Bury
COUNCIL

FINANCIAL
MANAGEMENT
SERVICES

Statement of Accounts 2014/2015

CONTENTS

Introduction by Councillor Rishi Shori, Deputy Leader of the Council and Cabinet Member for Finance and Housing

I am delighted to welcome you to the Council's Statement of Accounts for 2014/15.

The Accounts play a vital part in providing information to a wide range of interested parties on the Council's financial performance. They show how we've spent our money, how we've performed against our budget and how we've invested in our assets. The Accounts are the means by which the Council provides details of its stewardship of public resources and financial performance to its stakeholders.

We have consistently been amongst the top level of local authorities that are low cost but perform and improve strongly. We continue to receive lower levels of funding than other authorities yet achieve some of the best results in the country across a range of services including education, parks and open spaces, planning and supporting older people in residential and nursing care.

The difference between what we spent and what we planned to spend is less than 1% of our total budget and given our gross expenditure is almost £0.5 billion this is a very commendable performance. Almost £26 million has been invested on improving the assets that are so vital to the quality of the services that we aim to provide.

However, as we look to the future there continue to be ever increasing demands on e Council's services and this will clearly put our budget under pressure in the years to come. As with most organisations, the Council hasn't been immune to the effects of the fragile state of the economy which has continued to result in reduced income, reductions in investment returns and increased energy costs.

The Council responded to these pressures by implementing The Plan for Change (2012/13 to 2014/15) and a programme of savings which sets out Bury Council's way of meeting these challenges in an open and transparent way in partnership with our communities, staff and partners.

We continue to improve the way that we set and monitor our budget and utilise risk management techniques to direct attention to the areas that require most attention. I am determined that this trend will continue through these difficult financial times and that financial prudence will be the watchword of the Council.

I am also determined that the Council will promote equality and equal opportunity access and participation for everyone, whatever their personal circumstances. We will allocate and spend money on services as fairly as possible according to the needs of the community and we will set out clear standards for services so that everyone knows what to expect.

This Statement of Accounts is one of a number of publications giving information on the Council's finance and other activities. The 2014-2015 update to the Corporate Plan outlines the Council's future strategic direction and provides a framework around which to focus our efforts and measure our progress towards the vision for our Borough. It also provides a clear statement about what we are trying to achieve, how well we did in the preceding year, and how we intend to improve in the coming year. It can be found on the Council's website as follows:

http://www.bury.gov.uk/CHttpHandler.ashx?id=15842&p=0

Finally I would like to take this opportunity to thank all of the Council's Members and Officers who have played a part in the production of these Accounts and who have contributed to the sound financial performance that they demonstrate. A summary format of the council's financial performance will also be available on the Internet and in hard copy. In 2014/15 delivery of the budget for the year was overseen by Councillor Mike Connolly, Leader of the Council and Cabinet Member for Finance at the time, and I am extremely grateful for the work that he put into the process.

I would also like to say thank you to everyone who takes the time to read the Accounts; I hope you find them helpful and informative.

Councillor Rishi Shori
Deputy Leader of the Council and Cabinet Member for Finance and Housing

APPROVAL OF THE STATEMENT OF ACCOUNTS

In accordance with Regulation 8 of the Accounts and Audit (England) Regulations 2011 I confirm that these accounts were approved by the Audit Committee at the meeting held on Tuesday 15 July, 2015.

Signed on behalf of Bury Metropolitan Borough Council:

Councillor John Mallon
Chair of Audit Committee

15 July, 2015

In accordance with Regulation 8 of the Accounts and Audit (England) Regulations 2011 I confirm that these accounts present a true and fair view of both the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2015.

Signed on behalf of Bury Metropolitan Borough Council:

S Kenyon CPFA
Interim Executive Director of Resources & Regulation

5 June, 2015

EXPLANATORY FOREWORD

EXPLANATORY FOREWORD

These Accounts have been prepared in accordance with the 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom which has been issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and it is the fourth year that the accounts have been prepared using International Financial Reporting Standards (IFRS's).

IFRS's are accounting standards issued by the International Accounting Standards Board (IASB) and are embodied within the Code.

The accounts have also been prepared in accordance with, and comply with, the Accounts and Audit (England) Regulations 2011 (which replaced the 2003 Regulations) and the Service Reporting Code of Practice 2014/15.

The Accounts comprise several core financial statements and related notes, which are intended to present the true and fair financial position, financial performance and cash flows of Bury Council.

All the statements and notes give details of the Authority's income and expenditure for the financial year, which ran from **1st April 2014** to **31st March 2015** along with details of the assets and liabilities of the Council at **31st March 2015**. Wherever it is relevant the corresponding figures for the last financial year, 2013/2014, are also shown for comparison.

Briefly, the purpose of the individual statements is as follows:-

CORE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT:

The Comprehensive Income and Expenditure Statement shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. **The statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.** Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. However, the Authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.

- The payment of a share of the housing capital receipts to the Government is treated as a loss in the Comprehensive Income and Expenditure Statement, but is met from the usable capital receipts balance rather than council tax.

- Retirement benefits are charged as amounts become payable to pension fund and pensioners, rather than as future benefits are earned.

The Comprehensive Income and Expenditure Statement is presented in accordance with the CIPFA Code of Practice on Local Authority Accounting, which requires all Councils to present their accounts in accordance with CIPFA's Service Reporting Code of Practice (SERCOP) and aims to encourage consistent financial reporting within and between Councils.

On 1 April 2013 public health staff and services transferred from primary care trusts (PCTs) to local authorities. This service has been separately identified in the 2014/15 Comprehensive Income and Expenditure Statement as required by the 2014/15 SERCOP.

THE BALANCE SHEET:

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

MOVEMENT IN RESERVES STATEMENT:

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

THE CASH FLOW STATEMENT:

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

THE HOUSING REVENUE ACCOUNT (HRA):

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

THE COLLECTION FUND:

Is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Up to and including the 2012/13 financial year business rates collected by the local authorities were passed over to the government and redistributed nationally so that each local authority received back an amount dependent on its population. This was paid directly into the General Fund. Since 2013/14 onwards local authorities keep 50% of all business rates income.

THE GROUP ACCOUNTS:

The Group Accounts show the Comprehensive Income and Expenditure Statement, Reconciliation of the Single Entity (Surplus) or Deficit on Provision of Services to the Group Comprehensive Income and Expenditure Statement (surplus or deficit), Group Balance Sheet, Group Movement in Reserves Statement and Group Cash Flow Statement for those subsidiaries, associates and joint ventures that the Council has interests in.

SUMMARY OF THE COUNCIL'S FINANCIAL RESULTS

When reporting on the financial activities of a Local Authority it is usual to distinguish between revenue expenditure, which comprises day to day spending such as salaries, wages and running costs, and capital expenditure which relates to spending on assets that provide benefit for more than a year.

REVENUE OUTTURN

As the table below shows, the Authority underspent its budget, as revised in July 2014, by **£0.095m.**

At 31st March 2015 the borough's schools had accumulated a total underspending against their budget of **£2.993m**. Under the terms of the Local Management of Schools scheme of delegation operated by the Authority, this overall underspending will be carried forward, in total, into the 2015/2016 financial year for the schools to use at their discretion.

In the case of the Authority's other Departments, the "Cash Ceiling" scheme of financial delegation operated by the Authority means that they may be able to carry forward into 2015/2016 their underspendings up to a limit that is the greater of 1% of their net budget or £50,000. However, the **total** value of any overspendings must be carried forward. Any directorate carry-forwards requests are included in the Revenue Outturn report which was considered by Cabinet on 8 July, 2015.

Revenue expenditure during 2014/2015 was: -

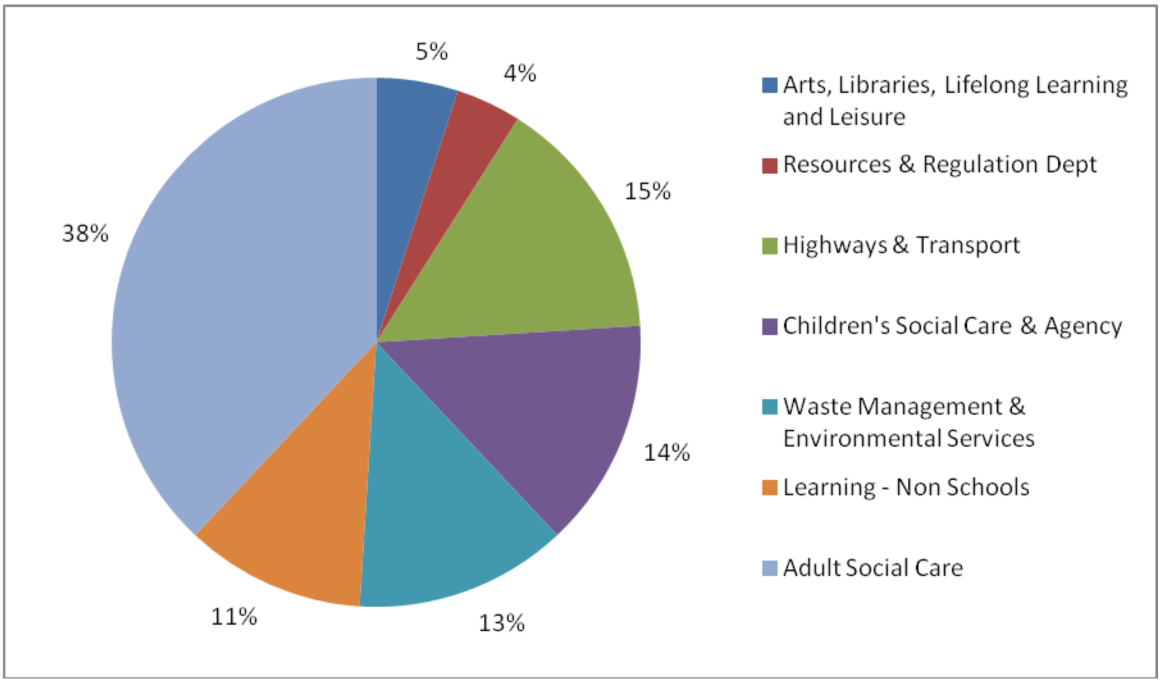
		Revised Estimate £000's	Actual £000's	Difference £000's
Net cost of Bury services		143,760	143,665	(95)
Precepts :-	Police	7,802	7,802	0
	Fire	2,953	2,953	0
		154,515	154,420	(95)
TOTAL NET EXPENDITURE				
Financed from:-				
	Revenue Support Grant	(42,562)	(42,562)	0
	Locally Retained Business Rates	(31,839)	(31,839)	0
	Council Tax	(78,996)	(78,996)	0
	Movement between specific and formula grants	(1,118)	(1,023)	95
BALANCE		**0**	**0**	**0**

The Corporate Revenue Outturn Report details the overall performance of the Council in 2014/2015.

Major Variances, details of which can be found in the Revenue Outturn report, included:

Service Area	**£000's**
Children's Agency Placements	1,366
Communities and Wellbeing	1,081
Provisions	(900)
Cost of Borrowing	(745)
Housing	(322)
Learning – Non Schools Budget	(328)
Resources & Regulation	(262)
Other Children's Services	114
DCN Residual	(109)
Other Variances	10
Total	**(95)**

The Council spent £143.665m (excluding precepts) in 2014/2015 as follows:



	£m
Learning – Non Schools	16.062
Adult Social Care	54.561
Children's Social Care & Agency	20.219
Arts, Libraries, Parks and Sports	7.224
Waste Mgt & Environmental Services	18.542
Highways & Transport	21.710
Resources & Regulation Dept	6.048
Other	(0.701)
Total	**143.665**

CAPITAL OUTTURN

Total Capital Expenditure achieved in the year was **£25.914** million.

In addition to the figures shown for the year, Bury's Voluntary Aided schools received **£1.464m** from the Department for Education for the modernisation of the voluntary sector aided schools.

For information on how Capital Expenditure was financed, refer to Note 14 (page 74).

Expenditure on capital schemes undertaken by Council services in the year is detailed below:-

SERVICE	PROJECT	£000's	£000's
COMMUNITIES & WELLBEING			
Environmental Works	Contaminated Land	7	
	Air Quality	10	**17**
Leisure Services	Parks and Countryside	2	
	Radcliffe Temporary Pool	327	**329**
Adult Care Services	Learning Disabilities	261	
	Older People Services	563	**824**
Urban Renewal	Empty Properties	77	**913**
	Disabled Facilities Grant	836	
Waste Management	Zero Waste Strategy	164	**164**
Equal Pay	Back Pay Capitalisation	8	**8**
CHILDREN, YOUNG PEOPLE & CULTURE			
Children's Services	Support Services	95	
	Devolved Formula Capital	727	
	Modernisation / New Pupil Places	4,455	
	Access Initiatives	38	
	Targeted Capital Funding	30	
	New Sports Hall – Derby High	190	
	Free School Meal Capital Grant	225	
	Early Education Fund	29	
	Elms Bank 16-19 Demographic Growth	447	**6,236**
Libraries	RFID Libraries Schemes	30	
	Sculpture Gallery	12	**42**
Equal Pay	Back Pay Capitalisation	8	**8**
RESOURCES & REGULATION			
Highways and Transportation	Street Lighting LED Invest to Save	733	
	Traffic Management Schemes	79	
	Highways Planned Network Maintenance	1,295	
	Bridges	332	
	Traffic Calming and Improvement	33	**2,472**
Planning Services	Development Group Schemes	60	
	East Lancashire Railway Trust	23	
	Environmental Projects	253	**336**
Corporate ICT	iTrent Projects	58	
	CADCORP – GIS Mapping	27	**85**

Depot & Operational	Fernhill to Bradley Fold Relocation	92	**92**
Property Services	Property Development	1,568	
	Property Management	77	**1,645**
Equal Pay	Back Pay Capitalisation	1	**1**
Housing Public Sector	Asbestos Removal	9	
	Environment/Security Work	369	
	Energy Efficiency	1,091	
	Modernisations	5,470	
	Roofing Schemes	3,482	
	Disabled Facilities Adaptations	494	
	Miscellaneous Housing Schemes	1,827	**12,742**
TOTAL		25,914	**25,914**

The Capital Programme is funded from a variety of sources. To achieve effective financing of the Capital Programme the emphasis is put on the optimum use of resources so that the best possible financial position for the Council is achieved. This is realised through maximising the use of supported borrowing, capital grants and external contributions. The Capital Programme also requires contributions from capital receipts, reserves and the revenue budget.

The financing of the expenditure carried out during the year is detailed below:

Expenditure:	**£000's**	**£000's**
Fixed assets	25,503	
Intangible assets	227	
Vehicle, Plant and Equipment	184	
Total		**25,914**
Financed by:	**£000's**	**£000's**
Loan	705	
Capital Receipts	875	
Grants & Contributions	9,567	
General Fund Revenue and Reserves	2,024	
Housing Revenue Account	3,975	
Major Repair Allowance	8,768	
Total		**25,914**

BORROWING OUTTURN

During 2014/15 temporary and shorter term market loans were used to fund capital investment, in line with the treasury management strategy. An analysis of movements on loans at nominal values during the year is shown below:

	Balance at 31/03/14 £000's	**Loans raised £000's**	**Loans repaid £000's**	**Balance at 31/03/15 £000's**
PWLB	146,362	0	(5,809)	140,553

PWLB Airport	4,078	0	(770)	3,308
Market	57,500	0	0	57,500
Temporary Loans	2,000	3,000	(5,000)	0
Other loans	3	0	0	3
Total Debt	**209,943**	**3,000**	**(11,579)**	**201,364**

OUTTURN REPORTS

The Revenue & HRA, Capital and Treasury Management Outturn reports will be submitted to the Cabinet on 8 July and to Overview & Scrutiny Committee on 29 July, 2015. These reports are available to members of the public and may be obtained from the Head of Financial Management at Bury Town Hall or by telephoning 0161-253 5034.

HOUSING

The Housing Revenue Account (HRA) on page 96 produced a deficit of **£0.331 million** during the year. This was against an estimated deficit for the year of £0.446 million.

COLLECTION FUND

The information shown on page 102 demonstrates that at 31st March 2015 there was a surplus balance on the Collection Fund of **£0.589 million.**

INSPECTION OF THE ACCOUNTS

Members of the public have the right to inspect the Authority's Accounts, including supporting documents, prior to external audit and then to question the auditor or make objections to the Accounts. This year the Accounts were deposited for inspection at the Town Hall for 20 working days as required by the Accounts and Audit (England) Regulations 2011 commencing 8 June 2015 and the External Auditor was available for questioning on or after 6 July 2015. This facility was advertised in the local press and on the Bury Council website.

S KENYON, CPFA,
Interim Executive Director of Resources & Regulation

5 June 2015

Town Hall,
Knowsley Street,
BURY,
BL9 0SP.

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STATEMENT OF RESPONSIBILITIES

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Bury that Officer is the Interim Executive Director of Resources & Regulation.
- To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- To approve the Statement of Accounts.

The Responsibilities of Audit Committee

Audit Committee is required:

- To monitor the integrity of the financial statements of the Council and to review significant financial reporting judgements contained in them;
- To review the Council's internal financial controls including its risk management systems;
- To monitor and review the effectiveness of the Council's internal audit function;
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- To consider significant accounting policies, any changes to them, and any significant estimates and judgements;
- To review the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context;
- To approve the audited Statement of Accounts.

The Responsibilities of the Interim Executive Director of Resources & Regulation

The Interim Executive Director of Resources & Regulation is responsible for the preparation of the Authority's Statement of Accounts which, in terms of CIPFA's Code of Practice on Local Authority Accounting in Great Britain, is required to present **a true and fair view** of both the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2015.

In preparing the Statement of Accounts the Interim Executive Director of Resources & Regulation has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice on Local Authority Accounting.

The Interim Executive Director of Resources & Regulation has also:

- Kept proper accounting records which are up to date;

- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Signed the letter of representation with the External Auditor.

The Auditor’s Responsibilities

The External Auditor’s Certificate and Opinion is included at page 18*.*

S. KENYON CPFA,
Interim Executive Director of Resources & Regulation

5 June 2015.

Independent auditors' report to the Members of Bury Metropolitan Borough Council - Opinion on the accounting statements

We have audited the financial statements of Bury Metropolitan Borough Council for the year ended 31 March 2015 on pages 21 to 124. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Interim Executive Director of Resources and Regulation and Auditor

As explained more fully in the Statement of Responsibilities, the Interim Executive Director of Resources and Regulation is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Interim Executive Director of Resources and Regulation; and the overall presentation of the financial statements.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2015 and of the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Matters on which we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the explanatory foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2014, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, and
- assessment of potential VFM risks.

On the basis of our work, we have concluded that there are no matters to report.

