

	Balance at 1 April 2012 £000's	Transfers Out 2012/13 £000's	Transfers In 2012/13 £000's	Balance at 31 March 2013 £000's	Transfers Out 2013/14 £000's	Transfers In 2013/14 £000's	Balance at 31 March 2014 £000's
General Fund:							
Transport Realisation Account	(252)	-	-	(252)	-	-	(252)
Insurance	(833)	-	(249)	(1,082)	-	(376)	(1,458)
Repairs & Renewals	(612)	89	(632)	(1,155)	242	(883)	(1,796)
Investment Impairment Reserve	(2,195)	1,500	(78)	(773)	773	-	-
Legacies	(117)	2	-	(115)	-	-	(115)
Capital Financing	-	112	(112)	-	148	(214)	(66)
Revenue Grants Reserve	(1,632)	-	(16)	(1,648)	-	(32)	(1,680)
Total	(5,641)	1,703	(1,087)	(5,025)	1,163	(1,505)	(5,367)
Housing Revenue Account:							
Capital Financing	(1,643)	3,134	(5,251)	(3,760)	4,259	(6,042)	(5,543)
Repairs & Renewals	(500)	-	-	(500)	-	-	(500)
Miscellaneous	(844)	351	-	(493)	96	-	(397)
Total	(2,987)	3,485	(5,251)	(4,753)	4,355	(6,042)	(6,440)

General Fund Reserves:

The Insurance Reserve is available to finance claims that might arise in addition to the predicted level of insurance claims e.g. arising from events such as a hurricane. It also covers tendering losses if incurred and other claims which might arise for which external insurance cover is not provided.

The Repairs and Renewals Reserve provides for future maintenance costs.

The Investment Impairment Reserve was a sum set aside to cover possible future impairment of the Council's Icelandic Bank investments.

The Revenue Grants Reserve represents the grant funding received, but not yet spent.

The Capital Financing Reserve represents money set aside to fund future capital spending.

Housing Revenue Account Reserves:

Note F5 to the Housing Revenue Account provides a detailed breakdown of the Repairs & Renewals and Miscellaneous Reserves.

SECTION C - NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note C1

Other Operating Expenditure

2012/13				2013/14		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
400	-	400	Payments to the Government Housing Capital Receipts Pool	476	-	476
1,990	(4,576)	(2,586)	Loss/(Gain) on the disposal of non current assets	6,195	(11,247)	(5,052)
-	(73)	(73)	Capital Receipts not from disposal of non current assets	-	(75)	(75)
2,390	(4,649)	(2,259)	Total	6,671	(11,322)	(4,651)

Note C2

Finance and Investment Income and Expenditure

2012/13 Restated				2013/14		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
9,227	(10,035)	(808)	Losses/(Gains) on trading operations (note C5)	3,117	(3,251)	(134)
4,473	-	4,473	Interest payable and similar charges	4,264	-	4,264
76	-	76	Investment Impairment	-	(170)	(170)
10,174	(7,675)	2,499	Pensions interest cost and expected return on pension assets	11,048	(8,147)	2,901
-	(474)	(474)	Interest receivable and similar income	-	(244)	(244)
90	-	90	Changes in the fair value of investment properties	523	-	523
-	(1,053)	(1,053)	Investment properties income	-	(1,065)	(1,065)
24,040	(19,237)	4,803	Total	18,952	(12,877)	6,075

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note D25.

Note C3

Taxation and Non-Specific Grant Income and Expenditure

2012/13				2013/14		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
-	(12,871)	(12,871)	Council tax income	-	(11,271)	(11,271)
-	(7,379)	(7,379)	Non domestic rates income	-	(20,996)	(20,996)
-	-	-	Non domestic rates tariff	17,255	-	17,255
-	-	-	Non domestic rates levy	182	-	182
-	(1,477)	(1,477)	Non-ringfenced government grants	-	(7,038)	(7,038)
-	(1,729)	(1,729)	Capital grants and contributions	-	(255)	(255)
-	(23,456)	(23,456)	Total	17,437	(39,560)	(22,123)

Note C4**Exceptional Item**

There were no exceptional items in 2013/14 (2012/13: Nil).

Note C5**Trading Undertakings**

The following table provides a summary of the turnover and surplus or deficit for each of the services originally established, in accordance with the Local Government, Planning and Land Act 1980 or the Local Government Act 1988. The accounts are no longer subject to the directions and regulations made under those Acts but much of the work of these services continues to be undertaken in a competitive environment (i.e. the right to undertake work has been won in competition against other bidders for the work).

Summary of Accounts for Ipswich Borough Contractor Units 2013/14

	Income	Expenditure	(Surplus)/ Deficit
	£000's	£000's	£000's
2012/13			
Building Maintenance (Maintenance of Council Dwellings)	(4,992)	4,666	(326)
Highways and Sewerage (Highways Agency work)	(5,043)	4,561	(482)
Totals	(10,035)	9,227	(808)
2013/14			
Building Maintenance (Maintenance of Council Dwellings)	(3,251)	3,108	(143)
Highways and Sewerage (Highways Agency work)	-	9	9
Totals	(3,251)	3,117	(134)
Accumulated Profits		2012/13	2013/14
		£000's	£000's
Balance 1 April		-	-
(Surplus)/Deficit for year		(808)	(134)
(Surplus)/Deficit reported in CI&ES		(808)	(134)

The Highways Agency agreement ended on 31 March 2013 and the work passed back to Suffolk County Council.

A number of other Council services are involved in a significant level of trading with third parties. The turnover and surplus/deficit of these services are included within the Net Cost of Services in the Comprehensive Income and Expenditure Account and include the following: -

Other Trading Services Summary

2012/13				2013/14		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
1,476	(1,136)	340	Corporate Properties	2,201	(1,085)	1,116
3,660	(2,732)	928	Council Halls/Theatres	10,399	(2,942)	7,457
1,728	(2,236)	(508)	Car Parks	1,838	(2,272)	(434)
51	(577)	(526)	Crematorium	1,733	(657)	1,076
1,240	(1,256)	(16)	Trade Refuse	1,192	(1,339)	(147)
8,155	(7,937)	218	Total	17,363	(8,295)	9,068

The year on year variation in Net Expenditure identified above is partly due to further variations in Capital Charges following asset revaluations, the effect of which is shown as follows:

2012/13			2013/14		
Gross Expenditure excluding Capital Charges	Gross Income	Net Expenditure excluding Capital Charges	Gross Expenditure excluding Capital Charges	Gross Income	Net Expenditure excluding Capital Charges
£000's	£000's	£000's	£000's	£000's	£000's
599	(1,136)	(537)	Corporate Properties	499	(1,085)
3,503	(2,732)	771	Council Halls/Theatres	3,680	(2,942)
1,349	(2,236)	(887)	Car Parks	1,297	(2,272)
352	(577)	(225)	Crematorium	419	(657)
1,215	(1,256)	(41)	Trade Refuse	1,169	(1,339)
7,018	(7,937)	(919)	Total	7,064	(8,295)

Note C6**Agency Services**

The Council has carried out work as highways agent for Suffolk County Council for a number of years. This agreement came to an end on 31 March 2013 and the responsibility for this work was returned to Suffolk County Council.

2012/13		2013/14
£000's		£000's
795	Expenditure incurred in providing agency service	-
(1,127)	Management fee and other income received	-
(332)	Net cost/(income) arising on the agency arrangement	-

Note C7**Grant Income**

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

Restated		
2012/13		2013/14
£000's		£000's
	Credited to Taxation and Non-Specific Grant Income and Expenditure	
	Other General Grants:	
(143)	Revenue Support Grant	(5,752)
(1,013)	New Homes Bonus Grant	(1,286)
(321)	Council Tax Reduction Grant	-
(1,477)	Non-ringfenced Government Grants	(7,038)
	Capital Grants and Contributions:	
(501)	S106 Income	(16)
(1,228)	Capital Contributions Income	(239)
(1,729)		(255)
	Credited to Services	
(67,521)	DWP Grants	(54,344)
(4)	Housing Subsidy	-
(127)	Homelessness Grant	-
(67,652)		(54,344)
This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.		

Note C8**Councillor Allowances**

The Council paid the following amounts to Councillors of the Council during the year.

2012/13		2013/14
£000's		£000's
178	Salaries	179
107	Allowances	107
1	Expenses	1
286		287

Note C9**Officer Emoluments**

The number of employees, including Senior Officers, whose remuneration including redundancy payments where applicable, but excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2012/13 Number of employees	Remuneration band	2013/14 Number of employees
2	£50,000 - £54,999	3
0	£55,000 - £59,999	0
4	£60,000 - £64,999	2
2	£65,000 - £69,999	4
1	£70,000 - £74,999	0
0	£75,000 - £79,999	1
1	£80,000 - £84,999	0
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
1	£95,000 - £99,999	1
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
1	£110,000 - £114,999	0
1	£115,000 - £119,999	0
2	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
1	£140,000 - £144,999	0

The following table sets out the remuneration disclosures for Senior Officers for 2013/14, whose salary is equal to or more than £50,000 per year.

Postholder Information (Post Title)	Salary (Including Fees & Allowances)	Expenses Allowances	Compensation for loss of Office (Incl Redundancy Payments)	Remuneration excluding Pension Contributions 2013/14	Pension Contributions	Remuneration including Pension Contributions 2013/14
	£	£	£	£	£	£
Chief Executive	97,279	-	-	97,279	16,635	113,914
Chief Operating Officer	75,066	-	-	75,066	-	75,066
Head of Corporate Services	68,029	-	-	68,029	11,633	79,662
Head of Resource Management	65,664	-	-	65,664	11,229	76,893
Head of Development & Public Protection	62,808	441	-	63,249	10,740	73,989
Head of Housing & Customer Services	66,984	-	-	66,984	11,454	78,438
Head of Community & Cultural Services	1 52,607	-	-	52,607	8,996	61,603
Head of Transport Operations Manager	2 12,799	-	52,654	65,453	2,189	67,642
Finance & Procurement (Section 151 Officer)	54,038	16	-	54,054	9,241	63,295
	555,274	457	52,654	608,385	82,117	690,502

There were no payments towards Benefits in Kind (e.g. Car Allowance) in 2013/14 (2012/13 £nil)

Note 1: The Head of Community and Cultural Services started on 13 May 2013. Their annualised salary was £59,483.

Note 2: Post disestablished and postholder left on 13 June 2013. Their annualised salary was £63,116.

In July 2012 a Corporate Management restructure was approved by Ipswich Borough Council's Human Resources Committee. This restructure was implemented incrementally from October 2012. In relation to the table below, the restructure saw five senior officers leave the Council during 2012/13 and one senior officer join the Council during that period. The five senior officers that left the organisation through redundancy are highlighted with a * in the table.

The following table sets out the remuneration disclosures for Senior Officers for 2012/13, whose salary is less than £150,000, but equal to or more than £50,000 per year.

Postholder Information (Post Title)	Note	Salary (Including Fees & Allowances) £	Expenses Allowances £	Compensation for loss of Office (Incl Redundancy Payments) £	Total Remuneration excluding Pension Contributions 2012/13 £	Pension Contributions £	Total Remuneration including Pension Contributions 2012/13 £
Chief Executive		95,380	-	-	95,380	16,310	111,690
Chief Operating Officer	1	36,903	-	-	36,903	-	36,903
Head of Legal & Democratic Services/Head of Corporate Services	2	65,667	-	-	65,667	11,229	76,896
Head of Corporate Development/Head of Resource Management	2	65,014	-	-	65,014	11,117	76,131
Head of Environmental Services/Head of Development & Public Protection	2	60,674	302	-	60,976	10,375	71,351
Head of Finance/Head of Housing & Customer Services	2	67,242	-	-	67,242	11,498	78,740
Head of Planning, Transport & Regeneration/Head of Transport	2	61,881	-	-	61,881	10,582	72,463
Head of Culture & Leisure Services *	3	64,376	-	59,473	123,849	11,008	134,857
/Interim Head of Community & Cultural Services							
Operations Manager Finance & Procurement	4	8,546	-	-	8,546	1,461	10,007
Corporate Director *	5	72,517	-	67,731	140,248	12,400	152,648
Corporate Director *	6	45,642	12	76,355	122,009	7,805	129,814
Head of Community Services *	7	44,214	-	73,520	117,734	7,561	125,295
Head of Housing Services *	8	60,313	82	54,572	114,967	10,314	125,281
		748,369	396	331,651	1,080,416	121,660	1,202,076

Note 1: Chief Operating Officer post was established November 2012, their annualised salary was £73,733

Note 2: These individuals were all Heads of Service at the start of 2012/13 and remained so throughout 2012/13 following the restructure. Their job titles changed on 5 November 2012.

Note 3: This individual was Head of Culture & Leisure Services until the post was disestablished on 4 November 2012. They acted as Interim Head of Community and Cultural Services from 5 November 2012 until they left on 31 March 2013. Their annualised salary was £63,740.

Note 4: Operations Manager - Finance & Procurement was appointed as s151 Officer on 30 January 2013, their annualised salary was £52,300

Note 5: Post disestablished and postholder left on 25 February 2013, their annualised salary was £79,887

Note 6: Post disestablished and postholder left on 31 October 2012, their annualised salary was £78,244

Note 7: Post disestablished and postholder left on 30 October 2012, their annualised salary was £66,321

Note 8: Post disestablished and postholder left on 11 March 2013, their annualised salary was £63,740

All the above Officers are eligible to be members of the Local Government Pension Scheme. The rules of the scheme are set at national level and the employer pension contributions for members, for current service cost, are 17.1% of annual pay. In addition, each officer who is a member contributes between 7.2% and 7.5% of their salary to the fund, in line with national rules.

The Expenses Allowances above does not include expenses that the officers concerned were eligible to claim, but did not wish to do so.

Exit Packages

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

a) Exit package cost band (including special payments)	b) Number of compulsory redundancies		c) Number of other departures agreed		d) Total number of exit packages by cost band		e) Total cost of exit packages in each band	
	[(b) + (c)]							
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
							£	£
£0 - £20,000	4	8	-	6	4	14	28,205	77,790
£20,001 - £40,000	8	-	-	7	8	7	257,486	187,460
£40,001 - £60,000	-	-	-	3	-	3	-	158,524
£60,001 - £80,000	3	1	1	1	4	2	281,787	143,359
£80,001 - £100,000	-	-	1	-	1	-	98,679	-
£100,001 - £150,000	1	-	-	-	1	-	138,162	-
	16	9	2	17	18	26	804,319	567,133

Note C10**Related Parties**

The Council is required to disclose details of transactions with related parties. Related parties are generally either individuals or organisations that could exert direct or indirect control over the other party or where the parties to a transaction are subject to common control from the same source.

