

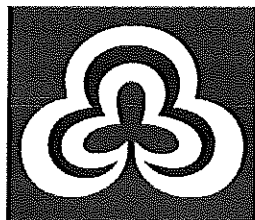
Pre Audit

Statement

of

Accounts

2009/2010



Wyre Forest
District Council

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

CONTENTS

INTRODUCTION AND EXPLANATORY FOREWORD	2 - 8
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	9
ANNUAL GOVERNANCE STATEMENT	10 - 13
STATEMENT OF ACCOUNTING POLICIES	14 - 19
INCOME AND EXPENDITURE ACCOUNT	20
STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE	21
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	21
BALANCE SHEET	22
CASH FLOW STATEMENT	23
NOTES TO THE CORE FINANCIAL STATEMENTS	24 - 67
THE COLLECTION FUND ACCOUNT	68
NOTES TO THE COLLECTION FUND ACCOUNT	69 - 70
DIRECTOR OF RESOURCE'S AND LEADER'S CERTIFICATE	71
AUDITOR'S REPORT TO WYRE FOREST DISTRICT COUNCIL	72 - 74
GLOSSARY OF FINANCIAL TERMS	75 - 81

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

1. INTRODUCTION

This year has been a particularly challenging one, not only for this Council but for the country's economy generally, set against a background of the first signs of recovery following the deepest recession for generations.

As has been widely reported, one of the main challenges for the Council is the recovery of our deposits of £9m placed with Icelandic banks which have either been placed into administration or are in the process of being wound up. All of these deposits were due to mature at the end of October 2008, just under a month after the crisis emerged. The Council has made significant progress in relation to the recovery of the Icelandic investments and as at 31st March 2010, around £2m of the £9m had been repaid to the Council. The Council has been successful in achieving Capitalisation Direction approvals for the potential losses (impairment), of £2.185m, against which £1.755m has been applied; this will protect the Council's revenue account. As discussed within the Financial Strategy 2010/2013 the capitalisation direction will be funded from the Council's capital receipts,

However, there is still concern surrounding the preservation of the "preferred" status in relation to the Landsbanki deposit. Preferred status is currently subject to challenge within the Icelandic courts and if lost would have a material impact upon the likely settlements. It would have the impact of reducing the current forecast for return from 94.85% to around 38%, of this £3m investment. Based on the latest position, the accounts for 2009/2010 have been prepared on the basis preferential status is retained.

During 2009/2010 the Council, took further measures in its Finance Strategy to secure its future sustainability. This included approval of the creation of a Shared Regulatory Service for seven principal Councils, including this Council, in Worcestershire, hosted by Bromsgrove District Council, application of Capital Receipts to fund the ICT Strategy as an alternative to Prudential Borrowing and a range of cost cutting efficiency Cabinet Proposals going forward into 2010/2011 and beyond. Implementation of the £2.54m Information Communication and Technology (ICT) Strategy has progressed significantly during the year and this together with Single Site, will provide a strong platform for the future and unlock further efficiencies. The acquisition of the land for the new offices was secured in early May 2010 and this is shown in the accounts as a Post Balance Sheet Event.

Following the retirement of the former post holder, the new Chief Executive, Ian Miller was appointed in December 2009. The agenda for change is very strong and a number of key strategic Groups, together with the Corporate Management Team are providing strong leadership to take this Council forward into what is forecast to be one of the leanest times for the public sector. This period of austerity is likely to continue in the years ahead, with the indication within the Emergency Budget on 22nd June 2010, that the public sector can expect reductions in funding of 25 % over the next 4 years.

The year ended very positively, with a repayment of £736,000, from HM Revenues and Customs (HMRC) in respect of repayment of VAT to meet our claims relating to Flemings case law. This repayment of the basic amount of VAT and interest is as a result of proactive tax management in liaison with our tax advisors PricewaterhouseCoopers.

It is pleasing to note that all of the Council's efforts in controlling expenditure during 2009/2010 have resulted in an underspend compared to the revised revenue budget of £1.088m. This has resulted in the Council protecting its reserves to assist in meeting the challenges which we will face in the austere years ahead.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

1. EXPLANATORY FOREWORD

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

The Statement of Accounts for 2009/2010 was approved by the Council's Audit Committee on 28th June 2010, Local Authorities are required to approve their 2009/2010 Statement of Accounts by 30th June 2010.

The accounts present a true and fair financial position of Wyre Forest District Council for the financial year ended 31st March 2010. Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in this document (see page 14). The Chief Executive and Leader of the Council are required to confirm that the Council's governance arrangements, reflected in the Annual Governance Statement, can be relied upon to produce an accurate Statement of Accounts (see page 10).

The Council's accounts for the financial year ended 31st March 2010, that follow, mainly comprise:

(a) The Income and Expenditure Account

This account brings together income and expenditure relating to all of the Council's functions. It demonstrates how the costs have been financed from general government grants and income from local taxpayers.

(b) Statement of Movement on the General Fund Balance

This account is comprised of the Surplus/(Deficit) on the Income and Expenditure Account for the year and net additional amounts required by statute and non statutory proper practices to be charged against the General Fund balance for the year (analysis provided) resulting in the Movement in Revenue Fund Balance for the year (previously defined as the Surplus/(Deficit) for the year).

(c) The Statement of Total Recognised Gains and Losses (STRGL)

This statement brings together all the recognised gains and losses of the authority during the financial year. It measures the increase (decrease) in Balance Sheet net worth of the authority. A separate note to the accounts (note 19) summarises movements in reserves.

(d) The Balance Sheet

This is fundamental to the understanding of the Council's year end financial position. It shows the balances and reserves at the Council's disposal, including the Collection Fund, its long term indebtedness, the current assets employed in its operations and summarised information on the fixed assets held. It excludes the Kidderminster Educational Foundation trust funds which does not constitute a Group Account for reporting purposes.

(e) The Cash Flow Statement

This statement summarises major changes of the Council Funds over the period of the financial year.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

1. EXPLANATORY FOREWORD (continued)

(f) The Collection Fund Income and Expenditure Account

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

2. FINANCE STRATEGY

The Council continues to implement the three year Finance Strategy endeavouring to balance service priorities against resources available. The increasing needs of the Community were recognised within the Strategy by setting a target Council Tax increase for the District of 2.5% per annum and by undertaking a Budget Consultation exercise. The Corporate Plan sets out the four aims for 2008 to 2011 as reflected in the Finance Strategy. The Strategy also supports the four corporate priorities for 2009/2010 being more affordable housing, reducing waste to landfill and increasing recycling, district wide regeneration and improving efficiency and value for money.

At its Council meeting on the 25th February 2009 Wyre Forest District Council set a budget of £15.126m and a Band D Equivalent Council Tax of £192.80 (£188.10 in 2008/2009). During the year the budget was revised and the original Contribution from Reserves increased from the original £1.052m to £1.265m. This increase in the overall reduction in the Contribution from Reserves was as a result of some significant decreases in income together with increases in costs mainly resulting from the economic downturn such as reduced interest on investments and reduced income from property related Development Control income. There were also some further cost pressure increases related to fuel and energy; these increased costs were offset by a corporate drive for efficiencies resulting in the realisation of savings, including savings from the new improved value insurance contract. Total reserves available for the Finance Strategy increased from £2.843m as at 31/03/2009 to £2.976m as at 31/03/2010 (including £0.7m Working Balance). The overall increase of £0.133m was made up of a decrease in the General Fund Balance relating to Operating activities (reduced from the planned £1.265m by £1.088m savings net expenditure on the year) of £0.177m, offset by a transfer from Earmarked Reserves to General Fund Balances of £0.31m

3. BUDGET OUTTURN

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

The main components of the budget for the year ended 31st March 2010, and how these compared with actual expenditure, are set out below.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

3. BUDGET OUTTURN (continued)

(a) Revenue Expenditure - General Fund Services

	Estimated Expenditure (Income) £'000	Actual Expenditure (Income) £'000
Gross Expenditure on Services	54,946	62,541
Less: Income	(38,322)	(46,792)
Net Expenditure on Services*	16,624	15,749
Less: Collection Fund and Grant Income	(15,127)	(15,127)
Precept to Parish Councils	(445)	(445)
Net Deficit for Year	1,052	177

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

	£'000
Reduction in Employee & Administration Expenses	(274)
Refund of VAT from HMRC in respect of Flemmings Case Law	(736)
Minimum Revenue Provision (MRP)	(101)
Net Decrease in Expenditure on Maintenance and Services	(301)
Release of Severance Provision as Capitalisation Direction secured	(113)
Energy – Cap on price increases	(102)
Homelessness – reduction in Bed & Breakfast Costs	(75)
Re-negotiation of Insurance Contract	(60)
Creation of Ear Marked Reserve from VAT Refund	335
Provision for loss of Icelandic Interest	165
Reduction in Interest on Investments due to economic climate	144
Development Control – Loss of income due to economic climate	122
Recycling – reduced income from grants and contracts	121
Total	(875)

The reduction in net expenditure analysis above includes a refund from HMRC in respect of claims for Sporting Exemption, Cultural Admissions and Cemetery income, paid following a Voluntary Disclosure made under the Michael Fleming (t /a Bodycraft) v CRC case provisions. PricewaterhouseCoopers worked closely with the Council on these disclosures and submitted the Sporting Exemption and Cultural Admission Claims on our behalf. These disclosures followed on from one paid in May 2009 for Car Parking Fines (included within the 2008/2009 accounts) and covered the period April 1976 to December 1996. The sums refunded by HMRC were a basic refund of £384,966 and interest of £350,630 totalling £735,596 (net of fee made to PricewaterhouseCoopers), received on the 1st February and the 9th March, 2010 respectively. Claims for Sports Courses and compound interest remain outstanding. This is accounted for as an exceptional item – see Note 14 on page 38.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

3. BUDGET OUTTURN (continued)

The reduction in net expenditure analysis also includes a reduction in maintenance and services related expenditure of £301k made as a result of only essential repair and maintenance on buildings with the development of a single site, reductions in ground maintenance costs due to the severe winter weather, energy price cap and building cleaning contract.

The reduction in the minimum revenue provision is as a result in slippage in the Vehicle Replacement Programme and the ICT Strategy which will be negated in 2010/2011. The Homelessness efficiency is as a result of moving people out of Bed and Breakfast accommodation more quickly.

In addition to the items identified above there is one further variance of note, relating to the establishment of a revenue provision for the interest element of the Council's Icelandic investments, which is included within the claims to the administrators. Under the current assumption this will lead to around a total of £604k of interest being repaid to the Council. However, as a result of the method for accounting for these investments it is considered prudent to include a provision in 2009/2010 of £165k. The impact upon the accounts over the period of the Medium Term financial plan and beyond, as a result of this issue is as follows:

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015 and beyond	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue impact	165	0	(214)	(141)	(106)	(308)	(604)

(b) Capital Expenditure and Capital Receipts

During the financial year 2009/2010, the Council spent £6.15 million on capital schemes (£4.39 million 2008/2009). The majority of this expenditure relates to the Capitalisation of Impairment Charges in relation to Icelandic Investments, Fixed Assets, Disabled Facilities/Improvement Grants, Bewdley Museum Building Improvement Works and the ICT Strategy.

The capital expenditure was financed by the application of capital receipts of £4.078 million (£2.89 million in 2009/2010). The Council used prudential borrowing to finance the vehicle, equipment and systems renewals with the exception of the ICT Strategy from 2009/2010. In 2009/2010 prudential borrowing amounted to £0.33 million (£0.31 million in 2008/2009). Direct revenue financing of a Partnership Scheme in Conservation Area (part only), Equipment Renewal and Bewdley Museum works (part only) in 2009/2010 was £0.11million (£0.06million in 2008/2009). The balance was financed by Government Grants Applied, Capital Contributions and Government Grants Deferred of £1.63 million (£1.13 million in 2008/2009). The Council is required to pay a proportion of Housing Capital Receipts received into the National Pool. Payments in the year totalled £18,032 (£15,267 in 2008/2009).