Delay in certification of completion of the audit

Due to work on the WGA Return not being completed by the date of the audit report

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Trevor Rees

Trevor Rees
for and on behalf of KPMG LLP, Appointed Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
15 July, 2015

CORE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2013/2014				2014/2015			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£000's	£000's	£000's		£000's	£000's	£000's	
			Continuing Services				
16,670	(12,084)	4,586	Central Services to the Public including Court Services	14,468	(10,645)	3,823	
17,082	(5,728)	11,354	Cultural & Related Services	16,266	(6,918)	9,348	
24,851	(3,677)	21,174	Environment & Regulatory Services	24,417	(3,273)	21,144	
2,429	(1,914)	515	Planning Services	2,249	(2,110)	139	
217,990	(166,635)	51,355	Children’s & Education Services	223,050	(182,175)	40,875	
27,978	(5,725)	22,253	Highways & Transport Services	27,731	(5,673)	22,058	
29,379	(31,182)	(1,803)	Local Authority Housing (HRA)	35,466	(31,530)	3,936	
64,398	(62,197)	2,201	Other Housing Services	63,184	(62,172)	1,012	
82,843	(28,253)	54,590	Adult Social Care Services	78,133	(25,676)	52,457	
8,002	(9,447)	(1,445)	Public Health	8,036	(10,014)	(1,978)	
2,957	(21)	2,936	Corporate & Democratic Core	2,884	(25)	2,859	
3,140	(329)	2,811	Non-Distributed Costs	2,513	(36)	2,477	
986	(1,061)	(75)	Other Operating Inc & Exp.	467	(631)	(164)	
498,705	**(328,253)**	**170,452**	**Cost Of Services**	**498,864**	**(340,878)**	**157,986**	
			Other Operating Expenditure				
2,372	0	2,372	(Gain)/Loss on Disposal of Non-Current Assets	768	0	768	
33,769	(36,951)	(3,182)	(Surplus)/Deficits on Trading Operations	34,158	(37,374)	(3,216)	3
991	0	991	Contribution of Housing Capital Receipts to Government Pool	1,032	0	1,032	
37,132	**(36,951)**	**181**		**35,958**	**(37,374)**	**(1,416)**	
			Financing and Investment Income and Expenditure				
8,844	0	8,844	Interest Payable & other Similar Charges	8,637	0	8,637	
0	(3,592)	(3,592)	Interest and Investment Income	0	(3,668)	(3,668)	
9,924	0	9,924	Pensions Interest Cost and Expected Return on Pensions Assets (IAS19)	8,749	0	8,749	4
18,768	**(3,592)**	**15,176**		**17,386**	**(3,668)**	**13,718**	
			Taxation and Non-Specific Grant Income & Expenditure				
0	(67,279)	(67,279)	Demand On Collection Fund: Council Tax	0	(68,263)	(68,263)	
0	(51,459)	(51,459)	Government Grants (not attributable to specific services)	0	(43,069)	(43,069)	
0	(30,876)	(30,876)	Non-Domestic Rate distribution	0	(31,823)	(31,823)	
0	(17,972)	(17,972)	Capital grants and contributions	0	(20,356)	(20,356)	
0	**(167,586)**	**(167,586)**		**0**	**(163,511)**	**(163,511)**	
554,605	**(536,382)**	**18,223**	**(Surplus) or Deficit On Provision of Services**	**552,208**	**(545,431)**	**6,777**	
		56,359	(Surplus) / Deficit on revaluation of property, plant and equipment			14,466	
		4,421	Impairment Losses on Non-Current assets charged to the Revaluation Reserve			1	
		(7,325)	(Surplus) / Deficit on revaluation of available for sale financial assets			(4,226)	
		(20,511)	Actuarial (gains) / losses on pension assets and liabilities			75,341	
		(12,532)	Any other (gains)/ losses for the year			(349)	
		20,412	**Other Comprehensive Income and Expenditure**			**85,233**	
		38,635	**Total Comprehensive Income and Expenditure**			**92,010**	

BALANCE SHEET AT 31ST MARCH 2015

31/3/2014		31/3/2015			
		£'000	£'000	£'000	Note
	PROPERTY, PLANT & EQUIPMENT				
	Tangible Fixed Assets				
	Operational Assets:				
208,162	Council Dwellings	194,395			
288,375	Other Land & Buildings	281,832			
28,471	Infrastructure Assets	27,919			
4,855	Vehicles & Plant	4,031			
554	Community Assets	1,522			
42,166	Non-Operational Assets	42,605			
3,103	Assets under construction	2,577			
405	Surplus assets held for disposal	401	**555,282**		**10**
3,290	Intangible Fixed Assets	2,439	**2,439**		**12**
1,249	Investment Property	1,249	**1,249**		**13**
23,760	Heritage Assets	24,088	**24,088**		**11**
604,390	**TOTAL FIXED ASSETS**		**583,058**	**583,058**	
	LONG TERM INVESTMENTS				
36,700	Manchester Airport PLC		41,000		**17**
7,257	Bury MBC Townside Fields Ltd		7,257	**48,257**	**17**
43,957					
	LONG TERM DEBTORS				
151	Long term Debtors – General		129		
10,916	Loan Accounts		12,797		
18	Debt Managed for Probation Services		17	**12,943**	
11,085					
	CURRENT ASSETS				
1,291	Stocks & Work in Progress	1,379			
2,042	Assets Held for Sale	920			**10**
36,341	Sundry Debtors & Advance Payments	39,116			**18**
20,887	Short Term Investments	30,201			
25,335	Cash And Cash Equivalents	3,476			
85,896			**75,092**		
	LESS : CURRENT LIABILITIES				
(8,610)	Short Term Loans Outstanding	(11,884)			**20**
(173)	Deposits & Clients' Funds	(173)			
(2,706)	Short Term Provisions	(4,391)			**22**
(28,970)	Sundry Creditors & Advance Receipts	(28,831)			**19**
(292)	Revenue Grants Receipts in Advance	(296)			
(6,985)	Bank Accounts	(798)			
(47,736)			**(46,373)**		
38,160	**NET CURRENT ASSETS**			**28,719**	
697,592	**TOTAL ASSETS LESS CURRENT LIABILITIES**			**672,977**	
	LESS: LONG TERM LIABILITIES				
(203,084)	External Loans Outstanding		(191,179)		**20**
(515)	Capital Grants Receipts in Advance		(862)		
(1,802)	Finance Lease Liabilities		(1,346)		**16**
(6,407)	Deferred Liabilities		(5,754)		**21**
(202,642)	Pension Liability		(281,615)		**4**
(33,412)	Long Term Provisions		(34,501)		**22**
(447,862)				**(515,257)**	
249,730	**TOTAL NET ASSETS**			**157,720**	

BALANCE SHEET AT 31ST MARCH 2015

31/3/2014		31/3/2015			
		£'000	£'000	£'000	Note
	FINANCED BY :				
	USABLE RESERVES				
(33,026)	Earmarked Reserves		(29,479)		**27**
(926)	Capital Receipts Unapplied		(3,659)		
(9,342)	Capital Grants Unapplied		(9,058)		
(15,688)	General Fund		(13,480)		**26**
(7,488)	Housing Revenue Account		(7,157)		
(1,489)	Major Repairs Reserve		(125)		
(2,146)	Competitive Services / Commuted Sums		(2,200)		**27**
2,267	Collection Fund Balance		1,678		
(11,724)	Other Balances		(11,724)		**27**
(79,562)				**(75,204)**	
	UNUSABLE RESERVES				
(128,269)	Revaluation Reserve		(109,051)		**28**
(229,450)	Capital Adjustment Account		(231,833)		**29**
8	Financial Instruments Adjustment Reserve		82		
(26,486)	Available for Sale Financial Instruments Reserve		(30,786)		**25**
2,067	Collection Fund Adjustment Account		188		**30**
2,641	Accumulated Absences		600		
202,642	Pension Reserve		281,615		**4**
6,693	Equal Pay Back Pay Reserve		6,676		**22**
(14)	Deferred Capital Receipts		(7)		**31**
(170,168)				**(82,516)**	
(249,730)	**TOTAL RESERVES AND BALANCES**			**(157,720)**	

CORE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

2014/15	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Collection Fund Balance	Capital Receipts Unapplied	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1st April 2014	**15,688**	**46,896**	**7,488**	**(2,267)**	**926**	**1,489**	**9,342**	**79,562**	**170,168**	**249,730**
Movement in reserves during 2014/15										
Surplus / (deficit) on the provision of services	1,637	0	(8,414)	0	0	0	0	**(6,777)**	0	**(6,777)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	**0**	(85,233)	**(85,233)**
Total Comprehensive Income and Expenditure	**1,637**	**0**	**(8,414)**	**0**	**0**	**0**	**0**	**(6,777)**	**(85,233)**	**(92,010)**
Adjustments between accounting basis & funding basis under regulations	(7,338)	0	8,083	589	2,733	(1,364)	(284)	**2,419**	(2,419)	**0**
Net increase / (decrease) before transfers to earmarked reserves	**(5,701)**	**0**	**(331)**	**589**	**2,733**	**(1,364)**	**(284)**	**(4,358)**	**(87,652)**	**(92,010)**
Transfers to / from ear-marked reserves	3,493	(3,493)	0	0	0	0	0	**0**	0	**0**
Increase / (decrease) movement in 2014/15	**(2,208)**	**(3,493)**	**(331)**	**589**	**2,733**	**(1,364)**	**(284)**	**(4,358)**	**(87,652)**	**(92,010)**
Balance at 31 March 2015 carried forward	**13,480**	**43,403**	**7,157**	**(1,678)**	**3,659**	**125**	**9,058**	**75,204**	**82,516**	**157,720**

2013/14	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Collection Fund Balance	Capital Receipts Unapplied	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1st April 2013	**16,918**	**42,181**	**3,692**	**(2,160)**	**747**	**745**	**10,359**	**72,482**	**215,883**	**288,365**
Movement in reserves during 2013/14										
Surplus / (deficit) on the provision of services	(15,594)	0	(2,629)	0	0	0	0	**(18,223)**	0	**(18,223)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	**0**	(20,412)	**(20,412)**
Total Comprehensive Income and Expenditure	**(15,594)**	**0**	**(2,629)**	**0**	**0**	**0**	**0**	**(18,223)**	**(20,412)**	**(38,635)**
Adjustments between accounting basis & funding basis under regulations	6,645	0	6,410	(107)	179	744	(1,017)	**12,854**	(12,854)	**0**
Net increase / (decrease) before transfers to earmarked reserves	**(8,949)**	**0**	**3,781**	**(107)**	**179**	**744**	**(1,017)**	**(5,369)**	**(33,266)**	**(38,635)**
Transfers to / from ear-marked reserves	7,719	4,715	15	0	0	0	0	**12,449**	(12,449)	**0**
Increase / (decrease) movement in 2013/14	**(1,230)**	**4,715**	**3,796**	**(107)**	**179**	**744**	**(1,017)**	**7,080**	**(45,715)**	**(38,635)**
Balance at 31 March 2014 carried forward	**15,688**	**46,896**	**7,488**	**(2,267)**	**926**	**1,489**	**9,342**	**79,562**	**170,168**	**249,730**

CASH FLOW STATEMENT

2013/14		2014/2015		
£000's		£000's	£000's	£000's
	OPERATING ACTIVITIES			
	Cash Outflows:			
187,617	Cash Paid to and on behalf of Employees	188,126		
230,032	Cash Paid for Goods and Services	235,700		
35,574	Housing Benefit paid out	35,090		
3,812	Interest Paid	3,726		
991	Payments to Housing Capital Receipts Pool	1,032		
458,026	**Cash Outflows Generated from Operating Activities**		**463,674**	
	Cash Inflows:			
(29,328)	Rents (after Rebates)	(29,898)		
(68,483)	Council Tax Receipts (excl major preceptors share of receipts)	(69,935)		
(24,361)	NNDR Receipts (excl government and major preceptors)	(23,700)		
(47,284)	Revenue Support Grant	(38,890)		
(35,898)	DWP Grants for Benefits	(35,418)		
(161,951)	Other Government Grants	(166,683)		
(3,592)	Interest Received	(3,668)		
(1,400)	Airport Dividend Received	(1,484)		
(95,199)	Cash Received for Goods and Services	(95,140)		
(467,496)	**Cash Inflows Generated from Operating Activities**		**(464,816)**	
(9,470)	**NET CASH (INFLOW) / OUTFLOW FROM OPERATING ACTIVITIES**			**(1,142)**
	INVESTING ACTIVITIES			
16,609	Purchase of Fixed Assets		20,807	
1,306	Purchase of Long Term Investments		4,300	
7,310	Net Increase / (Decrease) in Short Term Deposits		9,314	
(1,854)	Proceeds of Sale of Fixed Assets		(4,640)	
(515)	Capital Grants received		(862)	
22,856	**NET CASH FLOWS FROM INVESTING ACTIVITIES**			**28,919**
	FINANCING ACTIVITIES			
	Repayments of amounts borrowed:			
8,217	Long Term loans repaid		6,631	
6,000	Short Term loans repaid		5,000	
124	Net Receipts from Long Term Debtors		1,858	
(18,500)	New Long Term Loans		0	
(2,000)	New Short Term Loans		(3,000)	
(23,059)	Billing Authorities – NNDR and Council Tax Adjustments		(22,594)	
(29,218)	**NET CASH FLOWS FROM FINANCING ACTIVITIES**			**(12,105)**
(15,832)	**NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS**			**15,672**
2,518	**Cash and Cash Equivalents at beginning of the reporting period**			**18,350**
18,350	**Cash and cash equivalents at the end of the reporting period**			**2,678**
	Cash and cash equivalents include:			
	Cash held:			
89	Imprest accounts			89
1,717	Schools cash advances			1,029
(6,985)	Bank current accounts			(798)
23,529	Short term deposits with banks & building societies			2,358
18,350				**2,678**

S KENYON, CPFA,
Interim Executive Director of Resources & Regulation

5 June 2015

INDEX FOR THE NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL

The Statement of Accounts summarises the Council's transactions for the 2014/2015 financial year and its position at year end of 31 March 2015. The Accounts have been prepared in accordance with the Accounts and Audit (England) Regulations 2011 which have replaced the 2003 Regulations and the Local Government and Housing Act 1989. They follow the principles and form recommended by the 2014 Code of Practice on Local Authority Accounting issued by CIPFA.

This Code of Practice is based on International Financial Reporting Standards (IFRS) and has been developed by the CIPFA / LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

Any divergence from the Code is indicated with an appropriate explanatory note.

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

In applying the accounting policies the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. Additionally the Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013. Billing authorities acting as agents on behalf of the major preceptors, central government and themselves (as principal) are required to make provisions (in accordance with the requirements of the Code and legislation for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts relating to non-domestic rates charged to businesses in 2012-13 and earlier financial years. The amount recognised as a provision should be the best estimate at the Balance Sheet date of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround many events and circumstances should be taken into account in reaching the best estimate of a provision. Future events that may affect the amount required to settle an obligation should be reflected in the amount of a provision where there is sufficient objective evidence that they will occur. To achieve this, billing authorities may need to use estimation techniques to establish a range of possible outcomes for ratepayer appeals and the probable financial effect of these outcomes, in order to determine the amount to settle the appeals. Careful analysis of these possible outcomes, the use of judgement, together with their own expertise in making similar provisions should enable billing authorities to establish provisions based on their best estimate of the most likely outcome. Expert advice may be required for more complex or material appeals. Authorities are required to separately disclose their respective share of these provisions in accordance with the Code of Practice.

- Impairment/reversal of impairment. The Authority has significant investments in property, plant and equipment and intangible assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired requiring the book value to be written down to its recoverable amount. Impairments are reversed if the conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may depend to a large extent on the selection of key assumptions about the future.

- Investment Properties. The investment portfolio valuation is determined using internal valuations of each of the property assets in the portfolio, which currently total 49. An assessment of the yields for each of these properties is undertaken using Valuation Office Property Market Reports, market transaction evidence or external valuations as required; and these are then used to produce multipliers and applied to the rental streams from each of the individual properties to form an overall valuation. A key source of uncertainty however is the current economic downturn, where the risk of tenants going into liquidation, administration or simply defaulting on the rent is higher than before, which has the potential to affect the value of investment properties.
- Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Authority. This judgement has been based upon the degree to which the lease transfers the risks and rewards of ownership to the Authority in accordance with IAS 17. The Authority has recognised as operating leases a number of arrangements which are recognised, in accordance with IFRIC 4, and further details are disclosed in note 16 on page 76.
- Within the Authority there are a number of long-term provisions. The carrying amount of these provisions is estimated based on assumptions about such items as the risk adjustment to cash flows or discount rates used, future changes in prices and estimates of costs. They represent the Authority's best estimate of the expenditure required to settle the obligation at the balance sheet date.

- The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. We review these assumptions regularly, and for pensions annually. However, a change in estimates could have a material impact on the carrying amount of these provisions. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

- Depreciation of plant and other assets is charged so as to write down the value of those assets to their residual value over their respective estimated useful lives. The Authority is required to assess the useful economic lives and residual values of the assets so that depreciation is charged on a systematic basis to the current carrying amount. These are also dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The depreciation lives of our assets are disclosed on page 46.

- Management assesses the recoverability of its trade and other receivables on a periodic basis based on the age and type of each debt. The percentages applied reflect an assessment of the recoverability of each debt.

- Accounting for Schools – Balance Sheet Recognition of Schools:

  The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets have been transferred from another entity.

  Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

  The Council has completed a school by school assessment across the different types of schools it controls within the Borough. Letters of confirmation have been received from the Diocese of Manchester, Salford Diocese, Peel Brow Foundation School, Manchester Mesivta and Bury and Whitefield Jewish Primary School that state that the schools occupy the school premises subject to the direction of the Trustees who own the land on which the schools are sited. All decisions relating to land and buildings rest with the Trustees and there has been no assignment of rights to the property. No formal documentation exists, the schools occupy the premises under a "mere" licence which has passed no interest to the school's governing body and which is terminable by the Trustees at any time. As such none of these schools are included on the Council's balance sheet.

  All 42 community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

  Academies are not considered to be maintained schools in the Council's control. Thus the land and building assets are not owned by the Council and not included on the Council's Balance Sheet.

ACCOUNTING STANDARDS ISSUED, BUT NOT YET BEEN ADOPTED

The Code of Practice on Local Council Accounting in the United Kingdom 2015/16 has introduced several changes in accounting policies which will be required from 1 April 2015. If these had been adopted for the financial year 2014/15 there would be no material changes as detailed below.

IFRS 13 Fair Value Measurement: This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts due to the low value of surplus assets held by the Council.

IFRIC 21 Levies: This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

CAPITAL RECEIPTS

Income from the disposal of fixed assets, known as capital receipts, has been accounted for on an accruals basis. A proportion of the capital receipts earned during the year were pooled and paid out to DCLG as per Local Authorities Finance Regulations 2004 using the proportions as first defined in the Local Government and Housing Act 1989. The balance is credited to the Capital Receipts Unapplied account and is available to finance capital expenditure.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts have been charged with the following to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- Amortisation of intangible fixed assets attributable to the service

The charge made to the Housing Revenue Account (HRA) is an amount equivalent to the statutory capital financing costs (known as the Item 8 Determination).

COLLECTION FUND

With the new accounting arrangements for business rates, whilst there remains a single Collection Fund, billing authorities must separate the elements relating to council tax and NDR and calculate separate surplus and deficits on each.

Shares of non-domestic rating income to major preceptors and a billing authority are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statement of the billing authority (and major preceptors). The central share (after allowable deductions) of the non-domestic rating income is paid out of the Collection Fund to central government. Council tax precepts for major precepting authorities (Fire and Police) and a billing authority's demand on the fund are paid out of the Collection Fund and credited to Comprehensive Income and Expenditure Statement of the billing authority (and major preceptors). The year-end surplus or deficit on the Collection Fund is distributed between billing and precepting authorities on the basis of estimates of year-end balance made on 15 January for council tax and 31 January for non-domestic rates.

The Authority has undertaken a review of the level of the provisions made in relation to potential unrecoverable debts due to the Collection Fund. The conclusion of the review was that there has been a past over-provision due to higher than anticipated collection rates.

EMPLOYEE BENEFITS

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are benefits payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accrual's basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier or when the Authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

The Authority pays employer's contributions for different types of employees as follows:

- **Teachers:**
  The Council administers a centralised scheme for the Department for Education (DfE) and although the scheme is unfunded the DfE uses a notional fund as the basis for calculating the employer's contribution rate paid by the Authority.

- **Other Employees:**

  Contributions are paid to the Greater Manchester Pension Fund that is administered by Tameside Council on behalf of the 10 Greater Manchester district councils. This is a contributory, final salary based, occupational pension scheme which is contracted out of the State Earnings Related Scheme. The contribution rate is determined by the Fund's actuary based on triennial valuations, the last of which took place in 2013.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:

  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

  - Net interest on the net defined benefit liability (asset) i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:

  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

  - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- Contributions paid to the Greater Manchester Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but repaid at year-end.

Details of contribution rates and amounts paid to the schemes in 2014/2015 are shown in Note 4 on page 50.

The purpose of the pensions disclosures is to provide clear information on the impact of this Authority's obligation to fund the retirement benefits of its staff on its financial position and performance.