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council and details of related party transactions are contained within the Group Accounts. The following Directors of Ipswich Buses Limited are members of Ipswich Borough Council: - Inga Lockington, Peter Gardiner. During 2013/14 the Council incurred expenditure of £534K (2012/13 - £569K) and received income of £165K (2012/13 - £57K) in dealings with Ipswich Buses Limited. The net amount owed to Ipswich Buses Limited by the Council as at 31 March 2014 is £32K (31 March 2013 - £44K).

UK 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 benefit). Grants received from government departments are set out in the subjective analysis in note C13 on reporting for resources allocation decisions and are shown in note C7.

Members of the Council have direct control over the Council's financial and operating policies. The total of councillor allowances paid in 2013/14 is shown in note C8. A Register of Councillors' Interests is kept as required by the Local Government Act 2000.

The Chief Executive is a board member and chair of the Audit and Risk Committee at University Campus Suffolk. The Chief Operating Officer is a Governor and chair of the Premises, Health and Safety and Safeguarding Committee at Suffolk New College. The other Chief Officer's have not disclosed any material transactions with related parties.

The Council is involved in two joint arrangements, with Colchester Borough Council for the running of a joint Museums Service and with Babergh and Mid-Suffolk District Councils for the Shared Revenues Partnership.

No other material transactions have been identified for disclosure, which are not already disclosed elsewhere in the Statement of Accounts.

Note C11**Audit and Inspection**

In 2013/14, the Council incurred the following fees relating to external audit inspection:

2012/13		2013/14
£000's		£000's
99	Fees paid to PricewaterhouseCoopers LLP (the appointed auditor) with regard to external audit services carried out by the appointed auditor	99
	Fees paid in respect of other services provided by the appointed auditor	
4	- Audit of Decriminalised Parking	4
10	- Supply of Pro-forma Statement of Accounts	-
37	Fees paid to the appointed auditor for the certification of grant claims and returns	29
150	Total Fees	132

Note C12**Financial Instruments Gains and Losses**

	2012/13				2013/14			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost	Loans and Receivables	Available-for-sale assets	Total	Liabilities measured at amortised cost	Loans and Receivables	Available-for-sale assets	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Interest expense	(4,473)	-	-	(4,473)	(4,264)	-	-	(4,264)
Losses on derecognition	-	-	-	-	-	-	-	-
Reductions in Fair Value	-	-	-	-	-	-	-	-
Impairment (losses)/gains	-	(76)	-	(76)	-	170	-	170
Fee expense	-	-	-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	(4,473)	(76)	-	(4,549)	(4,264)	170	-	(4,094)
Interest income	-	474	-	474	-	244	-	244
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-
Increases in Fair Value	-	-	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	474	-	474	-	244	-	244
Gains on revaluation	-	-	-	-	-	-	-	-
Losses on revaluation	-	-	(12)	(12)	-	-	(5)	(5)
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-	-	-
Surplus/ Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	(12)	(12)	-	-	(5)	(5)
Net (Loss)/Gain for the year	(4,473)	398	(12)	(4,087)	(4,264)	414	(5)	(3,855)

Note C13**Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource are taken by the Council's Executive Committee on the basis of budget reports analysed across Heads of Service. 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
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on some support services is budgeted for centrally and not charged to Heads of Service.

During 2013/14, the Council undertook a management restructure and reduced the number of service groups. The 2012/13 figures have been restated to show what the income and expenditure would have been during 2012/13 if these service groupings were in place then, and to provide prior year comparators.

The income and expenditure of the Council's Heads of Service recorded in the budget reports for the year is as follows:

Heads of Service Income & Expenditure 2013/14									
	Resource Management	Corporate Services	Development & Public Protection	Local Authority Housing (HRA)	Other Housing	Community & Cultural Services	Bereavement Services	Corporate Management Team	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Government Grants	(54,344)	-	-	-	-	-	-	-	(54,344)
Other Grants, Reimbursements & Contributions	(1,311)	(52)	(375)	(683)	(406)	(1,850)	-	(11)	(4,688)
Sales	-	(1)	(54)	(14)	-	(469)	(13)	-	(551)
Fees & Charges	(1,683)	(341)	(4,150)	(1,735)	(286)	(7,513)	(1,107)	(131)	(16,946)
Rents	-	-	(215)	(33,723)	(158)	(260)	-	(1,502)	(35,858)
Interest	-	-	-	-	-	-	-	-	-
Recharges to Other Accounts	(749)	(30)	-	(17)	(204)	(27)	-	(1)	(1,028)
Total Income	(58,087)	(424)	(4,794)	(36,172)	(1,054)	(10,119)	(1,120)	(1,645)	(113,415)
Employee expenses	4,602	1,452	3,849	5,248	3,532	8,735	351	842	28,611
Premises	1	40	642	3,572	1,607	2,967	240	528	9,597
Transport	16	10	84	276	62	1,176	9	3	1,636
Supplies & Services	4,563	1,191	1,764	2,783	1,372	5,128	75	262	17,138
Third Party Payments	-	-	46	-	-	905	-	-	951
Transfer Payments	52,857	-	-	-	-	-	-	-	52,857
Recharges from Other Accounts	-	-	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	-	-	-	-
Total Operating Expenses	62,039	2,693	6,385	11,879	6,573	18,911	675	1,635	110,790
Net Cost of Services	3,952	2,269	1,591	(24,293)	5,519	8,792	(445)	(10)	(2,625)

Heads of Service Income & Expenditure 2012/13 Comparative Figures Restated									
	Resource Management	Corporate Services	Development & Public Protection	Local Authority Housing (HRA)	Other Housing	Community & Cultural Services	Bereavement Services	Corporate Management Team	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Government Grants	(67,521)	-	-	-	(127)	-	-	-	(67,648)
Other Grants, Reimbursements & Contributions	(674)	(143)	(4,981)	(618)	(225)	(1,742)	(2)	(5)	(8,390)
Sales	-	(2)	(57)	(2)	-	(416)	(13)	-	(490)
Fees & Charges	(1,528)	(292)	(4,416)	(1,702)	(292)	(7,460)	(1,015)	(138)	(16,843)
Rents	-	-	(176)	(32,300)	(157)	(200)	-	(1,901)	(34,734)
Interest	-	-	-	-	-	-	-	-	-
Recharges to Other Accounts	(893)	(15)	(39)	(17)	(307)	(166)	-	-	(1,437)
Total Income	(70,616)	(452)	(9,669)	(34,639)	(1,108)	(9,984)	(1,030)	(2,044)	(129,542)
Employee expenses	4,366	1,215	4,892	4,924	3,473	8,569	343	994	28,776
Premises	1	28	597	3,562	1,572	2,536	193	572	9,061
Transport	16	12	82	261	58	1,308	4	3	1,744
Supplies & Services	4,899	1,218	2,835	2,528	1,552	5,289	51	451	18,823
Third Party Payments	-	-	3,644	-	-	835	-	-	4,479
Transfer Payments	66,012	-	-	-	-	-	-	-	66,012
Recharges from Other Accounts	-	-	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	-	-	-	-
Total Operating Expenses	75,294	2,473	12,050	11,275	6,655	18,537	591	2,020	128,895
Net Cost of Services	4,678	2,021	2,381	(23,364)	5,547	8,553	(439)	(24)	(647)

Heads of Service Income & Expenditure**2012/13 Comparative Figures as previously reported**

	Resource Management £000's	Corporate Services £000's	Transport £000's	Development & Public Protection £000's	Local Authority Housing (HRA) £000's	Other Housing £000's	Community & Cultural Services £000's	Communication & Marketing £000's	Corporate Management Team £000's	Total £000's
Government Grants	(67,521)	-	-	-	-	(127)	-	-	-	(67,648)
Other Grants, Reimbursements & Contributions	(673)	(158)	(4,511)	(471)	(618)	(216)	(1,742)	(1)	-	(8,390)
Sales	-	(15)	(3)	(54)	(2)	-	(416)	-	-	(490)
Fees & Charges	(891)	(1,659)	(2,962)	(1,508)	(1,702)	(14)	(7,460)	(647)	-	(16,843)
Rents	-	(2,017)	(41)	(135)	(32,300)	(41)	(200)	-	-	(34,734)
Interest	-	-	-	-	-	-	-	-	-	-
Recharges to Other Accounts	(893)	(15)	(35)	(473)	(21)	-	-	-	-	(1,437)
Total Income	(69,978)	(3,864)	(7,552)	(2,641)	(34,643)	(398)	(9,818)	(648)	-	(129,542)
Employee expenses	4,039	2,249	1,858	3,793	4,924	2,327	8,569	488	529	28,776
Premises	1	2,332	534	63	3,562	33	2,536	-	-	9,061
Transport	16	50	41	59	261	6	1,308	1	2	1,744
Supplies & Services	4,608	2,058	1,526	1,455	2,528	865	5,289	480	14	18,823
Third Party Payments	-	-	3,644	-	-	-	835	-	-	4,479
Transfer Payments	66,012	-	-	-	-	-	-	-	-	66,012
Recharges from Other Accounts	-	-	-	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	74,676	6,689	7,603	5,370	11,275	3,231	18,537	969	545	128,895
Net Cost of Services	4,698	2,825	51	2,729	(23,368)	2,833	8,719	321	545	(647)

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

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

2012/13		2013/14
£000's		£000's
(647)	Cost of Services in Service Analysis	(2,625)
-	Add service not included in main analysis	-
15,832	Add amounts not reported to management	21,045
-	Remove amounts reported to management not included in CIES	-
15,185	Net Cost of Services in Comprehensive Income and Expenditure Statement	18,420

Reconciliation to Subjective Analysis

	Service Analysis	Services not in Analysis	Not reported to management	Not included in I&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
2013/14	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fees, charges & other service income	(59,071)	-	-	-	-	(59,071)	-	(59,071)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	(1,309)	(1,309)
Surplus or deficit on trading undertakings	-	-	-	-	-	-	(134)	(134)
Income from council tax	-	-	-	-	-	-	(11,271)	(11,271)
Government grants and contributions	(54,344)	-	-	-	-	(54,344)	(10,852)	(65,196)
Total Income	(113,415)	-	-	-	-	(113,415)	(23,566)	(136,981)
Employee expenses	28,611	-	-	-	-	28,611	-	28,611
Other service expenses	82,179	-	-	-	-	82,179	-	82,179
Recharges from Other Accounts	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	21,045	-	-	21,045	-	21,045
Interest Payments	-	-	-	-	-	-	4,264	4,264
Pension interest cost and expected return on pensions assets	-	-	-	-	-	-	2,901	2,901
Investment Impairment charge	-	-	-	-	-	-	353	353
Precepts & Levies	-	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	476	476
(Gain) or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(5,127)	(5,127)
Total Operating Expenses	110,790	-	21,045	-	-	131,835	2,867	134,702
(Surplus) or deficit on the provision of services	(2,625)	-	21,045	-	-	18,420	(20,699)	(2,279)

Reconciliation to Subjective Analysis

	Service Analysis	Services not in Analysis	Not reported to management	Not included in I&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
2012/13 Comparative Figures	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fees, charges & other service income	(61,894)	-	-	-	-	(61,894)	-	(61,894)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	(1,527)	(1,527)
Surplus or deficit on trading undertakings	-	-	-	-	-	-	(808)	(808)
Income from council tax	-	-	-	-	-	-	(12,871)	(12,871)
Government grants and contributions	(67,648)	-	-	-	-	(67,648)	(10,585)	(78,233)
Total Income	(129,542)	-	-	-	-	(129,542)	(25,791)	(155,333)
Employee expenses	28,776	-	-	-	-	28,776	-	28,776
Other service expenses	100,119	-	-	-	-	100,119	-	100,119
Recharges from Other Accounts	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	15,832	-	-	15,832	-	15,832
Interest Payments	-	-	-	-	-	-	4,473	4,473
Pension interest cost and expected return on pensions assets	-	-	-	-	-	-	2,499	2,499
Investment Impairment charge	-	-	-	-	-	-	166	166
Precepts & Levies	-	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	400	400
(Gain) or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(2,659)	(2,659)
Total Operating Expenses	128,895	-	15,832	-	-	144,727	4,879	149,606
(Surplus) or deficit on the provision of services	(647)	-	15,832	-	-	15,185	(20,912)	(5,727)

SECTION D - NOTES TO THE BALANCE SHEET**Note D1****Property, Plant and Equipment - Movement on Balances**2012/13

	Council dwellings	Other land and buildings	Vehicles, plant, furniture & equipment	Infrastructure assets	Community assets	Surplus assets	Total Property, Plant and Equipment
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or Valuation							
At 1 April 2012	369,046	135,178	14,812	1,870	6,283	676	527,865
Additions / Donations	10,011	4,348	1,034	36	124	-	15,553
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	852	(1,423)	-	-	-	-	(571)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,409)	(292)	-	-	-	-	(6,701)
Assets reclassified (to)/from Held for Sale	(1,916)	-	(32)	-	-	(261)	(2,209)
Assets reclassified (to)/from Other Land & Buildings	-	-	-	-	-	-	-
At 31 March 2013	371,584	137,811	15,814	1,906	6,407	415	533,937
Accumulated Depreciation and Impairment							
At 1 April 2012	(72,588)	(60,787)	(10,590)	(712)	-	(16)	(144,693)
Depreciation charge	(3,525)	(3,050)	(1,263)	(95)	-	(3)	(7,936)
At 31 March 2013	(76,113)	(63,837)	(11,853)	(807)	-	(19)	(152,629)
Net Book Value							
At 1 April 2012	296,458	74,391	4,222	1,158	6,283	660	383,172
At 31 March 2013	295,471	73,974	3,961	1,099	6,407	396	381,308

2013/14

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant, furniture & equipment £000's	Infrastructure assets £000's	Community assets £000's	Surplus assets £000's	Total Property, Plant and Equipment £000's
Cost or Valuation							
At 1 April 2013	371,584	137,811	15,814	1,906	6,407	415	533,937
Additions / Donations	9,434	4,078	1,795	-	273	33	15,613
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	4,452	1,981	-	-	-	11	6,444
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	865	(12,464)	2	-	(75)	(2)	(11,674)
Assets reclassified (to)/from Held for Sale	(3,187)	(2,734)	-	-	-	(161)	(6,082)
Assets reclassified (to)/from Other Land & Buildings	-	(833)	-	-	120	27	(686)
At 31 March 2014	383,148	127,839	17,611	1,906	6,725	323	537,552
Accumulated Depreciation and Impairment							
At 1 April 2013	(76,113)	(63,837)	(11,853)	(807)	-	(19)	(152,629)
Depreciation charge	(3,496)	(3,234)	(1,155)	(97)	-	-	(7,982)
At 31 March 2014	(79,609)	(67,071)	(13,008)	(904)	-	(19)	(160,611)
Net Book Value							
At 31 March 2013	295,471	73,974	3,961	1,099	6,407	396	381,308
At 31 March 2014	303,539	60,768	4,603	1,002	6,725	304	376,941

Depreciation

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

- Council dwellings: 60 years
- Other buildings: 5 to 75 years
- Vehicles, plant, furniture and equipment: 1 to 10 years
- Infrastructure assets: 25 years
- Community assets: n/a
- Surplus assets: 5 to 75 years

Commitments Under Capital Contracts

Capital Commitments greater than £250,000 as at 31 March 2014:

Scheme	Amount £000's	Period of investment	Purpose of investment
Increased Housing Provision	8,296	1 year	To provide more Council Housing
Disabled Facilities Grant	478	1 year	Provision of Disabled Facilities Grants
Empty Homes	998	1 year	To help bring homes back into use
Improvement Grants	293	1 year	Provision of Improvement Grants
M&E Installations Regent Theatre	566	1 year	Maintenance of stock
Outstanding	10,631		

Effects of changes in estimates

The Council did not make any material changes to its accounting estimates for property, plant and equipment.