The total external loans outstanding stood at £0.18 million at the end of the financial year (£0.13 million 2008/2009).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

3. BUDGET OUTTURN (continued)

Council on the 24th February 2010 approved the funding of three Capitalisation Directions totalling £2.585m in relation to the costs of the impairment of Icelandic Investments (£2.185m) and Severance costs (£0.40m) from unallocated capital receipts. Actual costs of £2.004m are funded against these specific Capitalisation Directions in the 2009/2010 Accounts.

During the coming year the Council will continue to progress its Single Site Office Accommodation Initiative. The land purchase for this project was secured on the 5th May 2010 and is recorded in these accounts as a Post Balance Sheet Event. This scheme will be funded through the capital receipts that the Council holds following the disposal of the Rushock Industrial Estate in 2006/2007 and further rationalisation of the Council's assets. Approval for the scheme will be on the basis of ongoing savings.

4. SIMPLIFIED BALANCE SHEET

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

31/03/2009 £'000 <small>(restated)</small>	What the Council owns and is owed	31/03/2010 £'000
40,909	What we own: Buildings, Land, Vehicles and Equipment	47,392
105	Stock	106
18,216	Cash Invested	13,193
2,046	Money owed to the Council	6,922
(6,800)	What we owe: Money owed by the Council	(7,661)
(40,644)	Pension Fund Liability	(49,170)
13,832	Total Value of what we own	10,782

5. COLLECTION FUND

The Collection Fund Accounts for 2009/2010 are shown on page 68 of this Statement; the overall surplus has decreased from £0.195m as at 31/03/2009 to £0.108m as at 31/03/2010. This surplus is taken into account when setting the Council Tax levy for next year. Council Tax collection rates are just below the target of 98.4% being 98.06% for the year with a total of £51.396m receivable (analysed in note 2 of the Notes to the Collection Fund).

6. ACCOUNTING POLICIES

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

The CIPFA/LASAAC Joint Committee has fully incorporated the requirements of FRS17 (Retirement Benefits) into the SORP. This includes recognition of the net liability and a pensions reserve in the Balance Sheet and entries in the Income and Expenditure Account and Statement of Movement on the General Fund Balance for movements in the liability.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

6. ACCOUNTING POLICIES (continued)

Work has also commenced in earnest, in preparation for the requirements of the International Financial Reporting Standards (IFRS) and this is the last year the accounts will be prepared on the basis of UKGAPP and the SORP. The accounts will be restated to comply with the IFRS requirements in due course. The main changes as a result of this for 2010/2011 relate to the treatment of leases and employee benefits.

7. DIRECTOR OF RESOURCES ENDORSEMENT- LOOKING FORWARD

The purpose of this Explanatory Foreword is to help with the overall understanding of the Council's Statement of Accounts. This is an on-going process if you have any comments in relation to how we can improve this understanding please let me know.

During 2009/2010, the continued economic recession has presented many new challenges and this is likely to continue over the next Financial Strategy. The outlook from the Administrators on the return of the frozen investments is positive and the return of these funds will be welcomed.

The Council is undertaking significant change, including the Single Site Project and ICT Strategy provide a robust platform for this Council to move forward; however, the future for the Council remains extremely challenging with the emphasis on delivering value for money for the Council Tax payers of Wyre Forest. With this in mind the Council continues to explore opportunities for collaboration and partnership, and has an approved Shared Services strategy. Approval of a Shared Regulatory Service for the seven principal councils in Worcestershire was made by Council as part of its budget setting process; hosted by Bromsgrove District Council and commenced from the 1st June 2010. The Change Agenda will develop strategies for further efficiencies to ensure the future sustainability of Council services.

It is clear that the future financial position for the Council will continue to be challenging with the new government coming to terms with the record budget deficit. The level of funding for the Council in the future should become clearer over the next twelve months; the additional reserves generated through this year's prudent financial management will provide extra resource towards any consequent funding gaps.

The work on future compliance with International Financial Reporting Standards (IFRS) is progressing well and should be successfully delivered within existing resources.

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

David Buckland, C.P.F.A., M.A.A.T.
Director of Resources

Duke House
Clensmore Street
KIDDERMINSTER
Worcestershire
DY10 2JX

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

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

The Director of Resource's Responsibilities

The Director of Resources is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA Statement of Recommended Practice (SORP).

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

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

The Director of Resources has also:

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ANNUAL GOVERNANCE STATEMENT 2009/2010

Scope of Responsibility

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

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

Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, and has implemented this framework during the last year. A copy of the code is on our website at www.wyreforestdc.gov.uk or can be obtained from main reception Duke House, Kidderminster. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The purpose of the Governance Framework

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

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

The governance framework has been in place at Wyre Forest District Council for the year ended 31 March 2010 and up to the date of approval of the statement of accounts.

The Governance Framework

This is defined as 'the systems by which local authorities direct and control their functions and relate to their communities'.

The key elements of the Council's systems and processes that comprise the authority's governance arrangements are as follows. These arrangements have been implemented to provide a robust framework to deliver good governance. A review was undertaken based upon the six core principles of governance approved by the Audit Committee on 14 April 2010, which are:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ANNUAL GOVERNANCE STATEMENT 2009/2010 (continued)

The Governance Framework - (continued)

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

Delivery

The Council delivers these outcomes through:

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

Review of Effectiveness

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

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

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ANNUAL GOVERNANCE STATEMENT 2009/2010 (continued)

Review of Effectiveness - (continued)

A review undertaken for the 2009/10 statement was carried out by the Corporate Management Team on 10th June 2010. This review took into account:

- the Annual report from the s151 Officer – 2009/10 reported to the Corporate Management Team on the 27th May 2010 and considered by the Audit Committee on 28th June 2010;
- comments of other review agencies, inspectorates and external bodies;
- the findings and recommendations of the External Audit's Annual Audit & Inspection Letter reported to the Audit Committee on 16th March 2010;

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

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

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

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

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

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

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ANNUAL GOVERNANCE STATEMENT 2009/2010 (continued)

Significant governance Issues

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

- Review of the Council's strategic risk register following significant changes in the prevailing economic conditions;
- On-going monitoring of the implementation of the items raised within review of the compliance to the CIPFA/SOLACE Corporate Governance Framework;
- Implementation of the actions contained in the Audit & Inspection Letter (March 2010):
 - Members must be satisfied that the updated financial strategy will deliver a balanced budget in the medium term.
 - Members must be satisfied that the projects that underpin the strategy are deliverable within the required timeframes and will provide the necessary savings and improvements to services.
 - Members should ensure that the Council is actively considering all opportunities for shared services where there is potential for achieving efficiencies.
 - Members must continue to be updated on the progress towards recovering its Icelandic investments.

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

Signed

I Miller

Chief Executive

J P Champion

Leader of the Council

28th June 2010

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ACCOUNTING POLICIES

1. General

The Statement of Accounts summarises the Council's transactions for the 2009/2010 financial year and its position at 31st March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 – A Statement of Recommended Practice (the SORP), recognised by statute as representing proper accounting practices. This has been supplemented by the Best Value Accounting Code of Practice 2009 that establishes proper practice for consistent financial reporting and also the relevant Local Authority Accounting Panel (LAAP) Bulletins including the latest issues giving Guidance on the impairment of deposits with Icelandic Banks to ensure compliance with the prevailing Capital Regulation for Accounting for Sums at Risk and account for the approved Capitalisation Direction for impairment.

It is acknowledged that full compliance with the International Financial Reporting Standards must be achieved from 2010/2011 and work is progressing well to ensure these new standards are met.

2. Accruals of Income and Expenditure

All revenue and capital expenditure is accounted for on an accruals basis in accordance with the SORP and FRS18. That is, sums due to or from the Council during the year are recorded, irrespective of whether the cash has actually been received or paid during the year.

3. Financial Assets

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

4. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Fixed Assets are valued in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS) and are valued at intervals of not more than 5 years. Fixed Assets are classified into groupings required by the Code of Practice on Local Authority Accounting. Assets valued below the de-minimis level of £10,000 are not included on the Balance Sheet. Valuation bases are as follows:

- Properties regarded by the authority as operational have been valued on the basis of existing use value or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ACCOUNTING POLICIES (CONTINUED)

4. Fixed Assets (continued)

- Properties regarded by the authority as non-operational have been valued on the basis of open market value.
- Community and other assets are valued at historic cost except where a revaluation has taken place during the financial year in which case they have been revalued on the basis of open market value.

• **Disclosure Note re Car Parks**

Car Parks were revalued this year based on the normal five year rolling programme. The method of valuation used for these assets has changed in 2009/2010 from depreciated replacement cost (DRC), to open market value (OMV) in accordance with latest guidance from the Royal Institution of Chartered Surveyors (RICS) as advised and certified by our external valuers Bruton Knowles. Although the car parks were previously valued on a depreciated replacement cost basis, which is an acceptable method of valuing these assets, it was considered appropriate to re-value them based on the income they are producing, which is an acceptable alternative method and reflective of their existing use to the Council.

The Council provides for depreciation on operational assets, one community asset, vehicles, plant and equipment in accordance with their useful lives, having regard to the estimated residual values. Estimates are based upon the professional opinion of the qualified RICS officer.

The Council's assets are usually revalued on a five year rolling programme. However, a contract was externally let for the revaluation of the majority of the Council's assets as at 1st April 2007 as part of the Single Site Initiative. The current asset values used in the accounts are based on valuations provided by V Bendall, MRICS (the Council's Estates Surveyor) and Bruton Knowles Independent Valuers, with the remainder being provided as per preceding years by Humberts Independent Valuers, Drivers Jonas Independent Valuers and The District Valuer, reviewed and confirmed by C Newlands, Director of Legal and Corporate Services (in her capacity as the Council's Principal Property Adviser).

5. Depreciation, Impairment and other Charges to Revenue for Fixed Assets

Depreciation is provided for all fixed assets with a finite useful life and calculated using the straight line method. This excludes freehold land and investment properties. It is Council Policy to commence charging depreciation in the year following acquisition.

Impairment charges have been calculated in accordance with proper practice where the Principal Property Adviser determines the value of an asset has changed materially in the period. There are two types of impairment that have different accounting treatment with effect from 1st April 2007. These are:

- Consumption of Economic Benefit (e.g. obsolescence or physical damage to a fixed asset)
- General fall in Prices (e.g. a significant decline in a fixed asset's market value)

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ACCOUNTING POLICIES (CONTINUED)

5. Depreciation, Impairment and other Charges to Revenue for Fixed Assets (continued)

Where there has been a consumption of economic benefits the impairment loss is charged to the Income and Expenditure Account and appropriated through the Statement of Movement on General Fund Balances. Where there is a general fall in prices the impairment loss is written off against any accumulated gains in the Revaluation Reserve. If there is no revaluation gain to offset the impairment then the loss is charged to the Income and Expenditure Account as before.

The Council's external property advisors Bruton Knowles have carried out the annual impairment review; this has not identified any impairment of assets to be reflected in the accounts. This is in contrast to the 2008/2009 accounts when due to the prevailing global economic downturn the annual impairment review resulted in a 20% reduction to the values of non-operational assets and non-specialised operational assets.

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

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

- For capital expenditure incurred before 1 April 2008 or which in the future will be supported capital expenditure, the MRP policy will be:

Existing practice - MRP will follow the existing practice outline in former CLG Regulations

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

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

6. Government Grants and Contributions

Government grants are accounted for on the equivalent to an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account or, in the case of capital grants, to a government grants deferred account. The capital grants are then written off to the Income and Expenditure Account to offset the depreciation charge of the fixed assets to which they relate.

7. Leasing

Where assets were obtained under operating leases, the leasing rentals payable are charged to revenue. The cost of the assets and the related liability for future rentals payable are not shown in the balance sheet but are disclosed in the notes.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ACCOUNTING POLICIES (CONTINUED)

8. Stocks and Work in Progress

Stocks are valued at the latest price paid, with an allowance made for obsolescent and slow-moving items. This is a departure from the requirements of the Code and SSAP 9, but the effect of the different treatment is immaterial.