FINANCIAL INSTRUMENTS

Introduction

With effect from 1 April 2007 local authorities have had to adopt a major change of accounting policy with the introduction of new U.K. accounting standards for financial instruments - FRS25, 26 and 29.

This caused major changes in 2007/08 in the accounting treatment of financial instruments, soft loans and guarantees, which have been designed to present a higher quality of information on financial instruments, in line with the private sector. In addition, in order to help identify, quantify and inform on the exposure to and management of risk, new "fair value" disclosure requirements have been introduced. The need for this has arisen in recent years through the high profile failure of a number of financial institutions e.g. Barings, Enron, World Com etc.

Amortised Cost

This change in accounting standards has meant that most financial instruments (whether borrowing or investment) have to be valued on an amortised costs basis using the effective interest rate (EIR) method.

Fair Value

In the disclosure notes (see pages 81 to 87) financial instruments are also required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

See also Financial Assets (page 36) and Financial Liabilities (page 38).

FINANCIAL ASSETS

Financial assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale Assets – assets that have a quoted market price and / or do not have fixed or determinable payments. The Council has also included Unquoted Equity Investments at cost in this category (i.e. shares in Manchester Airport).

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

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

Available-for-sale-Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Comprehensive Income and Expenditure Statement for the interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted prices – cost less any impairment losses

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Comprehensive Income and Expenditure Statement). The exception is where impairment losses have been incurred – these are debited to the Comprehensive Income and Expenditure Statement along with any net gain / loss for the asset accumulated in the Reserve.

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

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

FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the council's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and the interest chargeable to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain / loss over a ten year period. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement In Reserves Statement.

GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

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

Where there are no conditions attached to the grant, the grant is recognised immediately as income in the Comprehensive Income and Expenditure Statement. This applies equally to both capital and revenue grants and includes the Area Based Grant which is a non-ringfenced general grant.

HERITAGE ASSETS

The heritage assets held by the Council are predominantly the collections of pictures and artefacts mainly exhibited in the Art Gallery and Museum. The Council has also recognised a number of other heritage assets which have been reclassified from Community Assets.

The principal collections of heritage assets held in the museum include the art collection, museum purchases of social history objects and collection of gifts and bequests.

The CIPFA Code of Practice requires that heritage assets are measured at valuation in the 2014/15 financial statements. Details can be found in Note 11 (page 72).

The Council considers that obtaining external valuations for the vast majority of items that are exhibited within the museums or stored would involve a disproportionate cost in comparison to the benefits to the users of the financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The items in the art collection do have an insurance valuation, however they are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation on these.

Other various gifts, bequests and artefacts that are also held in the Museum and Art Gallery are recognised and measured at depreciated historical cost in accordance with the Council's accounting policies on property, plant and equipment.

Civic Regalia

The civic regalia collection consists of the Council's civic regalia and assorted items received by the Council as part of its civic role. The items are carried on the Balance Sheet at insurance valuation, which is based on market values. The items are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The land and building assets identified to date include Radcliffe Tower, the Dungeon and Rodger Worthington's grave. As there is no available valuation for these assets they have been reported at nominal value as recommended by the Council's property valuer.

Art Gallery and Museum collections

The collection has been developed by gift and purchase since 1901 with the specific intention to instruct local visitors about their own heritage. In the case of gifts, these were donated to the Council with clear charitable intent.

The purchases of art objects have been made with the intention to develop the collection in an intelligent and coherent way, to fill out gaps and extend representations of type. The Council has a duty to look after this material entrusted to its care and safe-keeping.

The Authority does not consider that reliable cost or market valuation information can be obtained for the gifts and bequests collection although in the case of some objects, their importance as part of the history of the Borough would far outweigh their current market value. An example would include the outboard motor and chain saw made by Aspin's of Bury, showing that Bury was at the forefront of engineering technological development in the mid twentieth century.

The paintings in the art collection are unique not only by author but also by the particularly important role they hold in the history of the Borough through their local families' provenience.

The Art Gallery and Museum occasionally loans items to other national or international museums and in return accepts and hosts displays of paintings and other art objects on loan.

The insurance valuation amount for the collection has been used in the Authority's accounts for the collection of pictures and objects. It emphasises the collection's financial importance to the Authority and substitutes an external valuation that in the Authority's view would not produce a figure that truly reflects the contribution to the knowledge, interest and cultural enrichment of the general public in the area.

It is envisaged that addition of these items should not produce any material impact to the insurance valuation in place and valid for the 2015/16 financial year or to the overall value of Heritage Assets recognised in the accounts for the year.

Historic Buildings Collection

The collection consists in principal of historical sites and buildings dating back to the middle ages:

Radcliffe Tower, off Sandford Street, Radcliffe is a **Grade I** listed and scheduled Ancient Monument, a stone built structure being the remains of a medieval tower. A bid was made to Heritage Lottery Fund for £300,000 to develop a "Medieval Radcliffe" scheme linking the adjacent Church and Tithe Barn and the outcome of the bid is expected imminently.

The Dungeon, adjacent to 2 Harwood Road in Tottington is a **Grade II** stone built village lock-up dating from 1835. The Dungeon is a small stone structure with an iron gate abutting private property and partially jutting out into Harwood Road. It is maintained by the Council because of its local historical significance.

Rodger Worthington's Grave, off Hawkshaw Lane in Hawkshaw holds the fragmented remains of a headstone and small plot of land in a rural location. The Grave is also maintained by the Council solely because of its local historical significance.

The Authority does not consider that reliable cost or valuation can be obtained for these historical sites due to their diverse nature and a lack of comparable values on the market. It is likely that a valuation would be difficult and costly and would not produce a meaningful figure.

Heritage Assets – General

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

It is highly unlikely that the Council will agree to dispose of any of the heritage assets recognised in the financial statements in the future.

INTANGIBLE ASSETS

Intangible Assets represent expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences). The expenditure is capitalised when it will bring benefits to the council for more than one financial year. Intangible assets are carried at the historical cost of purchase and other costs incurred in bringing the asset to a usable condition. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

The disclosure in the Council's balance sheet refers to the acquisition of software licences. Economic lives for the purposes of amortisation have been assessed at 5 and 10 years.

INTEREST

Interest for the whole Authority is seen on the face of the Comprehensive Income and Expenditure Statement and is charged corporately as detailed in the SERCOP. Interest payable on borrowing is charged on a straight-line basis over the period of the loan.

Where the loan agreement has a provision that allows for its early redemption under certain conditions, the period of the loan for the apportionment of interest charges is held to be that up to the next point at which it is a commercial possibility that such a provision could be exercised.

The Council has a number of LOBO loans (see Glossary). For the purpose of apportioning interest costs, the loan period is therefore considered to be that up to which the lender can exercise his offer. In effect, this means that the interest charged is the actual interest paid to the lender in the period.

INVENTORIES AND LONG TERM CONTRACTS

Inventories are shown on the balance sheet at the lower of cost and net realisable value with relatively insignificant stocks not being included within the Balance Sheet.

As per the requirement of IAS2 *Inventories,* income and expenditure relevant to long term contracts is reflected in the Comprehensive Income and Expenditure Statement as contract activity progresses. Long term contracts are reflected in the Balance Sheet when the amount by which recorded turnover is in excess of payments on account and these are classified as 'amounts recoverable on contracts' and are separately disclosed within debtors; or where the balance of payments on account is classified as payments on account and disclosed within creditors.

INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms length. They are not depreciated but are revalued annually according to market conditions at year-end.

INVESTMENTS

Investments are recorded in the Balance Sheet at amortised cost.

LEASING

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

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

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

The Authority as Lessee

Finance Leases:

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

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

Operating Leases:

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

The Authority as Lessor

Finance Leases:

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases:

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

LOCAL AUTHORITY SCHOOLS

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies within the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

PRIOR YEAR ADJUSTMENTS / EXCEPTIONAL ITEMS

Authorities are required to follow IAS8 Accounting Policies, Changes in Accounting Estimates and Errors when selecting or changing accounting policies, adopting the accounting treatment, changing estimation techniques, and correcting errors.

Exceptional items are ones that are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly.

Prior year adjustments represent those material adjustments applicable to prior years arising from changes in accounting policies or the correction of fundamental errors. There were no prior period errors requiring correction.

PROPERTY, PLANT AND EQUIPMENT

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs incurred in the cost of acquisition, construction and completion of qualifying assets.

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost

- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)

- all other assets – fair value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at fair value, such as operational other land and buildings, non-operational surplus and held for development assets, are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulate gains)

- where there is a balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

Where impairment losses are identified they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment qualifying assets by the systematic allocation of their depreciable amounts over their useful lives. Qualifying assets are all operational assets that are used to or provide support to service delivery.

An exception is made for assets without a determinable finite useful life (i.e. non operational assets that are not held for investment, freehold land and most Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following basis:

	Bases	Estimated Life
Schools and Education Properties	Straight line	8 – 68 Years
Other Operational Properties	Straight line	10 – 99 Years
Infrastructure Assets	Straight line	25 Years
Plant & Equipment	Straight line	5 – 10 Years
Council Dwellings	Major Repairs Allowance (proxy for depreciation)	

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Service. Depreciation is not charged on Assets Held for Sale.

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government*.* The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

The current system of capital accounting is defined by the 1993 Code of Practice introduced as of 1st April 1994. The Code's original objectives remain applicable for local government even after substantial changes have applied to the accounting standards underlying the system since first implemented.

Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis and capitalised as a non-current asset, provided that the asset yields benefits to the Authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts.

In applying the concept of materiality a de-minimis level of **£15,000** in respect of vehicles, plant and equipment (VPE) is applicable. Expenditure on VPE assets with a value below this level would not generally be included in the Balance Sheet. The relevance and amount of the de-minimis level has been reviewed in the current year. This review will continue in future years.

In 2014/15 the Council has applied depreciation to operational assets in accordance with IAS16 'Property, Plant and Equipment'.

Operational Assets other than Council Dwellings are depreciated on a straight-line basis.

A review of the estimated useful life of individual operational properties is an integral part of the rolling revaluation programme carried out by the Council's Property Services department.

Asset users provide their assessment of the useful life of specific Plant & Equipment assets.

PROVISIONS

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the balance sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

REDEMPTION OF DEBT

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority. These include:

- The Revaluation Reserve (RR) is intended to record accumulated movements on revaluation of fixed assets. These revaluation movements were previously processed through the FARA. The RR is made up of individual credit balances resulting from upward revaluations of specific assets. It is not permissible for there to be a debit balance against any asset. A downward revaluation not covered by a previously established credit balance is processed through the Capital Adjustment Account.

- The Capital Adjustment Account (CAA) was initially constituted by transferring into it the closing balances on the former Capital Financing Account (CFA) and Fixed Asset Restatement Account (FARA). Entries to the CAA are those previously made to the CFA and FARA with the exception of revaluation movements now processed through the RR. An overall credit balance on the CAA indicates that capital finance has been set aside at a faster rate than fixed assets have been consumed. An overall debit balance indicates that fixed assets have been consumed in advance of their financing.

- Additionally, due to full implementation of IAS19 Retirement Benefits, a Pensions Reserve has been established which provides for the net change in the pensions liability to be met by the Council which is recognised in the Comprehensive Income and Expenditure Statement where the pension payments made in the year in accordance with the pension scheme requirements, do not match the change in the Authority's recognised asset or liability for the same period.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax. This was formerly described as Deferred Charges and disclosed in the Balance Sheet with Intangible Assets. There is no longer a Balance Sheet disclosure and the expenditure is amortised to revenue in the year that the expenditure is incurred, as shown in Note 12 (page 73).

REVENUE TRANSACTIONS

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. Debtors and creditors have been accrued on the basis of actual sums receivable or payable wherever possible although it has been necessary to estimate some amounts based on the most recent and accurate information available. However there are variations to this principle:

- Not all payments to public utilities (gas, electricity etc.) have been accrued but since this is a consistent policy from one year to the next the effect on the Accounts for 2014/2015 will not be material.

Provision has been made for doubtful debts where necessary and uncollectable amounts have been written-off.

Council dwelling rents are regarded as annual amounts payable over 50 weeks.

SUPPORT SERVICES

The costs of support services such as administration and management are fully allocated to users on various bases compatible with practices recommended by CIPFA. The allocation bases include actual time spent by staff, building floor area occupied and actual usage of support services. The two exceptions are:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

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

VALUE ADDED TAX (VAT)

Value Added Tax is included in the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure.

2. EVENTS AFTER THE BALANCE SHEET DATE

No events have taken place after 31 March 2015 that will have an impact on the financial statements and notes to the accounts.

DISCLOSURE NOTES RELATING TO INCOME AND EXPENDITURE STATEMENT:

3. TRADING SERVICES

The Authority operates the following Trading Services, which are defined as activities that are of a commercial nature and which are financed substantially by charges made for the services: -

2013/14 Deficit/ (Surplus) £000's		2014/15 Gross Expenditure £000's	2014/15 Income £000's	2014/15 Deficit/ (Surplus) £000's
554	Civic Halls	1,593	(1,111)	482
(1,142)	Markets	2,571	(2,643)	(72)
(386)	Property & Estates	2,060	(2,414)	(354)
(25)	Industrial Units	1,221	(1,416)	(195)
36	Highway Network Services	1,716	(2,275)	(559)
(123)	Architectural Practice	2,424	(2,952)	(528)
(172)	Grounds Maintenance	2,386	(2,644)	(258)
(251)	Catering	6,500	(7,308)	(808)
(815)	Cleaning of Buildings	5,041	(5,131)	(90)
0	Education – Fair Funding	4,331	(4,331)	0
(451)	Emergency & Security Service	904	(1,331)	(427)
(407)	Transport Services	3,411	(3,818)	(407)
(3,182)	**TOTAL**	**34,158**	**(37,374)**	**(3,216)**

All material trading accounts are shown above. Both 2013/14 and 2014/15 figures include adjustment for IAS19 (formerly FRS17), accumulated absence (accrued holiday pay) and Impairment charges. Details of individual trading accounts are contained within the detailed revenue outturn report – copies of which are available from the Head of Financial Management at Bury Town Hall (telephone 0161-253-5034)

4. DEFINED BENEFIT PENSION SCHEMES

Pension Schemes accounted for as a Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pension on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 3,700 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31st March 2015, the Authority's own contributions equate to approximately 15.36%.

In 2014/15 the council paid £8,082,601 to Teachers' Pensions in respect of teachers' retirement benefits, representing 7.98% of pensionable pay. The figures for 2013/14 were £8,092,401 and 7.45%. There were no contributions remaining payable at the year-end. The contributions due to be paid in the next financial year are estimated to be £8,417,062.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis as detailed.

The Authority is not liable to the scheme for any other entities obligations under the plan.

Participation in Pensions Schemes

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

The Authority participates in the Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into the Greater Manchester Pension Fund, calculated at a level intended to balance the pension liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they may eventually fall due.

The Greater Manchester Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pension committee of Tameside Council. Policy is determined in accordance with the Pension fund Regulations. The investment managers of the fund are appointed by the committee and consist of the Director of Finance and Resources of Tameside Council and Hyman Robertson managers.

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

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

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

	Year to 31 March 2014 £000's	Year to 31 March 2015 £000's
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	17,577	18,362
Past service costs including (gain) / loss from Settlements	1,718	1,100
Financing and Investment Income and Expenditure	(22,923)	(23,269)
Net interest expense	32,847	32,018
Other Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**29,219**	**28,211**
Other post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	11,779	39,518
Actuarial gains and losses arising in changes in demographic assumptions	(795)	0
Actuarial gains and losses arising in changes in financial assumptions	(4,606)	(112,153)

Other Experience	23,028	4,469
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**58,625**	**(39,955)**
Movement in Reserves Statement		
Reversal of net changes made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	0	0
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	**13,824**	**14,730**

In addition to the employer's contributions to the Greater Manchester Pension Scheme, the Authority also makes payments to the Department for Education (DfE) in respect of Teachers' pension costs. In both cases the Authority is also responsible for all pension payments relating to added years it has awarded, together with related increases.

The table below shows the costs of these items: -

2013/14 Total Cost £000's		**2014/15** Total Cost £000's	Proportion of Pensionable pay %
	Teachers		
8,092	Contribution to DCSF etc.	8,083	13.76
1,590	Added years and pensions increases	1,579	2.70
0	Lump sum payments	0	
9,682		**9,662**	
	Other employees		
13,824	Contribution to Superannuation Fund	14,730	15.36
1,395	Added years and pension increases	1,388	1.45
0	Lump sum payments	0	
15,219		**16,118**	

Pensions Assets and Liabilities Recognised in the Balance Sheet

	31 Mar 2014 £000	31 Mar 2015 £000
Present value of the defined benefit	(745,810)	(884,231)

obligation		
Fair Value of plan assets	543,168	602,616
Net liability arising from defined benefit obligation	**(202,642)**	**(281,615)**

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

	31 Mar 2014 £000	**31 Mar 2015 £000**
Opening fair value of scheme assets	511,000	543,168
Interest income	22,923	23,269
The return on plan assets, excluding the amount included in the net interest expense	11,779	39,518
Other (if applicable)	0	0
The effect of changes in foreign exchange rates		
Contribution from employer	13,541	14,517
Contributions from employees in the scheme	4,820	4,917
Benefits paid	(20,895)	(22,773)
Other (if applicable)		
Fair Value of plan assets	543,168	602,616

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Year to 31 March 2014	**Year to 31 March 2015**

	£000's	£000's
Opening balance at 1st April	730,400	745,810
Current Service cost	17,577	18,462
Interest cost	32,847	32,018
Contributions from scheme participants	4,820	4,917
Remeasured (gains) and losses:		
Actuarial gains / losses arising from changes in demographic assumptions	795	0
Actuarial gains / losses arising from changes in financial assumptions	4,606	112,153
Other experiences	(23,128)	(4,469)
Past service costs	1,718	1,100
Losses / (gains) on curtailment	0	0
Liabilities assumed on entity combinations	0	0
Benefits paid	(23,825)	(25,760)
Liabilities extinguished on settlements	0	0
Closing balance 31st March	**745,810**	**884,231**

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets Year to 31 March 2014 £000's	Fair value of scheme assets Year to 31 March 2015 £000's
Cash and cash equivalents	21,424	15,714
Equity instruments:		
By industry type		
Consumer	57,225	60,578
Manufacturing	52,496	56,377
Energy and utilities	47,989	50,412
Financial institutions	66,328	71,393
Health and care	23,235	28,477
Information technology	10,566	12,130

Other	8,273	7,580
Sub-total equity	**266,112**	**286,947**
Bonds:		
By sector		
Corporate	32,287	35,510
UK Government	9,055	5,608
Other	18,828	29,800
Sub-total bonds	**60,170**	**70,918**
UK Property	16,000	16,684
Overseas Property	0	0
Sub-total property	**16,000**	**16,684**
Private equity:		
All	13,411	16,743
Sub-total private equity	**13,411**	**16,743**
Investment Funds and Unit Trusts		
Equities	104,170	111,266
Bonds	28,737	33,420
Hedge Funds	0	0
Commodities	0	0
Infrastructure	3,837	6,613
Other	21,886	37,587
Sub-total other investment funds	**158,630**	**188,886**
Derivatives:		
Other	7,421	6,724
Total assets	**543,168**	**602,616**

All scheme assets have quoted prices in active markets.

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions payable in future schemes dependent on assumptions about mortality rates, salary levels etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hyman Robertson an independent firm of actuaries, estimates for the Greater Manchester Pension Fund based on the latest full valuation of the scheme as at 31st March 2013.