Revaluations

The Council ensures that all property, plant and equipment required to be measured at fair value is revalued every five years. The last such valuation was carried out by the Council's own valuers who carried out an independent valuation of the Council's property assets as at 31 March 2014. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The Council's Operations Manager, Asset and Property, who carried out the asset valuation in 2013/14, has confirmed that all valuations reflect impairment and depreciation where appropriate.

The significant assumptions applied in estimating the fair values are:

- That good title can be shown and all valid planning permissions and statutory approvals are in place, or are likely to be obtained
- That there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation
- That an inspection of those parts not inspected would not reveal defects that would affect the valuation

Impairment Losses

The Council did not recognise any impairment losses during 2013/14.

Note D2

Heritage Assets

Movements in 2012/13	Heritage Assets
	£000's
Cost or Valuation - Gross Carrying Amount (GCA)	
At 1 April 2012	47,781
Additions	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-
Assets reclassified (to)/from Held for Sale	-
Assets reclassified (to)/from Other Land & Buildings	-
At 31 March 2013	47,781
Accumulated Depreciation & Impairment	
At 1 April 2012	-
Depreciation charge	-
At 31 March 2013	-
Net Book Value	
At 31 March 2013	47,781
Movements in 2013/14	Heritage Assets
	£000's
Cost or Valuation - Gross Carrying Amount (GCA)	
At 1 April 2013	47,781
Additions	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-
Assets reclassified (to)/from Held for Sale	-
Assets reclassified (to)/from Other Land & Buildings	-
At 31 March 2014	47,781
Accumulated Depreciation & Impairment	
At 1 April 2013	-
Depreciation Charge	-
At 31 March 2014	-
Net Book Value	
At 31 March 2014	47,781

The total museum collection is insured for £100m. The significant objects that have had specific valuations are included in the Balance Sheet at £47.781m. It is not considered appropriate to include the remaining items as they do not have specific valuations nor is it appropriate to do so. The insurance valuation is a broad assessment and not considered appropriate for accounting purposes. Information on the valuation process is shown in Accounting Policy A1.19.

Additions of Heritage Assets

There were no additions to heritage assets in 2013/14

Heritage Assets - 5 year summary of transactions

	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's
Cost of acquisition of heritage assets				
Statues	-	85	-	-

It is not practical to provide this information for the period prior to 1 April 2010.

Heritage Assets: further information on the Museum Collections

Art Collection

The art collections at Ipswich are some of the finest in the country. They include 1,370 oil paintings, 7,025 watercolours and drawings as well as 7,000 prints and 60 sculptures representing over 2,000 artists dating from the fifteenth century to the present day. The collection's rich and varied artworks include paintings by Thomas Gainsborough and John Constable.

Thomas Gainsborough made a living by painting portraits of local professional people, political figures and sometimes landed gentry. Examples of these can be seen in the Ipswich collections, for example, Samuel Kilderbee and William Wollaston. The painting of 'Holywells Park, Ipswich', painted between 1748 to 1750, is Gainsborough's only known landscape of Ipswich and it depicts the man-made reservoirs in the park. In total, there are now 15 oil paintings by Gainsborough in the collection.

John Constable who, although he lived in London for many years, preferred to paint the scenes around his home at East Bergholt and the surrounding area. Two of the paintings in the Ipswich collections were probably painted by Constable from an upstairs window or roof of his family home in around 1815. These are 'Golding Constable's Flower Garden' and 'Golding Constable's Kitchen Garden'.

The Museum Service has the largest collection of Constable oil paintings outside London. There are also 11 drawings and various editions of "English Landscape" mezzotints from 1830 to 1833 that were engraved by David Lucas under Constable's supervision.

There are numerous works of many modern and contemporary artists of both regional and national significance. Amongst these are paintings by Cedric Morris and Arthur Lett Haines who founded and ran the East Anglian School of Painting and Drawing at Dedham, then Benton End, near Hadleigh, Suffolk, from 1937 to the late 1970s. There are also several paintings by members of their circle, including Lucy Harwood, Joan Warburton and Glyn Morgan.

The collection includes work by Amy K Browning, Cecil Lay, Mary Potter, Russell Sidney Reeve, Peter Campbell, Roderick Barrett, Cor Visser, Valerie Thornton, Adrian Ryan, Bernard Reynolds, Lawrence Self, John Addyman, Colin Moss, Maggi Hambling, Constance Stubbs, Peter Coker, Margaret Mellis, Eduardo Paolozzi, Jeffery Camp, Robin Warnes, John Wonnacott, amongst many others.

Archaeology

There are amazing treasures within the Anglo-Saxon gallery, including the Hadleigh Road Cemetery and the Boss Hall brooch.

Ipswich Museums Service holds a collection of several hundred ancient Egyptian artefacts. The collection contains many objects excavated by Petrie or the British School of Archaeology in Egypt, including material from Lahun, Harageh, Riqqeh, Gurob, Sedment, Hawara, Abydos, Badari and the Fayum. Also within the collection are a small number of objects excavated at Beni Hasan by the University of Liverpool. A substantial part of the collection is made up of donations from private individuals.

Note D3**Investment Properties**

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:

2012/13		2013/14
£000's		£000's
13,241	Balance at start of the year	13,151
	Additions:	
-	- Purchases	153
-	- Disposals	-
(90)	Net gains/(losses) from fair value adjustments	(523)
	Transfers:	
-	- To/from Property, Plant and Equipment	686
-	Other changes	-
13,151	Balance at end of the year	13,467

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:

2012/13		2013/14
£000's		£000's
1,053	Rental income from Investment Property	1,065
-	Direct operating expenses arising from Investment Property	-
1,053	Net gain	1,065

Note D4

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 are software licenses.

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 amounts outstanding with the amortisation periods as at 31 March 2014 are:

	£000's
Less than 1 year	17
Between 1 and 3 years	-
Greater than 3 years	-

The carrying amount of intangible assets is amortised on a straight-line basis and amortisation of £42k was charged to the Cost of Services in the Consolidated Income and Expenditure Statement in 2013/14.

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

	2012/13 £000's	2013/14 £000's
Cost or Valuation - Gross Carrying Amount (GCA)		
At 1 April	576	586
Additions	10	30
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-
Assets reclassified (to)/from Held for Sale	-	-
At 31 March	586	616
Accumulated Amortisation & Impairment		
At 1 April	(515)	(557)
Amortisation charge	(42)	(42)
At 31 March	(557)	(599)
Net Book Value at 31 March	29	17

Note D5**Financial Instruments****Categories of Financial Instruments**

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

	Long-term		Current	
	31 March	31 March	31 March	31 March
	2013	2014	2013	2014
	£000's	£000's	£000's	£000's
Investments:				
Loans and Receivables	1,399	-	11,151	9,067
Available-for-sale financial assets	75	70	-	-
Total investments	1,474	70	11,151	9,067
Cash and Cash Equivalents:				
Cash held by officers	-	-	256	393
Bank current accounts	-	-	1,828	19,233
Total Cash and Cash Equivalents	-	-	2,084	19,626
Receivables:				
Financial assets carried at contract amounts	5	3	7,309	5,745
Total receivables	5	3	7,309	5,745
Borrowings:				
Financial liabilities at amortised cost	(119,722)	(115,970)	(3,587)	(3,731)
Total borrowings	(119,722)	(115,970)	(3,587)	(3,731)
Other Long Term Payables:				
Finance lease liabilities	(55)	(26)	(94)	(29)
Total Other Long Term Payables	(55)	(26)	(94)	(29)
Payables:				
Financial liabilities carried at contract amounts	(11)	(52)	(8,323)	(9,666)
Total payables	(11)	(52)	(8,323)	(9,666)

Under accounting requirements the carrying value of the financial instruments shown in the Balance Sheet includes the principal amount plus any accrued interest as at 31 March.

Financial Instruments

Fair Values of Assets and Liabilities

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

- For loans from the PWLB and other loans payable, premature repayment 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 will mature in the next 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other payables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

31 March 2013			31 March 2014		
Carrying amounts	Fair Value		Carrying amounts	Fair Value	
£000's	£000's		£000's	£000's	
123,309	139,005	Financial Liabilities	119,701	125,510	
8,334	8,334	Payables	9,718	9,718	
131,643	147,339		129,419	135,228	

The fair value of the liabilities 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 prevailing rates at the Balance Sheet date.

31 March 2013			31 March 2014		
Carrying amounts	Fair Value		Carrying amounts	Fair Value	
£000's	£000's		£000's	£000's	
12,550	12,550	Loans and receivables	9,067	9,067	
7,314	7,314	Receivables	5,748	5,748	
19,864	19,864		14,815	14,815	

Available for sale assets are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

There is no established market for trading shares in this sector and the fair value of Ipswich Buses Limited shares shown in the balance sheet is the accumulated profit and loss as at 31 March 2014. The Council has no current intention to dispose of its shareholding.

Note D6

Inventories

The basis for valuation of inventories are described in note A1.13 to the Statement of Accounting Policies.

	Ipswich Borough Contracts		Other Services		Total	
	2012/13 £000's	2013/14 £000's	2012/13 £000's	2013/14 £000's	2012/13 £000's	2013/14 £000's
Balance outstanding at start of year	196	190	128	138	324	328
Purchases	619	691	484	571	1,103	1,262
Recognised as an expense in the year	(625)	(615)	(474)	(577)	(1,099)	(1,192)
Balance outstanding at year-end	190	266	138	132	328	398

Note D7

Receivables

31 March 2013 £000's		31 March 2014 £000's
2,633	Central government bodies	2,098
664	Other local authorities	779
(5)	NHS bodies	20
-	Public corporations and trading funds	-
	Other entities and individuals:	
2,044	Housing Rents	1,323
5,624	Sundry Receivables	5,432
1,039	Council Tax	1,186
11,999		10,838
	Less Provision for Bad Debts:	
(321)	Housing Rents	(414)
(595)	Sundry Receivables	(831)
(448)	Council Tax	(522)
10,635		9,071

The Housing Rents Bad Debt Provision was established under the terms of the Housing and Local Government Act 1989 to cover bad debts on Council dwellings relating to a period prior to 1 April 1990. Annual provision continues to be made to cover debts arising since that date.

The Sundry Receivables Bad Debt provision was established to cover bad debts arising from, in particular, commercial rents and housing benefit overpayments.

Note D8**Cash and Cash Equivalents**

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

31 March 2013		31 March 2014
£000's		£000's
256	Cash held by officers	393
1,828	Bank current accounts	19,233
2,084	Total cash and cash equivalents	19,626

Note D9**Assets Held for Sale**

	Current		Non-Current	
	2012/13	2013/14	2012/13	2013/14
	£000's	£000's	£000's	£000's
Balance outstanding at start of year	136	709	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	2,209	6,082	-	-
Intangible assets	-	-	-	-
Revaluation losses recognised in the Revaluation Reserve	-	(1)	-	-
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(18)	(39)	-	-
Revaluation gains recognised in the Revaluation Reserve	367	5	-	-
Revaluation gains recognised in the Surplus/Deficit on the Provision of Services	5	19	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, plant and equipment	-	-	-	-
Intangible assets	-	-	-	-
Investment Properties	-	-	-	-
Assets sold	(4,575)	(11,247)	-	-
Transfers from non-current to current	-	-	-	-
Gain/(Loss) on sale of assets	2,585	5,052	-	-
Balance outstanding at year end	709	580	-	-

All of the current assets held for sale are classified as current assets as they are expected to be sold in the next 12 months from the balance sheet date.

Note D10**Payables**

31 March 2013		31 March 2014
£000's		£000's
(3,647)	Central government bodies	(1,780)
(1,584)	Other local authorities	(2,178)
(6)	NHS bodies	(20)
-	Public corporations and trading funds	-
(10,689)	Other entities and individuals	(11,091)
(15,926)		(15,069)

Note D11**Provisions**

Provisions are defined in note A1.20 to the Statement of Accounting Policies. Movements during the year were as follows:

	Non-domestic rates	Insurance	Total
	£000's	£000's	£000's
Balance at 1 April 2013	-	855	855
Used	-	(233)	(233)
Reversed	-	(281)	(281)
New	785	478	1,263
Balance at 31 March 2014	785	819	1,604

The Insurance Provision at 31 March 2014 represents funds set aside for the purpose of providing for liabilities, which are likely or certain to be incurred but are uncertain as to the amount or the date on which they will arise.