Work in progress on uncompleted jobs is valued at cost including an allocation of overheads. Since the transfer of Building Maintenance to the Community Housing Group in April 2008, Work in Progress has been minimal and jobs were purposely closed by the 31st March 2010 to expedite a system change in these areas so there is no Work in Progress at the end of 2009/2010.

9. Central Support Services

In order to comply with the requirements in the Best Value Accounting Code of Practice, support service costs are either charged to the Corporate and Democratic Core, Non Distributed Costs or, as previously are fully recharged to services.

10. Interest and Investment Income

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

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

11. Provisions, Reserves and Contingent Liabilities

Provisions and Reserves are kept in accordance with Section 41(3)(b) and Schedule 5, Section 63 of the Local Government and Housing Act 1989. FRS 12 redefined a provision as "a liability that is of uncertain timing or amount, to be settled by the transfer of economic benefits". It also stated that, "a provision should be recognised when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Unless these conditions are met, no provision should be recognised". The provision is therefore required to be measurable.

Reserves are amounts set aside for purposes falling outside the definition of provisions. The Council maintains a General Reserve and several Earmarked Reserves as set out in the notes to the core financial statements. Capital Reserves are not normally available for revenue purposes. For example, the Revaluation Reserve, Capital Adjustment Account and Usable Capital Receipts Reserve can only be used for capital purposes and Government approved revenue.

Contingent Liabilities are not recognised in the accounting statements but are disclosed by way of notes if there is a possible obligation which may require a payment or transfer of economic benefits.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ACCOUNTING POLICIES (CONTINUED)

12. Accounting Convention

The Accounts are prepared on an historic cost basis except where accounting guidance requires an alternative basis.

13. Other Accounting Principles

Capital receipts from the sale of assets are treated in accordance with the requirements prescribed in part IV of the Local Government Housing Act 1989. Capital receipts below £10,000, in accordance with the Regulations, are generally taken to revenue.

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

14. Pensions

The Council participates in one defined benefit scheme for its employees, administered by Worcestershire County Council. Pension costs are assessed in accordance with the advice of an independent qualified Actuary using the projected unit method. The Council and employees pay contributions into the fund, calculated at a level intended to balance pension liabilities with investment assets.

The Code governing Local Authority accounts requires authorities to account for their pension costs in accordance with Financial Reporting Standard 17, Retirement Benefits. This policy recognises, within the accounts, pension liabilities when they become due even though benefits are not actually paid until the employee retires. It better reflects the overall position which has given rise to the commitment in the long-term to increase contributions to make up any shortfall in the assets in the pension fund.

15. Revenue Expenditure funded from Capital under Statute

Expenditure that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account. Where the Council meets the cost of this expenditure from existing capital resources a transfer to the Capital Adjustment Account via the Statement of Movement on the General Fund Balance to ensure that there is no impact on the council tax. This was introduced by the 2008 SORP effectively replacing Deferred Charges with a new category of expenditure.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

ACCOUNTING POLICIES (CONTINUED)

16. Borrowing

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

17. Receipts in Advance

In accordance with the SORP, Section 106 contributions from developers are classified as receipts in advance.

18. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recovered.

19. Disclosure Note - Accounting for Council Tax/ Collection Fund

From 1st April 2009, the Council Tax Income included in the Income and Expenditure Account for the year shall be the accrued income for the year. Each major preceptor's share of the accrued Council Tax income is now available from the information required to produce the Collection Fund Statement. This contrasts with the previous accounting requirements where the Council Tax income included in the Income and Expenditure Account represented the amounts required under regulation to be transferred from the Collection Fund to the General Fund of the billing authority.

Under these new accounting requirements, the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to a new Collection Fund Adjustment Account to be included in the reconciliation of the Statement of Movement on the General Fund Balance Sheet. Also, the cash collected by this Council as the billing authority belongs proportionately to the billing authority and the major preceptors. There is therefore a debtor/creditor position between this Council and the County Council, since the net cash paid to each major preceptor in the year is not its share of cash collected from Council Taxpayers.

This change in accounting policy is material and a prior year adjustment has therefore been made to 2008/2009.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

INCOME AND EXPENDITURE ACCOUNT 2009/2010

<i>2008/2009 Net Expenditure (Income)</i>	<i><u>Expenditure on Services (Note 3)</u></i>	<i>Gross Expenditure</i>	<i>Income</i>	<i>2009/2010 Net Expenditure (Income)</i>
<i>£'000</i>		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
1,175	Central Services to the Public	10,028	9,140	888
10,464	Cultural, Environmental and Planning Services	12,002	2,798	9,204
2,605	Highways, Roads and Transport Services	4,558	1,861	2,697
1,762	Housing Services	30,262	28,708	1,554
4,023	Corporate and Democratic Core	3,429	577	2,852
127	Non Distributed Costs	219	0	219
1,020	Exceptional Items	658	913	(255)
21,176	NET COST OF SERVICES	61,156	43,997	17,159
0	(Profit)/Loss on the Disposal of Fixed Assets			(88)
(9)	Right to Buy Clawback Receipt & Other Capital Receipts			(25)
420	Parish Council Precepts			445
	Trading Account Surpluses and Deficits: (Note 5)			
7	Markets			(2)
480	Industrial Estates			(283)
48	Interest Payable & Similar Charges			210
3,938	Impairment of Long Term Investments			1,190
15	Contribution of Housing Capital Receipts to Government Pool			18
(1,596)	Interest and Investment Income			(722)
2,203	Pensions Interest Cost & Expected Return on Pension Assets			3,035
26,682	NET OPERATING EXPENDITURE			20,937
(6,916)	NNDR Redistribution			(6,484)
(963)	Revenue Support Grant			(1,497)
(6,968)	Precept demanded from the Collection Fund			(7,198)
(571)	Area Based Grant			(381)
11,264	DEFICIT/(SURPLUS) FOR THE YEAR			5,377

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE 2009/2010

2008/2009		2009/2010
£'000		£'000
11,264	Deficit/(Surplus) for the year in the Income and Expenditure Account	5,377
(9,910)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year (Note 4)	(5,510)
1,354	(Increase)/Decrease in General Fund Balance for the Year*	(133)
(4,197)	General Fund Balance Brought Forward	(2,843)
(2,843)	General Fund Balance Carried Forward	(2,976)

*Note: The net increase in the General Fund Balance is calculated as follows:

1,376	Decrease in General Fund Balance relating to Operating Activities	177
(22)	Transfer from Earmarked Reserves to General Fund Balance	(310)
1,354	(Increase)/Decrease in General Fund Balance for the Year	(133)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL) 2009/2010

2008/2009		2009/2010
£'000		£'000
11,264	(Surplus)/deficit on the Income and Expenditure Account for the year	5,377
4,024	(Surplus)/deficit arising from the revaluation of Fixed Assets	(9,472)
(2,602)	Actuarial (gains) and losses on Pension Fund assets and liabilities	7,145
12,686	Total recognised (gains) and losses for the year	3,050

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

BALANCE SHEET AS AT 31ST MARCH 2010

2008/2009 £'000 <i>(re-stated)</i>		£'000	2009/2010 £'000
	FIXED ASSETS		
	(Notes 10 and 15)		
348	Intangible Assets	655	
	Operational Assets:		
27,315	Other Land & Buildings	32,001	
2,369	Vehicles & Equipment	2,363	
682	Community Assets	699	
	Non-operational Assets:		
7,388	Investment Properties	6,899	
2,587	Surplus Properties	4,548	
220	Asset Under Construction	227	
<hr/>		<hr/>	
40,909	TOTAL FIXED ASSETS		47,392
	Long Term Debtors:		
72	Mortgages	55	
109	Other	131	
			186
<hr/>			<hr/>
41,090	TOTAL LONG TERM ASSETS		47,578
	CURRENT ASSETS		
18,216	Temporary Investments	13,193	
105	Stock and W.I.P.	106	
1,865	Debtors	6,388	
	Cash	348	
<hr/>			<hr/>
61,276	TOTAL ASSETS		20,035
	CURRENT LIABILITIES		67,613
(88)	Temporary Loans	(148)	
(2,689)	Creditors	(3,053)	
(1,453)	Receipts in Advance	(1,661)	
(2)	Contractors and Other Deposits	(3)	
(78)	Cash	0	
			(4,865)
<hr/>			<hr/>
56,966	TOTAL ASSETS LESS CURRENT LIABILITIES		62,748
	LONG TERM LIABILITIES		
(38)	Long Term Borrowing		(35)
(238)	Provisions		(195)
(2,214)	Government Grants Deferred		(2,566)
(40,644)	Liability Related to Defined Benefit Pension Scheme (Note 26)		(49,170)
<hr/>			<hr/>
13,832	TOTAL ASSETS LESS LIABILITIES		10,782
	FINANCED BY:		
6,249	Revaluation Reserve		13,800
31,615	Capital Adjustment Account		30,284
(3,316)	Financial Instruments Adjustment Account (Note 21)		(436)
27	Collection Fund Adjustment Account		15
15,328	Usable Capital Receipts Reserve		11,887
(40,644)	Pensions Reserve		(49,170)
700	General Fund Balance		700
2,143	-Working Balance		2,276
0	-Earmarked Revenue Balance		0
1,730	Collection Fund Balance		0
	Earmarked Reserves		1,426
<hr/>			<hr/>
13,832	TOTAL NET WORTH		10,782

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

2008/2009		£'000	£'000	2009/2010
£'000				£'000
(re-stated)	Revenue Activities			
	Cash Outflows			
(12,822)	Cash paid to and on behalf of employees	(12,105)		
(15,023)	Other operating cash payments	(15,098)		
<u>(22,290)</u>	Housing Benefit paid out	<u>(27,194)</u>		
(50,135)			(54,397)	
	Cash Inflows			
6,016	Council Tax income	6,083		
6,916	National Non-Domestic Rate receipts from national pool	6,484		
963	Revenue Support Grant	1,497		
23,080	DSS Grants for benefits	27,031		
1,340	Other government grants (Note 30)	983		
4,305	Cash received for goods and services	4,310		
7,134	Other operating cash receipts	<u>7,397</u>		
<u>49,754</u>			<u>53,785</u>	
				(612)
	Service of Finance			
	Cash outflows			
(10)	Interest paid		(3)	
	Cash inflows			
1,149	Interest received		<u>1,168</u>	1,165
	Capital Activities			
	Cash outflows			
(1,934)	Purchase of fixed assets	(2,684)		
(2,534)	Other capital cash payments	<u>(1,773)</u>		
			(4,457)	
	Cash inflows			
463	Sale of fixed assets	655		
1,005	Capital grants received	<u>1,727</u>		
			<u>2,382</u>	(2,075)
<u>(2,242)</u>	Net cash inflow/(outflow) before financing			<u>(1,522)</u>
	Management of Liquid Resources			
3,435	Net (increase)/decrease in short term deposits			5,065
(693)	Net (increase)/decrease in other liquid resources			(3,174)
	Financing			
	Cash Outflows			
(12)	Repayments of amounts borrowed (Note 29)		(3)	
	Cash Inflows			
-	New short-term loans (Note 29)		<u>60</u>	57
<u>488</u>	Increase/(Decrease) in cash (Note 29)			<u>426</u>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 1 STATEMENT OF RECOMMENDED PRACTICE (SORP) CHANGES 2009/2010

The 2009 SORP changes the accounting for Council tax for both billing authorities and major preceptors so has affected both district and county councils. From 1st April 2009, the Council Tax Income included in the Income and Expenditure Account for the year shall be the accrued income for the year. Each major preceptor's share of the accrued Council Tax income is now available from the information required to produce the Collection Fund Statement. This contrasts with the previous accounting requirements where the Council Tax income included in the Income and Expenditure Account represented the amounts required under regulation to be transferred from the Collection Fund to the General Fund of the billing authority.

Under these new accounting requirements, the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to a new Collection Fund Adjustment Account to be included in the reconciliation of the Statement of Movement on the General Fund Balance Sheet. Also, the cash collected by this Council as the billing authority belongs proportionately to the billing authority and the major preceptors. There is therefore a debtor/creditor position between this Council and the County Council, since the net cash paid to each major preceptor in the year is not its share of cash collected from Council Taxpayers.