The significant assumptions used by the actuary have been:

Long term expected rate of return on assets in the scheme:	**31 Mar 2014 £000**	**31 Mar 2015 £000**

Actual returns 1st April to 31st December	6.2%	5.5%
Total returns from 1st April to 31st March	7.1%	11.6%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.4 years	21.4 years
- Women	24.0 years	24.0 years
Longevity at 65 for future pensioners:		
- Men	24.0 years	24.0 years
- Women	26.6 years	26.6 years
Rate of inflation	2.8%	2.4%
Rate of increase in salaries	3.9%	3.6%
Rate of increase in pensions	2.8%	1.25%
Rate for discounting scheme liabilities	4.3%	3.2%

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

Sensitivity Analysis - Impact on the Defined Benefit obligation in the Scheme

	Approximate % increase to Employer Liability	Approximate amount £000's
1 year increase in members life expectancy	3%	26,527
0.5% decrease in Real Discount Rate	10%	88,489
0.5% increase in the Salary Increase Rate	3%	29,109
0.5% increase in the Pension Increase Rate	7%	57,526

Impact on the Authority's Cash Flows

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

The scheme will need to take account of the national changes to the scheme under the Public Pensions services Act 2013. Under the Act, The Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2015 (or service after 31st March 2016 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipated to pay £15,305,000 expected contributions to the scheme in 2015/16.

The weighted average duration of the defined benefit obligation for scheme members is 18.2 years, 2014/15 (18.8 years 2013/14).

Further information can be found in the Greater Manchester Pension Fund's Annual Report which is available upon request from Tameside Metropolitan Borough Council, Concord Suite, Manchester Road, Droylsden, Tameside, M43 6SF, or on their website www.gmpf.org.uk.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	Year to 31 March 2014 £000's	**Year to 31 March 2015** £000's
Balance 1st April	(219,400)	(202,642)
Remeasurements of the net defined benefit liability / (asset)	29,406	(68,166)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(26,472)	(25,537)
Employer's pension contributions and direct payments to pensioners payable in the year	13,824	14,730

Closing Balance	**(202,642)**	**(281,615)**

Further information can be found in the Greater Manchester Pension Fund's Annual Report which is available upon request from Tameside Metropolitan Borough Council, Concord Suite, Manchester Road, Droylsden, Tameside, M43 6SF, or on their website www.gmpf.org.uk.

5. EMPLOYEES IN HIGHER EARNINGS BANDS

In accordance with the Accounts and Audit (England) Regulations 2011, Authorities are required to disclose individual remuneration details for certain employees.

The following table, therefore, sets out the remuneration disclosure for senior officers (excluding teachers), identified by name, whose salary is £150,000 or more per year.

Postholder Information (Post title and Name)	Note	Salary (including fees and allowances) £	Benefits In Kind £	Total Remuneration excluding pension contributions £	Employers Pension Contributions £	Total Remuneration Including Pension Contributions £
2014/15						
Chief Executive – M Kelly		151,743	0	**151,743**	0	**151,743**
2013/14						
-		-	-	**-**	-	**-**

The following table sets out the **remuneration** disclosures for Senior Officers (excluding teachers), identified by job title, whose **salary** is less than £150,000 but equal to or more than £50,000 per year and who were members of the Council's Strategic Leadership Team.

Postholder Information (Post title and Name)	Note	Salary (including fees and allowances) £	Benefits In Kind £	Total Remuneration excluding pension contributions £	Employers Pension Contributions £	Total Remuneration Including Pension Contributions £
2014/15						
Executive Director – Communities & Wellbeing		113,934	0	**113,934**	21,118	**135,052**
Executive Director – Communities & Neighbourhoods	1	50,597	0	**50,597**	9,360	**59,957**
Executive Director – Children, Young People & Culture		104,625	0	**104,625**	19,356	**123,981**
Executive Director - Resources & Regulation		108,905	0	**108,905**	20,148	**129,053**
2013/14						
Chief Executive		149,300	843	**150,143**	26,621	**176,764**
Executive Director – Adult Services		110,139	0	**110,139**	20,153	**130,292**
Executive Director – Communities & Neighbourhoods		101,193	0	**101,193**	18,162	**119,355**

Executive Director – Children's Services	99,162	0	**99,162**	17,797	**116,959**
Executive Director - Resources & Regulation	104,105	0	**104,105**	18,684	**122,789**

Note:

1. The postholder left the authority on the grounds of voluntary early retirement on 30 September 2014 and duties were passed to the other Executive Directors as a result of a restructure whereby the department of Communities and Neighbourhoods was disestablished and the Adult Care Services department was renamed Communities & Wellbeing and the Children's Services department was renamed Children, Young People and Culture. These two departments plus the department of Resources & Regulation absorbed the work and services provided by this former department.

   Note also that the post of Director of Public Health is a statutory role following the transfer of NHS staff to the Council on 1 April 2013. The postholder, who was previously seconded from Bolton Council, was appointed to the role by Bury Council on a permanent basis on 1 October, 2014. As such the part year salary for this post is not above the £50,000 band and is therefore not included in the table below.

The number of employees, including teachers, whose remuneration, excluding employer pension contributions, was £50,000 or more in bands of £5,000 is as follows:-

Salary Range (£)	2014/2015 Teaching Staff	2013/2014 Teaching Staff	2014/2015 Non-Teaching Staff	2013/2014 Non-Teaching Staff
50,000 to 54,999	54	46	13	6
55,000 to 59,999	30	28	10	10
60,000 to 64,999	36	38	3	2
65,000 to 69,999	12	8	1	1
70,000 to 74,999	6	6	2	2
75,000 to 79,999	0	3	3	4
80,000 to 84,999	5	4	2	1
85,000 to 89,999	3	2	0	0
90,000 to 94,999	0	2	0	0
95,000 to 99,999	2	1	0	1
100,000 to 104,999	1	0	1	2
105,000 to 109,999	0	0	1	0
110,000 to 114,999	0	0	1	1
115,000 to 119,999	0	0	0	0
120,000 to 124,999	0	0	0	0
125,000 to 129,999	0	0	0	0
130,000 to 134,999	0	0	0	0
135,000 to 139,999	0	0	0	0
140,000 to 144,999	0	0	0	0
145,000 to 149,999	0	0	0	1
150,000 to 154,999	0	0	1	0
TOTAL	**149**	**138**	**38**	**31**

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

Teaching Staff

Exit package cost band (including	Number of Compulsory Redundancies	Number of other departures agreed	Total Number of Exit packages by cost band	Total cost of exit packages in each band

special payments)								
	2014/ 2015	**2013/ 2014**	**2014/ 2015**	**2013/ 2014**	**2014/ 2015**	**2013/ 2014**	**2014/ 2015 £000**	**2013/ 2014 £000**
£0 - £20,000	4	2	17	15	**21**	**17**	**200**	**188**
£20,001 – £40,000	2	1	1	1	**3**	**2**	**79**	**49**
£40,001 – £60,000	0	0	0	0	**0**	**0**	**0**	**0**
£60,001 – £80,000	0	0	0	0	**0**	**0**	**0**	**0**
£80,001 – £100,000	0	0	0	0	**0**	**0**	**0**	**0**
£100,001 – £150,000	0	0	0	0	**0**	**0**	**0**	**0**
Total	**6**	**3**	**18**	**16**	**24**	**19**	**279**	**237**

Non Teaching Staff

Exit package cost band (including special payments)	**Number of Compulsory Redundancies**		**Number of other departures agreed**		**Total Number of Exit packages by cost band**		**Total cost of exit packages in each band**	
	2014/ 2015	**2013/ 2014**	**2014/ 2015**	**2013/ 2014**	**2014/ 2015**	**2013/ 2014**	**2014/ 2015 £000**	**2013/ 2014 £000**
£0 - £20,000	4	22	107	72	**111**	**94**	**1,022**	**600**
£20,001 – £40,000	0	0	23	4	**23**	**4**	**600**	**93**
£40,001 – £60,000	0	0	1	0	**1**	**0**	**44**	**0**
£60,001 – £80,000	0	0	0	0	**0**	**0**	**0**	**0**
£80,001 – £100,000	0	0	0	0	**0**	**0**	**0**	**0**
£100,001 – £150,000	0	0	0	0	**0**	**0**	**0**	**0**
Total	**4**	**22**	**131**	**76**	**135**	**98**	**1,666**	**693**

6. TRANSACTIONS WITH RELATED PARTIES

This is a disclosure note required by IAS24 *Related Party Disclosures*, which requires the Council to declare transactions between the Council and related parties. (A related party is where a member of the Council or a Chief Officer is involved in a company or organisation with which the Council undertakes business on normal contractual terms for the supply of services).

Central Government has effective control over the general operations of the Council. It is responsible for providing the framework within which the Council operates. It also provides the majority of funding for Council services. Details of transactions with government departments are set out in the Cash Flow Statement.

During 2014/2015 the Council has undertaken the following transactions with related parties:

Member Interest	Amount Paid 2014/15 (£)	Amount Paid 2013/14 (£)
Chief Executive of a Day Centre	15,003	13,841
Community Members of a Not-for-Profit Out of Hours Medical Care Organisation (2 Councillors)	27,669	39,266
Area Operations Manager with a Social Enterprise	104,814	116,416
Committee Member of a Sports Club	2,500	0

Four Members of the Council are on the board of Six Town Housing, which represents 30.8% of the voting rights of Six Town Housing. The Council entered into transactions with the concern to the net value of £5,764,888 during 2014/2015 (£4,795,142 in 2013/2014). This represents income to the Council of £10,611,246 (£10,466,557 in 2013/2014) and expenditure of £16,376,134 (£15,261,699 in 2013/2014), including the management fee paid to Six Town Housing, of £12,972,800.

There were no other material related party transactions involving Members of the Council. However, several Members are trustees, employees and Council representatives of various charitable and similar voluntary organisations that receive financial and other support from the Council.

7. DISCLOSURE OF DEPLOYMENT OF DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2014/15 are as follows:

	Central Expenditure	**ISB**	**Total**
	£000	£000	£000
Final DSG for 2014-15 before Academy recoupment			(143,274)
Academy figure recouped for 2014/15			3,903
Total DSG after Academy recoupment for 2014/15			**(139,371)**
Brought Forward from 2013/14			2,554
Carry-forward to 2015-16 agreed in advance			**0**
Agreed Initial budgeted distribution in 2014/15	**(13,175)**	**(123,642)**	**(136,817)**
In Year Adjustments	0	0	0
Final Budgeted Distribution for 2014/15	**(13,175)**	**(123,642)**	**(136,817)**
Less Actual Central Expenditure	16,906	0	16,906
Less Actual ISB deployed to Schools	0	123,642	123,642
Plus Local Authority contribution for 2014/15	0	0	0
Carry forward to 2015/16	**3,731**	**0**	**3,731**

8. DISCLOSURE OF AUDIT COSTS

In 2014/2015 the Authority incurred the following fees relating to external audit and inspection:

	2013/2014 (£000)	2014/2015 (£000)
Fees payable to the Audit Commission / KPMG with regard to external audit services carried out	154	156
Fees payable to the Audit Commission in respect of statutory inspection	0	0
Fees payable to the Audit Commission / KPMG for the certification of grant claims and returns	13	11
Fees payable in respect of other services provided by KPMG	0	2
Audit Commission rebate	0	(21)
TOTAL	**167**	**148**

9. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

- Expenditure on some support services is budgeted for centrally and not charged to departments.

The income and expenditure of the Authority's principal departments recorded in the budget reports for the year and detailed on pages 10 & 11 of this document is as follows:

2014/15							
			All figures shown are in £000's				Directorate Analysis
Directorate / Services	Resources & Regulation	Other	Housing General Fund	Children, Young People & Culture	Communities & Wellbeing	Voluntary Aided & Foundation Schools only	Total
Fees, charges & other service income	(41,610)	(3,447)	(982)	(30,139)	(46,476)	(1,393)	(124,047)
Government Grants	(2,688)	0	(55,687)	(116,820)	(12,024)	(38,671)	(225,890)
Total Income	**(44,298)**	**(3,447)**	**(56,669)**	**(146,959)**	**(58,500)**	**(40,064)**	**(349,937)**
Employee expenses	17,349	470	0	99,609	39,010	28,275	184,713
Other operating expenses	21,815	34,148	54,561	82,391	84,514	8,907	286,336
Support service recharges	11,374	(8,518)	1,400	8,923	8,317	1,057	22,553
Total operating expenses	**50,538**	**26,100**	**55,961**	**190,923**	**131,841**	**38,239**	**493,602**
Cost of Service	**6,240**	**22,653**	**(708)**	**43,964**	**73,341**	**(1,825)**	**143,665**

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	
	£000's
(Directorate) Analysis	**143,665**
Services and Support Services not in Analysis	1,045
Amounts not reported to management for decision making	3,932
Amounts not included in I & E	9,344
Sub Total - Cost of Services	**157,986**
Less Corporate Amounts	(151,209)
Total	**6,777**

Reconciliation to Subjective Analysis	(Directorate) Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I & E	Cost of services	Corporate Amounts	Total
Fees, charges & other service income	(121,072)	(12,216)	(31,530)	0	(164,818)	(33,043)	(197,861)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Interest and investment income	(2,975)	0	0	(19,394)	(22,369)	(3,668)	(26,037)
Income from Council Tax	0	0	0	0	0	(68,263)	(68,263)
Government grants and contributions	(225,890)	(158,682)	0	0	(384,572)	(95,249)	(479,821)
Total income	**(349,937)**	**(170,898)**	**(31,530)**	**(19,394)**	**(571,759)**	**(200,223)**	**(771,982)**
Employee expenses	184,713	109,263	0	0	293,976	14,154	308,130
Other service expenses	242,710	55,818	15,283	4,731	318,542	20,160	338,702
Support service recharges	22,553	6,847	0	0	29,400	1,392	30,792
Depreciation, amortisation and impairment	9,107	15	20,146	24,007	53,275	2,871	56,146
Interest payments	8,300	0	33	0	8,333	8,637	16,970
Precepts and Levies	26,219	0	0	0	26,219	0	26,219
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1,032	1,032
Gain or Loss on disposal of fixed assets	0	0	0	0	0	768	768
Total operating expenses	**493,602**	**171,943**	**35,462**	**28,738**	**729,745**	**49,014**	**778,759**
Surplus or deficit on the provision of services	**143,665**	**1,045**	**3,932**	**9,344**	**157,986**	**(151,209)**	**6,777**

2013/14							
			All figures shown are in £000's				Directorate Analysis
Directorate / Services	Resources & Regulation	Other	Housing General Fund	Children, Young People & Culture	Communities & Wellbeing	Voluntary Aided & Foundation Schools only	Total
Fees, charges & other service income	(42,949)	(3,870)	(705)	(27,092)	(50,230)	(1,060)	(125,906)
Government Grants	(2,514)	0	(56,145)	(103,204)	(11,744)	(37,390)	(210,997)
Total Income	**(45,463)**	**(3,870)**	**(56,850)**	**(130,296)**	**(61,974)**	**(38,450)**	**(336,903)**
Employee expenses	18,572	283	0	110,935	38,616	27,802	196,208
Other operating expenses	23,247	23,912	55,382	62,923	86,387	7,855	259,706
Support service recharges	12,101	(8,391)	1,215	9,329	13,989	980	29,223
Total operating expenses	**53,920**	**15,804**	**56,597**	**183,187**	**138,992**	**36,637**	**485,137**
Cost of Service	**8,457**	**11,934**	**(253)**	**52,891**	**77,018**	**(1,813)**	**148,234**

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	
	£000's
(Directorate) Analysis	**148,234**
Services and Support Services not in Analysis	2,050
Amounts not reported to management for decision making	167
Amounts not included in I & E	20,001
Sub Total - Cost of Services	**170,452**
Less Corporate Amounts	(152,229)
Total	**18,223**

Reconciliation to Subjective Analysis	(Directorate) Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I & E	Cost of services	Corporate Amounts	Total
Fees, charges & other service income	(122,931)	(8,445)	(30,097)	0	(161,473)	(33,889)	(195,362)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Interest and investment income	(2,975)	0	0	(18,568)	(21,543)	(3,592)	(25,135)
Income from Council Tax	0	0	0	0	0	(67,279)	(67,279)
Government grants and contributions	(210,997)	(145,047)	(17)	0	(356,061)	(100,307)	(456,368)
Total income	**(336,903)**	**(153,492)**	**(30,114)**	**(18,568)**	**(539,077)**	**(205,067)**	**(744,144)**
Employee expenses	196,208	107,373	0	0	303,581	13,325	316,906
Other service expenses	214,562	45,748	14,926	4,780	280,016	22,657	302,673
Support service recharges	29,223	2,382	0	0	31,605	2,247	33,852
Depreciation, amortisation and impairment	9,244	39	15,318	33,789	58,390	2,402	60,792
Interest payments	8,844	0	37	0	8,881	8,844	17,725
Precepts and Levies	27,056	0	0	0	27,056	0	27,056
Payments to Housing Capital Receipts Pool	0	0	0	0	0	991	991
Gain or Loss on disposal of fixed assets	0	0	0	0	0	2,372	2,372
Total operating expenses	**485,137**	**155,542**	**30,281**	**38,569**	**709,529**	**52,838**	**762,367**
Surplus or deficit on the provision of services	**148,234**	**2,050**	**167**	**20,001**	**170,452**	**(152,229)**	**18,223**

RECONCILIATION OF (DIRECTORATE) INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2013/2014 £000's	2014/2015 £000's
Net expenditure in the (Directorate) Analysis	**148,234**	**143,665**
Net expenditure of services and support services not included in the Analysis	2,050	1,045
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	167	3,932
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	20,001	9,344
Cost of Services in Comprehensive Income and Expenditure Statement	**170,452**	**157,986**

DISCLOSURE NOTES RELATING TO BALANCE SHEET:

10. TANGIBLE FIXED ASSETS

Movements in respect of tangible fixed assets were as follows: -

TANGIBLE FIXED ASSETS - OPERATIONAL	**Council Dwellings**	**Other Land & Buildings**	**Infrastruct -ure Assets**	**Vehicles, Plant and Eqpt**	**Community Assets**	**Total**
Certified Valuation or Cost at 1 April 2014	215,316	303,467	45,916	12,601	555	577,855
Additions	12,743	5,097	2,471	184	312	20,807
Revaluations recognised in the Revaluation Reserve	(12,254)	(2,689)	0	0	37	(14,906)
Revaluations recognised in the Surplus/Deficit on the provision of Services	(2)	(2,167)	0	0	(226)	(2,395)
Disposals	0	(323)	0	0	0	(323)
Reclassification (to) / from Held for Sale	(1,262)	(850)	0	0	0	(2,112)

Other movements - Reclassification	0	1,838	0	0	1,156	2,994
Value of assets at 31 March 2015	**214,541**	**304,373**	**48,387**	**12,785**	**1,834**	**581,920**
Accumulated depreciation and impairment at 1 April 2014	(7,154)	(15,094)	(17,444)	(7,746)	0	(47,438)
Depreciation - annual charge	(7,404)	(4,672)	(2,367)	(1,008)	0	(15,451)
Depreciation - written out to Revaluation Reserve	0	0	0	0	0	0
Depreciation - written out to the Surplus/Deficit on the Provision of Services	7,154	810	0	0	0	7,964
Impairments recognised in the Surplus/Deficit on the Provision of Services	(12,742)	(4,154)	(657)	0	(312)	(17,865)
Disposals	0	160	0	0	0	160
Other movements - Reclassification	0	409	0	0	0	409
At 31 March 2015	**(20,146)**	**(22,541)**	**(20,468)**	**(8,754)**	**(312)**	**(72,221)**
Balance Sheet Value of assets at 31 March 2015	**194,395**	**281,832**	**27,919**	**4,031**	**1,522**	**509,699**
Balance Sheet Value of assets at 1 April 2014	208,162	288,375	28,471	4,855	554	530,417

TANGIBLE FIXED ASSETS - NON-OPERATIONAL	**Non Operational Assets**	**Surplus Assets**	**Assets Under Construction**	**Total**
Certified Valuation or Cost at 1 April 2014	42,166	405	3,105	45,676
Additions	60	0	2,561	2,621
Revaluations recognised in the Revaluation Reserve	522	0	0	522
Revaluations recognised in the Surplus/Deficit on the provision of Services	0	(4)	0	(4)
Disposals	(188)	0	0	(188)
Reclassification (to) / from Held for Sale	(70)	0	0	(70)

Other movements - Reclassification	115	0	(3,089)	(2,974)
Value of assets at 31 March 2015	**42,605**	**401**	**2,577**	**45,583**
Accumulated depreciation and impairment at 1 April 2014	0	0	0	0
Depreciation - annual charge	0	0	0	0
Depreciation - written out to Revaluation Reserve	0	0	0	0
Depreciation - written out to the Surplus/Deficit on the Provision of Services	0	0	0	0
Impairments recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0
Disposals	0	0	0	0
Other movements - Reclassification	0	0	0	0
At 31 March 2015	**0**	**0**	**0**	**0**
Balance Sheet Value of assets at 31 March 2015	**42,605**	**401**	**2,577**	**45,583**
Balance Sheet Value of assets at 1 April 2014	42,166	405	3,103	45,674

Bury Council's share of land owned at Manchester Airport is included in the accounts under Non-Operational Assets at a value of £7.0million, after an upward revaluation of £0.540m in 2014/15. An impairment review was carried out in the year as required by IAS36. There were no significant resultant adjustments to the value recorded in the Fixed Assets register for Operational and Non-Operational Investment Properties.