Insurance claims are met by an Insurance fund operated by the Council. Insurance premiums are paid into the fund from the revenue account by services requiring insurance cover. Insurance claims less than the policy excesses, and policy excesses, are then met from the Insurance Fund. Risks covered by the fund include: Employers Liability; Third Party Claims; Property; Motor Vehicles; Terrorism and Officials Indemnity within agreed excess levels.

The Non-domestic rates provision at 31 March 2014 represents funds set aside to settle appeals that have been made, but not settled.

	Current	Non-Current	Total
	£000's	£000's	£000's
Balance at 1 April 2013	598	257	855
Balance at 31 March 2014	1,358	246	1,604

The current provision is for items that are expected to be settled within the next 12 months.

For the non-current provision, it is not possible to determine the timing of any potential settlements.

Note D12**Usable Reserves**

31 March 2013 £000's		31 March 2014 £000's
(10,989)	General Fund Balance	(12,012)
(5,025)	Earmarked General Fund Reserves	(5,367)
(3,120)	Housing Revenue Account (HRA)	(4,696)
(4,753)	Earmarked HRA Reserves	(6,440)
(7,142)	Capital Receipts Reserve	(16,034)
-	Major Repairs Reserve	(231)
(2,907)	Capital Grants Unapplied Account	(2,321)
(33,936)	Total Usable Reserves	(47,101)

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes B1 and B2.

Note D13**Unusable Reserves**

31 March 2013 £000's		31 March 2014 £000's
(84,045)	Revaluation Reserve	(88,593)
(9)	Available-for-sale Financial Instruments Reserve	(4)
(210,361)	Capital Adjustment Account	(203,701)
(115)	Financial Instruments Adjustment Account	(176)
64,751	Pensions Reserve	74,696
(116)	Collection Fund Adjustment Account	(333)
(4)	Deferred Capital Receipts Reserve	(2)
344	Accumulated Absences Account	500
(229,555)	Total Unusable Reserves	(217,613)

Note D13.1 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 Intangible Assets). The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

2012/13 £000's		2013/14 £000's
(84,921)	Balance at 1 April	(84,045)
(1,424)	Upward revaluation of assets	(13,543)
1,628	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	7,095
511	Difference between fair value depreciation and historical cost depreciation	-
161	Accumulated gains on assets sold or scrapped	1,900
-	Amount written off to the Capital Adjustment Account	-
(84,045)	Balance at 31 March	(88,593)

Note D13.2 Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Disposed of and the gains are realised.

2012/13 £000's		2013/14 £000's
(21)	Balance at 1 April	(9)
-	Upward revaluation of investments	-
12	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	5
-	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-
(9)	Balance at 31 March	(4)

Note D13.3 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 gains recognised on donated assets that have yet to be consumed by the Council.

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

Note B1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2012/13		2013/14
£000's		£000's
(208,919)	Balance at 1 April	(210,361)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
7,936	Charges for depreciation and impairment of non current assets	7,982
5,821	Revaluation losses on Property, Plant and Equipment	13,080
42	Amortisation of intangible assets	42
1,128	Revenue expenditure funded from capital under statute	1,280
1,990	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	6,195
<hr/> 16,917		<hr/> 28,579
221	Adjusting amounts written out of the Revaluation Reserve	<hr/> (3,285)
17,138	Net written out amount of the cost of non current assets consumed in the year	25,294
	Capital financing applied in the year:	
(2,441)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,955)
(7,856)	Use of the Major Repairs Reserve to finance new capital expenditure	(7,889)
(892)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(833)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(4,235)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4,073)
(3,246)	Capital expenditure charged against the General Fund and HRA balances	(4,407)
<hr/> (18,670)		<hr/> (19,157)
90	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	523
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	-
<hr/> (210,361)	Balance at 31 March	<hr/> (203,701)

Note D13.4 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.

2012/13		2013/14
£000's		£000's
(46)	Balance at 1 April	(115)
-	Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
(113)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(105)
44	Proportion of discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	44
(69)	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	(61)
-	Miscellaneous adjustment	-
<u>(115)</u>	Balance at 31 March	<u>(176)</u>

Note D13.5 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 pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.

2012/13		2013/14
Restated		
£000's		£000's
52,626	Balance at 1 April	64,751
10,761	Remeasurements of the net defined benefit liability	7,498
7,049	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	8,034
(5,685)	Employer's pensions contributions and direct payments to retirees payable	(5,587)
<u>64,751</u>	Balance at 31 March	<u>74,696</u>

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note D25.

Note D13.6 Collection Fund Adjustment Account

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

2012/13 £000's		2013/14 £000's
(22)	Balance at 1 April	(116)
(94)	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	(217)
(116)	Balance at 31 March	(333)

Note D13.7 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.

2012/13 £000's		2013/14 £000's
(5)	Balance at 1 April	(4)
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
1	Transfer to the Capital Receipts Reserve upon receipt of cash	2
(4)	Balance at 31 March	(2)

Note D13.8 Accumulated Absences Account

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

2012/13 £000's		2013/14 £000's	2013/14 £000's
370	Balance at 1 April		344
(370)	Settlement or cancellation of accrual made at the end of the preceding year	(344)	
344	Amounts accrued at the end of the current year	500	
(26)	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		156
344	Balance at 31 March		500

Note D14**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), 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. The CFR is analysed in the second part of this note. Section 40 of the Local Government and Housing Act 1989 defines capital purposes expenditure, which may be financed from capital resources (mainly borrowing within approved Government limits and usable capital receipts). Under local government capital accounting arrangements, only expenditure which adds value to non-current assets is capitalised.

Some expenditure falling within the capital purposes definition is not capitalised and is therefore charged to a revenue account. In such circumstances, the charge to a revenue account is deemed to form part of the statutory obligation to provide a Minimum Revenue Provision for debt redemption.

2012/13		2013/14
£000's		£000's
150,121	Opening Capital Financing Requirement	148,141
	Capital Investment	
15,553	Property, Plant and Equipment	15,766
-	Heritage Assets	-
10	Intangible Assets	30
1,128	Revenue Expenditure Funded from Capital under Statute	1,280
	Sources of finance	
(2,441)	Capital Receipts	(1,955)
(893)	Government grants and other contributions	(833)
	Sums set aside from revenue:	
(11,102)	Direct revenue contributions	(12,296)
(4,235)	Minimum Revenue Provision	(4,073)
148,141	Closing Capital Financing Requirement	146,060
	Explanation of movements in year	
-	Increase in underlying need to borrowing (supported by government financial assistance)	-
2,255	Increase in underlying need to borrowing (unsupported by government financial assistance)	1,992
-	Assets acquired under finance leases	-
(4,235)	Minimum Revenue Provision	(4,073)
(1,980)	Increase/(decrease) in Capital Financing Requirement	(2,081)

Note D15**Leases****Council as Lessee****Finance Leases**

The Council has reviewed all assets leased in as operating leases and reclassified all vehicles, plant and equipment in their primary lease period as finance leases with effect from 1 April 2009. This was undertaken after detailed checks were carried out on the substance of the transactions, where it was established that most of the risks and rewards of ownership were transferred to the Council.

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

31 March 2013		31 March 2014	
	£000's		£000's
-	Other Land & Buildings	-	
146	Vehicles, Plant, Furniture & Equipment	53	
146		53	

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:

31 March 2013		31 March 2014	
	£000's		£000's
	Future lease liabilities (net present value of minimum lease payments):		
94	current	29	
55	non-current	26	
	Future costs payable in future years		
9	current	3	
4	non-current	1	
162	Minimum lease payments	59	

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

	Finance Lease Liabilities		Finance Costs Payable	
	31 March 2013	31 March 2014	31 March 2013	31 March 2014
	£000's	£000's	£000's	£000's
Not later than one year	94	29	9	3
Later than one year and not later than five years	55	26	4	1
Later than five years	-	-	-	-
Total	149	55	13	4

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

Operating Leases

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

Restated			
31 March 2013			31 March 2014
£000's			£000's
868	Not later than one year		945
3,474	Later than one year and not later than five years		3,744
2,822	Later than five years		1,954
7,164	Total		6,643

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31 March 2013			31 March 2014
£000's			£000's
868			908
868	Total		908

Council as Lessor**Operating Leases**

The Council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

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

Restated			
31 March 2013			31 March 2014
£000's			£000's
2,997	Not later than one year		2,739
9,116	Later than one year and not later than five years		8,138
45,214	Later than five years		43,455
57,327			54,332

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Following a review of the disclosure requirements, the future minimum payments receivable under non-cancellable leases have been restated for previous years to ensure comparability.

Note D16**Grant Income in Advance**

The Council has received a number of grants and contributions 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:

31 March 2013			31 March 2014
£000's			£000's
	Capital Grant Receipts in Advance		
(493)	Section 106 Contributions		(859)
(16)	External Contributions to Capital Schemes		(476)
(509)	Total		(1,335)

Note D17**Disclosure of Nature and Extent of Risk Arising From Financial Instruments****Key Risks**

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.
- Interest rate risk – the possibility that the Council could pay higher costs on variable rate debt.
- Price risk – the possibility that the Council could lose money on its investments.
- Foreign exchange risk – the possibility that the Council could suffer losses on dealings with foreign enterprises.

Overall Procedures for Managing Risk

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 in 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. The Council manages these procedures for dealing with risk in the following ways:

- The requirements of the Code of Practice were formally adopted by the Council in 2002, and subsequent changes to the code have been adopted by the Council;
- The Council includes a section on Treasury Management in its financial standing orders;
- The Council approves annually in advance prudential indicators for the following three years;
- The Council's overall borrowing was limited to £160m in 2013/14
- Its maximum exposures to fixed and variable rates which were 100% for fixed rates and 50% for variable rates in 2013/14

Period	Lower Limit	Upper Limit
Up to 1 Year	0%	50%
1 Year to 2 Years	0%	50%
2 Years to 5 Years	0%	50%
5 Years to 10 Years	0%	75%
Over 10 Years	0%	100%

- Its maximum annual exposures to investments maturing beyond a year which was set at £5m for 2013/14
- An annual investment strategy was approved for 2013/14 which set out the criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These were reported as part of the Council's medium term financial plan and approved at Full Council on 27 February 2013 for 2013/14 and this information is available on the Council's website. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported quarterly as part of the Council's quarterly budget monitoring to Councillors. During 2013/14 the Council stayed within all the above limits approved by Council. Actual performance is also reported after each year, as is a mid year update.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMP's are a requirement of the Code of Practice and are reviewed annually.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time limit for investments in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

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

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

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 in accordance with parameters set by the Council. As at the balance sheet date there are no indicators of impairment that have not been accounted for.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2014 £000's	Historical experience of default %	Adjustment for market conditions at 31 March 2014 %	Estimated maximum exposure to default at 31 March 2014 £000's	Estimated maximum exposure to default at 31 March 2013 £000's
	(a)	(b)	(c)	(a) * (c)	
Deposits with banks & financial institutions					
AAA rated counterparties	-	0.00%	0.00%	-	-
AA rated counterparties	29,000	0.02%	0.02%	6	4
A rated counterparties	-	0.09%	0.09%	-	-
Other counterparties	60	0.21%	100.00%	60	449
Trade Receivables	10,838	7.90%	7.90%	856	621
Total	39,898			922	1,074

Early 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 £5m deposited across two of these institutions, with varying maturity dates and interest rates as follows:

Heritable Bank

The Council originally invested £1,000,000 with Heritable on 12 December 2007, and £939,800 has since been repaid.

Heritable bank public limited company is a UK registered bank under English law. The company was placed in administration on 7 October 2008, and total repayments of £167,300 (16.73%) were received in 2013/14 (£93,500 in 2012/13, £178,000 in 2011/12, £151,200 in 2010/11 & £349,800 in 2009/10). The Council has recovered 93.98% and has written off the remaining sum, as the administrators have stated any further recoveries are subject to successful litigation.

Landsbanki

The Council also invested £1,000,000 on 5 November 2007, £1,000,000 on 29 August 2008 & £2,000,000 on 2 September 2008 with Landsbanki Islands.

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 resulted in the winding up board starting to make distributions in 2011/12.

The Council had received some distributions following this ruling and in June 2013, Executive took the decision sell the remaining part of the investment provided an agreed minimum percentage was achieved at auction. The auction took place in January 2014 and the Council was successful in selling its remaining investment in Landsbanki. The Council recovered £3,813,997 and the remaining amount has been written off.

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 it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). 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.

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 based on the carrying value in the balance sheet is as follows:

	31 March 2013	31 March 2014
	£000's	£000's
Less than one year	3,587	3,731
Between one and two years	3,731	2,668
Between two and five years	8,104	8,207
Between five and ten years	14,225	14,417
Between ten and twenty years	35,156	34,285
More than twenty years	58,506	56,393
Total	123,309	119,701

The Council does not generally allow credit for its trade receivables, such that £9.610m of the £10.838m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2013	31 March 2014
	£000's	£000's
Less than three months	6,941	5,637
Three to six months	956	960
Six months to one year	2,055	1,899
More than one year	730	1,114
Total	10,682	9,610

To offset the receivables outstanding the Council does have £1.767m of provisions.

The maturity analysis of financial assets based on the carrying value in the balance sheet is as follows:

	31 March 2013	31 March 2014
	£000's	£000's
Less than one year	11,151	9,067
Between one and two years	282	-
Between two and three years	265	-
The assets of the scheme are held separately from	852	-
Total	12,550	9,067

Market Risk

The Council look to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

All investments undertaken during 2013/14 met the Council's criteria when the investment was made, in terms of the counterparty with whom the investment was made and was within the limit for that counterparty. As at 31 March 2014 the Council held investments of £29.167m, based on the carrying value in the balance sheet, with institutions domiciled in the UK.

Interest rate 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 interest 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).

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

All of the Council's borrowing and investments held during 2013/14 were at fixed interest rates

There could be a risk that when the Council wishes to re-finance borrowings, interest rates could be higher and this could have an impact on the Council's finances. However, all new borrowing will only be undertaken after a options appraisal process. Interest rates on investments are at an all time low, with little prospect for an increase in the near future. However, investments will be kept short, to take advantage if and when interest rates do start to increase.

Price risk - The Council does not generally invest in equity shares or marketable bonds, but does have shareholdings in Ipswich Buses Limited, which is wholly owned by the Council. Whilst these holding 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, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The shares are classified as Available-for-Sale, meaning that all movements in price will be shown as gains and losses in the Available for Sale reserve.