This change in accounting policy is material and a prior year adjustment has therefore been made to 2008/2009.

Other significant changes that affect District Councils include accounting for National Non-Domestic Rates and accrued interest. In addition, Icelandic Investments have been accounted for in accordance with the prevailing capital regulations and LAAP 82, taking into account Capitalisation approvals for the impairment of the principal element of these deposits.

Note 2 EXPLANATION OF SIGNIFICANCE OF THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

This account is comprised of the Surplus/Deficit on the Income and Expenditure Account for the year and net additional amounts required by statute and non statutory proper practices to be charged against the General Fund balance for the year (analysis provided in note 4) resulting in the Movement in Revenue Fund Balance for the year. The total reserves brought forward from previous years is also included, giving the total reserves available towards the Council's Financial Strategy for consideration as part of the 2011/2014 Budget process.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 3 INCOME & EXPENDITURE ON SERVICES

2008/2009 Net Expenditure (Income) £'000	<u>Expenditure on Services</u>	Gross Expenditure £'000	Income £'000	2009/2010 Net Expenditure (Income) £'000
	Central Services to the Public			
885	Local Tax Collection	9,691	8,993	698
251	Elections	197	3	194
39	Local Land Charges	140	144	(4)
1,175				888
	Cultural, Environmental, Regulatory and Planning Services			
	Cultural and Related Services:			
401	Culture and Heritage	456	56	400
2,437	Recreation and Sport	2,610	307	2,303
1,484	Open Spaces	1,573	374	1,199
147	Tourism	107	5	102
	Environmental Services:			
383	Cemeteries	222	90	132
1,740	Environmental Health	2,046	359	1,687
(30)	Flood Defences & Land Drainage	42	67	(25)
253	Consumer Protection	249	16	233
2,159	Waste Collection	2,692	776	1,916
	Planning and Development Services:			
162	Building Control	353	215	138
451	Development Control	683	247	436
537	Planning Policy	629	236	393
340	Economic Development	340	50	290
10,464				9,204
	Highways and Transport Services			
	Highways, Roads and Transport Services:			
995	Environment, Safety & Routine Maintenance	874	45	829
881	Parking Services	2,718	1,519	1,199
729	Public Transport	966	297	669
2,605				2,697
	Housing Services			
	General Fund Housing:			
9	Housing Advances	0	0	0
820	Private Sector Housing Renewal	1,610	774	836
759	Homelessness	827	195	632
(130)	Housing Benefits Payments	27,233	27,319	(86)
304	Housing Benefits Administration	592	420	172
1,762				1,554
	Corporate and Democratic Core			
	Democratic Representation and Management	940	0	940
2,862	Corporate Management	2,489	577	1,912
4,023				2,852
127	Non Distributed Costs	219	0	219
1,020	Exceptional Items	658	913	(255)
21,176	NET COST OF SERVICES	61,156	43,997	17,159

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 4 AMOUNTS ADDITIONAL TO THE SURPLUS OR DEFICIT ON THE INCOME AND EXPENDITURE ACCOUNT

	2008/2009 £'000	2009/2010 £'000
Items excluded by statute:		
Depreciation & Impairment of Fixed Assets	(4,798)	(3,375)
Impairment of Long Term Investments	(3,316)	1,126
Government Grants Deferred Amortisation	370	374
Revenue Expenditure Funded from Capital Under Statute	(1,757)	(2,603)
Profit/(Loss) on disposal of Fixed Assets	-	88
Right to Buy Clawback and other Capital Receipts	9	25
Net Changes made for retirement benefits in accordance with FRS17	(4,439)	(4,015)
Collection Fund Adjustment Account	(22)	(12)
Items included by Statute:		
Minimum Revenue Provision	383	433
Capital expenditure charged in-year to the General Fund Balance	55	138
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(15)	(18)
Employers contributions payable to the Worcestershire County Council Pension Fund & Retirement benefits payable directly to pensioners	3,646	2,634
Transfers to or from the General Fund Balance:		
Voluntary Revenue Provision for capital financing	-	-
Net transfer to or from earmarked reserves	(26)	(305)
Net additional amount required to be debited/(credited) to General Fund Balance for the year	(9,910)	(5,510)

Note 5 TRADING UNDERTAKINGS

	2008/2009 £'000	2009/2010 £'000
Market Undertakings		
Income	(10)	(10)
Expenditure	17	8
Net (Income)/Expenditure	7	(2)
Industrial Estates		
Income	(585)	(623)
Expenditure	1,065	340
Net (Income)/Expenditure	480	(283)

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 6 MEMBERS' ALLOWANCES

Members' Allowances paid during the year are as follows:

Description of Allowance	2008/2009 £	2009/2010 £
Allowances	329,531	326,776
Travel & Subsistence	6,220	4,867
Telephone	13,375	12,889
Total	349,126	344,532

Note 7 REMUNERATION OF OFFICERS

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

Total Remuneration	2008/2009	2009/2010
£50,000 - £60,000	4	1
£60,000 - £70,000	6	-
£70,000 - £80,000	5	4
£80,000 - £90,000	1	-
£90,000 - £100,000	-	-
£100,000 - £110,000	1	-
£110,000 - £120,000	3	-
£120,000 - £180,000	-	1
£180,000 - £190,000	1	-
£190,000 - £200,000	-	1
£200,000 - £210,000	1	-

During 2008/2009, the Council implemented a significant number of redundancies resulting in a temporary increase to the number of officers included in this note due to the payment of one-off severance costs. Three such severance payments are relevant in 2009/2010. A revised Redundancy policy was considered by Cabinet 22nd December 2009 and approved by Council 24th February 2010 removing discretionary payments from future termination payments.

Note 8 RELATED PARTY TRANSACTIONS

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

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in the Cash Flow Statement and relating note (note 28).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 8 RELATED PARTY TRANSACTIONS (continued)

Transactions for the period 1st April 2009 to 31st March 2010 are as follows:

Organisation	Income £'000	Expenditure £'000
Age Concern	-	8
Bewdley Development Trust	-	1
Community Housing Group	113	1,283
Kidderminster Town Centre Partnership	-	12
Pensions Service	-	2,621
Relate - Worcestershire	-	3
Stourport-on-Severn Social Day Centre	-	1
Stourport Forward	25	5
Stourport Sports Club	55	101
Worcestershire County Council (excludes precepts)	495	528
Wyre Forest Citizen's Advice Bureau	7	63
Wyre Forest Nightstop & Mediation	-	4

- a. There were three District Councillors who served on the board of The Community Housing Group namely:-

Cllr. D. Sheppard
Cllr. M. Kelly
Cllr. J Greene

- b. There were nine District Councillors who were also Worcestershire County Councillors namely:-

Cllr. J P Champion
Cllr. G C Yarranton
Cllr. M J Hart
Cllr. F M Oborski
Cllr. S J M Clee
Cllr. N Desmond
Cllr. M Ahmed
Cllr. A Hingley
Cllr. J Thomas

- c. There was one District Councillor who was also a member of Age Concern namely:-

Cllr. M Salter

- d. There was one District Councillor and one Council Officer who were also members of the Bewdley Development Trust namely:-

Cllr. S J M Clee
Economic Development and Tourism Manager

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 8 RELATED PARTY TRANSACTIONS (continued)

- e. There was one District Councillor who was also a member of the Citizens Advice Bureau Management Committee namely:-

Cllr. J Fairbrother-Millis

- f. There were three District Councillors who were also members of Kidderminster Town Centre Partnership namely:-

Cllr. J Baker
Cllr. S M Hayward
Cllr. P B Harrison

- g. There was one District Councillor who was also a member of Relate Worcestershire namely:-

Cllr. B T Glass

- h. There was one District Councillor who was also a member of the Stourport-on-Severn Social Day Centre Management Committee namely:-

Cllr. D R Sheppard
Cllr. M Salter

- i. There was one District Councillor and one Council Officer who were also members of the Stourport Forward Board namely:-

Cllr. M A Salter
Economic Development and Tourism Manager

- j. There were two Council Officers who were Directors of Stourport Sports Club Ltd

Head of Community and Partnership Services
Community Development Manager – Community and Partnership Services

- k. There were three Councillors and one Council Officer who were members of the Wyre Forest Nightstop and Mediation Service Management Committee namely:

Cllr. A T Hingley
Cllr. J Holden
Cllr. H Dyke
Research & Policy Officer.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 8 RELATED PARTY TRANSACTIONS (continued)

I. Other Public Bodies:

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

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

Parish Councils	Numbers of Members	Income £'000	Payments (excl. precepts) £'000
Kidderminster Charter Trustees	2	-	3
Stourport Town Council	1	6	6
Bewdley Town Council	1	5	12

Note 9 AUDIT & INSPECTION FEES

Fees payable to the Council's External Auditors	2008/2009 £	2009/2010 £
External Audit Services / Statutory Inspection	133,090	121,934
Certification of Grant Claims	30,926	29,063
Corporate Plan Development	10,000	0
Total	174,016	150,997

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 10 FIXED ASSETS

A) Movements in fixed assets during the year were as follows:

OPERATIONAL ASSETS				
	Land & Buildings	Community	Vehicles & Equipment	Total Operational Assets
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 st April 2009	28,737	700	4,345	33,782
Additions	497	35	674	1,206
Reclassifications	(1,176)	0	0	(1,176)
Revaluations	5,675	0	0	5,675
Disposals	0	0	(165)	(165)
At 31 st March 2010	33,733	735	4,854	39,322
Depreciation and Impairments				
At 1 st April 2009	(1,410)	(18)	(1,977)	(3,405)
Charge for 2009/10	(2,569)	(18)	(658)	(3,245)
Revaluations	2,247	0	144	2,391
Disposals	0	0	0	0
At 31 st March 2010	(1,732)	(36)	(2,491)	(4,259)
Balance Sheet at 31st March 2010	32,001	699	2,363	35,063
Balance Sheet at 1 st April 2009	27,327	682	2,368	30,377
Nature of asset holding				
Owned	32,001	699	2,363	35,063
Finance Lease	0	0	0	0
PFI	0	0	0	0
Balance Sheet at 31st March 2010	32,001	699	2,363	35,063

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 10 FIXED ASSETS (continued)

NON OPERATIONAL ASSETS				
	Investment	Surplus	Under Construction	Total Non Operational Assets
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 st April 2009	7,388	2,587	220	10,195
Additions	7	935	7	949
Reclassifications	0	1,177	0	1,177
Revaluations	0	(127)	0	(127)
Disposals	(496)	(24)	0	(520)
At 31st March 2010	6,899	4,548	227	11,674
Depreciation and Impairments				
At 1 st April 2009	0	(11)	0	(11)
Charge for 2009/10	0	0	0	0
Revaluations	0	11	0	11
Disposals	0	0	0	0
At 31st March 2010	0	0	0	0
Balance Sheet at 31st March 2010	6,899	4,548	227	11,674
Balance Sheet at 1 st April 2009	7,388	2,576	220	10,184
Nature of asset holding				
Owned	6,899	4,548	227	11,674
Finance Lease	0	0	0	0
PFI	0	0	0	0
Balance Sheet at 31st March 2010	6,899	4,548	227	11,674

The Council's assets are usually revalued on a five year rolling programme. The current asset values used in the accounts are based on valuations provided by V Bendall, MRICS (the Council's Estates Surveyor) and Bruton Knowles, Independent Valuers, with the remainder being provided as per preceding years by Humberts Independent Valuers, Drivers Jonas Independent Valuers and The District Valuer, reviewed and confirmed by C Newlands, Director of Legal and Corporate Services (in her capacity as the Council's Principal Property Adviser). For further valuation information see note 11.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 10 FIXED ASSETS (continued)

Information about Depreciation Methodologies

Method

All fixed assets are depreciated on a straight line basis over a period of their useful economic life (see section 5 of the Accounting Policies also).