During the year, Elton County Primary School has converted to Academy status on a 125 year lease from Bury Council to the sponsor, Bury College. Subsequently, the value of the asset held in Bury Council's accounts has been impaired to reflect this event.

More information on the basis of asset valuation and the accounting treatment for fixed assets may be found in the statement of accounting policies.

Valuations of Fixed Assets carried at Current Value

The statement above shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by the Senior Asset Officer, Mr R Dewsnap (MRICS). The basis for the valuation is set out in the statement of accounting policies.

	Council Dwellings	***Other Land & Bldgs***	***Vehicle Plant & Eqpt***	***Infrastr-ucture Assets***	***Commu-nity Assets***	***Invest ment Props***	***Assets under constru-ction***	***Non-Optnl Assets / Surplus Assets***	***Heritage Assets***	***Assets held for Sale***	***Total***
	£000's	***£000's***	***£000's***	***£000's***	***£000's***	***£000's***	***£000's***	***£000's***	***£000's***	***£000's***	***£000's***
Valued at Historic Cost	-	-	4,031	27,919	1,522	0	2,577	-	37	-	36,086
Valued at Current / Fair Value: 2014/15	**194,395**	**(6,543)**	**-**	**-**	**-**	**-**	**-**	**435**	**375**	**(1,122)**	**187,540**
2013/14	-	(56,502)	-	-	-	-	-	(1,987)	-	459	(58,030)
2012/13	-	(5,230)	-	-	-	-	-	(1,137)	-	(716)	(7,083)
2011/2012	-	(6,950)	-	-	-	113	-	789	23,676	2,227	19,855
2010/2011 and prior	-	357,057	-	-	-	1,136	-	44,906	-	72	403,171
Total Tangible Fixed Assets	**194,395**	**281,832**	**4,031**	**27,919**	**1,522**	**1,249**	**2,577**	**43,006**	**24,088**	**920**	**581,539**

During 2014/2015 the Authority's housing stock was re-valued to £201.5million.

In accordance with IAS 16 "Property, Plant and Equipment" with adaptations for the public sector context, the Council has charged depreciation on its assets to the Comprehensive Income and Expenditure Statement regardless of the maintenance regime on the asset.

11. HERITAGE ASSETS

A reconciliation of the Carrying Value of tangible Heritage Assets recognised by the Authority in the year is given in the table below:

	Art Gallery and Museum	**Art Gallery and Museum**	**Civic Regalia**	**Total**
	Artefacts and Gifts £'000	**Pictures £'000**	**£'000**	**£'000**
Certified Valuation or Cost at 1 April 2014	16	23,636	108	**23,760**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations recognised in the Revaluation Reserve	0	0	375	**375**
Revaluations recognised in the Surplus/Deficit on the provision of Services	0	0	0	**0**
Reclassification	0	0	0	**0**
Value of assets at 31 March 2015	16	23,636	483	**24,135**
Accumulated depreciation and impairment at 1 April 2014	0	0	0	**0**
Depreciation - annual charge	0	0	0	**0**
Disposals	0	0	0	**0**
Impairments recognised in the Revaluation Reserve	0	0	0	**0**
Impairments recognised in the Surplus/Deficit on the Provision of Services	0	0	(47)	**(47)**
Other movements, reclassification	0	0	0	**0**
Depreciation and impairment at 31 March 2015	0	0	(47)	**(47)**
Balance Sheet Value of assets at 31 March 2015	16	23,636	436	**24,088**
Balance Sheet Value of assets at 1 April 2014	16	23,636	108	**23,760**

In addition to these, the Authority has in its care three Historic Buildings that are classed as Heritage Assets and that are carried in the accounts at a nominal value only. These are named as the Radcliffe Tower in Radcliffe, The Dungeon in Tottington and Rodger Worthington's Grave in Hawkshaw.

HERITAGE ASSETS: THREE-YEAR SUMMARY OF TRANSACTIONS	**2013/2014**	**2014/2015**
	£'000	**£'000**
Cost of Acquisitions of Heritage Assets		
Art Gallery and Museum - artefacts and gifts	16	16
Art Gallery and Museum - pictures	68	68
Civic Regalia	0	0
Total Cost of Purchases	**84**	**84**
Value of Heritage Assets Acquired by Donation		
Total Donations	**0**	**0**
Impairment of Civic Regalia Assets		
Carrying value	**0**	**(47)**
Proceeds	**0**	**0**

The Authority considers that it is not practicable to disclose information on transactions involving Heritage Assets for the past five years as required by CIPFA's Code of Practice. Prior to 1st April 2010 when the new standard was issued the assets in the classes listed were held under Community Assets at depreciated historical cost and with no transactions identified in respect of each of the assets.

An impairment resulting from a loss through theft of Civic Regalia within the year has resulted in a downward adjustment of the carrying value for Heritage Assets during the 2014/15 financial year.

The Authority has not recognised any Intangible Heritage Assets in the year.

12. INTANGIBLE FIXED ASSETS

Movements in respect of intangible fixed assets were as follows: -

	Software Licences
	£000's
Original cost	**9,518**
Amortisation to 1st April 2014	(6,228)
Balance at 1st April 2014	**3,290**
Purchases in year	209
Amortisation in year	(1,060)
Balance at 31st March 2015	**2,439**

Expenditure in the year on software licences for new systems totalled £0.209 million. The total cost of the software purchases will be written off over the 5 and 10 years representing the current estimate for their useful life.

There were no changes in the amortisation method for intangible fixed assets in the year.

13. INVESTMENT PROPERTIES

Movements in respect of fair value of investment properties over the year are as follows:

	2013/14 £000's	2014/15 £000's
Balance at 1st April	**1,249**	**1,249**
Purchases in year	0	0
Net Gain (Loss) from fair value adjustment	0	0
Balance at 31st March	**1,249**	**1,249**

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

	2013/14 £000's	2014/15 £000's
Rental Income from Investment Property	149	143
Direct operating expenses arising from investment property	(10)	(14)
Net gain / (loss)	**139**	**129**

14. CAPITAL EXPENDITURE and FINANCING

	2013/2014 £000's	2014/2015 £000's
Opening Capital Financing Requirement	**250,017**	**246,433**
Capital Investment		
Property, Plant And Equipment Additions In the Year		
Operational Assets	16,609	18,959
Non-operational Assets	3,227	4,470
Intangible Assets	568	209
	20,404	**23,638**
Revenue Expenditure Funded from Capital under Statute	2,424	2,259
Revenue Expenditure Funded from Capital under Statute – Equal Pay back Pay	473	17
	23,301	**25,914**
Sources of Finance		
Capital Receipts	(684)	(875)
Government Grants and other Contributions	(17,812)	(18,335)
Sums set aside from Revenue including Minimum Revenue Provision	(8,389)	(12,323)
	(26,885)	**(31,533)**
Closing Capital Financing Requirement	**246,433**	**240,814**
Explanation of movements in year		
Increase in underlying need to borrow		

- supported by Government financial assistance	0	0
- unsupported by Government financial assistance	3,007	705
Minimum Revenue Provision and other repayments in the year	(6,591)	(6,324)
Increase (decrease)in Capital Financing Requirement	**(3,584)**	**(5,619)**

At 31st March 2015 the Authority had authorised capital expenditure of £25.690million for 2014/15. The Authority had also identified a capital investment requirement of £23.300million for the following years under the approved Capital Programme.

Major capital commitments as at 31st March 2015 totalled £14.579million and include:

- Radcliffe Temporary Pool - £0.825m
- Radcliffe Bus Station Relocation - £0.902m
- Empty Homes Strategy - £0.109m
- Radcliffe Empty Property Pilot - £0.418
- Primary Schools Modernisation - £1.228m
- All schools including Secondary Schools Modernisation - £3.958m
- Elms Bank High Remodelling - £2.778m
- Other Special Schools - £0.378m
- Traffic Management Schemes - £0.442m
- Planning Schemes - £0.910m
- Highways Schemes - £1.071m
- Street Lighting LED (Invest to Save Scheme) - £0.861m
- Housing Public Sector - £0.699m

The actual level of expenditure on any of the uncommitted schemes for future years will depend upon the availability of capital financing resources. Copies of the Capital Programme may be obtained from the Head of Financial Management during normal office hours by telephoning 0161-253-5034.

15. OPERATING LEASES

Authority as Lessee:-

Vehicles, Plant, Furniture and Equipment - the Authority uses vehicles, plant and other equipment financed under the terms of an operating lease. The amount charged under these arrangements in 2014/2015 was £659,543 (2013/2014 £767,257).

Land and Buildings – the Authority leases numerous buildings, which have been accounted for as operating leases. The rentals payable in 2014/2015 were £1,014,466 (2013/2014 £1,079,158).

The Authority is committed to making payments of £533,612 under operating leases in 2015/2016 for Vehicles, Plant and Equipment and £999,246 for land and Buildings comprising the following elements:

	Land and Buildings £	**Vehicles, Plant and Equipment £**
Leases expiring in 2015/2016	0	129,038
Leases expiring between 2016/2017 and 2020/2021	146,434	402,164
Leases expiring after 2020/2021	852,812	2,410
TOTAL	**999,246**	**533,612**

In accordance with IAS17, the estimate of the outstanding undischarged obligations in respect of operating leases is disclosed in the above illustration on the basis of an analysis of the commitment that the Authority has to make payments in the succeeding financial year, categorised according to the eventual year of expiry of the leases under which the payments are to be made.

Authority as Lessor:-

The Authority acts as lessor for a number of buildings within the Borough, which are accounted for as operating leases. The rentals receivable in 2014/2015 were £3,593,044 (2013/2014 £3,392,327).

The gross value of assets held for use in operating leases was £47,624,128. The assets have been valued at different stages over the last 5 years in accordance with FRS15 and are subject to depreciation ranging between 20-50% at 31 March 2015.

16. FINANCE LEASES

Authority as Lessee:

The Council has reclassified several operating leases as finance leases, and has identified other arrangements which should be finance leases.

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

	31 March 2014 **£000**	**31 March 2015** **£000**
Vehicles, Plant, Furniture and Equipment	1,576	1,099
Total	**1,576**	**1,099**

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

	31 March 2014 **£000**	**31 March 2015** **£000**
Finance lease liabilities (net present value of minimum lease payments)	1,802	1,346
Finance costs payable in future years	134	79
Minimum lease payments	**1,936**	**1,425**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Not later than 1 year	511	420	456	381
Later than 1 year not later than 5 years	1,425	1,005	1,346	965
Later than 5 years	0	0	0	0
	1,936	**1,425**	**1,802**	**1,346**

Authority as Lessor:

The Council does not have any finance leases where the Authority is Lessor.

17. INVESTMENTS

Investments at 31st March: consisted of:-	**2013/14 £000's**	**2014/15 £000's**
Manchester Airport Group plc	36,700	41,000
Bury MBC Townside Fields Ltd	7,257	7,257
TOTAL	**43,957**	**48,257**

Manchester Airport Group plc – The asset is valued using the earning based method and discounted cash flow method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have provided an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Group. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised. As at 31 March 2015 the valuers advised of an increase of £4.3m in the fair value Council share from £36.7m to £41.0m which has been reflected in the financial statement.

The revaluation has been balanced by an increase in the Financial Instruments Available-For-Sale Reserve – see Note 25, page 83.

Bury MBC Townside Fields Ltd – This is a long term investment in Bury MBC Townside Fields Ltd which is a wholly owned subsidiary of the Council.

18. ANALYSIS OF DEBTORS

	2013/14 £000's	**2014/15 £000's**
Central Government Bodies	11,107	11,232
Other Local Authorities	2,187	2,107
NHS Bodies	(918)	(661)
Public Corporations and Trading Funds	527	246
Bodies External to General Government	23,438	26,192
TOTALS	**36,341**	**39,116**

19. ANALYSIS OF CREDITORS

	2013/14 £000's	**2014/15 £000's**
Central Government Bodies	1,949	1,816
Other Local Authorities	2,053	2,013
NHS Bodies	477	680
Public Corporations and Trading Funds	1,420	970

Bodies External to General Government	23,071	23,352
TOTALS	**28,970**	**28,831**

20. LOANS OUTSTANDING, LONG & SHORT TERM

	2013/2014 £000's		2014/2015 £000's	
Analysis by loan type:				
PWLB loans:				
Bury	148,024		142,172	
Airport	3,397		2,630	
Market loans	58,264		58,258	
Temporary loans	2,006		0	
Local bonds	3		3	
TOTAL		**211,694**		**203,063**
Analysed by maturity period:-				
Short Term Loans Outstanding				
Within 1 year	8,610	8,610	11,884	11,884
Long Term Loans Outstanding				
1/2 years	11,311		16,927	
2/3 years	17,028		1,742	
3/4 years	2,224		16	
4/5 years	22		10,160	
5/6 years	10,160		1,017	
6/10 years	4,096		3,079	
10/15 years	554		554	
15+ years	157,689	203,084	157,684	191,179
TOTAL		**211,694**		**203,063**

The PWLB debt at 31st March 2015 includes **£2.630 million** in respect of Manchester Airport, being Bury's share of the debt transferred from Manchester City Council to each of the other Greater Manchester districts.

21. DEFERRED LIABILITIES

	2013/2014 £000's	2014/2015 £000's
Debt ex GMC - Tameside	5,504	4,942
Debt ex Probation - Trafford	18	17
Debt ex Inner City Central Station - MCC	68	61
Debt ex Airport GMMDAF	817	734
TOTAL	**6,407**	**5,754**

22. PROVISIONS

Short Term Provisions

	31st March 2014 £000's	Income £000's	Expenditure £000's	31st March 2015 £000's
Resources and Regulation	(417)	(207)	466	(158)
Children, Young People and Culture	(1,293)	(343)	1,317	(319)
Communities and Wellbeing	(388)	0	0	(388)
Business Rates	0	(2,918)	0	(2,918)
Authority Wide	(608)	0	0	(608)
TOTALS	**(2,706)**	**(3,468)**	**1,783**	**(4,391)**

Long Term Provisions

	31st March 2014 £000's	Income £000's	Expenditure £000's	31st March 2015 £000's
Liability Insurance	(23,771)	(2,822)	2,504	(24,089)
Property Insurance	(890)	(103)	4	(989)
Children Young People and Culture	(180)	(332)	512	0
Resources and Regulation	(252)	(10)	0	(262)
Equal Pay Back Pay	(6,325)	0	17	(6,308)
Business Rates Appeals	(1,000)	(729)	0	(1,729)
Other	(994)	(130)	0	(1,124)
TOTALS	**(33,412)**	**(4,126)**	**3,037**	**(34,501)**

The insurance provisions are used to provide cover against specific risks in order to reduce the level of external insurance premiums, whilst maintaining adequate cover. The income of £2.822m to Liability Insurance reflects the charges to departments required to adhere to the Council's policy of ensuring that the provision is adequate to meet all claims. The main movements in the expenditure of £2.504m represent payment of claims, premiums, brokerage and claims handling fees, and risk management initiatives.

The Property Insurance provisions are used to provide cover on specific risks which are not insured commercially. These risks are: fire, storm, flood and escape of water from any tank or apparatus or pipe and theft by forcible or violent entry / exit to a locked building. The income of £103,000 reflects charges to departments ensuring that the provision is adequate to meet all property claims. The expenditure represents payment of claims made by departments on the Property fund.

The Resources and Regulation provision is mainly for the Heywood Link Commuted Sum which is payable to the East Lancashire Railway Trust when certain property leases pass from the Council to the Trust. This lease transfer could happen at any time in the future.

A provision for Equal Pay Back Pay was set up in 2008/09 and the expenditure represents payment of claims settled in 2014/15.

Changes to the Business Rates system came into force with effect from 1st April 2013 under the Localism Act. Local Authorities now retain 50% of rates collected, and also assume responsibility for 50% of any losses due to appeals. The process for lodging and processing appeals is beyond the control of the Local Authority, and reductions can be backdated. The Business Rates provision is to cover the backdating of appeals lodged, but not yet heard.

There are various other provisions which the Council makes from time to time. The main ones relate to a land-purchase works retention of £525,000 in respect of Radcliffe Riverside High School and a Furnished Tenancy Replacement provision of £377,000.

23. CONTINGENT LIABILITIES

Municipal Mutual Insurance Ltd

On 30th September 1992 the Authority's then insurers, MMI Ltd., announced that they were no longer accepting new business. The Authority has 12 outstanding claims with MMI totalling £140,309 as at 31st March 2015. A "Scheme of Arrangement" has been put in place to facilitate an orderly settlement of the sums due.

On 13 November 2012 the directors of MMI triggered the Scheme of Arrangement which now means that the Authority may be required to repay £2,002,264 in respect of claims previously settled. However, the scheme provides that following the occurrence of a Trigger Event a levy may be imposed on all those creditors that have been paid in respect of established scheme liabilities. A rate of 15% has been set by Ernst & Young, the Scheme's administrators, which equates to £300,340 of the £2m that would have to be paid. As such this authority, in line with the other Greater Manchester authorities has made a provision in its accounts for the amount of the levy, in Bury's case £300,000.

As such the amended amount that the authority may be required to repay is £1,701,924 (i.e. £2,002,264 less £300,340 levy) in respect of claims previously settled.

Six Town Housing (Arms Length Management Organisation)

The Council has agreed to meet all contributions to retirement benefit schemes that are the responsibility of Six Town Housing in respect of both transferred and new staff by way of periodic management fee payments to them. The Council has also accepted responsibility for any liabilities of Six Town Housing in respect of transferred employees' early retirement which may arise subsequent to the Transfer Date. It will (in relation to those Transferred Employees who are members of the Local Government Pension Scheme) upon demand make such payments to the Administering Authority as are necessary to ensure the accrued benefits of the Transferred Employees, whilst in the service of the Council, are fully funded.

NNDR Appeals

The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

Modesole

As a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, a liability may arise, the extent of which cannot yet be determined. An indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of 10 years from the date of sale, which was completed on 9 August 2005.

Metrolink

The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Passenger Transport Authority and Executive (PTA/E) and the Department for Transport (DFT) for Metrolink phase 3a have entered into a partnership funding approach. Within the agreement the DFT contribution is capped at £244m in cash and that the PTA/E and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. The scheme is fully funded at present and the above arrangement will only be operative if it is exceeded. Strict monitoring arrangements will be put in place by all parties to minimise the risk of that happening.

Greater Manchester Housing Investment Fund

The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300m over a 10 year lifetime, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester (GM). The Fund will have a 10 year lifetime and will be administered by Manchester City Council as accountable body. The Fund will provide the opportunity to invest in locally prioritised schemes and give the flexibility required to stimulate the market, accelerate growth and increase housing supply. In return for GM receiving this Fund it must guarantee that 80% (£240m) of the Fund will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life. The Department of Communities and Local Government (DCLG) will underwrite the first £60m of the Fund. The proposal is that each GM District will indemnify a proportion of the Fund based on its percentage of GM population. For Bury Council the maximum indemnity will be £16.489m which is 6.87% of the total indemnity. The target date for the launch of the Fund is 1 April 2015.