Foreign exchange risk - The Council has no foreign exchange exposure.

Note D18**Collection Fund Balance**

The balance on this account represents amounts owed to, or by, precepting authorities, including Ipswich Borough Council, on behalf of their local taxpayers. Further details can be found in Section G.

Note D19**Legacies - Felix Cobbold and Jennings Bequest**

These are held to provide a yearly income for the purchase of museum items. The balances for 2013/14 are included in the Council's reserves in the sum of £115,514 (£115,514 in 2012/13).

Note D20**Trust Funds**

The Council acts as trustees for the two funds listed below. In neither case do the funds represent assets of the council, and they have not been included in the Balance Sheet.

Ipswich Town Trust – set up to provide grants to local charities. The balance on this account as at 31 March 2014 was £5,533 (31 March 2013 - £2,339).

Mayor of Ipswich Relief Fund – set up to provide assistance in the event of an emergency. The balance on this account as at 31 March 2014 was £3,879 (31 March 2013 - £3,879).

The balances represent the trusts' assets that are held in bank accounts. There are no liabilities. The funds are not subject to audit by the Councillors auditors, PricewaterhouseCoopers LLP.

Note D21**Financial Relationships with Companies**

The Council's only related company is Ipswich Buses Limited. At 31 March 2014 all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence. The Council has no commitment to meet accumulated deficits and losses of Ipswich Buses Limited. The Council has two types of investment in Ipswich Buses and the values of these investments are shown below:

31 March 2013		31 March 2014
£000's		£000's
-	Shares	-
252	Debenture	252
252		252

Note D22**Contingent Liabilities**

At 31 March 2014, the Council had no material Contingent Liabilities.

In order to ensure that in future, employees whose work is of equal value will receive equal pay, the Council is implementing from 1 April 2014 an extensive job evaluation exercise, in line with the 1997 Single Status agreement between the National Joint Council and trade unions. The Council has made provision in its Medium Term Financial Plan for the introduction of Single Status, which the Council believes will further reduce its risk of equal pay claims. Any successful equal pay claims would be funded from the Council's reserves.

Note D23**Contingent Assets**

At 31 March 2014, the Council had no material Contingent Assets.

Note D24**Pensions****Participation in pensions schemes**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Pensions and other benefits are available to all full time Council employees under the requirements of statutory regulations. In certain circumstances, the regulations extend to cover part-time employees. The Local Government Pension Scheme is a funded defined benefit final salary scheme. The cost of pensions and other benefits is provided from the Pension No. 1 Fund, other than the cost arising from the award of added years under the Local Government (Compensation for Premature Retirement Regulations) 1982. Suffolk County Council in accordance with the Local Government Pension Regulations, 1997 as amended, administers the Fund.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies.

The Fund's Actuary determined the Council's contribution to the Fund for 2013/14. The contribution rate equates to approximately 24.8% of pay to address the Pension Fund deficit over 15 years.

The actuarial value of the fund's liabilities as at 31 March 2014, in accordance with International Accounting Standard (IAS) 19, was completed in April 2014 by Hymans Robertson, who are an independent firm of actuaries.

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the Net 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 retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

2012/13	Local Government Pension Scheme	2013/14
Restated		
£000's	<u>Comprehensive Income and Expenditure Statement</u>	£000's
	<i>Net Cost of Services:</i>	
4,255	- Current Service Cost	5,008
-	- Past Service Cost	-
295	- Settlements & Curtailments	125
	<i>Net Operating Expenditure:</i>	
2,499	- Net Interest Expense	2,901
<u>7,049</u>	<i>Net Charge to the Surplus or Deficit on the Provision of Services</i>	<u>8,034</u>
(15,059)	- Return on Scheme Assets	2,194
-	- Actuarial Gains and Losses arising on changes in demographic assumptions	5,064
26,171	- Actuarial Gains and Losses arising on changes in financial assumptions	6,560
(351)	- Other experience	(6,320)
<u>17,810</u>	<i>Net Charge to the Comprehensive Income and Expenditure Statement</i>	<u>15,532</u>

Movement in Reserves Statement:

(1,364)	- Reversal of Net Charges made to the Surplus or Deficit on the provision of Services for retirement benefits in accordance with IAS19	(2,447)
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Actual amount charged against the General Fund Balance for pensions in the year:

5,685	- Employer's Contributions payable to scheme	5,587
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Pensions Assets and liabilities Recognised in the balance sheet

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

2012/13 £000's	Funded Liabilities: Local Government Pension Scheme	2013/14 £000's
(246,833)	Present value of the defined benefit obligation	(260,880)
182,082	Fair value of plan assets	186,184
(64,751)	Net liability arising from defined benefit obligation	(74,696)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2012/13 Restated £000's		2013/14 £000's
160,435	1 April	182,082
7,675	Interest Income	8,147
	Remeasurement gains/(losses)	
	The return on plan assets, excluding the amount included in the net interest expense	(2,194)
15,059	Contributions from employer	5,587
5,685	Contributions paid by scheme participants	1,285
1,358	Benefits paid	(8,723)
(8,130)		
182,082	31 March	186,184

Reconciliation of the Present Value of Scheme Liabilities

2012/13 Restated £000's		2013/14 £000's
213,061	1 April	246,833
4,550	Current Service Cost	5,133
10,174	Interest cost	11,048
1,358	Contributions by scheme participants	1,285
	Remeasurement gains/(losses)	
	- Actuarial Gains and Losses arising on changes in demographic assumptions	5,064
	- Actuarial Gains and Losses arising on changes in financial assumptions	6,560
26,171	- Other experience	(6,320)
(351)	Benefits paid	(8,723)
(8,130)		
246,833	31 March	260,880

Local Government Pension scheme assets comprised

Fair value of the scheme assets:

2012/13		2013/14
£000's		£000's
1,987	Cash and Cash Equivalents	1,268
	Equity Instruments (By Industry type)	
15,151	- Consumer	16,165
9,660	- Manufacturing	9,843
7,708	- Energy and Utilities	7,318
10,078	- Financial Institutions	11,009
6,174	- Health and Care	6,960
3,610	- Information Technology	3,769
3,034	- Other	3,818
<u>55,415</u>	Total Equity	<u>58,882</u>
	Bonds (By Sector)	
25,689	- Corporate Bonds	25,542
3,793	- UK Government	3,687
7,723	- Other	7,407
<u>37,205</u>	Total Bonds	<u>36,636</u>
	Property	
16,054	- UK Property	18,702
-	- Overseas Property	-
<u>16,054</u>	Total Property	<u>18,702</u>
7,512	Private Equity	6,426
	Investment Funds and Unit Trusts	
39,673	- Equities	39,607
6,838	- Hedge Funds	6,788
1,703	- Infrastructure	2,985
11,902	- Other	14,890
<u>60,116</u>	Total Investment Funds and Unit Trusts	<u>64,270</u>
	Derivatives	
3,793	- Foreign Exchange	-
<u>182,082</u>	Total Assets	<u>186,184</u>

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

The Council's underlying assets and liabilities for retirement benefits at 31 March are shown above. These Liabilities represent the long-term underlying commitment that the Council has to pay retirement benefits.

Liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years, based on assumptions about mortality rates and salary levels. The actuary determines the rate of employer contribution over the remaining working life of employees necessary to meet all liabilities.

The main assumptions used in their calculation are: -

Local Government Pension Scheme	2012/13	2013/14
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.4 years	22.4 years
Women	23.3 years	24.4 years
Longevity at 65 for future pensioners:		
Men	23.7 years	24.3 years
Women	25.7 years	26.9 years
Rate of inflation	2.8%	2.8%
Rate of increase in salaries	5.1%	4.6%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.5%	4.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all 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, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous accounting period.

Changes in assumptions as at 31 March 2014	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	25,296
1 year increase in member life expectancy	3%	7,826
0.5% increase in the salary increase rate	3%	7,754
0.5% increase in the pension increase rate	7%	17,177

The assets of the scheme are held separately from those of the company, being managed by an independent investment manager. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

It is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2015 is £5,855,000.

The Fund Actuary, using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary, has provided the above figures. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of the actuarial calculations may be affected by uncertainties within a range of possible values.

Further information can be found in Suffolk County Council's Pension Fund Annual Report, which is available upon request from: The Director of Finance, Endeavour House, Ipswich IP1 2BX.

Note D25**Pensions - Prior Period Adjustment**

The Council has made a Prior Period Adjustment to reflect an amendment to the recognition of IAS19 - Post Employment Benefits (Revised 2011). Defined benefit costs are now required to be split between service costs, net interest and remeasurements. This is a presentational change in the IAS19 disclosure note (Note D24) and the amendment to the Council's Accounting Policies reflects this change in terminology.

The total impact on the 2012/13 balances is as follows:

31 March 2013	Movement in Reserves Statement	31 March 2013	Movement
Original		Restated	
£000's		£000's	£000's
(211)	Surplus on the Provision of Services - General Fund	1,068	1,279
(1,258)	Adjustments between accounting basis and funding basis under regulations	(2,537)	(1,279)
2012/13	Comprehensive Income and Expenditure Statement	2012/13	Movement
Original		Restated	
£000's		£000's	£000's
(20,516)	Financing and Investment Expenditure	(19,237)	1,279
12,040	Actuarial Losses on Pension Liabilities	10,761	(1,279)
2012/13	Cash Flow Statement	2012/13	Movement
Original		Restated	
£000's		£000's	£000's
(7,006)	Surplus on the Provision of Services	(5,727)	1,279
(6,913)	Adjust net surplus on the provision of services for non cash movements	(8,192)	(1,279)
2012/13	Adjustments between Accounting Basis and Funding Basis under regulations (Note B1)	2012/13	Movement
Original		Restated	
£000's		£000's	£000's
(5,655)	Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(6,934)	(1,279)
2012/13	Finance and Investment Income and Expenditure (Note C2)	2012/13	Movement
Original		Restated	
£000's		£000's	£000's
(8,954)	Pensions interest cost and expected return on pension assets	(7,675)	1,279

2012/13 Pensions Reserve (Note D13.5)		2012/13	Movement
Original		Restated	
£000's		£000's	£000's
12,040	Remeasurements of the net defined benefit liability	10,761	(1,279)
5,770	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	7,049	1,279
2012/13 Pensions (Note D24)		2012/13	Movement
Original		Restated	
£000's		£000's	£000's
1,220	Net Interest Expense	2,499	1,279
13,780	Return on Plan Assets	15,059	1,279

As shown in the table above, the net pension liability (position of the Pensions Reserve) has not been affected by this change (due to equal and opposite adjustments being applied in accordance with the Code of Practice. Therefore the Balance Sheet has not needed to be restated.

SECTION E - NOTES TO THE CASH FLOW STATEMENT

Note E1

Operating Activities

The cash flows for operating activities include the following items:

2012/13 £000's		2013/14 £000's
(474)	Interest received	(244)
4,514	Interest paid	4,674
-	Dividends received	-
2012/13 Restated £000's		2013/14 £000's
7,936	Depreciation	7,982
6,714	Impairment and downward valuations	11,694
42	Amortisation	42
136	Increase/(decrease) in impairment for bad debts	236
(1,676)	Increase/(decrease) in payables	(2,462)
2,607	(Increase)/decrease in receivables	1,805
(4)	(Increase)/decrease in inventories	(70)
1,364	Movement in pension liability	2,447
1,990	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	6,195
(10,917)	Other non-cash items charged to the net surplus or deficit on the provision of services	(14,145)
8,192	Adjust net surplus or deficit on the provision of services for non cash movements	13,724

Note E2

Investing Activities

The cash flows for investing activities include the following items:

2012/13 £000's		2013/14 £000's
11,267	Purchase of property, plant and equipment, investment property and intangible assets	12,502
94,755	Purchase of short-term and long-term investments	117,807
285	Other payments for investing activities	480
(4,767)	Proceeds from the sale of property, plant and equipment, investment property, intangible assets and non-current assets held for sale	(11,354)
(90,278)	Proceeds from short-term and long-term investments	(121,459)
(1,724)	Other receipts from investing activities	(935)
9,538	Net cash flows from investing activities	(2,959)

Note E3

Financing Activities

The cash flows for financing activities include the following items:

2012/13		2013/14
£000's		£000's
(820)	Cash receipts of short-term and long-term borrowing	-
(535)	Other receipts from financing activities	(2,714)
365	Cash payments for the reduction of the outstanding liabilities relating to finance leases	94
3,409	Repayments of short-term & long-term borrowing	4,040
-	Other payments for financing activities	-
2,419	Net cash flows from financing activities	1,420

This has also impacted on the net (surplus)/deficit on the provision of services on the Cash Flow Statement.

HRA INCOME AND EXPENDITURE STATEMENT

This account summarises the transactions relating to the provision, management and maintenance of Council Houses and Flats.

2012/13 £000's		Note	2013/14 £000's
INCOME			
(31,404)	Gross Rent Income - Domestic	F1 & F2	(32,599)
(895)	- Commercial		(1,124)
(867)	Charges for Services & Facilities		(911)
(187)	Contributions from the General Fund		(191)
(33,353)	Total Income		(34,825)
EXPENDITURE			
5,583	Repairs & Maintenance		5,900
6,162	Supervision and Management		6,123
91	Rents, Rates and Taxes		107
(4)	Housing Revenue Account Subsidy		-
10,438	Depreciation and Impairment of Non-Currents Assets		5,696
55	Debt Management Costs		56
117	Movement in the allowance for Bad Debts		178
22,442	Total Expenditure		18,060
(10,911)	Net Cost/(Income) of HRA Services per Comprehensive Income and Expenditure Statement		(16,765)
113	HRA services share of Corporate and Democratic Core		115
16	HRA services share of Unallocated Overheads		17
(10,782)	Net Cost/(Income) of HRA Services		(16,633)
HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(468)	(Gain)/Loss on sale of HRA Non-Current Assets		(848)
4,456	Interest Payable and Similar Charges		4,263
(1)	HRA Investment and Interest Income		(15)
(6,795)	(Surplus)/Deficit for Year on HRA Services		(13,233)

MOVEMENT ON THE HRA STATEMENT

2012/13		2013/14
£000's		£000's
(1,772)	Balance on the HRA at the end of the previous year	(3,120)
(6,795)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(13,233)
3,681	Adjustments between accounting basis and funding basis under statute	9,970
(3,114)	Net Increase/(Decrease) before transfers to or from reserves	(3,263)
1,766	Transfers to/(from) Reserves	1,687
(1,348)	(Increase)/Decrease in year on the HRA	(1,576)
(3,120)	Balance on the HRA at the end of the current year	(4,696)

HRA adjustments between accounting basis and funding basis under regulations are detailed in note B1 to the Movement in Reserves Statement (full accounts).