Useful lives

Asset Category	Life
Offices, Sport & Leisure Centres, Museum and Market	20-90
Depot & Workshops	15-35
Public Conveniences	20-40
Miscellaneous Community Assets	30-50
Vehicles, Plant & Machinery, Equipment & Lighting	3-10
ICT Systems	3-5
CCTV	2

The number and type of major fixed assets are:

Asset Description	2008/2009	2009/2010
Land & Properties:		
Civic & Administrative Buildings	5	5
Car Parks	29	29
Trading Estates & Enterprise Centres	5	5
Public Conveniences	14	14
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3	3
Museums	1	1
Farms	2	2
Sports & Social Clubs	4	4
Sports Fields & Parks	22	22
Nature Reserves	3	3
Other Land & Buildings	41	39
Vehicles, Equipment & Systems		
Equipment	Various	Various
Systems & Software	Various	Various
Vehicles	80	83
Play Equipment	Various	Various

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 10 FIXED ASSETS (continued)

B) The additions to the fixed asset portfolio were:

Asset Description	£'000
Vehicle and Equipment Renewals	674
Wild Walshes Play Equipment	6
King George's Playing Field Play Equipment	9
Willowfield Drive Play Equipment	9
STC4 CPO 8 & 8a Bridge Street	936
Other	7
Total	1,641

The main items of capital expenditure on fixed assets were:

Asset Description	£'000
Bridge Street CPO	936
ICT Strategy	779
Vehicle and Equipment Renewals	233
Bewdley Museum	232
FMS Phase II Update	129
Paddling Pools	89
Town Hall	82
Car Parks	40
Play Equipment / Open Spaces	40
Other Information Technology Systems / Equipment	31
QE II Gardens – Sculptures	25
Other	49
Total	2,665

C) Capital expenditure was financed as follows:

Financing:	£'000
Capital Receipts (Usable)	4,078
Prudential Borrowing	329
Capital Contributions Applied	450
Grants	429
Government Grants Deferred	751
Direct Revenue Funding	110
Total	6,147

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 10 FIXED ASSETS (continued)

Type of Capital Expenditure:	£'000
Fixed Assets (additions and enhancements)	2,665
Capitalisation Directions	2,004
Disabled Facilities Grants	901
Community Alarm Equipment Grant	49
Discretionary Grant Payments	86
Partnership Scheme in Conservation Area	34
Wyre 65 Housing Scheme	88
Regional Housing Initiatives	159
White Wickets Play Area	80
Worcestershire LAA: Wyre Forest Community Safety Partnership	13
Grants to Stourport Sports Club and Citizen's Advice Bureau	46
Other	22
Total	6,147

D) Capital Financing Requirement

	2008/2009 £'000	2009/2010 £'000
Opening Capital Financing Requirement	1,900	1,829
Operational Assets	1,824	1,715
Non-operational Assets	166	950
Revenue Expenditure Financed from Capital Under Statute	2,401	3,453
Capital Receipts	(2,893)	(4,078)
Government Grants and other Contributions	(1,131)	(1,601)
Sums Set Aside from Revenue	(438)	(571)
Closing Capital Financing Requirement	1,829	1,697
Explanation of movements in the year:		
Increase/(decrease) in underlying requirement to borrow (unsupported by Government financial assistance)	(71)	(132)
Increase/(decrease) in Capital Financing Requirement	(71)	(132)

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 10 FIXED ASSETS (continued)

E) Contractual Commitments

At 31st March 2010 the following Capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Disabled Facilities Grant	17
Private Sector Housing Grant	69
Decent Homes Initiatives	14
Waste Strategy	1,720
Total	1,820

Note 11 VALUATION INFORMATION

Valuations of fixed assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Vehicles and Equipment £'000	Investment Properties £'000	Surplus Assets £'000	Assets under Construction £'000	Total £'000
Valued at historical cost	537	155	3,018	248	947	227	5,132
Valued at current value in:							
2009/2010	20,868	-	-	-	1,050	-	21,918
2008/2009	601	62	-	99	1,040	-	1,802
2007/2008	9,787	416	-	6,528	1,511	-	18,242
2006/2007	-	-	-	-	-	-	-
2005/2006	208	66	-	24	-	-	298
Total	32,001	699	3,018	6,899	4,548	227	47,392

A Disclosure Note re Change in the Methodology for Car Parks Valuations is included in Accounting Policy 4 - Fixed Assets on page 15.

Note 12 INTANGIBLE FIXED ASSETS

	Purchased Software & Licences £'000
Original Cost	856
Amortisations to 1 st April 2009	(508)
Balance at 1 st April 2009	348
Expenditure in year	509
Written off to revenue in year	(202)
Balance at 31 st March 2010	655

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 13 ANALYSIS OF NET ASSETS EMPLOYED

2008/09 £'000	Activity	2009/10 £'000
10,333	General Fund	10,133
3,499	Trading Operations	649
13,832	Total	10,782

Note 14 EXCEPTIONAL ITEMS – VAT Refund – Flemings Case law, Severance and Pension Fund Costs

An item is included in the Income and Expenditure Account relating to a refund from HMRC in respect of claims for Sporting Exemption, Cultural Admissions and Cemetery income, paid following a Voluntary Disclosure made under the Michael Fleming (t/a Bodycraft) v CRC case provisions. PricewaterhouseCoopers worked closely with the Council on these disclosures and submitted the Sporting Exemption and Cultural Admission Claims on our behalf. These disclosures covered the period April 1976 to December 1996. The sums refunded by HMRC were a basic refund of £384,966 and interest of £350,630 totalling £735,596 (net of Fee made to Pricewaterhouse Coopers), received on the 1st February and the 9th March, 2010 respectively. Claims for Sports Courses and compound interest remain outstanding.

The Table below gives a breakdown of the VAT Refund received shown in the Income and Expenditure Account as an Exceptional Item, together with details of the items for Severance Payments and Pension Fund Costs.

Description of Exceptional Item	£'000	£'000
<u>Description of VAT Refund</u>		
Cultural Admissions	(22)	
Leisure Income	(864)	
Cemetery	(27)	
Total Refund from HMRC – Base and Interest		(913)
Less Payment to PricewaterhouseCoopers		177
Total VAT Refund Exceptional Item		(736)
<u>Description of Severance Payment</u>		
Payments in Lieu of Notice	45	
Statutory Redundancy Costs	56	
Discretionary Severance Payments	187	
Total Severance Exceptional Item		288
Pension Fund Costs		193
Total Exceptional Items (per Income & Expenditure Account)		(255)

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 15 OPERATING LEASES

The authority was committed at 31st March 2010 to making payments of £147,700 under operating leases in 2010/2011, comprising the following elements:

	Land and Buildings	Other Operating Leases
	£'000	£'000
Leases expiring in 2010/2011	0	3
Leases expiring between 2012/2013	110	-
Leases expiring after 2016/2017	34	-

Other Operating Leases

The Council has previously provided vehicles, equipment and systems through operating leases. Following the introduction of the Prudential Code there were no assets acquired by lease during 2008/2009. The amount paid under outstanding operating lease obligations in 2009/2010 was £14,484 (2008/2009 £16,265).

Land and Buildings

The Council leases an automated public convenience in Stourport and land at Rushock Trading Estate, accounted for as operating leases. The rentals payable in 2009/2010 were £7,061 for the automated public convenience (2008/2009 £7,061) and £27,240 for land at Rushock Trading Estate (2008/2009 £27,240). Lease payments on the Vicar Street offices totalled £37,500; this lease expired on the 24th March, 2010. In addition, the Council leases Duke House, Clensmore Street on a short-term lease. The amount payable in 2009/2010 was £110,000.

Authority as Lessor

The Authority has granted a number of operating leases to commercial operations at various investment properties (Trading Estates, Enterprise Centres etc.). The aggregate rentals due in 2009/2010 were £620,416.

The gross value of investment properties utilised for commercial letting purposes was £6.9m at 31st March 2010. Investment properties are not subject to charges for depreciation.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 16 LONG TERM BORROWING

	31st March	
	2009 £'000	2010 £'000
Source of Loan:		
Mortgages	38	34
	38	34
Analysis of loans by maturity is:		
Maturing within one year	-	-
Maturing 1-2 years	-	-
Maturing 2-5 years	-	-
Maturing 5-10 years	38	34
Maturing in more than 10 years	-	-
	38	34

Note 17 PROVISIONS

Description of Provision	1st April 2009 £'000	Provided in Year £'000	Payments in Year £'000	31st March 2010 £'000
Severn Trent Superannuation Fund	35	-	(5)	30
Future Severance Costs	203	-	(203)	0
Icelandic Interest	0	165	0	165
Total All Provisions	238	165	(208)	195

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

The Provision for Future Severance Costs was in respect of the known costs of restructuring decisions made in 2008/2009 but not implemented until 2009/2010. A Capitalisation Direction was successfully sought for the relevant elements of this payment and consequent adjustments have now been made to either apply or remove this Provision.

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 18 INSURANCE PROVISIONS

No insurance provision is held. An earmarked reserve account in respect of insurance excesses is held and the movement in the year is a decrease of £3,044.

Note 19 REVALUATION RESERVE

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

	31st March 2010 £'000
Balance at 1st April	6,249
Revaluation Gains	8,131
Excess Current Value Depreciation over Historic Cost Depreciation	(153)
Impairment written off against prior balances	(397)
Balance written out following disposal	(30)
Balance at 31st March	13,800

Note 20 CAPITAL ADJUSTMENT ACCOUNT

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

	31st March	
	2009 £'000	2010 £'000
Balance at 1st April	34,361	31,615
Capital Receipts Applied	2,893	4,078
Government Grants Deferred	370	374
Depreciation	(1,739)	(1,654)
Impairment Adjustments	(3,059)	(1,721)
Direct Revenue Financing	55	138
Repayments of Long Term Debts	(29)	(17)
Appropriation of Minimum Revenue Provision	383	433
Revenue Expenditure Funded From Capital Under Statute	(1,757)	(2,603)
Disposal of Fixed Assets	-	(542)
Revaluation Reserve	137	183
Balance at 31st March	31,615	30,284

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 21 FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

This Council has taken advantage of the capital regulations and statutory guidance that allows the impact of the impairments on frozen investments to be deferred until 2010/2011. The impairment of the investments along with the accrued interest on the deposits has been transferred to the Financial Instruments Adjustment Account in accordance with LAAP Bulletin 82.

CIPFA issued an update to LAAP Bulletin 82 in May 2010 that revised the recovery estimates. The Council utilised a Capitalisation Direction in respect of the impaired principal, thereby a corresponding transfer has been made from the Financial Instruments Adjustment Account to the General Fund.

Reserve	1st April 2009	Impairment of Icelandic Investments	Accrued Interest on Icelandic Investments	Capitalised Impairment transferred to General Fund	31st March 2010
	£'000	£'000	£'000	£'000	£'000
Financial Instruments Adjustment Account	3,316	(564)	(561)	(1,755)	436

Note 22 USABLE CAPITAL RECEIPTS RESERVE

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

	31st March	
	2009	2010
	£'000	£'000
Balance at 1st April	18,198	15,328
Receipts from Sales of Assets etc.	38	655
Receipts applied for new Capital Expenditure	(2,893)	(4,078)
Contribution of Housing Receipts to the National Pool	(15)	(18)
Balance at 31st March	15,328	11,887

Note 23 RESERVES

Reserve	1st April 2009	Receipts in year	Payments/ Transfers in Year	New Earmarked Reserves in year	31st March 2010
	£'000	£'000	£'000	£'000	£'000
Other	33	12	-	-	45
Earmarked Reserves	1,469	-	(722)	634	1,381
Future Capital Expenditure	228	-	(228)	-	-
Total	1,730	12	(950)	634	1,426

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 24 CONTINGENT LIABILITIES

Upon expiry of the lease for the Duke House Offices, to coincide with the Single Site Project, there may be a contingent liability in respect of dilapidations.

It is not possible to quantify the liability of any potential dilapidations at this time.