24. TRUST FUNDS

The Council acts as a custodian trustee for 19 trust funds and as one of several trustees for a further five funds. As a custodian trustee the Council holds the property but takes no decisions on its use. In neither case do the funds represent the assets of the Council and therefore have not been included in the Balance Sheet. For further information please contact Andrew Baldwin, Head of Financial Management at Bury Town Hall (telephone 0161 253-5034).

25. FINANCIAL INSTRUMENTS

Types of Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending & borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments".

TABLE 1 – FINANCIAL INSTRUMENT BALANCES

	Long-Term		Current		Total	
	31st March 2014 £000s	31st March 2015 £000s	31st March 2014 £000s	31st March 2015 £000s	31st March 2014 £000s	31st March 2015 £000s
Borrowings						
Financial liabilities at amortised cost	203,084	191,179	8,610	11,884	211,694	203,063
Financial liabilities at fair value through profit and loss	0	0	0	0	0	0
Other borrowing (Finance lease)	0	0	0	0	0	0
Total borrowings	**203,084**	**191,179**	**8,610**	**11,884**	**211,694**	**203,063**
Investments						
Loans and receivables	8,411	8,411	44,417	32,559	52,827	40,970
Available-for-sale financial assets	0	0	0	0	0	0
Fair value through profit and loss	0	0	0	0	0	0
Unquoted equity investment at cost	36,700	41,000	0	0	36,700	41,000
Total investments	**45,111**	**49,411**	**44,417**	**32,559**	**89,527**	**81,970**

The above long term figures are based on the Code of Practice 2014 Guidance Notes which states that in undertaking EIR calculations the maturity period for a LOBO should usually be taken as being the contractual period to maturity unless there is a specific identifiable reason to determine otherwise.

Gains and losses on Financial Instruments

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

TABLE 2 – FINANCIAL INSTRUMENTS GAINS/LOSSES

2014/2015	**Financial Liabilities**	**Financial Assets**			**Total**
	Liabilities measured at amortised cost	**Loans and receivables**	**Available-for-sale assets**	**Fair value through P&L**	
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Interest expense	(8,637)	0	0	0	(8,637)
Losses on derecognition	0	0	0	0	0
Impairment losses	0	0	0	0	0
Interest payable and similar charges	**(8,637)**	**0**	**0**	**0**	**(8,637)**
Interest income	0	3,668	0	0	3,668
Gains on derecognition	0	0	0	0	0

Interest and investment income	**0**	**3,668**	**0**	**0**	**3,668**
Gains on revaluation	0	0	4,300	0	4,300
Losses on revaluation	0	0	0	0	0
Amounts recycled to the Comprehensive I&E Statement after impairment	0	0	0	0	0
Surplus arising on revaluation of financial assets	**0**	**0**	**4,300**	**0**	**4,300**
Net gain/(loss) for the year	**(8,637)**	**3,668**	**4,300**	**0**	**(669)**

Fair value of assets and liabilities carried at amortised cost

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below.

Methods and Assumptions in valuation technique

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31st March, using bid prices where applicable.

The calculations are made with the following assumptions:

- For PWLB debt, the discount rate used is the rate for new borrowing.
- For other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender.
- We have used interpolation techniques between available rates where the exact maturity period was not available.
- No early repayment or impairment is recognised.
- We have calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value.
- The fair value of trade receivables, trade payables, cash in hand, and cash overdrawn is taken to be book value/cost as shown in the balance sheet, and these items are not included in tables 3 and 4.

The fair values are calculated as follows:

TABLE 3 – FAIR VALUE OF LIABILITIES CARRIED AT AMORTISED COST

	31st March 2014		**31st March 2015**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**

	£000s	£000s	£000s	£000s
PWLB Loans	151,421	151,963	144,802	172,385
LOBO/Market Loans	58,264	59,118	58,258	71,358
Temporary Loans	2,006	2,006	0	0
Local Bonds	3	3	3	3
Financial liabilities	**211,694**	**213,090**	**203,063**	**243,746**

Fair value is **less/more** than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is **lower/higher** than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

TABLE 4 – FAIR VALUE OF ASSETS CARRIED AT AMORTISED COST

	31st March 2014		31st March 2015	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	£000s	**£000s**	**£000s**	**£000s**
Call Investments	23,529	23,719	2,358	2,426
Fixed Investments	20,887	20,930	30,201	29,107
Term Deposit	0	0	0	0
Manchester Airport Loan	8,411	8,411	8,411	8,411
Financial assets	**52,827**	**53,060**	**40,970**	**39,944**

The fair value is **higher/lower** than the carrying amount because the Councils portfolio of investments includes a number of fixed rate loans where the interest rate is receivable is **lower/higher** than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above/below current market rates increases the amount that the Authority would receive if it agreed to early repayment of loans.

Nature and extent of risks arising from financial instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written polices and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk is the possibility that other parties may not pay amounts due to the Council. Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of £35m and a limit on the maximum size of one transaction in placing a deposit of £15m.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

TABLE 5 – CREDIT RISK (A)

	Amounts at 31 March 2015	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2015	Estimated maximum exposure to default and uncollectability
	£000s	**%**	**%**	**£000s**
Deposits with banks and other financial institutions	32,559	0.00%	0.00%	0
Bonds and other securities	0	0.00%	0.00%	0
Sundry Debtors	39,116	0.07%	0.07%	26
Total	**71,675**			**26**

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Debtors

Of the total Sundry Debtors of £39.116m a main risk of losses relates to system debtors of £10.052m. The Council does not generally allow credit for customers, such that **£9.663m** of the **£10.052m** balance on the debtors system is past its due date for payment. The past due amount can be analysed by age as follows:

TABLE 6 – CREDIT RISK (B)

	31 March 2015
	£000s
Less than three months	5,393
Three to four months	164
Four months to one year	1,286
More than one year	2,820
Total	**9,663**

Liquidity Risk

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meets its commitments under financial instruments. The Council seeks to ensure a spread of maturity dates for borrowings so that there are no significant amounts for repayment at any one time in the future, and so that the financial impact of re-borrowing at a time of unfavourable interest rates is reduced. This involves the prudent planning of new loans and, where it is economic to do so, making early repayments.

The maturity structure of financial liabilities is as follows (at nominal value):

TABLE 7 – LIQUIDITY RISK

On 31 March 2014	Loans Outstanding	On 31 March 2015
£000s		£000s
150,440	Public Works Loans Board	143,861
39,000	LOBO Loans	39,000
20,500	Market Debt	18,500
3	Local bonds	3
209,943	**Total**	**201,364**
8,579	Less than 1 year	11,853
11,280	Between 1 and 2 years	16,807
19,078	Between 2 and 5 years	11,698
14,000	Between 5 and 10 years	4,000
157,006	More than 10 years	157,006
209,943	**Total**	**201,364**

Market Risk

Interest Rate Risk

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the Authority is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement.
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Comprehensive Income and Expenditure Statement.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in the Comprehensive Income and Expenditure Statement.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

TABLE 8 – INTEREST RATE RISK

	£000s
Increase in interest payable on variable rate borrowings	326
Increase in interest receivable on variable rate investments	(378)
Increase in government grant receivable for financing costs	(27)
Impact on Comprehensive Income and Expenditure Statement	**(79)**
Share of overall impact credited to the HRA	**22**
Decrease in fair value of 'available for sale' investment assets	0
Impact on Other Comprehensive Income and Expenditure	**0**
Decrease in fair value of fixed rate investment assets (no impact on Comprehensive Income and Expenditure Statement)	109
Decrease in fair value of fixed rate borrowing liabilities (no impact on Comprehensive Income and Expenditure Statement)	33,755

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

Price Risk

This will only apply where an investment is held as available for sale.

The Council does not generally invest in equity shares but does have unquoted shares in Manchester Airport which are shown in the accounts at cost (£41.0m).

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

DISCLOSURE NOTES RELATING TO MOVEMENT IN RESERVES STATEMENT:

26. GENERAL FUND BALANCE

The 2014/2015 deficit on the General Fund (excluding the use of balances and reserves) of £1.020m is split as follows: -

	DSG Schools Budget £000's	**General £000's**	**Total £000's**
Balance at 31st March 2014	**(4,108)**	**(11,580)**	**(15,688)**
(Surplus)/Deficit for the Year	1,115	(95)	1,020
In Year Contribution	0	1,188	1,188

Balance at 31st March 2015	**(2,993)**	**(10,487)**	**(13,480)**

27. *EARMARKED RESERVES*

The earmarked reserves are set aside for the purposes indicated in their title, with contributions to, and calls upon, being fixed at levels which optimise the Authority's financial position.

	Balance at 31st March 2014 £000's	Transfers out 2014/15 £000's	Transfers in 2014/15 £000's	Balance at 31st March 2015 £000's
ABG Top Slice	**454**	0	0	**454**
Airport Shares	**949**	0	0	**949**
Arts & Libraries	**27**	(1)	0	**26**
BCCI Reserve	**127**	0	0	**127**
Children, Young People and Culture	**221**	(125)	5	**101**
Communities and Wellbeing	**9,206**	(2,281)	3,960	**10,885**
Education (Schools) Fire	**131**	0	0	**131**
Energy Conservation	**226**	(110)	173	**289**
GM Connexions Partnership	**690**	(4)	0	**686**
GMWDA Levy Equalisation	**806**	(766)	273	**313**
Leisure	**193**	(77)	139	**255**
NNDR Appeals	**1,164**	(962)	1,066	**1,268**
Pay And Grading Reserve	**7,990**	(4,870)	0	**3,120**
Performance Reward	**3,969**	(38)	0	**3,931**
Resources and Regulation	**1,649**	(547)	779	**1,881**
School Catering Reserve	**413**	0	100	**513**
Transformation Reserve	**4,811**	(3,505)	3,244	**4,550**
	33,026	**(13,286)**	**9,739**	**29,479**
Commuted Sums	**2,146**	(404)	458	**2,200**
Other Balances	**11,724**	0	0	**11,724**
TOTALS	**46,896**	**(13,690)**	**10,197**	**43,403**

The reserves are held for the following purposes:

Area Based Grant Top Slice Reserve
The ABG Top Slice Reserve is a reserve set aside to further the objectives of the Council's priorities. The grant ceased being paid by the Government in 2011/12.

Airport Shares
The Airport Shares Reserve relates to historic dividends in respect of the Council's shareholding in Manchester Airport Group.

Arts & Libraries Reserve
This reserve is used to fund any opportunities to purchase pictures for the art gallery and for maintenance of public access computers in libraries.

BCCI Reserve
This reserve is to fund future expenses arising from the collapse of the Bank of Credit and Commerce International.

Children, Young People and Culture
This reserve relate to grants received that have not yet been spent.

Communities and Wellbeing
The main Communities and Wellbeing Reserves relate to adult care grants and other external funds received that have not yet been spent. These include £1,259,000 relating to NHS Support for Social Care and £1,232,000 for Supporting People. In addition, two new reserves were established in 2013/2014 in respect of specific services transferred over from the NHS.

Education (Schools) Fire Reserve
The Council is required to fund the initial £100,000 of any Education Fire Insurance Claim. This reserve thereby provides for this risk corporately.

Energy Conservation Reserve
The Energy Conservation Reserve operates on a payback process where initial investment in energy conservation is funded from the reserve, while contributions are made to the reserve by services over an agreed payback period

GM Connexions Partnership Reserve
This reserve is to fund future developments of the Connexions Service.

GMWDA Levy Equalisation
The Greater Manchester Waste Disposal Authority Levy Equalisation reserve is used to offset increased waste levy costs during the early years of the PFI contract for waste disposal.

Leisure Reserve
The Leisure Reserve is for the general development of leisure facilities.

NNDR Appeals Reserve
This reserve is to cover volatility in the Business Rates yield arising from changes to the Business Rates base, and mandatory reliefs.

Pay and Grading Reserve
This reserve is to fund future costs associated with the implementation of the pay and grading review.

Performance Reward Reserves
These reserves are used to fund performance improvement initiatives throughout the Authority.

Resources and Regulation
These reserves mainly relate to grants received that have not yet been spent. Also included are a number of individual reserves in respect of Planning and Highways.

School Catering Reserve
This reserve is to finance investment in school kitchens and dining facilities.

Transformation Reserve
The Transformation Reserve is to fund future technological and other investment within the Borough as part of its modernisation, transformation and Plan for Change agenda.

Commuted Sums
This reserve represents money received as part of Section 106 agreements from Housing and other developers. The reserve is earmarked and is not available for general use.

Other Balances
Other balances used to finance our assets include our 3.22% shareholding in Manchester Airport (£41m).

28. REVALUATION RESERVE

The reserve will be credited with amounts resulting from acquisition and enhancement and upward revaluation in the year and written down with downward revaluations, depreciation and impairment losses and disposals or decommissioning of fixed assets.

The balance on this account does not represent cash and is not available to spend.

2013/2014 £000's		2014/2015 £000's
193,349	**Balance at 1st April**	**128,269**
20,163	Upward revaluations in year	3,751
(76,522)	Downward revaluations in the year not charged to (Surplus) / deficit on the Provision of Services	(18,217)
(56,359)	**(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(14,466)**
(4,266)	Difference between Fair value depreciation and historical cost depreciation	(4,163)
(4,421)	Impairment Losses	1
(34)	Disposal of fixed assets	(590)
(8,721)	**Amount written off to Capital Adjustment Account**	**(4,752)**
128,269	**Balance at 31st March**	**109,051**

29. CAPITAL ADJUSTMENT ACCOUNT

The balance will be increased by the future capital resources set-aside and written down with amounts representing the consumption of fixed assets and the disposal or de-commissioning of assets that held revaluation gains up to 31st March 2007.

The balance on this account does not represent cash and is not available to spend.

2013/14 £000's			2014/15 £000's
234,148	**Balance at 1st April**		**229,450**
(23,948)	Depreciation and Impairment Losses	(22,845)	
0	Revaluation losses on Property, Plant and Equipment	0	
(961)	Amortisation of Intangible Assets	(1,060)	
(2,897)	Revenue expenditure funded from capital under statute	(2,277)	
0	Housing Revenue expenditure funded from capital under statute	0	
(4,325)	Disposal of fixed assets	(3,127)	

345	Restatement of Value	196	
(1)	Other	(1)	**(29,114)**
202,361	**Net written out amount of the cost of non-current assets consumed in the year**		**200,336**
684	Capital receipts applied to capital investment	875	
6,156	Movement on MRR	8,768	
3,385	Grants applied to capital investment credited to I&E	5,128	
8,277	Grants applied to capital investment from the Capital Grants Unapplied Account	5,963	
6,279	Statutory provision for the financing of capital investment charged against General Fund and HRA balances	6,289	
2,308	Revenue resources applied to capital investment	4,474	
27,089			**31,497**
229,450	**Balance at 31st March**		**231,833**

30. COLLECTION FUND ADJUSTMENT ACCOUNT

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

2013/14 £000's		**2014/15 £000's**
1,391	**Balance at 1st April**	**2067**
676	Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory regulations	(1,879)
2,067	**TOTAL**	**188**

31. DEFERRED CAPITAL RECEIPTS

The figures shown in the balance sheet (page 24) represent receipts due from the sale of council houses and other dwellings where the Council has entered into a mortgage agreement and the receipt will therefore be realised over a number of years.

DISCLOSURE NOTES RELATING TO CASH FLOW STATEMENT:

32. RECONCILIATION OF CASHFLOW TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The net cash flow from revenue activities can be reconciled to the Comprehensive Income & Expenditure Statement as follows:

2013/2014			2014/15
£000's		£000's	£000's
18,223	**(SURPLUS) /DEFICIT FOR THE YEAR ON PROVISION OF SERVICES**		**6,777**
	Non Cash Movements in I & E Statement:		
(37,190)	Provision for Depreciation & Impairment of Fixed Assets	(27,978)	
(214)	Other Provisions	(2,774)	
5,839	Minimum Revenue Provision	5,748	
(7,917)	Contributions from / (to) Revenue Reserves	4,357	
13,907	Other General Fund Items	8,482	
(2,334)	Other non-cash Movements	532	
(27,909)			**(11,633)**
	Movements in Current Assets and Liabilities:		
6	Increase / (Decrease) in Stock	88	
1,606	Increase / (Decrease) in Revenue Debtors	2,151	
(36)	(Increase) / Decrease in Revenue Grants Received in Advance	(4)	
(2,540)	(Increase) / Decrease in Revenue Creditors & Advance Receipts	53	
(964)			**2,288**
	Items shown elsewhere in the Cash Flow Statement:		
(3,812)	Interest Paid	(3,726)	
3,592	Interest Received	3,668	
1,400	Dividend Income	1,484	
1,180			**1,426**
(9,470)	**NET CASH INFLOW FROM REVENUE ACTIVITIES**		**(1,142)**

33. ANALYSIS OF NET DEBT

The following table details movement on cash, loans and investments in the year.

	31st March 2014	Receipts	Payments	Other Movements	31st March 2015
	£000's	£000's	£000's	£000's	£000's
Cash Overdrawn	**(6,985)**	(21,387)	27,574	0	**(798)**
Cash & Cash Equivalents	**25,335**	(21,859)	0	0	**3,476**
Debt Due Beyond One Year	**(203,084)**	0	6,579	5,326	**(191,179)**
Debt Due Within One Year	**(8,610)**	(3,000)	5,000	(5,274)	**(11,884)**
Long Term Debtors	**11,085**	0	1,858	0	**12,943**
Current Asset	**20,887**	0	9,314	0	**30,201**

Investments					
TOTALS	**(161,372)**	**(46,246)**	**50,325**	**52**	**(157,241)**

34. RECONCILIATION OF NET DEBT

The table below reflects the movement in the net debt of the Council during the year.

2013/2014		**2014/2015**
£000's		**£000's**
15,832	**(Increase)/ Decrease in Cash Overdrawn in the Year to 31st March**	(15,672)
(6,159)	(Increase)/Decrease in Debt	10,489
7,310	Increase/(Decrease) in Investments	9,314
16,983	**Change in Net Debt**	**4,131**
(178,355)	Net Debt at 1st April	(161,372)
(161,372)	Net Debt at 31st March	(157,241)
16,983	**Movement in Net Debt**	**4,131**

35. ANALYSIS OF GOVERNMENT GRANTS

The following government grants were received in and are reflected in the cash flow statement.

2013/2014		**2014/2015**
£000's		**£000's**
35,898	Housing Benefits	35,418
1,057	Children's Social Care	623
146,623	Education Grants	151,341
9,815	Adult Care Services	10,130
20	Probation	20
4,436	Other Grants	4,569
197,849	**TOTAL**	**202,101**

36. MOVEMENT IN CASH

The table below shows the movement in cash to the related items in the opening and closing balance sheets for the period.

	31st March 2014 £000's	**31st March 2015 £000's**	**Movement £000's**
Bank Overdraft	(6,985)	(798)	(6,187)
Cash and Cash Equivalents	25,335	3,476	21,859
TOTALS	**18,350**	**2,678**	**15,672**

HOUSING REVENUE ACCOUNT

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT

This statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Since April 2005 the Council's housing stock has been managed by an Arms Length Management Organisation, Six Town Housing.