HRA transfers to or from (earmarked) reserves are detailed in note B2 to the Movement in Reserves Statement (full accounts).

SECTION F - NOTES TO THE HOUSING REVENUE ACCOUNT

Note F1

Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, 0.41% of lettable properties were vacant (0.49% in 2012/13). Typical rents were £77.41 per week in 2013/14 representing an increase of £3.27 or 4.41% over the previous year.

Note F2

Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 62% of the rents collected are made up of benefits paid to tenants (65% in 2012/13).

Note F3

Housing Stock

The Council was responsible for managing an average of 8,081 dwellings, excluding temporary accommodation, during 2013/14 (8,126 dwellings in 2012/13). The average stock was made up as follows:-

2012/13		2013/14
4,917	Houses/Bungalows	4,872
3,209	Flats	3,209
8,126		8,081

The change in stock can be summarised as follows: -

2012/13		2013/14
8,145	Stock at 1 April	8,107
(43)	Less: Sales/Demolitions etc.	(72)
5	Add: New Buildings/Acquisitions	20
8,107	Stock at 31 March	8,055

Note F4

Rent Arrears

During the year, 2013/14 rent arrears as a proportion of gross rent income have increased from 2.37% of the amount due to 2.69%.

2012/13 £000's	2013/14 £000's
741	877
Arrears at 31 March	

Amounts written off during the year amounted to £70,527.

The Housing Revenue Account made a contribution to the provision for bad debts account of £178,434 in 2013/14, and the aggregate provision for uncollectable debts, as at 31 March 2014 amounted to £413,668 (see note D7).

Note F5

Reserves

The reserves shown below are ring-fenced to the Housing Revenue Account.

- F5.1 The balance on the Repairs Reserve as at 31 March 2014 was £500,000. This forms part of the Repairs and Renewals Reserve included in note B2 to the Movement in Reserves Statement.
- F5.2 The balance on the Sheltered Scheme Energy Reserve at 31 March 2014 was £102,612 and forms part of the Miscellaneous Reserve included in note B2 to the Movement in Reserves Statement.
- F5.3 The balance on the IT Reserves as at 31 March 2014 was £244,566. This forms part of the Miscellaneous Reserve included in note B2 to the Movement in Reserves Statement.
- F5.4 A contribution of £96,440 was made to the Housing Revenue Account from the Supporting People (Hostels) Reserve. The balance on the Supporting People (Hostels) Reserve as at 31 March 2014 was £7,851. This forms part of the Miscellaneous Reserve included in note B2 to the Movement in Reserves Statement.
- F5.5 The balance on the Community Caretakers Reserve as at was £41,542. This forms part of the Miscellaneous Reserve included in note B2 to the Movement in Reserves Statement.
- F5.6 The pension's liability is balanced by a pension reserve of the same value, which reflects the fact that the Council is not required to raise housing rents to cover the liability. Further information can be found in note A1.6 to the Statement of Accounting Policies.

Note F6

HRA Assets

	Balance at 31 March 2013 £000's	Revaluations during year £000's	Restatements / Appropriations during year £000's	Additions during year £000's	Disposals during year £000's	Gains/Losses during year £000's	Depreciation during year £000's	Balance at 31 March 2014 £000's
Assets Held for Sale	324	(34)	3,205	-	(3,763)	848	-	580
Community Assets	-	-	-	-	-	-	-	-
Council Dwellings	295,472	5,334	(3,205)	9,434	-	-	(3,496)	303,539
Infrastructure Assets	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	9	-	-	(7)	2
Investment Properties	75	43	-	-	-	-	-	118
Other Land & Buildings	11,767	(1,712)	-	2,543	-	-	(248)	12,350
Surplus Assets	-	-	-	-	-	-	-	-
Vehicles, Plant & Equipment	294	-	8	51	-	-	(91)	262
Total	307,932	3,631	8	12,037	(3,763)	848	(3,842)	316,851

The total capital receipts generated during the year was:

2012/13 £000's		2013/14 £000's
-	Land	-
2,181	Council Houses	3,763
196	Other Property	-
<u>2,377</u>		<u>3,763</u>
1	Excluded Discounts Repaid and Housing Advances	1
<u>2,378</u>	Total	<u>3,764</u>

The council dwellings included in the Balance Sheet are shown at Existing Use Social Housing Value, which represents 39% of their market value. Their vacant possession value as at 31 March 2014 is £777,900,000. This represents the economic cost to government of providing council housing at less than open market rents.

2012/13		2013/14
Analysis of Dwellings in the HRA :-		
4,899	Houses/Bungalows	4,844
2,649	Flats	2,654
559	Sheltered Housing Units	557
<u>8,107</u>	Total	<u>8,055</u>

Note F7

Housing Revenue Account Capital Expenditure and Financing

2012/13 £000's		2013/14 £000's
EXPENDITURE		
10,002	Houses	9,433
1,014	Land	2,866
150	Other	63
<u>11,166</u>	TOTAL	<u>12,362</u>
FINANCING		
36	Usable Capital Receipts	12
115	External Contributions	151
7,856	Major Repairs Reserve	7,889
25	Borrowing	51
3,134	Revenue Contributions to Capital Outlay	4,259
<u>11,166</u>	TOTAL	<u>12,362</u>

Note F8**HRA Revenue Expenditure Funded from Capital under Statute**

2013/14 DESCRIPTION	Balance at 1 April 2013 £000's	Additions during year £000's	Adjustments during year £000's	Written off during year £000's	Balance at 31 March 2014 £000's
Other Capital Expenditure not creating a fixed asset	-	326	-	(326)	-
	-	326	-	(326)	-

2012/13 DESCRIPTION	Balance at 1 April 2012 £000's	Additions during year £000's	Adjustments during year £000's	Written off during year £000's	Balance at 31 March 2013 £000's
Other Capital Expenditure not creating a fixed asset	-	124	-	(124)	-
	-	124	-	(124)	-

Note A1.24 to the Statement of Accounting Policies provides an explanation of Revenue Expenditure Funded from Capital Under Statute. Such charges (or credits) are recorded within service accounts, as appropriate, but are reversed in the Movement on the HRA Statement, thereby having a neutral impact on the revenue surplus or deficit.

Note F9**Major Repairs Reserve**

The Major Repairs Reserve is now required to be established in relation to the Housing Revenue Account (HRA). The items credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the HRA appropriations account. The amounts debited to the Major Repairs Reserve are expenditure for HRA capital purposes, where this is to be funded from the Major Repairs Reserve, and transfers to the HRA required by statutory provision. The former is credited to the Capital Adjustment Account and the latter to the HRA appropriations account.

2012/13 £000's		2013/14 £000's
	INCOME	
-	Balance 1 April	-
(3,525)	Depreciation on Fixed Assets - On Dwellings	(3,496)
(404)	- On Other Assets	(346)
(3,927)	Amounts transferred from HRA to Reserve	(4,278)
(7,856)		(8,120)
	EXPENDITURE	
-	Amount transferred from Reserve to HRA	-
7,856	Capital Expenditure funded by MRA	7,889
7,856		7,889
-	Balance 31 March	(231)

THE COLLECTION FUND**Income and Expenditure Account**

Total 2012/13 £000's	Council Tax 2013/14 £000's	Business Rates 2013/14 £000's	Total 2013/14 £000's
INCOME			
Local Taxes :-			
(55,105) Council Tax	(57,985)	-	(57,985)
(51,432) Business Rates	-	(55,311)	(55,311)
Transfers from General Fund			
(12,301) Council Tax Benefits	-	-	-
(98) National Pool (adjustment)	-	-	-
(Council Tax)			
(172) Suffolk County Council	514	-	514
(48) Ipswich Borough Council	141	-	141
(25) Suffolk Police and Crime Commissioner	76	-	76
(119,181)	(57,254)	(55,311)	(112,565)
EXPENDITURE			
Precepts & Demands :-			
46,650 Suffolk County Council	38,691	-	38,691
12,825 Ipswich Borough Council	10,847	-	10,847
6,906 Suffolk Police and Crime Commissioner	5,728	-	5,728
Business Rates :-			
51,091 Payment to National Pool	-	26,327	26,327
- Payment to Suffolk County Council	-	5,265	5,265
- Payment to Ipswich Borough Council	-	21,061	21,061
192 Cost of Collection Allowance	-	192	192
3 Interest on Repayments	-	-	-
- Provision for Business Rates Appeals	-	1,962	1,962
Provision for Uncollectable Amounts			
265 Council Tax	336	-	336
(579) Business Rates	-	36	36
Write Offs			
520 Council Tax	237	-	237
823 Business Rates	-	631	631
118,696	55,839	55,474	111,313
(SURPLUS)/DEFICIT ON FUND MOVEMENTS			
(485) IN YEAR	(1,415)	163	(1,252)
2012/13 Statement of Accumulated Balances			
(113) Opening Balance on Fund	(598)	-	(598)
(485) Movement during the year	(1,415)	163	(1,252)
(598) Closing Balance on Fund	(2,013)	163	(1,850)

2012/13		2013/14	2013/14	2013/14
£000's	Collection Fund Balance Share	£000's	£000's	£000's
	Council Tax			
(115)	Ipswich Borough Council	(399)	-	(399)
(421)	Suffolk County Council	(1,406)	-	(1,406)
(62)	Suffolk Police and Crime Commissioner	(208)	-	(208)
	Business Rates			
-	Ipswich Borough Council	-	65	65
-	Suffolk County Council/Central Government	-	98	98
(598)	Collection Fund Balance Deficit/(Surplus)	(2,013)	163	(1,850)

SECTION G - NOTES TO THE COLLECTION FUND**Note G1****General**

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the Council.

Note G2**Income from Council Tax**

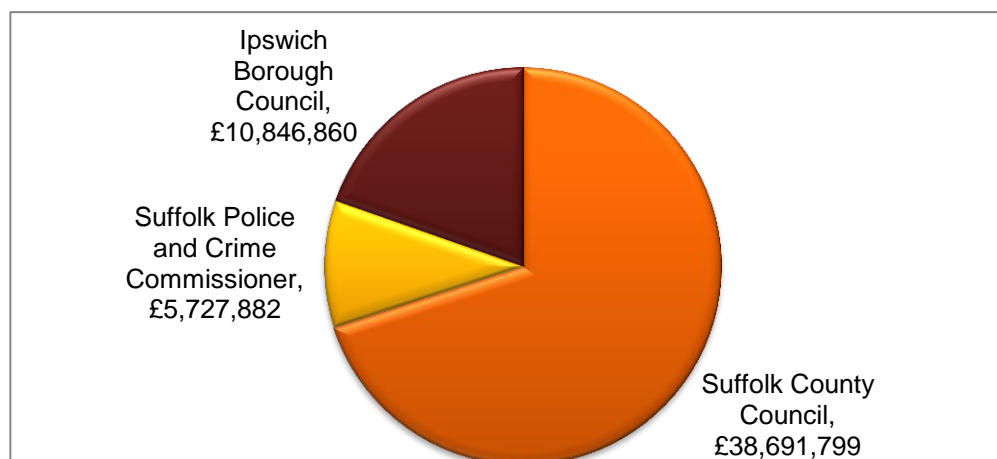
The Council set a charge of £315.81 per band D property. Its tax base, i.e. the number of chargeable dwellings in each valuation band, is as follows: -

	Number of Chargeable Dwellings	Proportion of Band D Tax	Band D Equivalent Number of Dwellings
Band A Reduced	39	5/9	22
Band A	14,977	6/9	9,985
Band B	19,516	7/9	15,179
Band C	9,854	8/9	8,759
Band D	3,745	1	3,745
Band E	1,924	11/9	2,352
Band F	824	13/9	1,190
Band G	310	15/9	517
Band H	6	18/9	12
	51,195		41,761
Contributions in Lieu (in respect of class "O" exempt dwellings)			-
			41,761
Adjustment for changes:			
New Dwellings			210
Additional discounts, exemptions, appeals, etc.			(35)
Technical Changes			719
Discount Scheme			(7,337)
			35,318
Discounted by assumed collection rate of 97.25%			34,346

Part of the Council Tax collected pays for services provided by Suffolk County Council and the Suffolk Police Council. They precept on the Collection Fund for their share of the Council Tax.

In 2013/14 the precepts, shown in comparison with Ipswich Borough Council's share of Council Tax were:

-



Note G3

Income from Non-domestic Rates

The Council collects Non-domestic Rates for its area, which is based on local rateable values multiplied by the rates below. The total amount calculated less allowable reliefs and other deductions, is paid to a central pool managed by Central Government, which in turn pays back to authorities their share of the pool, based on a standard amount per head of adult population.

The non-domestic rateable value as at 31 March 2014 was £135.79m. The NDR Multiplier was 47.1p and the Small Business Multiplier was 46.2p.

Note G4

Bad and Doubtful Debts

The value of write-offs in 2013/14 were: Business Rates £630,551 (2012/13 - £822,933) and Council Tax £236,984 (2012/13 - £520,561).

GROUP ACCOUNTS

Introduction

The Accounting Code of Practice requires Local Authorities with material interests in subsidiary and associated companies to prepare group accounts. This is in accordance with paragraph 9.1.1.6 of the Code. A Local Council group comprises the Local Council and its interest in companies which would be regarded as its subsidiaries or associates if the Local Council was subject to the Companies Act.

Accounting Policies

The Accounting Policies, adopted for Group Accounts, are consistent with the main Accounting Policies.

Ipswich Buses Limited

The Company was set up in accordance with the provisions of the Transport Act 1985, to run the bus operation in Ipswich, previously managed by the Council. The Company started operations in October 1986.

At 31 March 2014, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

The Company reports a 52 week period ending 29 March 2014

The Council has no commitment to meet accumulated deficits or losses of Ipswich Buses Limited.