Note 25 TRUST FUNDS

The Council acts as trustee for the Kidderminster Educational Foundation. This Fund is invested in the money market and included within the Balance Sheet in accordance with the SORP. The capital balance invested during the year was £271,209 (£271,209 at 31st March 2009) whilst the revenue balance was £18,364 at 31st March 2010 (£32,563 at 31st March 2009).

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

Note 26 PENSION COSTS

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

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 Statement of Movement in the General Fund Balance. The following transactions have been made in the I & E during the year:

	2008/2009 £'000	2009/2010 £'000
Net Cost of Service		
Current Service Cost	1,517	902
Past Service and Curtailment Costs	719	78
Net Operating Expenditure		
Expected Return on Assets	(3,203)	(2,287)
Interest on Pension Liabilities	5,406	5,322
Amounts to be met from Government Grants and Local Taxation		
Movement on Pension Reserve	(793)	(1,381)
Actual amount charged against council tax for pensions in the year		
Employers Contribution payable to the scheme	3,646	2,827

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 26 PENSION COSTS (continued)

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £7,145,000 (gain of £2,602,000 2008/09) were included in the Statement of Total Recognised Gains and Losses.

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

	2008/2009 £'000	2009/2010 £'000
Net pension liability at 1 st April	(42,342)	(40,644)
Current Service Costs	(1,517)	(902)
Employer contributions	2,809	2,634
Benefits Paid	726	193
Past Service Costs/Curtailment Costs	(719)	(271)
Interest on Pension Liabilities	(5,406)	(5,322)
Expected return on assets	3,203	2,287
Actuarial Gain/Loss	2,602	(7,145)
Net Pension Liability at 31 st March	(40,644)	(49,170)

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

	2008/2009 £'000	2009/2010 £'000
Scheme Assets at 1 st April	47,124	36,185
Expected Return	3,203	2,287
Actuarial Gain / (Loss)	(14,400)	13,900
Employer Contribution	3,446	2,827
Employee Contribution	553	501
Benefits Paid	(3,741)	(5,222)
Scheme Assets at 31 st March	36,185	50,478

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

The actual return on scheme assets in the year was £16,187,000 (2008/09 losses of (£11,197))

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 26 PENSION COSTS (continued)

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

	31st March 2006 £'000	31st March 2007 £'000	31st March 2008 £'000	31st March 2009 £'000	31st March 2010 £'000
Market Value of Assets	47,953	50,740	47,124	36,185	50,478
Liabilities	(81,836)	(81,115)	(89,466)	(76,829)	(99,648)
Net Liabilities	(33,883)	(30,375)	(42,342)	(40,644)	(49,170)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total deficit of £49,170,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in 2010/11 is £2,734,000.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels. The last full valuation of the scheme was as at 1 April 2007

The Principal assumptions used by the actuary have been:

Expected rate of return on assets		
	2008/2009 %	2009/2010 %
Equities	7.50	7.50
Government Bonds	4.00	4.50
Other Bonds	6.00	5.20
Property	6.50	N/A
Cash/Liquidity	0.50	0.50
Other	7.50	N/A

Financial Assumptions		
	2008/2009 %	2009/2010 %
Rate of Inflation	3.30	3.30
Rate of increase in salaries	4.80	4.80
Rate of increase in pensions	3.30	3.30
Discount Rate on liabilities	7.10	5.60

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 26 PENSION COSTS (continued)

Mortality Rates		
	2008/2009 Yrs	2009/2010 Yrs
Longevity at 65 of current pensioners		
Male	21.1	21.2
Female	24.0	24.1
Longevity at 65 of future pensioners		
Male	22.2	22.2
Female	25.0	25.0

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

Split of assets between investment categories		
	2008/2009 %	2009/2010 %
Equities	85.60	92.30
Government Bonds	8.40	2.80
Other Bonds	3.20	3.90
Cash/Liquidity	2.80	1.00

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

	31st March 2006 %	31st March 2007 %	31st March 2008 %	31st March 2009 %	31st March 2010 %
Difference between expected and actual return on assets	15.0	0.2	(14.5)	(40.2)	27.5
Experience gains and losses on liabilities	(1.2)	0	0.4	0	0

Further information can be found in the Worcestershire County Council's Pension Fund Annual Report which is available upon request from Mr. M Weaver MSc, CPFA, Director of Finance, County Hall, Spetchley Road, Worcester, WR5 2NP.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 27 RECONCILIATION OF DEFICIT TO NET CASHFLOW

2008/2009 £'000		2009/2010	
		£'000	£'000
(1,354)	Increase/(Decrease) in General Fund Balance for the year		133
	<u>Non-cash transactions</u>		
198	Increase/(Decrease) in provisions set aside	(43)	
1,739	Depreciation	1,654	
(1,484)	Other non-cash transactions	3,064	
(26)	Contributions (from)/to reserves	(304)	
427			4,385
	<u>Items on an accruals basis</u>		
(16)	(Increase)/Decrease in stocks	(1)	
1,093	Decrease/(increase) in debtors	(4,523)	
(251)	Increase/(decrease) in creditors	573	
826			(3,965)
	<u>Other Classifications on Cashflow statement</u>		
(1,139)	Interest transactions		(1,165)
(1,240)	Net Cashflow from revenue activities		(612)

Note 28 RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	£'000	£'000
Increase/(decrease) in cash in year	426	
Cash used to repay long term debt	3	
(Increase)/decrease in short term loans raised	(60)	
Increase/(decrease) in long term investments	0	
Increase/(decrease) in liquid resources	(5,065)	
		(4,696)
Non Cash Items:		
Net Accruals	(1,018)	
Reversal of impairments	1,060	
		42
Net Funds at 1st April 2009		18,012
Net Funds at 31st March 2010		13,358

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 29 ANALYSIS OF CHANGES IN NET DEBT

Description	Balance 1st April 2009	Cashflows	Non-Cash Changes	Balance 31st March 2010
	£'000	£'000	£'000	£'000
Cash	(78)	426	0	348
Short Term Investments	18,216	(5,065)	42	13,179
Long term borrowing	(38)	3	0	(35)
Temporary Loans	(88)	(60)	0	(148)
Long Term Investments	0	0	0	0
Increase/(Decrease) in external Financing	18,012	(4,696)	42	13,358

Note 30 ANALYSIS OF OTHER GOVERNMENT GRANTS FOR CASHFLOW STATEMENT

Description of Grant	2008/2009 £'000	2009/2010 £'000
Area Based Grant	571	381
Concessionary Travel	289	295
DCLG Business rate deferral scheme	0	18
DEFRA Air Pollution grant	0	38
Housing Subsidy	43	0
Improvement Grant Subsidy	13	0
Local Area Agreement	84	0
Planning Delivery Grant	111	82
Priority Needs Order Funding	84	68
Mortgage Rescue Programme	0	38
Additional Homelessness Training	0	10
DCLG Economic Activities	0	53
Total	1,195	983

Note 31 LONG TERM DEBTORS

Long Term Debtors	31st March	
	2009 £'000	2010 £'000
Mortgages	72	55
Lax Lane – Deferred Capital Receipt	20	20
Assisted Car Purchase Scheme	89	111
Total	181	186

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 32 STOCK AND WORK IN PROGRESS

Stock and Work in Progress	31st March	
	2009 £'000	2010 £'000
Work in Progress	5	-
Stocks - at central stores	78	74
Stocks - other	22	32
Total	105	106

Work in progress on uncompleted jobs is valued at cost including an allocation of overheads. Since the transfer of Building Maintenance to the Community Housing Group in April 2008, Work in Progress has been minimal and jobs were purposely closed by the 31st March 2010 to expedite a system change in these areas so there is no Work in Progress at the end of 2009/2010.

Note 33 DEBTORS

Debtors	31st March	
	2009 £'000	2010 £'000
Amounts receivable within one year:		
Government Departments	219	4,979
Sundry Debtors	2,055	1,887
Council Tax and Rate Payers	193	217
	2,467	7,083
Less provision for bad debts:		
Sundry Debtors	521	603
Collection Fund	81	92
	602	695
Total	1,865	6,388

Note 34 CREDITORS

Creditors	31st March	
	2009 £'000	2010 £'000
Government Departments	71	2
Local Authorities	283	258
Sundry Creditors	1,451	2,140
Precepting Authorities	89	0
Council Taxpayers (overpayments)	99	102
Kidderminster Educational Foundation	304	290
Inland Revenue	392	261
Total	2,689	3,053

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 35 GOVERNMENT GRANTS DEFERRED

This consists of grants that have been applied to finance capital expenditure (being written down in accordance with the life of the related asset) and capital contributions that have yet to be applied.

	2008/2009 £'000	2009/2010 £'000
Government Grants Deferred:		
Balance at 1st April	1,170	1,287
Grants applied to fund capital expenditure	487	751
Writing down of Government Grants Deferred	(370)	(374)
Balance at 31st March	1,287	1,664
Capital Contributions Unapplied:		
Balance at 1st April	886	927
Income	1,171	1,176
Expenditure	(1,130)	(1,201)
Balance at 31st March	927	902
Total at 31st March	2,214	2,566

Note 36 GROUP ACCOUNTS

The Authority has determined, in accordance with UK GAAP, it has no controlling interests in subsidiaries, associates or joint ventures.

Note 37 AREA BASED GRANT

From 2008/2009, Local Area Agreement (LAA) Grant was replaced by Area Based Grant (ABG). ABG is a non-ring fenced general grant, no condition on use is imposed as part of the grant determination ensuring full local control over how funding can be used. ABG is paid directly to the authority that benefit from the grant, rather than being paid to the upper-tier authority for the areas in the capacity of accountable body for onwards distribution. The replacement of LAA Grant with ABG has a significant impact on the Net Cost of Services total in the Income and Expenditure Account. This income is now shown separately with other non ring fenced grants.

A breakdown of this general ABG income received directly by Wyre Forest District Council in 2009/10 is given below:

Type of Grant:	£'000
Cohesion	48
Stronger Safer Communities	310
Climate Change	23
Total Received in 2009/2010	381

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS

WFDC Investments as at 31/03/2010 (Principal)

Financial Institution	Amount Invested £'000	Maturity Date
Clydesdale Bank	1,130	Instant Access
Royal Bank of Scotland	1,215	Instant Access
Santander UK PLC	1,190	Instant Access
Barclays Bank	2,000	05/11/2011
Lloyds Bank	1,500	10/05/2010
Bank of Scotland	1,500	10/06/2010
Total	8,535	

Frozen Investments as at 31/03/2010 (Outstanding Principal)

Financial Institution	Amount Invested £'000	Scheduled Maturity Date
Landsbanki	3,000	30/10/2008
Kaupthing, Singer & Freidlander	3,250	30/10/2008
Heritable Bank	650	30/10/2008
Total	6,900	

Long Term Investments (including accrued interest)

In light of the current economic climate, the Council held no long term investments as at 31st March 2009 and 2010.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

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.

Overall Procedures for Managing Risk

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

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. 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 twice a year to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 25th February 2009, updated 29th July 2009 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for the 2009/10 was set at £5m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £0.8m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 100% based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt are shown at Key Note 1.

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 TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the approved investment criteria. Additional selection criteria are also applied after this initial criteria is applied. Details of the Investment Strategy can be found on the Council's website and are summarized in Key Note 2 (Council approval on the 25th February 2009 supplemented by changes approved 29th July 2009. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Approved Organisations For Investments

- Banks (1) – using the Lowest Common Denominator approach (LCD) the Council will use banks which have at least the following Fitch, Moody's and Standard and Poors ratings:

-
- Short Term – F1+
- Long Term – AA-
- Individual / Financial Strength – C (Fitch / Moody's only)
- Support – 3 (Fitch only)

Where a bank has a negative watch issued by any of the three rating agencies they will be suspended from the Counterparty List unless specific approval has been given by the Chief Executive and Leader of the Council. Such exemptions will be considered where, for example, the institution is a member of the HM Treasury Guarantee Scheme

- Banks (2) – The Council's own banker if this falls below the above criteria - for balances of less than £500,000
- Building Societies – the Council will only use those with assets in excess of £10 billion and those that meet the ratings set out below
- Bank Subsidiary and Treasury Operations – the Council will use these where the parent bank and the subsidiary have the necessary ratings outlined above.
- Money Market Funds – AAA rated
- UK Government (including the Debt Management Office)
- Local Authorities, Parish Councils etc

The full Investment Strategy for 2009/10 was approved by Full Council on 25th February 2009, updated on 29th July 2009 and is available on the Council's website.