2013/2014 £000's		2014/2015 £000's	Note
	Income		
(29,553)	Dwelling Rents (gross)	(30,119)	**1,2,8**
(225)	Non-Dwelling Rents	(221)	
(959)	Charges for Services and Facilities	(1,030)	
(38)	Contributions towards expenditure	(27)	
(30,775)	**Total Income**	**(31,397)**	
	Expenditure		
6,569	Repairs and Maintenance	6,841	
7,706	Supervision and Management	8,038	
130	Rents, Rates, taxes & other charges	107	
14,335	Depreciation and Impairment of fixed assets	20,146	**5,6**
41	Debt management costs	33	
191	Increased Provision for Bad & Doubtful Debts	168	**8**
28,972	**Total Expenditure**	**35,333**	
(1,803)	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**	**3,936**	
11	HRA services share of Corporate and Democratic Core	11	
(1,792)	**Net Cost of HRA Services**	**3,947**	
	HRA Share of Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
4,492	Interest payable and other similar charges	4,534	
(71)	Interest and investment income	(67)	
2,629	**(Surplus) or Deficit for the year on HRA Services**	**8,414**	

Movement on the HRA Statement

2013/2014 £000's		2014/2015 £000's
(3,692)	**Balance on the HRA at the end of the previous year**	**(7,488)**
2,629	(Surplus) or Deficit for the year on the HRA Income and Expenditure Statement	8,414
(6,425)	Adjustments between accounting basis and funding basis under regulations	(8,083)
(3,796)	Net (increase) or decrease before transfers to or from reserves	**331**
0	**Transfers (to) or from reserves**	0
(3,796)	(Increase) or decrease in year on the HRA	**331**
(7,488)	**Balance on the HRA at the end of the current year**	**(7,157)**

Note to the Movement on the HRA Statement

2013/2014 £000's		2014/2015 £000's	Note
	Adjustments between accounting basis and funding basis under regulations		
(15)	Difference between amounts charged to the Income and Expenditure Statement for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	(15)	
(7,180)	Reversal of impairment losses	(12,742)	
770	Capital expenditure funded by the HRA	4,674	
(6,425)		**(8,083)**	
0	Transfer from Major Repairs Reserve	0	**3**
0		**0**	

NOTES TO THE HOUSING REVENUE ACCOUNT

1. HOUSING STOCK

In preparing the HRA budget, the Council needs to estimate the total level of income it needs to raise from rents. In doing so it takes account of current rental income, any likely changes in the size and composition of the Housing Stock and the estimated loss of income from unoccupied dwellings.

The numbers of each type of property at 31st March were: -

2013/2014		2014/2015
	Flats and Maisonettes	
2,291	1 Bedroom	2,289
818	2 Bedrooms	816
58	3 Bedrooms	58
156	Bedsitters	156
	Houses & Bungalows	
807	1 Bedroom	806
1,833	2 Bedrooms	1,823
2,175	3 Bedrooms or more	2,149
8,138	**TOTAL**	**8,097**

Council house sales and the disposal of three previously decommissioned sheltered schemes account for the reduction in the Housing stock during the financial year.

The total capital receipts realised from the disposal of Council houses during the year was **£1.576 million.** This figure represents an increase in the region of 112% compared to the 2013/14 figure of £1.407 million. The figure represents the total selling price of Council houses (net of Right to Buy discount) and other repaid discounts relating to previous sales.

The value of the housing stock was:-

2013/2014 £000's	Total Balance Sheet value as at 1st April	2014/2015 £000's
200,086	Dwellings	206,614
1,515	Shops, Offices and Garage Colonies	1,548
201,601	**Total Operational Assets**	**208,162**
7,180	Additions	12,742
12	Certificated Revaluation – Shops and Offices	(30)
7,942	Housing Stock Revaluations	(12,225)
(219)	Depreciation	(250)
(7,180)	Impairments	(12,742)
(1,174)	Sale of Council Houses	(1,262)
0	Sale of other Council Housing assets	0
208,162	**Balance Sheet Value as at 31st March**	**194,395**
206,614	Dwellings	192,877
1,548	Shops, Offices and Garage Colonies	1,518
208,162	**Total Operational Assets**	**194,395**

2. VACANT POSSESSION

(i) The Vacant Possession Value (VPV) of dwellings within the Council's HRA as at 1st April 2014 was £575.8 million representing a decrease of approximately 6.22% over the 1st April 2013 figure of £614.0 million. The new value was established as a result of the revaluation of the Housing Stock completed in the year.

(ii) The VPV is an opinion of the best sale price that could have been obtained for the properties on the date of the valuation. The Balance Sheet value of dwellings within the HRA contains an adjustment factor advised by Government to reflect the fact that the properties have sitting tenants enjoying sub-market rents and rights, including 'right-to-buy'. This reflects the economic cost to the Government of providing council housing at less than open market rents. The current adjustment factor for the North West and Merseyside Region was set from April 2010 at 35% and this has not changed. The adjusted figure for 1st April 2014 is therefore £201.5m.

3. MAJOR REPAIRS RESERVE (MRR)

The Major Repairs Allowance (MRA), paid as part of the HRA subsidy, provides authorities with the resources needed to maintain the value of their housing stock over time. Authorities are required to set up a Major Repairs Reserve and to transfer into it during the year an amount not less than the MRA.

£000's 2013/2014		£000's 2014/2015
745	**Balance as at 1st April**	**1,489**
7,154	Transferred to MRR during the year	7,404
0	Credit in respect of General Fund depreciation	0
0	Transferred from MRR to HRA during the year	0
(6,410)	Debits in respect of capital expenditure within HRA	(8,768)
1,489	**Balance as at 31st March**	**125**

4. CAPITAL EXPENDITURE WITHIN HRA

The 1989 Act gives local authorities the discretion to finance expenditure for HRA capital purposes from the HRA.

£000'S 2013/2014		£000's 2014/2015
7,180	**Total Capital expenditure within the HRA**	**12,742**
	Financed By:	
0	External Contributions	0
770	Revenue Contributions	3,974
0	Capital receipts	0
6,410	Major Repairs Reserve	8,768
7,180	**Total**	**12,742**

5. DEPRECIATION

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. In 2014/15, the total charge for depreciation for council houses was £7,361,400 (£7,112,500 in 2013/14) and for other property was £42,282 (£41,911 in 2013/14). The Major Repair Allowance is used as a proxy for depreciation of the council houses stock. It corresponds to a straight-line charge based on a component average useful life, and is considered to be a reasonable approximation.

6. IMPAIRMENT CHARGES

Impairment charges of £12.742 million for the financial year have been made in respect of capital expenditure not adding value to the housing stock and other property within the HRA.

7. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

No revenue expenditure funded from capital under statute is attributable to the HRA.

8. RENT ARREARS / BAD DEBT PROVISION

RENT ARREARS

The rent arrears as at 1 April, 2014 totalled £850,460 and at 31 March, 2015 they totalled £946,293. 55.15% of the arrears at 31 March 2015 related to current tenants (57.44% at 31st March 2014) and 44.85% related to former tenants (42.56% at 31st March 2014). The figures stated represent gross arrears and are not shown net of advances as in previous years.

BAD DEBT PROVISION

£000's 2013/2014		£000's 2014/2015	£000's 2014/2015
589	**Opening Bad Debt Provision**		**618**
191	Charged to HRA	168	
(173)	Written off	(117)	
11	Reinstated previously written off amount	10	
29	**Net increase / (decrease)**		**61**
618	**Closing Bad Debt Provision**		**679**

COLLECTION FUND

THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of the council tax and non-domestic rates.

2013/ 2014	**INCOME AND EXPENDITURE ACCOUNT**	**2014/ 2015**	**2014/ 2015**	**2014/ 2015**	**Note**
		Council Tax	**NNDR**	**Total**	
£000's	**INCOME**	**£000's**	**£000's**	**£000's**	
(79,631)	Income from Council Tax Payers net of Council Tax Benefit Support Scheme	(80,670)	0	(80,670)	**1**
(4)	Other	(3)	0	(3)	
0	Council Tax Benefit	0	0	0	
(50,470)	NNDR collected from Business Rate payers	0	(49,570)	(49,570)	**2**
(93)	Transitional Relief	0	(49)	(49)	
0	Discounts for prompt payment	0	0	0	
0	Income collectable from Business rates Supplement	0	0	0	
(130,198)	***TOTAL INCOME***	**(80,673)**	**(49,619)**	**(130,292)**	
	EXPENDITURE				
77,340	Precepts on the Collection Fund	77,548	0	77,548	**3**
	NNDR				
25,355	Payment to Government	0	24,667	24,667	
493	Payment to Fire	0	488	488	
24,362	Payment to Bury Council	0	23,700	23,700	
240	Cost of Collection	0	239	239	
0	Interest Payable net of refunds	0	0	0	
	Bad and Doubtful Debts				
648	Increased/(Reduced) Provision	299	831	1,130	
1,467	Wrote Offs	250	(3)	247	
(600)	Reversal of prior year contribution to provision in respect of NNDR appeals	0	0	0	
1,000	Additional provision in respect of NNDR appeals	0	3,647	3,647	

	Contribution:			
0	Towards previous year's estimated Collection Fund surplus – Council Tax	0	0	0
	Towards previous year's estimated Collection Fund deficit:-			
0		0	(962)	(962)
0	Bury Council	0	(20)	(20)
0	Greater Manchester Fire & Civil Defence	0	(981)	(981)
	Central Government – DCLG			
	Transfer of Previous Year's Estimated Surplus / (Deficit)			
0	To General Fund	0	0	0
0	To Major Preceptors	0	0	0
130,305	***TOTAL EXPENDITURE***	**78,097**	**51,606**	**129,703**
107	***FUND DEFICIT/ (SURPLUS) FOR THE YEAR***	**(2,576)**	**1,987**	**(589)**
0	**PRIOR YEAR ADJUSTMENT**	**0**	**0**	**0**
2,160	***BALANCE BROUGHT FORWARD***	(2)	2,269	2,267
2,267	***BALANCE CARRIED FORWARD***	**(2,578)**	**4,256**	**1,678**

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX

Band	**Valuation**	**Total Number of Dwellings**	**Specified Ratio**	**Band D Equivalent**
A	Less than £40,000	25,310	6/9	16,873
B	£40,000 to £52,000	16,099	7/9	12,521
C	£52,000 to £68,000	15,523	8/9	13,798
D	£68,000 to £88,000	8,200	1	8,200
E	£88,000 to £120,000	4,959	11/9	6,061
F	£120,000 to £160,000	1,688	13/9	2,438
G	£160,000 to £320,000	1,180	15/9	1,967
H	More than £320,000	150	18/9	300
		73,109		**62,158**
	Less allowance for losses on collection			(1,834)

Impact of Council Tax Support Scheme	(9,096)
COUNCIL TAX BASE 2014/2015	**51,228**

i) The actual number of properties was 82,333 but after adjusting for single person discounts, empty properties etc, the notional number of dwellings is 73,109.

ii) The Band D Council Tax levied for the year was **£1,513.78** (£1,510.81 in 2013/2014):

	2014/2015 £000's	**2013/2014 £000's**
Bury Council	1,303.84	1,303.84
Greater Manchester Police Authority	152.30	149.33
Greater Manchester Fire & Civil Defence Authority	57.64	57.64
TOTAL	**1,513.78**	**1,510.81**

2. NATIONAL NON-DOMESTIC RATES (NNDR)

The Authority collects NNDR in respect of business premises by applying a rate poundage set by central Government to the rateable value of the premises. The rate set for 2014/2015 was **48.2p** in the pound (47.1p in 2013/2014) and at 31st March 2015 the estimated non-domestic rateable value of the Borough was **£128,397 million** (£128.3 million at 31st March 2014). In addition in 2014/15 the Small Business Rate was set at **47.1p** in the pound (46.2p for 2013/14).

3. PRECEPTS

The precepts on the Collection Fund were: -

	2014/2015 £000's	**2013/2014 £000's**
Bury Council	66,793	66,793
Greater Manchester Police Authority	7,802	7,602
Greater Manchester Fire & Civil Defence Authority	2,953	2,945
TOTAL	**77,548**	**77,340**

GROUP ACCOUNTS

THE GROUP ACCOUNTS

1. Introduction

The Accounting Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entity, it should prepare Group Accounts. The Group financial statements required include the Group Comprehensive Income and Expenditure Statement, Reconciliation of the Single Entity (Surplus) or Deficit on Provision of Services for the year to the Group Surplus, Group Balance Sheet, Group Movement in Reserves Statement and Group Cash Flow Statement; these are shown on the following pages. The aim of these statements is to give an overall picture of the Authority's financial activities and the resources employed in carrying out those activities. There are no significant effects due to group consolidation.

2. Inclusion of Organisations within the Group Accounts

The Authority has group relationships with two organisations over which it has substantial control and influence.

Six Town Housing has been included in the Group Accounts and details of the Authority's shareholdings, degree of commitment to the organisation and other financial transaction details are given in the notes to the Group Statements on pages 113 to 115.

Also included in the Group Accounts is Bury MBC Townside Fields Limited. The company was incorporated on the 14th October 2009 and is a wholly owned subsidiary of Bury Council.

3. Basis of Consolidation

Six Town Housing and Bury MBC Townside Fields Ltd have been identified as subsidiaries of Bury Council and as such their financial statements have been consolidated on a line by line basis to comply with FRS 2 – acquisition accounting.

The acquisition accounting basis for consolidation has been used for Six Town Housing as Bury Council, the parent company, has taken 100% control of the subsidiary. In order to create the subsidiary, part of the Authority has been externalised and therefore at the formation of the company the assets and liabilities were transferred at fair value which did not give rise to good will.

The date of incorporation was 30 October 2003 and trading began on 1 April 2005.

Six Town Housing's financial year runs, the same as Bury Council, from 1 April 2014 to 31 March 2015, therefore no adjustments are required regarding the accounting year.

For Bury MBC Townside Fields Limited, the acquisition accounting basis for consolidation has been used because Bury Council has taken 100% control of the company. The company's financial year is the same as Bury Council.

4. Accounts

Six Town Housing's Statement of Accounts 2014/2015 are audited by Baker Tilly UK and will be submitted to their Audit and Standards Committee on 2 September, 2015 and will be followed by the Board and AGM meetings for approval in September.

Copies of Six Town Housing Ltd 2014/15 Statement of Accounts can be obtained from Six Town Housing Finance Department, 6, Knowsley Place, Angouleme Way, Bury BL9 0EL.

For Bury MBC Townside Fields Limited pre-audit accounts for the year ended 31st March 2015 have been used to prepare the group accounts. The company's auditors are Horsfield and Smith.

2013/2014 Gross Expenditure £000's	2013/2014 Gross Income £000's	2013/2014 Net Expenditure £000's		2014/2015 Gross Expenditure £000's	2014/2015 Gross Income £000's	2014/2015 Net Expenditure £000's
			Continuing Services			
16,670	(12,084)	4,586	Central Services to the Public including Court Services	14,468	(10,645)	3,823
17,082	(5,728)	11,354	Cultural and Related Services	16,266	(6,918)	9,348
24,851	(3,677)	21,174	Environment & Regulatory Services	24,417	(3,273)	21,144
2,429	(1,914)	515	Planning Services	2,249	(2,110)	139
217,964	(166,631)	51,333	Children’s & Education Services	223,009	(182,174)	40,835
27,978	(5,725)	22,253	Highways & Transport Services	27,730	(5,672)	22,058
29,379	(31,182)	(1,803)	Local Authority Housing (HRA)	35,466	(31,530)	3,936
54,234	(61,580)	(7,346)	Other Housing Services	58,874	(62,218)	(3,344)
82,801	(28,191)	54,610	Adult Social Care Services	78,095	(25,573)	52,522
8,002	(9,447)	(1,445)	Public Health	8,035	(10,014)	(1,979)
3,342	7,168	10,510	Corporate & Democratic Core	2,635	1,323	3,958
3,140	(329)	2,811	Non-Distributed Costs	2,513	(36)	2,477
986	(1,061)	(75)	Other Operating Inc & Exp.	467	(631)	(164)
488,858	**(320,381)**	**168,477**	**Cost Of Services**	**494,224**	**(339,471)**	**154,753**
			Other Operating Expenditure			
2,372	0	2,372	(Gain)/Loss on Disposal of Non-Current Assets	768	0	768
33,739	(35,617)	(1,878)	(Surplus)/Deficits on Trading Operations	34,157	(35,038)	(881)
991	0	991	Contribution of Housing Capital Receipts to Government Pool	1,032	0	1,032
37,102	**(35,617)**	**1,485**		**35,957**	**(35,038)**	**919**
			Financing and Investment Income and Expenditure			
8,843	0	8,843	Interest Payable & other Similar Charges	8,637	0	8,637
0	(3,565)	(3,565)	Interest and Investment Income	0	(3,309)	(3,309)
9,991	0	9,991	Pensions Interest Cost and Expected Return on Pensions Assets (IAS19)	8,514	0	8,514
75	(5)	70	Taxation of Group Entities	(1)	(2)	(3)
18,909	**(3,570)**	**15,339**		**17,150**	**(3,311)**	**13,839**
			Taxation and Non-Specific Grant Income			
			Demand On Collection Fund:			
0	(67,279)	(67,279)	Council Tax	0	(68,263)	(68,263)
0	(51,459)	(51,459)	Government Grants (not attributable to specific services)	0	(43,069)	(43,069)
0	(30,876)	(30,876)	Non-Domestic Rate distribution	0	(31,823)	(31,823)
0	(17,972)	(17,972)	Capital grants and contributions	0	(20,356)	(20,356)
0	**(167,586)**	**(167,586)**		**0**	**(163,511)**	**(163,511)**
544,869	**(527,154)**	**17,715**	**(Surplus) or Deficit On Provision of Services**	**547,331**	**(541,331)**	**6,000**
		56,359	(Surplus) / Deficit on revaluation of property, plant and equipment			14,638
		4,421	Impairment Losses on Non-Current Assets charged to Revaluation Reserve			1
		(7,325)	(Surplus) / Deficit on revaluation of available for sale financial assets			(4,226)
		(21,633)	Actuarial (gains) / losses			79,476
		(12,532)	Any other (gains)/ losses for the year			(349)
		19,290	**Other Comprehensive Income and Expenditure**			**89,540**
		37,005	**Total Comprehensive Income and Expenditure**			**95,540**

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RECONCILIATION OF THE SINGLE ENTITY SURPLUS OR DEFICIT ON PROVISION OF SERVICES FOR THE YEAR TO THE GROUP SURPLUS OR DEFICIT

2013/14 £000's		2014/15 £000's
18,223	(Surplus) / deficit for the year on the Authority Comprehensive Income and Expenditure Statement	6,777
0	Adjustments for transactions with other group entities	0
18,223	Surplus / Deficit on provision of services in the Group Comprehensive Income and Expenditure Statement attributable to the Authority	6,777
	(Surplus) / deficit on provision of services in the Group Comprehensive Income and Expenditure Statement attributable to group entities (adjusted for intra-group transactions):	
(508)	Subsidiaries	(777)
	Associates	
	Joint Venture	
17,715	(Surplus) / Deficit on provision of services for the year on Group Comprehensive Income and Expenditure Statement	**6,000**

GROUP BALANCE SHEET AT 31ST MARCH 2015

31/03/2014			31/03/2015	
£'000		£'000	£'000	£'000
	PROPERTY, PLANT & EQUIPMENT			
	Tangible Fixed Assets			
	Operational Assets:			
211,561	Council Dwellings	199,536		
288,375	Other Land & Buildings	281,832		
28,471	Infrastructure Assets	27,919		
4,855	Vehicles & Plant	4,031		
554	Community Assets	1,522		
42,166	Non-Operational Assets	42,605		
3,104	Assets under construction	2,577		
405	Surplus assets held for disposal	401	**560,423**	
3,290	Intangible Fixed Assets	2,439	**2,439**	
8,262	Investment Property	8,343	**8,343**	
23,760	Heritage Assets	24,088	**24,088**	
614,803	**TOTAL FIXED ASSETS**		**595,293**	**595,293**
	LONG TERM INVESTMENTS			
36,700	Manchester Airport PLC		41,000	
36,700				**41,000**
	LONG TERM DEBTORS			
151	Long term Debtors - General		129	
9,395	Loan Accounts		9,273	
18	Debt Managed for Probation Services		17	**9,419**
9,564				
	CURRENT ASSETS			
1,336	Stocks & Work in Progress	1,424		
32,785	Sundry Debtors & Advance Payments	33,556		
2,042	Assets Held for Sale	920		
20,887	Short Term Investments	30,201		
29,551	Cash And Cash Equivalents	8,759		
86,601			**74,860**	
	LESS : CURRENT LIABILITIES			
(8,610)	Short Term Loans Outstanding	(11,884)		
(173)	Deposits & Clients' Funds	(173)		
(2,706)	Short Term Provisions	(4,391)		
(28,116)	Sundry Creditors & Advance Receipts	(26,048)		
(292)	Revenue Grant Receipts in Advance	(296)		
(6,985)	Bank Accounts	(798)		
(46,882)			**(43,590)**	
39,719	**NET CURRENT ASSETS**			**31,270**
700,786	**TOTAL ASSETS LESS CURRENT LIABILITIES**			**676,982**
	LESS: LONG TERM LIABILITIES			
(203,084)	External Loans Outstanding		(191,179)	
(515)	Capital Grants Receipts in Advance		(862)	
(1,802)	Finance Lease Liabilities		(1,346)	
(6,407)	Deferred Liabilities		(6,023)	
(206,194)	Pension Liability		(289,289)	
(33,546)	Long Term Provisions		(34,585)	
(451,548)				**(523,284)**
249,238	**TOTAL NET ASSETS**			**153,698**