Copies of the published accounts of Ipswich Buses Limited for the period ended 31 March 2014 can be obtained from Ipswich Buses Limited, Constantine Road, Ipswich, IP1 2DL.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipswich Buses Limited. The main effect of this consolidation has been to increase the Council's revenue reserves by £2.856m, representing the Council's share of the Bus Company's shareholders' funds.

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue 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.

	Revenue Reserves				Capital Reserves					
	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Housing Revenue Account (HRA) £000's	Earmarked HRA Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1 April 2012	(12,079)	(5,641)	(1,772)	(2,987)	(5,333)	-	(3,166)	(30,978)	(237,776)	(268,754)
<u>Movement in reserves during 2012/13 Restated</u>										
Surplus or (deficit) on the provision of services	1,250	-	(6,795)	-	-	-	-	(5,545)	-	(5,545)
Other Comprehensive Income and Expenditure	82	-	-	-	-	-	-	82	10,955	11,037
Total Comprehensive Income and Expenditure	1,332	-	(6,795)	-	-	-	-	(5,463)	10,955	5,492
Adjustments between accounting basis & funding basis under regulations (Note B1).	(2,656)	-	3,681	-	(1,809)	-	259	(525)	525	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,324)	-	(3,114)	-	(1,809)	-	259	(5,988)	11,480	5,492
Transfers to/from Earmarked Reserves (Note B2)	(616)	616	1,766	(1,766)	-	-	-	-	-	-
Increase/Decrease in 2012/13	(1,940)	616	(1,348)	(1,766)	(1,809)	-	259	(5,988)	11,480	5,492
Miscellaneous Adjustment	1	-	-	-	-	-	-	1	-	1
Balance at 31 March 2013 carried forward	(14,018)	(5,025)	(3,120)	(4,753)	(7,142)	-	(2,907)	(36,965)	(226,296)	(263,261)

	Revenue Reserves				Capital Reserves					
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<u>Movement in reserves during 2013/14</u>	-	-	-	-	-	-	-			
Balance at 1 April 2013 brought forward	(14,018)	(5,025)	(3,120)	(4,753)	(7,142)	-	(2,907)	(36,965)	(226,296)	(263,261)
Surplus or (deficit) on provision of services	11,138	-	(13,233)	-	-	-	-	(2,095)	-	(2,095)
Other Comprehensive Income and Expenditure	(11)	-	-	-	-	-	-	(11)	1,813	1,802
Total Comprehensive Income and Expenditure	11,127	-	(13,233)	-	-	-	-	(2,106)	1,813	(293)
Adjustments between accounting basis & funding basis under regulations (Note B1)	(12,318)	-	9,970	-	(8,892)	(231)	586	(10,885)	10,885	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,191)	-	(3,263)	-	(8,892)	(231)	586	(12,991)	12,698	(293)
Transfers to/from Earmarked Reserves (Note B2)	342	(342)	1,687	(1,687)	-	-	-	-	-	-
Increase/Decrease in 2013/14	(849)	(342)	(1,576)	(1,687)	(8,892)	(231)	586	(12,991)	12,698	(293)
Miscellaneous Adjustment	(1)	-	-	-	-	-	-	(1)	2	1
Balance at 31 March 2014 carried forward	(14,868)	(5,367)	(4,696)	(6,440)	(16,034)	(231)	(2,321)	(49,957)	(213,596)	(263,553)

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note H12.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2012/13 Restated				2013/14		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
17,620	(14,680)	2,940	Central services to the public	5,079	(2,871)	2,208
15,976	(6,949)	9,027	Cultural and related services	24,121	(7,305)	16,816
10,150	(5,144)	5,006	Environmental and regulatory services	11,506	(4,997)	6,509
5,713	(3,020)	2,693	Planning services	5,747	(2,604)	3,143
16,910	(16,164)	746	Highways and transport services	12,921	(12,528)	393
22,499	(33,353)	(10,854)	Local Authority Housing (HRA)	18,116	(34,825)	(16,709)
56,154	(54,359)	1,795	Other housing services	55,456	(53,661)	1,795
5,870	(1,769)	4,101	Corporate and democratic core	6,148	(1,649)	4,499
-	(263)	(263)	Non distributed costs	-	(258)	(258)
150,892	(135,701)	15,191	Cost Of Services	139,094	(120,698)	18,396
			Other Operating Expenditure:			
400	-	400	Payments to the Government Housing Capital Receipts Pool	476	-	476
1,990	(4,576)	(2,586)	Gain/loss on the disposal of non-current assets	6,195	(11,247)	(5,052)
-	(73)	(73)	Capital receipts not from disposal of current assets	-	(75)	(75)
2,390	(4,649)	(2,259)		6,671	(11,322)	(4,651)
			Financing and Investment Income and Expenditure:			
9,165	(10,035)	(870)	Gains/losses on trading operations	3,109	(3,251)	(142)
4,511	-	4,511	Interest payable and similar charges	4,304	-	4,304
76	-	76	Investment Impairment	-	(170)	(170)
11,073	(8,388)	2,685	Pensions interest cost and expected return on pension assets	11,950	(8,869)	3,081
4	(484)	(480)	Interest receivable and similar income	4	(249)	(245)
90	-	90	Changes in the fair value of investment properties	523	-	523
-	(1,053)	(1,053)	Investment properties income	-	(1,065)	(1,065)
-	-	-	Gains/losses on financial instruments held for trading	-	-	-
24,919	(19,960)	4,959		19,890	(13,604)	6,286
			Taxation and Non-Specific Grant Income:			
-	(12,871)	(12,871)	Council tax income	-	(11,271)	(11,271)
-	(7,379)	(7,379)	Non domestic rates	-	(20,996)	(20,996)
-	-	-	Non domestic rates tariff	17,255	-	17,255
-	-	-	Non domestic rates levy	182	-	182
-	(1,477)	(1,477)	Non-ringfenced government grants	-	(7,038)	(7,038)
-	(1,729)	(1,729)	Capital grants and contributions	-	(255)	(255)
-	(23,456)	(23,456)		17,437	(39,560)	(22,123)
	(5,565)		(Surplus) or Deficit on Provision of Services			(2,092)

2012/13 Restated			2013/14		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
		(5,565)			(2,092)
		20			(3)
		(5,545)			(2,095)
		204			(6,448)
		12			5
		10,865			8,432
		(44)			(187)
		11,037			1,802
		5,492			(293)

The income tax payable is in relation to Ipswich Buses Limited whose expenditure is shown under Highways and Transport services

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note H12.

GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. 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 Group 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), and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2013		Note	31 March 2014
£000's			£000's
383,956	Property, Plant & Equipment	H1	380,071
47,781	Heritage Assets		47,781
815	Deferred Tax Assets		1,005
13,151	Investment Property		13,467
29	Intangible Assets		17
1,474	Long Term Investments		70
5	Long Term receivables		3
447,211	Long Term Assets		442,414
11,151	Short Term Investments		9,067
416	Inventories		488
11,041	Short Term Receivables	H2	9,679
3,660	Cash and Cash Equivalents		21,189
709	Assets held for sale		580
26,977	Current Assets		41,003
(3,859)	Short Term Borrowing		(3,993)
(16,711)	Short Term Payables	H3	(16,106)
(670)	Provisions	H4	(1,358)
(21,240)	Current Liabilities		(21,457)
(11)	Long Term Payables		(52)
(257)	Provisions	H4	(246)
(120,030)	Long Term Borrowing		(116,954)
(68,825)	Defined benefits		(79,716)
(55)	Other Long Term Liabilities		(104)
(509)	Capital Grants Receipts in Advance		(1,335)
(189,687)	Long Term Liabilities		(198,407)
263,261	Net Assets		263,553
(36,965)	Usable Reserves		(49,957)
(226,296)	Unusable Reserves		(213,596)
(263,261)	Total Reserves		(263,553)

GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group 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 Group 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 Group'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 Group.

2012/13		2013/14
Restated		
Total		Total
£000's		£000's
(5,545)	Net (surplus) or deficit on the provision of services	(2,095)
(8,537)	Adjust net surplus or deficit on the provision of services for non cash movements	(14,397)
573	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	39
(13,509)	Net cash flows from Operating Activities	(16,453)
9,794	Investing Activities	(2,882)
2,838	Financing Activities	1,806
(877)	Net increase or decrease in cash and cash equivalents	(17,529)
(2,783)	Cash and cash equivalents at the beginning of the reporting period	(3,660)
(3,660)	Cash and cash equivalents at the end of the reporting period	(21,189)

Net cash flows from Operating Activities include income tax refunded of £3K to Ipswich Buses Limited. (In 2012/13 - Ipswich Buses Limited paid tax of £20K)

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure. Details of the restated changes are shown in Note H12.

SECTION H - NOTES TO THE GROUP BALANCE SHEET**Note H1****Group Non-Current Assets**

Movements in net Property, Plant and Equipment during the year were as follows:

	Total Property Plant & Equipment £000's
<u>2012/13</u>	
Cost or Valuation - Gross Carrying Amount (GCA)	
At 1 April 2012	536,575
Additions	15,824
Disposals	(883)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(571)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,701)
Assets reclassified (to)/from Held for Sale	(2,209)
Assets reclassified (to)/from Investment Property	-
Assets reclassified (to)/from Other Land & Buildings	-
At 31 March 2013	<u>542,035</u>
Accumulated Depreciation & Impairment	
At 1 April 2012	(150,386)
Depreciation Charge	(7,693)
At 31 March 2013	<u>(158,079)</u>
Net Book Value at 31 March 2013	<u>383,956</u>
	Total Property Plant & Equipment £000's
<u>2013/14</u>	
Cost or Valuation - Gross Carrying Amount (GCA)	
At 1 April 2013	542,035
Additions	16,765
Disposals	(255)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,444
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(11,674)
Assets reclassified (to)/from Held for Sale	(6,082)
Assets reclassified (to)/from Investment Property	-
Assets reclassified (to)/from Other Land & Buildings	(686)
At 31 March 2014	<u>546,547</u>
Accumulated Depreciation & Impairment	
At 1 April 2013	(158,079)
Depreciation Charge	(8,397)
At 31 March 2014	<u>(166,476)</u>
Net Book Value at 31 March 2014	<u>380,071</u>

Note H2**Group Receivables**

Total 31 March 2013 £000's		Total 31 March 2014 £000's
2,633	Central government bodies	2,098
670	Other local authorities	785
(5)	NHS bodies	20
-	Public corporations and trading funds	-
	Other entities and individuals:	
2,044	Housing Rents	1,323
6,024	Sundry Receivables	6,034
1,039	Council Tax	1,186
12,405		11,446
	Less Provision for Bad Debts:	
(321)	Housing Rents	(414)
(595)	Sundry Receivables	(831)
(448)	Council Tax	(522)
11,041		9,679

Note H3**Group Payables**

Total 31 March 2013 £000's		Total 31 March 2014 £000's
(3,647)	Central government bodies	(1,780)
(1,541)	Other local authorities	(2,184)
(6)	NHS bodies	(20)
-	Public corporations and trading funds	-
(11,517)	Other entities and individuals	(12,122)
(16,711)		(16,106)

Note H4**Group Provisions**

	Non-Domestic Rates £000's	Insurance £000's	Ipswich Buses Limited £000's	Total £000's
Balance at 1 April 2013	-	855	72	927
Used	-	(233)	(2)	(235)
Reversed	-	(281)	(70)	(351)
New	785	478	-	1,263
Balance at 31 March 2014	785	819	-	1,604

	Current £000's	Non-Current £000's	Total £000's
Balance at 1 April 2013	670	257	927
Balance at 31 March 2014	1,358	246	1,604

Note H5**Group Finance Leases**

	Finance Lease Liabilities		Finance Costs Payable	
	31 March	31 March	31 March	31 March
	2013	2014	2013	2014
	£000's	£000's	£000's	£000's
Not later than one year	366	291	31	62
Later than one year and not later than five years	363	868	29	106
Later than five years	-	142	-	6
Total	729	1,301	60	174

Note H6**Group Operating Leases**

Restated			31 March
31 March			2014
2013			£000's
£000's			
893	Not later than one year		1,008
3,517	Later than one year and not later than five years		3,764
2,822	Later than five years		1,954
7,232	Total		6,726

Note H7**Pension Costs - Ipswich Buses Limited**

The pension costs for Ipswich Borough Council are shown in note D24.

Ipswich Buses Limited has operated two company pension schemes, one providing benefits based on final pensionable pay, the other being a defined contribution scheme. Ipswich Borough Council are guarantors to the defined benefit scheme.

Defined Contribution Scheme

The assets of the scheme are held separately from those of the company, being managed by an independent investment manager. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

The total charge for the year was £56,423 (2012/13: £56,914).

Defined Benefit Scheme

In January 2010 the year the company made the decision to close the Defined Benefit Local Government Pension Scheme to active membership. For those in the scheme at 31 December 1993 benefits are based on final pensionable pay. The assets of the scheme are held separately from those of the company. All scheme members are now pensioners or deferred. There is no active membership.

Pension scheme assets are measured using market values. Liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The surplus (to the extent it is considered recoverable) or deficit is recognised in full and presented on the face of the balance sheet.