The following analysis summarises the Authority's maximum exposure to credit risk. The table (composite defaults from Fitch, Standard & Poors and Moody's) gives details of global corporate finance average cumulative default rates (including financial organisations) for the period since at least 1990 to 2009. Defaults shown are by long term rating category on investments out to 1 year, which were the most commonly held investments during the year.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

	Amount at 31 March 2010	Historical experience of default	Adjustment for market conditions at 31 March 2010	Estimated maximum exposure to default
	£000s	%	%	£000s
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions	(a)	(b)	(c)	(a * c)
AA rated counterparties	8,535	0.03%	0.03%	1.8
Icelandic Counterparties	6,900	25.43%	25.43%	1,755
Total	15,435			

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £9m invested in this sector at that time (£6.9m at 31/03/2010). In accordance with accounting practice the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements. The impact of the principal invested has been mitigated in the revenue accounts in accordance with the successful Capitalisation direction and government regulations, although all related investment income has been fully impaired.

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

The Council held no other deposits in Non-UK domiciled institutions as at 31st March 2009 and 2010

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

Age of Debt	31 March 2010 £000s	31 March 2009 £000s
Less than three months	763	823
Three to six months	50	18
Six months to one year	63	29
More than one year	41	36
Total	917	906

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Collateral

Where the Council has served notice requiring works to be carried out and the recipient of the notice has not complied and the Council then undertakes the works in default these may be classed as collateral. The Council then seeks to recover the cost of those works by means of the charge on the property. In addition to this, the Council has 14 mortgages outstanding on former HRA property for which there is also a charge on the Property which can be classed as collateral. The total sum outstanding as at 31st March 2010 is £61,591.

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.

The maturity analysis of financial assets is as follows:

	31 March 2010	31 March 2009
	£000s	£000s
Less than one year	9,345	14,401
Between one and two years	1,454	1,436
Between two and three years	884	1,217
More than three years	1,510	1,162
Total	13,193	18,216

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial assets.

- The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes :
 - monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

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

	Approved maximum limits	Approved Minimum Limits	Actual 31 March 2010 £000s	Actual 31 March 2009 £000s
Less than one year	100%	0	148	88
Between one and two years	100%	0	0	0
Between two and five years	100%	0	0	0
Between five and ten years	100%	0	35	38
More than ten years	100%	0	0	0
Total	100%	0	183	126

Market risk

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:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

- ✓ borrowings at variable rates – the interest expense charged to the Income and Expenditure Account 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 Income and Expenditure Account 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 Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the STRGL, unless the investments have been designated as Fair Value through the Income and Expenditure Account, in which case gains and losses will be posted to the Income and Expenditure Account.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

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

	£000s
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(168)

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

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

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

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

(1) Key Note to the Accounts – Treasury Management Prudential Indicators and Limits on Activity approved at Council 25th February, 2009

	2009/10	2010/11	2011/12
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	100%	100%	100%
Maturity Structure of fixed interest rate borrowing 2008/09			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£10m	£7m	£4m

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

(2) Key Note to the Accounts – Credit Risk – Summary of Credit Rating Strategy

Approved Organisations for Investments as at 25th February 2009

	Fitch	Moody's	Standard & Poors	Money Limit*	Time Limit
Upper Limit Category	F1+ / AA-	P-1 / Aa3	A-1+ / AA-	£5m	2 years
UK Building Societies with assets in excess of £10bn	F1/A-	-	-	£3m	6 months
European Banks	F1+ / AA-	P-1 / Aa3	A-1+ / AA-	£3m	3 months
The Council's own Bank	-	-	-	£500,000	1 week
Other Institution Limits	-	-	-	£8m	n/a
DMADF	-	-	-	unlimited	n/a

* *These limits cover both Specified and Non-Specified Investments. The limit is also subject to no more than 25% of outstanding investments being placed with any one institution at one time.*

1. The Other Institution Limit will be for other local authorities and Money Market Funds. These are all considered high quality names – although not always rated.
2. Where a bank is part of a group then the total exposure to the group will be the same as the individual exposure.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Approved Organisations for Investments as at 29th July 2009

The approved changes in the lending are summarised in the table below.

	Fitch	Moody's	Standard & Poors	Money Limit	Time Limit
1 st Limit Category (*)	F1+ / AA- / C/D / 1	P-1/Aa3/C-	A-1+/AA-	£5m	2 years
2 nd Limit Category (*)	F1+/AA-/(**)/1	P-1/Aa3/(**)	A-1/A+	£3m	3 months
3 rd Limit Category (*)	F1+/1 (***)	P-1 (***)	A-1 (***)	£3m	Instant Access

Further explanation:

Fitch Ratings : Short Term/Long Term/Individual Strength/Support

Moody's Ratings: Short Term/Long Term/ Financial Strength

S&P Ratings: Short Term/Long Term

- (*) For organisations with a negative watch the Leader and Chief Executive have delegated authority to consider inclusion on the approved lending list
- (**) Condition required for 2nd Limit Category on the strength rating is that the organisation is either an eligible institution under the Credit Guarantee Scheme or is part owned by Government.
- (***) Again would be required to be an Eligible Institution, but would only be used for Instant Access call accounts, hence, only referring to the Short Term

One final amendment related to the Co-operative Bank, where the Council had a limit of £500,000 end of day balance. It was approved that this limit increased to £1m for operational purposes.

In addition whilst examining alternative investment instruments it was also approved that the Council commences with the use of Money Market AAA rated funds as appropriate.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

(3) Key Note to the Accounts – Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31 March 2009 £000s	31 March 2010 £000s	31 March 2009 £000s	31 March 2010 £000s
Financial liabilities (principal amount)	38	35	88	148
+ Accrued Interest (note accrued interest will be S/T)	0	0	0	0
+/- Other accounting adjustments	0	0	0	0
Financial liabilities at amortised cost (1)	38	35	88	148
Financial liabilities at fair value through the I&E (2)	0	0	-	-
Total borrowings	38	35	88	148
Loans and receivables (principal amount)	-	-	20,500	15,435
+ Accrued interest	-	-	-	-
+/- Accounting adjustments	-	-	(2,284)	(2,242)
Loans and receivables at amortised cost (1)	-	-	18,216	13,193
Available-for-sale financial assets	-	-	-	-
Financial Assets at fair value through the I&E (2)	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Total investments	-	-	18,216	13,193

Note 1 – Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further accounting adjustments. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Financial instruments Gains/Losses

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

Financial Instruments Gains and Losses 2009/10	
	Financial Assets
	Loans and receivables £000s
Impairment adjustments	(1190)
Interest payable and similar charges	(210)
Interest income	722
Net gain/(loss) for the year	(678)
Financial Instruments Gains and Losses 2008/09	
	Financial Assets
	Loans and receivables £000s
Impairment adjustments	(3,938)
Interest payable and similar charges	(48)
Interest and investment income	1,596
Net gain/(loss) for the year	(2,390)

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

Investments as at 31st March 2010 for fair value purposes

	Balance Sheet Value 31 st March 2009 £'000	Fair Value 31 st March 2009 £'000	Balance Sheet Value 31 st March 2010 £'000	Fair Value 31 st March 2010 £'000
Temporary Investments	18,216	18,216	13,193	13,193

The fair values provided for longer term investments would be based on the premium/discount calculations; the Council did not hold any such investments as at 31/03/2009 or 31/03/2010.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Frozen Assets

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 authority had £9m deposited across 3 of these institutions, with varying maturity dates and interest rates as follows:

Investments included in current assets figure in the Balance Sheet include the following investments that have been impaired because of the financial difficulties experienced by Icelandic Banks.

Bank	Date Invested	Maturity Date	Amount Invested £'000s	Interest Rate %	Carrying Amount £000s	Impairment £000s
Heritable Bank	02/04/2008	30/10/2008	1,000	6.04	475	150
KSF	02/04/2008	30/10/2008	5,000	6.04	1,690	1450
Landsbanki	01/11/2007	30/10/2008	3,000	6.12	2,480	155

The carrying amounts of the investments included in the balance sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate.

The Balance Sheet shows the net impact of the impairment of the Icelandic Banks investment in the Financial Instruments Adjustment Account. Regulations issued in March 2009 allow the authority to defer the impact of an impairment loss on the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations. The Authority has taken advantage of the regulations, and has transferred the amounts shown in the following table to the Financial Instruments Adjustment Account.

Bank	Amount Transferred to Financial Instruments Adjustment Account £000s
Heritable Bank	14
KSF	56
Landsbanki	366

Under the regulations, the Authority must transfer the balance on the Financial Instruments Adjustment Account to the General Fund no later than 31 March 2011, and must also credit the Financial Instruments Adjustment Account with interest earned until such time as the balance has been transferred to the General Fund. The Authority estimates that the following credits will be made to the Financial Instruments Adjustment Account (FIAA):

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Bank	Balance on FIAA at 31/3/09 £000s	Interest during 2009/10 £000s	Change in Impairment £000s	Capitalisation £000s	Balance on FIAA at 31/3/10 £000s
Heritable Bank	265	(41)	(60)	(150)	14
KSF	2,685	(156)	(1,023)	(1,450)	56
Landsbanki	366	(363)	518	(155)	366

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

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

The Council was granted a Capitalisation Direction allowing the expected impairment loss to be capitalised. As a result £1.755m of expected losses were capitalised.

Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. A total repayment of £350k was received (34.98%) in 2009/10 and the revised impairment is based on the assumption that a further 50% will be received by the end of 2012/13, taking the total dividends expected to be paid to 84.98%

Therefore in calculating the impairment the Authority has made the following assumptions re timing of recoveries:

Date	Repayment	Date	Repayment
June 2010	5%	September 2011	5%
September 2010	5%	December 2011	5%
December 2010	5%	March 2012	5%
March 2011	5%	June 2012	5%
June 2011	5%	September 2012	5%

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Kaupthing Singer and Friedlander Ltd

For Kaupthing Singer & Friedlander Ltd a total repayment of £1,750m was received (35%) in 2009/2010 and the revised impairment is based on the assumption that a further 36% will be received by the end of 2012/2013, taking total dividends expected to be paid to 71%.

Therefore in calculating the impairment the Authority has made the following assumptions re timing of recoveries:

Date	Repayment	Date	Repayment
July 2010	6%	January 2012	6%
January 2011	6%	July 2012	6%
July 2011	6%	January 2013	6%

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

Landsbanki

The impairment for Landsbanki in 2008/2009 has been based on the assumption that local authority deposits with the bank had priority status, and would therefore be repaid ahead of any creditors that did not have priority status. This was based on the legal advice obtained by local authorities, and on announcements made by the banks.

The Glitnir Winding-Up Board has since expressed the view that local authority deposits do not have priority status. This may also impact on the Landsbanki position. Local authorities' legal advice remains that deposits have priority status under Icelandic law however decisions on the priority status of local authority deposits will be made by the Icelandic courts. It is unlikely that the position on priority status will be known until 2011/12 however the impairment for 2009/10 has been calculated on the basis that priority status for Landsbanki 94.86% received between October 2011 and October 2018.

Deposits with the Icelandic-domiciled banks were converted to Icelandic Krona on 22 April 2009. Repayments by the banks will be based on the value of the deposit in ISK; the sterling value received by authorities will depend on the prevailing exchange rate, and may therefore be lower than the equivalent value on 22 April 2009.

Therefore in calculating the impairment the Authority has made the following assumptions re timing of recoveries:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 38 FINANCIAL INSTRUMENTS (continued)

Landsbanki:

Date	Repayment	Date	Repayment
October 2011	22.17%	October 2015	8.87%
October 2012	8.87%	October 2016	8.87%
October 2013	8.87%	October 2017	8.87%
October 2014	8.87%	October 2018	19.47%

If the Council does not receive priority status the expected repayments will be 38.19% for Landsbanki between October 2011 and October 2018.

Note 39 AGENCY INCOME/EXPENDITURE

There was no Agency income or expenditure to disclose in 2009/2010.

Note 40 POST BALANCE SHEET EVENTS

The Pre-Audit Statement of Accounts 2009/2010 was approved by the Audit Committee on 28th June 2010. The Director of Resources confirms that the following Post Balance Sheet Events have been identified as at 27th September 2010, the date that the audited Statement of Accounts 2009/2010 is to be approved:

The Council acquired the land for the new Single Site Offices on the 5th May 2010, and has also appointed Project Managers Rider Levett Bucknall to progress this significant project.

A partnership agreement between Dignity PLC and this Council, for the provision of a new Cemetery and Crematorium was signed on the 28th May, 2010. Construction works commenced on the 7th June, 2010 on this new facility which will be operated by Dignity on behalf of the Council. The Council agreed a Capital Contribution towards this £5m project, which will be paid on practical completion planned for April 2011.

The lease on the Vicar Street former Council offices expired on the 24th March 2010 and a dilapidation payment in respect of this property is currently being agreed. Funding for this payment will be met from an earmarked reserve created in the 2009/2010 Accounts.

During April 2010, electronic Purchase Order Processing (POP) including Commitment Accounting was implemented on the Council's Financial Management System. A two-stage approach was taken for this implementation to mitigate the risk to this year's Final Accounts closedown process, as this ensured reserves and accruals for 2009/2010 were made on the same basis as previous years. This process will change for the 2010/2011 Accounts.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE CORE FINANCIAL STATEMENTS (CONTINUED)

Note 40 POST BALANCE SHEET EVENTS (continued)

On the 1st June, 2010, a Shared Regulatory Service for the seven principal councils in Worcestershire, hosted by Bromsgrove District Council was established and 17 members of this Council's staff transferred to this new body under the Transfer of Undertakings Protection of Employment (TUPE) conditions. This joint working initiative will generate efficiencies and cashable savings in the future.

The creditor progress report issued by the administrators Ernst and Young, dated 27th April 2010, outlined that the fourth dividend payment of 5p in the £ minimum on the Council's investment with Kaupthing Singer and Friedlander of £5m (plus contractual interest of £156,378) is expected in late July 2010. A further creditor progress report issued by the administrators Ernst and Young dated 30th April 2010 outlined that the fourth dividend payment on the Council's investment with Heritable Bank of £1m (plus contractual interest of £34,916) is expected in July 2010. CIPFA will issue an amended LAAP Bulletin to reflect these fourth dividend payments. The effect of the adjustments will be reflected in the 2010/2011 accounts in accordance with the expected guidance.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

THE COLLECTION FUND ACCOUNT 2009/2010

2008/2009			2009/2010
£'000	<u>Income</u>	£'000	£'000
(42,644)	Income from Council Tax		(43,405)
	Transfers from General Fund:		
(6,908)	Council Tax Benefits	(7,991)	
2	Transitional Relief	0	
(1)	Local Discount - Council Tax	0	
		<u>0</u>	(7,991)
(25,114)	Non-Domestic Rates	(24,934)	
	Transfers from General Fund:		
(4)	Hardship Relief - Non-Domestic Rates	0	
		<u>0</u>	(24,934)
<u>(74,669)</u>	Total Income		<u>(76,330)</u>
	<u>Expenditure</u>		
	Precepts and Demands		
34,375	Worcestershire County Council	35,549	
5,775	West Mercia Police Authority	6,088	
2,381	Hereford & Worcester Combined Fire Authority	2,509	
6,990	Wyre Forest District Council (including parishes)	7,209	
49,521		<u>7,209</u>	51,355
179	Provision for Non-Payment of Council Tax		128
	Non-Domestic Rates		
24,963	Payment to National Pool	24,685	
140	Cost of Collection Allowance	140	
25,103		<u>140</u>	24,825
15	Provision for Non-Payment of Non-Domestic Rates		109
<u>74,818</u>	Total Expenditure		<u>76,417</u>
149	(Surplus)/Deficit for the Year		87
(344)	Balance b/fwd as at 1st April 2009		(195)
149	(Surplus)/Deficit for the Year		87
<u>(195)</u>	Surplus Balance C/fwd as at 31st March 2010		<u>(108)</u>

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE COLLECTION FUND ACCOUNT

Note 1 NATIONAL NON-DOMESTIC RATES (BUSINESS RATES)

NNDR is organised on a National basis. A five-yearly revaluation is carried out by the Government, the latest coming into effect from 2005/2006. The Government specifies an amount (46.2p in 2008/2009 and 48.5p in 2009/10) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. From 1st April 2005 the Government introduced a second multiplier for small businesses of 45.8p in 2008/2009 and 48.1p in 2009/10. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The Non-Domestic rateable value of the Council's area at 31st March 2010 was £63,545,638 (31st March 2009 - £63,205.923).

Note 2 COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council, Worcestershire County Council, West Mercia Police Authority and The Hereford and Worcester Fire and Rescue Authority for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,451.71 for 2009/2010 (£1,406.53 for 2008/2009) is multiplied by the proportion specified for the particular band to give an individual amount due. Council Tax written off in the year amounted to £53,090.34 (£114,840.81 in 2008/2009).

The Council taxbase, which is used in the calculation of the Council Tax, is based upon the number of dwellings in each valuation band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2009/2010 was 34,816 calculated as follows:

Valuation Band	Number of Dwellings Per Valuation List	Adjustment for Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Approximate Ratio to Band D Charge	Band D Equivalent
Band A	10,828	(2,222.36)	8,605.64	6/9	5,737.09
Band B	10,852	(1,345.50)	9,506.50	7/9	7,393.95
Band C	10,796	(1,005.00)	9,771.00	8/9	8,685.34
Band D	5,969	(522.25)	5,446.75	1	5,446.75
Band E	3,174	(228.00)	2,946.00	11/9	3,600.66
Band F	1,642	(106.50)	1,535.50	13/9	2,217.94
Band G	1,127	(60.00)	1,067.00	15/9	1,778.33
Band H	118	(8.75)	109.25	2	218.50
Total	44,506	(5,518.36)	38,987.64		35,078.56
Less Allowance for Non Collection District Tax Base					(262.56)
					34,816.00

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

NOTES TO THE COLLECTION FUND ACCOUNT (CONTINUED)

Note 2 COUNCIL TAX (continued)

The income of £51,396,000 for 2009/2010 is receivable from the following sources:

Council Tax Income	£000s
Billed to council tax payers	43,405
Transferred from general fund:	
Council tax benefits	7,991
Less: Transitional Relief adjusted from previous years	(0)
Total	51,396

Note 3 CONTRIBUTIONS TO COLLECTION FUND SURPLUSES AND DEFICITS

The surplus of £108,000 on the Collection Fund at 31st March 2010 will be distributed in subsequent financial years to the Council, Worcestershire County Council, West Mercia Police Authority and Hereford and Worcester Fire and Rescue Authority in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

Note 4 PRECEPTING AUTHORITIES

The Authorities that made significant precepts and demands on the Collection Fund in 2009/2010 are as follows:

Precepting Authorities	£000s
Worcestershire County Council	35,294
West Mercia Police Authority	6,045
Hereford and Worcester Fire and Rescue Authority	2,492
Wyre Forest District Council (including parishes)	7,157

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

DIRECTOR OF RESOURCES AND LEADER'S CERTIFICATE

The Statement of Accounts on pages 2 to 70 is prepared and published in accordance with the Accounts and Audit Regulations 2003 together with the Accounts and Audit (Amendment) (England) Regulations 2006 and 2009.

The accounts have been prepared on a historic cost basis, in accordance with the Code of Practice on Local Authority Accounting and the Best Value Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of Accounting Standards. They present a true and fair position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2010.

DAVID BUCKLAND, CPFA, MAAT
DIRECTOR OF RESOURCES

COUNCILLOR MR J P CAMPION
LEADER OF THE COUNCIL

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

AUDITORS' REPORT TO WYRE FOREST DISTRICT COUNCIL

The Auditors' Report to Wyre Forest District Council will be inserted upon completion of the Annual External Audit.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

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

ACCRUALS

Income and expenditure are shown in the accounts in the period they are earned or incurred, not as money is received or paid. All entries shown are therefore in respect of the 2009/2010 financial year.

ACTUARY

An expert on pension scheme assets and Liabilities.

AREA BASED GRANT

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

ASSET

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

ASSET REGISTER

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

AUDIT OPINION

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

BALANCE SHEET

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

BEST VALUE ACCOUNTING CODE OF PRACTICE (BVACOP)

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

BUDGET

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

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL EXPENDITURE

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

CAPITAL GUIDELINES

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

GLOSSARY OF FINANCIAL TERMS (continued)

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

CENTRAL SUPPORT SERVICES

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

CONTINGENT LIABILITY

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

CORPORATE AND DEMOCRATIC CORE (CDC)

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

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

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

COUNCIL TAX

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

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

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

COUNCIL TAXBASE

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

COUNCIL TAX BENEFIT

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

GLOSSARY OF FINANCIAL TERMS (continued)

COUNTERPARTY REPORT

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

CREDITORS

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

CURRENT ASSET OR LIABILITY

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

DEBTORS

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

DEPRECIATION

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

DIRECT REVENUE FINANCING

Revenue resources used to finance Capital Expenditure.

EARMARKED RESERVES

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

FEES AND CHARGES

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

FINANCE LEASE

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

FINANCIAL INSTRUMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Examples include borrowings, loans receivable and investments.

FINANCIAL INSTRUMENTS ADJUSTMENTS ACCOUNT

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

FINANCIAL REGULATIONS

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

FINANCIAL STATEMENTS

Another term for the Statement of Accounts.

F.T.E.

Full-time equivalent – relates to employee numbers.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

GLOSSARY OF FINANCIAL TERMS (continued)

FIXED ASSET

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

GOVERNMENT GRANTS

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

GROSS AND NET TOTAL COST

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

HEREDITAMENT

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

HOUSING ADVANCES

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

HOUSING ASSOCIATION

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

HOUSING BENEFIT

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

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

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

HOUSING INVESTMENT PROGRAMMES (HIPS)

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

Private sector improvement grants

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

IMPAIRMENT

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

GLOSSARY OF FINANCIAL TERMS (continued)

INCOME AND EXPENDITURE ACCOUNT

This account brings together income and expenditure relating to all of the Council's functions. It demonstrates how the costs have been financed from general government grants and income from local taxpayers.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The new accounting standing that this Council will adopt from 2010/2011.

LIABILITY

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

LIQUID RESOURCES

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

NATIONAL NON-DOMESTIC RATES (BUSINESS RATES)

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

NON DISTRIBUTABLE COSTS

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

OPERATING LEASES

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

OUT-TURN

Actual income and expenditure.

PRECEPT

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

PROVISIONS

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

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

GLOSSARY OF FINANCIAL TERMS (continued)

RATEABLE VALUE

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

RESERVES

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

REVALUATION RESERVE

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

REVENUE BALANCES

The accumulated surplus or deficit of income over expenditure.

REVENUE EXPENDITURE

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

REVENUE SUPPORT GRANT

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

SPECIFIC GRANTS

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

STANDING ORDERS

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

The statement brings together all the recognised gains and losses of the authority during the financial year. It measures the increase or decrease in Balance Sheet net worth of the authority.

STATEMENT OF RECOMMENDED PRACTICE (SORP)

This relates to the Code of Practice on Local Authority accounting which is published by the Chartered Institute of Public Finance and Accountancy.

TRUE AND FAIR

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010

GLOSSARY OF FINANCIAL TERMS (continued)

UK GENERALLY ACCEPTED ACCOUNTING PRACTICE

The Standard basis of accounting in the UK for this year's accounts; from 2010/2011 the international standards will be adopted.

UNREALISED GAINS AND LOSSES

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

VIREMENT

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