31/03/2014		31/03/2015	
£'000		£'000	£'000
	FINANCED BY :		
	USABLE RESERVES		
(33,222)	Earmarked Reserves	(32,816)	
(926)	Capital Receipts Unapplied	(3,659)	
(9,342)	Capital Grants Unapplied	(9,058)	
(15,688)	General Fund	(13,480)	
(7,488)	Housing Revenue Account	(7,157)	
(1,489)	Major Repairs Reserve	(125)	
(2,146)	Competitive Services / Commuted Sums	(2,200)	
2,267	Collection Fund Balance	1,678	
(11,724)	Other Balances	(11,724)	
(79,758)			**(78,541)**
	UNUSABLE RESERVES		
(128,269)	Revaluation Reserve	(109,338)	
(229,450)	Capital Adjustment Account	(231,833)	
8	Financial Instruments Adjustment Reserve	82	
(26,486)	Available for Sale Financial Instruments Reserve	(30,786)	
2,067	Collection Fund Adjustment Account	188	
2,641	Accumulated Absences	600	
203,330	Pension Reserve	289,261	
6,693	Equal Pay Back Pay Reserve	6,676	
(14)	Deferred Capital Receipts	(7)	
(169,480)			**(75,157)**
(249,238)	**TOTAL RESERVES AND BALANCES**		**(153,698)**

GROUP MOVEMENT IN RESERVES STATEMENT

2014/15	General Fund Balance £000's	Earmarked GF Reserves £000's	Housing Revenue Account £000's	Collection Fund Balance £000's	Capital Receipts Unapplied £000's	Major Repairs Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Group Reserves £000's
Balance at 1st April 2014	**15,688**	**47,091**	**7,488**	**(2,267)**	**926**	**1,489**	**9,343**	**79,758**	**169,480**	**249,238**
Movement in reserves during 2014/15										
Surplus / (deficit) on the provision of services	1,637	777	(8,414)	0	0	0	0	(6,000)	0	(6,000)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(89,540)	(89,540)
Total Comprehensive Income and Expenditure	**1,637**	**777**	**(8,414)**	**0**	**0**	**0**	**0**	**(6,000)**	**(89,540)**	**(95,540)**
Adjustments between accounting basis & funding basis under regulations	(7,338)	0	8,083	589	2,733	(1,364)	(284)	2,419	(2,419)	0
Net Increase / Decrease before Transfers to Earmarked Reserves	**(5,701)**	**777**	**(331)**	**589**	**2,733**	**(1,364)**	**(284)**	**(3,581)**	**(91,959)**	**(95,540)**
Transfers to / from Earmarked Reserves	3,493	(1,128)	0	0	0	0	(1)	2,364	(2,364)	0
Increase / Decrease (movement) in 2014/15	**(2,208)**	**(351)**	**(331)**	**589**	**2,733**	**(1,364)**	**(285)**	**(1,217)**	**(94,323)**	**(95,540)**
Balance at 31 March 2015 carried forward	**13,480**	**46,740**	**7,157**	**(1,678)**	**3,659**	**125**	**9,058**	**78,541**	**75,157**	**153,698**

GROUP CASH FLOW STATEMENT

2013/2014 £000's		£000's	2014/15 £000's	£000's
	OPERATING ACTIVITIES			
	Cash Outflows:			
194,537	Cash Paid to and on behalf of Employees	194,943		
239,265	Cash Paid for Goods and Services	245,288		
35,574	Housing Benefit paid out	35,090		
176	VAT payments (BMBCTF)	78		
4,642	Interest Paid	4,035		
2	Corporation tax (STH)	30		
991	Payments to Housing Capital Receipts Pool	1,032		
475,187	**Cash Outflows Generated from Operating Activities**		**480,496**	
	Cash Inflows:			
(29,328)	Rents (after Rebates)	(29,898)		
(68,483)	Council Tax Receipts (excl major preceptors share of receipts)	(69,935)		
(24,361)	NNDR Receipts (excl government and major preceptors)	(23,700)		
(47,284)	Revenue Support Grant	(38,890)		
(35,898)	DWP Grants for Benefits	(35,418)		
(162,101)	Other Government Grants	(166,992)		
(3,611)	Interest Received	(3,683)		
(1,400)	Airport Dividend Received	(1,484)		
(112,334)	Cash Received for Goods and Services	(112,916)		
(484,800)	**Cash Inflows Generated from Operating Activities**		**(482,916)**	
(9,613)	**NET CASH (INFLOW) / OUTFLOW FROM OPERATING ACTIVITIES**			**(2,420)**
	INVESTING ACTIVITIES			
17,575	Purchase of Fixed Assets		23,038	
	Capital Expenditure (STH)			
1,306	Purchase of Long Term Investments		4,300	
7,310	Net Increase / (Decrease) in Short Term Deposits		9,314	
(6,570)	Proceeds of Sale of Fixed Assets		(4,640)	
(515)	Capital Grants received		(862)	
19,106	**NET CASH FLOWS FROM INVESTING ACTIVITIES**			**31,150**
	FINANCING ACTIVITIES			
	Repayments of amounts borrowed:			
14,417	Long Term loans repaid		6,631	
6,000	Short Term loans repaid		5,000	
124	Net Receipts from Long Term Debtors		1,858	
(18,895)	New Long Term Loans		(2,020)	
(2,000)	New Short Term Loans		(3,000)	
(23,059)	Billing Authorities – NNDR and Council Tax Adjustments		(22,594)	
(23,413)	**NET CASH FLOWS FROM FINANCING ACTIVITIES**			**(14,125)**
(13,920)	**NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS**			**14,605**

S.K.Kenyon

S KENYON CPFA,
Interim Executive Director of Resources & Regulation.

5 June 2015.

Notes to the Group Statements

1. *Subsidiary Income and Expenditure*

The operating expenditure and income of Six Town Housing has been included within "Other Housing Services". The operating expenditure and income of Bury MBC Townside Fields Limited has been included within "Corporate and Democratic Services".

2. *Amount to be met from Government Grant and Local Taxes*

This is the same amount as that disclosed in the Comprehensive Income and Expenditure Statement of Bury Council.

3. *Goodwill*

No goodwill arose in respect of either subsidiaries.

4. *Plant, Property and Equipment*

Six Town Housing's fixed assets are included as tangible assets and are valued at either historical cost or fair value determined by DRC, the same as the equivalent class for Bury Council assets. The fixed assets of Bury MBC Townside Fields Limited are also valued at historic cost in line with Bury Council's policy.

5. *Six Town Housing - wholly owned subsidiary*

Nature of the Business: Six Town Housing was set up to manage and maintain the housing stock of Bury Council. Six Town Housing has no share capital and is wholly owned by the Authority. Bury Council has a 100% interest in Six Town Housing, a company which is limited by guarantee.

Percentage of Total Shareholding: The composition of the Board and the voting rights is as follows:

	Members	**% of voting Rights**
Bury Council	4	30.8
Tenant	4	30.8
Independent	4	30.8
Independent Chair	1	7.6
Advisory Director	1	0
		100

The related party transaction between Council Members on the board of Six Town Housing and Bury Council are detailed in Bury Council Statement of Accounts Note 6 (page 61).

Bury Council's Commitment: Six Town Housing is the wholly owned subsidiary of Bury Council. The Council is therefore committed that, in the event of Six Town Housing being wound up to contribute up to the limit of the guarantee. After the satisfaction of all the debts and liabilities the remaining assets will be transferred to the Council's Housing Revenue Account.

Financial Transactions and Operations: In 2014/2015 Six Town Housing made a surplus of £0.625m compared to a deficit of £0.673m in 2013/2014. Bury Council paid management fees of £12.719m in 2014/2015 (£12.719m in 2013/2014) to Six Town Housing for the management of its housing stock.

Bury Council has made a number of loans to Six Town Housing at commercial rates of interest. In 2014/15 additional loans were made for the acquisition of Mortgage Rescue properties and for the purchase of properties to bring them back into use under the AGMA grant scheme:-

Loans by Bury Council to Six Town Housing					
	No of years of loan	2011/12 £m	2013/14 £m	2014/15 £m	Total £m
Redbank Housing Project	35.5	1.140			1.140
Mortgage Rescue	18		0.410	0.166	0.576
AGMA Loans	25			1.869	1.869
TOTAL		1.140	0.410	2.035	3.585

6. Bury MBC Townside Fields Limited – wholly owned subsidiary

Nature of Business: Bury MBC Townside Fields was formed to facilitate the development of Knowsley Place. The company's share capital (Ordinary Share Capital £1) is wholly owned by Bury Council.

Bury MBC Townside Fields Limited made a profit after tax of £0.184m for the year ended 31st March 2015 compared to a profit of £0.128m for the period to 31st March 2014. As at 31st March 2015, Bury Council has £7.257m invested in Bury MBC Townside Fields Ltd.

7. Reconciliation of the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure Statement to the net cash (Inflow) / Outflow from Operating Activities.

2013/14 £000's	GROUP RECONCILIATION OF REVENUE CASH FLOW	2014/15 £000's	2014/15 £000's
18,223	**(SURPLUS) / DEFICIT FOR THE YEAR ON REVENUE ACCOUNT**		**6,777**
640	Six Town Housing (Surplus) / Deficit		**625**
(298)	BMBC Townside Fields (Surplus) / Deficit		(184)
	Non Cash Movements in Revenue Account:		
(37,272)	Provision for Depreciation & Impairment	(28,117)	
(214)	Other Provisions	(2,774)	
5,839	Minimum Revenue Provision	5,748	
(7,917)	Contributions from / (to) Revenue Reserves	4,357	
12,701	Other non-cash Movements	7,000	
(26,863)			**(13,786)**
	Movements in Current Assets and Liabilities:		
6	Increase / (Decrease) in Stock	88	
356	Increase / (Decrease) in Revenue Debtors	802	
(36)	(Increase) / Decrease in Revenue Grants received in advance	(4)	
790	(Increase) / Decrease in Revenue Creditors & Advance Receipts	2,130	
1,116			**3,016**
	Items shown elsewhere in the Cash Flow Statement:		
(4,642)	Interest Paid	(4,035)	
3,611	Interest Received	3,683	
(1,400)	Dividend Income	1,484	
(2,431)			**1,132**
(9,613)	**NET CASH (INFLOW)/OUTFLOW FROM REVENUE ACTIVITIES**		**(2,420)**

GLOSSARY OF TERMS

GLOSSARY OF TERMS

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

i. Recognising

ii. Selecting measurement bases for, and

iii. Presenting

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques. They define the process whereby transactions and other events are reflected in the financial statements.

ACCRUALS BASIS

Accounting for income and expenditure during the financial year in which they are earned or incurred, not when money is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses)

b) the actuarial assumptions have changed.

AMORTISATION

Amortisation is a routine decrease in value of an intangible asset, or the process of paying off a debt over time through regular payments.

ASSETS

Items that are of worth and are measurable in terms of money. Assets can be further classified as:

INTANGIBLE ASSETS

An identifiable non-monetary item in the Balance Sheet representing, for example, the cost of computer software purchased by the Authority where there is no tangible **fixed asset** in existence, but the Authority derives benefit from the expenditure over a number of years.

CURRENT ASSETS

Assets which may change in value on a day-to-day basis (e.g. stocks).

PROPERTY, PLANT AND EQUIPMENT

Tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services and which yield benefit to the Authority for a period of a year or more (e.g. land and buildings). Fixed assets are further classified into: -

Operational Assets

Assets used in the direct delivery of those services for which the Authority has a responsibility e.g. schools.

Community Assets

Assets that the Authority intends to hold in perpetuity, that have no determinable useful life, and which may in addition have restrictions on their disposal e.g. parks, cemeteries and crematoria and allotments.

Infrastructure Assets

Assets that are required in order to enable other developments to take place and where there is no prospect of sale or alternative use e.g. roads, footways, footpaths, bridges, tunnels and underpasses etc.

Non-Operational Assets

Assets that are held by the Authority but not directly used or occupied e.g. Investment Properties; Assets under construction; and Surplus assets held for disposal by the Authority.

Heritage Assets

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

Donated Assets

Assets (including heritage assets) transferred at nil value or acquired at less than fair value that may be received by a local authority from private individuals or entities.

BALANCE SHEET

A statement of the **assets, liabilities** and other **balances** at the end of an accounting period (e.g. a financial year).

CAPITAL

Expenditure on the acquisition, creation or enhancement of tangible **assets** which yields benefit to the Authority for more than a year and/or **income** from the sale of such **assets**.

CAPITAL CHARGES

Charges made to services for the use of **fixed assets**.

The charge in 2014/15 represents **Depreciation** which is**:**

the measure of the wearing out, consumption or other reduction in the useful life of a fixed asset. This is calculated based on the remaining life of an asset. It is charged to revenue on a straight-line basis on all depreciable assets based on an assessment of the remaining useful life of the asset.

CAPITAL RECEIPTS

Income from the sale of tangible or intangible fixed assets. Such receipts may be used to finance new capital expenditure or credit arrangement liabilities of a capital nature or set aside to repay debt related to capital expenditure already incurred.

CARBON REDUCTION COMMITMENT ENERGY EFFICIENCY SCHEME

The Carbon Reduction Commitment Energy Efficiency Scheme is a carbon emissions trading scheme aimed at public and private sector organisations across the whole of the UK. It is administered by the Environment Agency on behalf of the Department for Energy & Climate Change (DECC) and its goal is to encourage reductions in energy consumption and carbon emissions. One of the ways it does this is by requiring organisations to buy and surrender CO_2 emissions allowances. The first year councils were required to do this was 2011/12.

CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CHARGING AUTHORITY

This is an Authority which has the task of collecting the Council Tax from the Council Tax payers within its geographical area. Bury Council is such an Authority.

CREDITORS

Money owed **TO** individuals or organisations **BY** the Authority in respect of work done or services rendered within the financial year but for which payment has not yet been made.

CURTAILMENT

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

a) termination of employees’ services earlier than expected; and

b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEBTORS

Money owed **BY** individuals or organisations **TO** the Authority in respect of work done or services rendered within the financial year but for which payment has not yet been received.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEPRECIATION

The measure of the cost or revalued amount of the benefits of the fixed assets that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EMPLOYEE BENEFITS

All forms of consideration given by an entity in exchange for service rendered by employees.

EVENTS AFTER THE BALANCE SHEET DATE

Those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

EXPENDITURE

Amounts paid by the Authority for goods received or services rendered of either a **capital** or a **revenue** nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not yet been paid for (in which case the supplier is a **creditor** of the Authority).

EXIT PACKAGES

Payments that the Authority has agreed relating to redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

FAIR VALUE

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction.

GROUP ACCOUNTS

The preparation of a group comprehensive income and expenditure statement and group balance sheet where local authorities have interests in subsidiaries, associated companies and joint ventures that are material in aggregate.

i. Group – a reporting Authority and its subsidiary entities.

ii. Subsidiary – an entity is a subsidiary of the reporting Authority if the Authority is able to exercise *control* over the operating and financial policies of the entity and the Authority is able to gain *benefits* from the entity or is exposed to the risk of potential losses arising from this control.

iii. Associate – an entity (other than a subsidiary or joint venture) in which the reporting Authority has a *participating interest* and over whose operating and financial policies the reporting Authority is able to *exercise significant influence.*

iv. Joint Venture – an entity in which the reporting Authority has an interest on a long-term basis and is *jointly controlled* by the reporting Authority and one or more entities under a contractual or other binding arrangement.

IMPAIRMENT OF FIXED ASSETS

The primary meaning of Impairment is a reduction in the economic value of a fixed asset, arising from e.g. damage such as fire or vandalism, or changed use following demolition.

Further to the introduction of the Revaluation Reserve in 2007/08, 'valuation' impairments also now occur, relating to downward revaluations (arising from general fall in market prices) and the treatment of capital expenditure not capitalised as fixed assets (non-enhancing spend).

Both 'economic use' and 'valuation' impairments are treated in the same way as depreciation, i.e. a charge to the service revenue accounts reversed out through the Movement in Reserves Statement.

INCOME

Amounts due to the Authority for goods supplied or services rendered of either a **capital** or a **revenue** nature. This does not necessarily involve a cash payment - income is deemed to have been earned once the goods or services have been supplied even if the payment has not yet been received (in which case the recipient is a **debtor** of the Authority).

LEASING

A method of financing capital expenditure where a rental is paid for an asset for a specified period of time. There are two forms of lease: a **Finance Lease** involves the payment of the full cost of the **asset** and transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. An **Operating Lease** involves the payment of a rental for the use of the **asset** and at the end of the leasing agreement the **asset** will not belong to the Authority.

LIABILITIES

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current Liabilities are payable within one year of the **Balance Sheet** date.

LOBO ("Lender Option, Borrower Option")

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 40 years), initially at a fixed interest rate. Periodically (typically every 3 to 5 years), the lender has the ability to alter the interest rate. Should the lender exercise this option, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum with no other penalty.

NON DISTRIBUTED COSTS

These are overheads for which no user directly benefits and should not be apportioned to services.

OUTTURN

The final actual **income** and **expenditure** earned or incurred in a financial year.

PRECEPTS

The method by which a non-charging Authority obtains the income it requires by making a levy on the appropriate **charging authorities** (i.e. Police and Fire). **Charging authorities** will themselves precept on the Collection Fund to obtain their own income.

PROJECTED UNIT METHOD

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

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

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

PROVISIONS

These are sums set aside to meet **liabilities** or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs is uncertain.

RELATED PARTIES

A person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

    i. Has control or joint control over the reporting entity;

    ii. Has significant influence over the reporting entity; or

    iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Examples of related parties of an Authority include central government, local authorities and other bodies precepting or levying demands on the Council Tax, its subsidiary and associated companies, its joint ventures and joint venture partners, its members, chief officers and its pension fund (the administering Authority and related parties, scheduled bodies and related parties, trustees and advisors).

RELATED PARTY TRANSACTIONS

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples include:

i. The purchase, sale, lease, rental or hire of assets between related parties.

ii. The provision of a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund.

iii. The provision of a guarantee to a third party in relation to a liability or obligation of a related party.

iv. The provision of services to a related party, including the provision of pension fund administration services.

v. Transactions with individuals who are related parties of an Authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

The materiality of related party transactions should be judged not only in terms of their significance to the Authority, but also in relation to its related party.

RESERVES

These are sums set aside to meet possible future costs where there is no certainty about whether or not the costs will actually be incurred.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employers decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

REVENUE

Income and **expenditure** arising from day-to-day activities.

REVENUE SUPPORT GRANT

This is an annual grant paid by central Government as its contribution towards the cost of the Authority's services in general. The amount of Revenue Support Grant that is provided to authorities is established through the local government finance settlement. Each Council's Settlement Funding Assessment consists of the revenue support grant and the local share of business rates.

SERCOP

The Service Reporting Code of Practice (SERCOP) is the new name for the Best Value Accounting Code of Practice which was established to modernise the system of Local Authority accounting and reporting to ensure it meets the changed and changing needs of modern local government; particularly the duty to secure and demonstrate best value in the provision of services to the community.

SHORT TERM EMPLOYEE BENEFITS

Employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

VALUE ADDED TAX

VAT is an indirect tax levied on most business transactions and on many goods and some services. Input tax is VAT charged on purchases; output tax is VAT charged on sales.