The assets of the scheme are held separately from those of the company, being invested with the Suffolk County Council Superannuation Fund in accordance with the Local Government Superannuation Regulations. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent completed valuation was at 31 March 2010. In addition to the triennial valuation, the company has annual IAS19 reviews carried out and the results of these are used in preparing the accounts of the company.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

2012/13		2013/14
£000's		£000's
(434)	Present value of unfunded defined benefit obligations	(394)
(20,121)	Present value of funded defined benefit obligations	(19,489)
16,481	Fair value of plan assets	14,861
(4,074)	Total Employee Benefits	(5,022)

Movements in present value of defined benefit obligation

2012/13		2013/14
£000's		£000's
19,298	Opening Defined Benefit Obligation	20,555
-	Current Service Cost	-
899	Interest Cost	902
-	Contributions by Members	-
1,505	Actuarial Gains/(Losses)	(569)
-	Losses on Curtailment	-
(1,147)	Benefits Paid	(1,005)
20,555	Closing Defined Benefit Obligation	19,883

Movements in fair value of plan assets

2012/13		2013/14
Restated		
£000's		£000's
15,345	Opening Fair Value of Employer Assets	16,481
713	Expected Return on Assets	722
-	Contributions by Members	-
169	Contributions by the Employer	166
1,401	Actuarial Gains/(Losses)	(1,503)
(1,147)	Benefits Paid	(1,005)
16,481	Closing Fair Value of Employer Assets	14,861

Local Government Pension scheme assets comprised

Fair value of the scheme assets:

2012/13 £000's		2013/14 £000's
180	Cash and Cash Equivalents	101
	Equity Instruments (By Industry type)	
1,371	- Consumer	1,290
874	- Manufacturing	786
698	- Energy and Utilities	584
912	- Financial Institutions	879
559	- Health and Care	556
327	- Information Technology	301
275	- Other	305
<u>5,016</u>	Total Equity	<u>4,701</u>
<u>3,368</u>	Total Bonds	<u>2,924</u>
	Property	
1,453	- UK Property	1,493
-	- Overseas Property	-
<u>1,453</u>	Total Property	<u>1,493</u>
680	Private Equity	513
<u>5,441</u>	Total Investment Funds and Unit Trusts	<u>5,129</u>
	Derivatives	
343	- Foreign Exchange	-
<u>16,481</u>	Total Assets	<u>14,861</u>

Liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years, based on assumptions about mortality rates and salary levels. The actuary determines the rate of employer contribution over the remaining working life of employees necessary to meet all liabilities.

Life expectancy for non-pensioners is based on the PMA/PFA92 year of birth tables, with improvements from 2007 in line with the medium cohort and a 1% underpin.

The main assumptions used in their calculation are: -

Local Government Pension Scheme	2012/13	2013/14
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.4 years	22.4 years
Women	23.3 years	24.4 years
Longevity at 65 for future pensioners:		
Men	23.7 years	24.3 years
Women	25.7 years	26.9 years
Rate of inflation	2.80%	2.60%
Rate of increase in salaries	5.10%	4.40%
Rate of increase in pensions	2.80%	2.60%
Rate for discounting scheme liabilities	4.50%	4.10%

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact of the defined benefit obligation at the end of the reporting period would have increased/decreased as a result of a change in the respective assumptions by 0.5%.

Changes in assumptions as at 31 March 2014

	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	2,100
1 year increase in member life expectancy	3%	597
0.5% increase in the salary increase rate	0%	-
0.5% increase in the pension increase rate	11%	2,122

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2013 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Ipswich Buses expects to pay £140,000 to its defined benefit plan in 2014/15.

Note H8

Financial Instruments - Ipswich Buses Limited

Financial Instruments for Ipswich Borough Council are shown in note D5.

Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, excluding construction contract receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Derivative financial instruments

Following the adoption of IFRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

The company's income is mostly cash driven and most trade receivables are with Local Authorities, representing payment for contracted services. The carrying amounts and fair value amounts are considered to be the same.

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

31 March 2013		IAS 39 categories of financial instruments	31 March 2014	
Carrying amounts	Fair Value		Carrying amounts	Fair Value
£000's	£000's		£000's	£000's
1,576	1,576	Cash and cash equivalents	1,564	1,564
455	455	Other loans and receivables	724	724
<u>2,031</u>	<u>2,031</u>	Total financial assets	<u>2,288</u>	<u>2,288</u>
		Financial assets measured at amortised cost		
-	-	Other financial assets measured at amortised cost	-	-
<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
		Financial liabilities measured at amortised cost		
(832)	(832)	Other interest-bearing loans and borrowings	(1,498)	(1,498)
(834)	(834)	Trade and other payables	(1,154)	(1,154)
-	-	Other financial liabilities measured at amortised cost	-	-
<u>(1,666)</u>	<u>(1,666)</u>	Total financial liabilities measured at amortised cost	<u>(2,652)</u>	<u>(2,652)</u>
<u>365</u>	<u>365</u>	Total financial instruments	<u>(364)</u>	<u>(364)</u>

Credit risk*Financial risk management*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Note D17 outlines Ipswich Borough Council's credit risk, which extends to the activities of Ipswich Buses Limited.

Exposure to credit risk

As the company's income is mostly cash driven and most trade receivables are with Local Authorities, the carrying amounts and fair value amounts are considered to be the same. The maximum exposure to credit risk for trade receivables at the balance sheet date by type of counterparty was as follows:

31 March 2013 £000's		31 March 2014 £000's
193	Local District and County Authorities	454
42	Other miscellaneous trade receivables	37
235		491

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

31 March 2013			31 March 2014		
Gross		Impairment	Gross	Impairment	
£000's		£000's	£000's		£000's
148	-	Not past due	405	-	
76	-	Past due 0-30 days	72	-	
11	-	Past due 31-120 days	14	-	
-	-	More than 120 days	-	-	
235	-	Total financial assets	491	-	

Liquidity risk*Financial risk management*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The company carries out a cash flow projection four years forward to ensure that it is able to meet its financial obligations.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2014					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£000's	£000's	£000's	£000's	£000's	£000's
Non-derivative financial liabilities						
Finance lease liabilities	1,246	1,246	262	842	142	-
Trade and other payables	1,154	1,154	1,154	-	-	-

	2013					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£000's	£000's	£000's	£000's	£000's	£000's
Non-derivative financial liabilities						
Finance lease liabilities	580	580	272	109	199	-
Trade and other payables	834	834	834	-	-	-

Note H9**Related Party Transactions - Ipswich Buses Limited**

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council, who are the parent undertaking and the ultimate controlling party and own 100% of the shares of the company. The following Directors of Ipswich Buses Limited are members of Ipswich Borough Council:- Inga Lockington and Peter Gardiner.

Note H10**Group Cash and Cash Equivalents**

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

31 March 2013		31 March 2014	
£000's		£000's	
259	Cash held by officers	396	
3,401	Bank current accounts	20,793	
3,660		21,189	

Note H11**Reconciliation of Heads of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement**

31 March 2013		31 March 2014	
£000's		£000's	
(399)	Cost of Services in Service Analysis	(3,064)	
-	Add service not included in main analysis	-	
15,590	Add amounts not reported to management	21,460	
-	Remove amounts reported to management not included in CIES	-	
15,191		18,396	

Note H12**Pensions Costs - Ipswich Buses Limited - Prior Period Adjustment**

Ipswich Buses Limited has made a Prior Period Adjustment to reflect an amendment to the recognition of IAS19 - Post Employment Benefit (Revised 2011). Defined benefit costs are now required to be split between service costs, net interest and remeasurements. This is a presentational change in the IAS19 disclosure note (Note H7) and the amendment to the Council's Accounting Policies reflects this change in terminology.

The total impact on the 2012/13 balances is as follows:

31 March 2013 Original £000's	Group Movement in Reserves Statement	31 March 2013 Restated £000's	Movement £000's
(148)	Surplus on the Provision of Services - General Fund	1,250	1,398
(1,258)	Adjustments between accounting basis and funding basis under regulations	(2,656)	(1,398)
2012/13 Original £000's	Group Comprehensive Income and Expenditure Statement	2012/13 Restated £000's	Movement £000's
(9,786)	Pensions interest cost and expected return on pension assets	(8,388)	1,398
12,263	Actuarial Losses on Pension Liabilities	10,865	(1,398)
2012/13 Original £000's	Group Cash Flow Statement	2012/13 Restated £000's	Movement £000's
(6,943)	Surplus on the Provision of Services	(5,545)	1,398
(7,139)	Adjust net surplus on the provision of services for non cash movements	(8,537)	(1,398)
2012/13 Original £000's	Pensions (Note H7) - Ipswich Buses Only	2012/13 Restated £000's	Movement £000's
832	Expected Return on Assets	713	(119)
1,282	Actuarial Gains	1,401	119

As shown in the table above, the net pension liability (position of the Pensions Reserve) has not been affected by this change (due to equal and opposite adjustments being applied in accordance with the Code of Practice. Therefore the Balance Sheet has not needed to be restated.

GLOSSARY OF FINANCIAL TERMS

Accounting Period

The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for Local Council accounts.

Accruals

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

Agency

The provision of services by one organisation (the Agent) on behalf of, and reimbursed by, the organisation responsible for providing the service.

Bad or Doubtful Debts

It is practice for an organisation to create a provision for bad debts representing the estimated amount of debt existing at the 31 March, which is deemed to be irrecoverable.

Budget

The Council's aims and policies in financial terms. Also referred to as 'Estimates'.

Budget Requirements

Estimated net revenue expenditure on General Fund Services, which, after allowance for any use of internal reserves, can be financed from General Government Grants (Revenue Support Grant and a share of the Non-Domestic Rates National Pool) and the Council Tax.

Capital Charges

A charge to revenue accounts, including depreciation where appropriate, to reflect the use of non-current assets in the provision of services.

Capital Expenditure

Expenditure on capital assets which have a long term value to the Council e.g. land, buildings and equipment (known as non-current assets) or the payment of grants to other people for the purchase or improvement of capital assets e.g. house renovation grants (known as deferred charges).

Capital Financing

The raising of money to pay for capital expenditure. In the past the cost of capital assets was usually met by borrowing, but capital expenditure may also be financed by other means such as leasing, contributions from revenue accounts, and the proceeds from the sale of capital assets, capital grants, and contributions from developers or others.

Capital Financing Costs

Principal and interest repayments relating to loans.

Capital Grants

Grants from the Government, the National Lottery and developers towards capital expenditure on a specific service or project.

Capital Receipts

Proceeds arising from the sale of capital assets or from the repayment to the Council of capital grants and loans. A proportion of capital receipts may be used to finance additional capital spending. The remaining proportion must normally be set aside for the future repayment of debt.

Collection Fund

The Collection Fund brings together income from council tax, and business ratepayers. From this fund the Borough, County Council's and Police Council precept for their annual net expenditure.

Contingent Liability

A liability which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example the default by a borrower on a loan from third party for which the Council has given a guarantee.

Current Assets

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

Current Liabilities

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

Depreciation

A measure of the cost of the wearing out of a non-current asset, through wear and tear, deterioration or obsolescence.

Employee Costs

These include salaries, wages and related National Insurance and superannuation costs payable by the Council, together with training expenses.

Finance lease

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

Financial Year

The Local Council financial year commences 1 April and finishes 31 March the following year.

General Fund (GF)

The Council's main account, which includes all services except Council Housing and the Council's Trading Services. The net expenditure on the account is financed from Government Revenue Support Grant, the contribution from the National Non-Domestic Rate Pool and Council Tax.

Government Grants

Payments by Central Government towards Local Council expenditure. They may be specific e.g. Housing Benefits, or general e.g. Revenue Support Grant.

Gross Expenditure

The total cost of providing services before any income is deducted.

Housing Revenue Account (HRA)

This account covers the provision of Council houses, including supervision and management and repairs and maintenance. There is a statutory requirement to keep this account separate from those of other services, including other housing services.

Infrastructure Assets

A type of non-current asset, for example street lighting and sewers.

Intangible Assets

Non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights.

Interest

An amount received or paid for the use of a sum of money when it is invested or borrowed.

Inventories

Items of raw materials and stores an Council has purchased to use on a continuing basis, which are not used at the year end.

Minimum Revenue Provision (MRP)

The minimum amount that must be charged to an Council's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a prescribed percentage to its credit ceiling (approximates to outstanding debt) at the beginning of the financial year.

National Non Domestic Rates (NNDR)

A NNDR poundage is set annually by Central Government and collected by Charging Authorities. The proceeds are redistributed by the Government between Local Authorities in proportion to their resident population.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Expenditure

Gross expenditure less any related income.

Operating Lease

A lease whereby at the end of the lease period ownership of the asset remains with the lessor.

Payables

Amounts owed by the Council for work done, goods received or services rendered within an accounting period, but for which payment was not made at the balance sheet date.

Precept

The amount, which a Precepting Council (i.e. a County Council) requires from a Charging Council (Borough/District Council) to meet its expenditure requirements (from the Council Tax collected on behalf of the Precepting Council).

Provision

An amount set aside in a separate account to cover known likely losses. An example of a provision is the Insurance Provision.

Receivables

Amounts owed to the Council but for which payment was not made at the balance sheet date.

Reserves

An amount set aside in a separate account for future use. Reserves may be capital (can only be used for capital purposes) or revenue (can only be used by revenue accounts). Reserves can be earmarked for a specific purpose or classified as general i.e. not earmarked for a particular purpose, for example the general fund revenue balance.

Revenue Account

Accounts covering income and expenditure relating to the day-to-day running of the Council's services.

Revenue Expenditure Funded from Capital Under Statute

This reflects the current approach to accounting for expenditure that is not capital expenditure in accordance with GAAP but which statute allows to be funded from capital resources.

The expenditure is financed from capital resources and is written off in the period in which it occurs.

Revised Budget

An estimate of likely actual expenditure, made towards the end of the financial year. Also referred to as a 'Revised Estimate'.

Tangible Non-Current Assets

Tangible assets that yield benefits to the Local Council for a period of more than one year.

Work in Progress

The cost of work done on an uncompleted project at a specified date (in the Statement of Accounts, this is the financial year-end date), which has not been recharged to the appropriate account at that date.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPSWICH BOROUGH COUNCIL THE ("AUTHORITY")**Report on the financial statements****Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group and of the Authority's affairs as at 31 March 2014 and of the Group and of the Authority's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Ipswich Borough Council, comprise:

- the Group and Authority Balance Sheets as at 31 March 2014;
- the Group and Authority Comprehensive Income and Expenditure Statements for the year then ended;
- the Group and Authority Movement in Reserves Statements for the year then ended;
- the Group and Authority Cash Flow Statements for the year then ended;
- the Housing Revenue Account Income and Expenditure Statements for the year then ended;
- the Statements of Movement on the Housing Revenue Account for the year then ended;
- the Collection Fund for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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

In applying the financial reporting framework, the Responsible Financial Officer has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Authority's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Chief Financial Officer; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Code of Audit Practice

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

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Authority to consider it at a public meeting and to decide what action to take in response ; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities set out on page 7 the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 15 October 2013, we are satisfied that, in all significant respects, Ipswich Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 15 October 2013, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

Our responsibilities and those of the Authority

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

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

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

Certificate

We certify that we have completed the audit of the Group and of the Authority financial statements of Ipswich Borough Council in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.



Julian Rickett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 St James Court
Whitefriars
Norwich
NR3 1RJ

Date: 19 September 2014

- (a) The maintenance and integrity of the Ipswich Borough Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions.