Slough Borough Council
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Taking pride in our communities and town

Date of issue: Friday 18th October, 2013

MEETING	**AUDIT AND RISK COMMITTEE** (Councillors Nazir (Chair), Abe, Bal, Chohan, S K Dhaliwal and Sharif) **CO-OPTED INDEPENDENT MEMBER** Mr Ajay Kwatra
DATE AND TIME:	TUESDAY, 22ND OCTOBER, 2013 AT 6.30 PM
VENUE:	MEETING ROOM 3, CHALVEY COMMUNITY CENTRE, THE GREEN, CHALVEY, SLOUGH, SL1 2SP
DEMOCRATIC SERVICES OFFICER: **(for all enquiries)**	NICHOLAS PONTONE 01753 875120

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Item 4 was not available for publication with the rest of the agenda.

PART 1

AGENDA ITEM	REPORT TITLE	PAGE	WARD
4.	Financial Statements 2012-13 / External Audit Governance Letter	1 - 174	

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AGENDA ITEM 4

Statement of Accounts

2012 - 2013

Finance for the real world

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CONTENTS

Financial Statements

For the Year Ended 31 March 2013

Explanatory Foreword

1. Introduction

This section is intended to highlight the most important matters reported in Slough Borough Council's Statement of Accounts "the Accounts" for 2012/13; and provides a summary of the Council's financial activities during 2012/13 and its financial position as at 31 March 2013.
The Statement of Accounts is produced in accordance with the requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom" (The Code). The Code adopts International Financial Reporting Standards (IFRS).

2. Structure of Accounts

The Council's Accounts for 2012/13 are set out in the following pages. The information and financial statements are as follows:

CORE FINANCIAL STATEMENTS

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 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.

Comprehensive income and Expenditure Statement

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

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 less 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 of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

These notes provide further information on the more significant items in the Core Statements

HOUSING REVENUE ACCOUNT

Local housing authorities are required by the Local Government and Housing Act 1989 to keep a separate Housing Revenue Account (HRA). The Housing Revenue Account records revenue income and expenditure in relation to council houses and its tenants, such as: repairs and maintenance; management expenses; capital financing costs; rent income; and other income for charges for services. The HRA must be self-supporting without contributions from other funds (e.g. the General Fund).

COLLECTION FUND

This statement shows the transactions of the Council in relation to the collection from taxpayers, and distribution to local authorities and the Government, of Council Tax and National Non Domestic Rates.

THE COMPREHENSIVE GROUP INCOME & EXPENDITURE ACCOUNT

This statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

3. Financial Performance

The financial performance for the year is summarised in the table below:

Table 1 - Outturn as at 31st March 2013

Directorate	Current Net Budget	Actual YTD	Variance Over /(Under) Spend
	£'M	£'M	£'M
Wellbeing	59.261	59.362	0.101
Schools	(3.777)	(3.777)	0.000
Customer and Community Services	20.344	19.040	(1.304)
Resources, Housing and Regeneration	25.935	26.199	0.264
Chief Executive	1.780	1.414	(0.366)
Corporate	(0.150)	(0.134)	0.016
Total Cost of Services	103.393	102.104	(1.289)
% of revenue budget over/(under) spent by Services			(1.25%)
Treasury Management	5.225	5.018	(0.207)
Contingencies	1.050	2.342	1.292
GF additional items	5.997	5.997	0.000
Trading Accounts	0.619	0.493	(0.126)
MMI Scheme of Arrangement	0.000	0.314	0.314
PFI Credit	(3.678)	(3.678)	(0.000)
Early Intervention Grant	(7.821)	(7.829)	(0.008)
Council Tax Freeze Grant	(2.406)	(2.406)	0.000
New Homes Bonus Grant	(1.357)	(1.357)	0.000
`Local Services Support Grant	(0.565)	(0.565)	0.000
Sub Total	(2.935)	(1.670)	1.266
Total General Fund	100.458	100.434	(0.023)
% of revenue budget over/(under) spent in total			(0.02%)

4. Revenue Summary

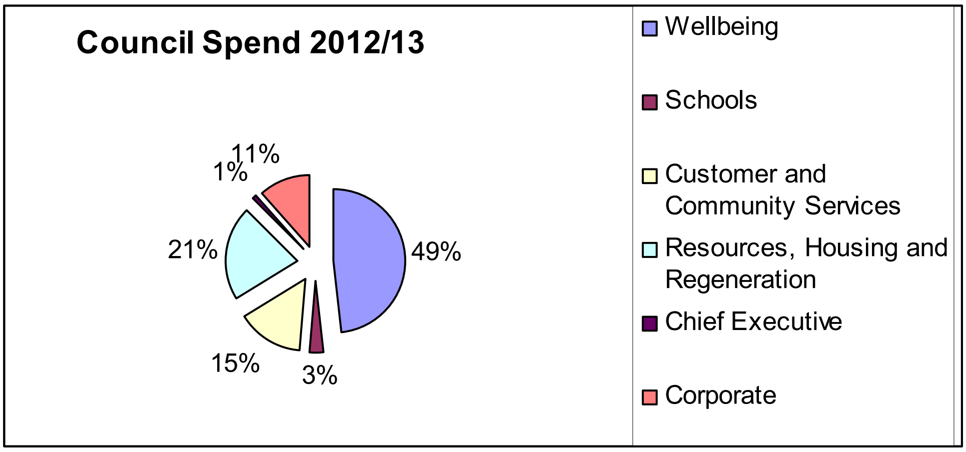
The Council provisional financial outturn for the 2012-13 financial year is a revenue underspend of £23k. The main service areas to show an underspend are Adult Social Care and Health Partnerships and Community and Skills. The service area showing the most significant overspend is Children and Families.

The Council is funded from a variety of sources; these are primarily specific Government grants (most notably the Dedicated Schools Grant), Redistributed Business Rates (from Government), non ring-fenced Government Grants (such as Early Intervention Grant or Revenue Support Grant), Council Tax and Fees and charges. Further detail is provided within the Comprehensive Income & Expenditure Accounts and the supporting notes.

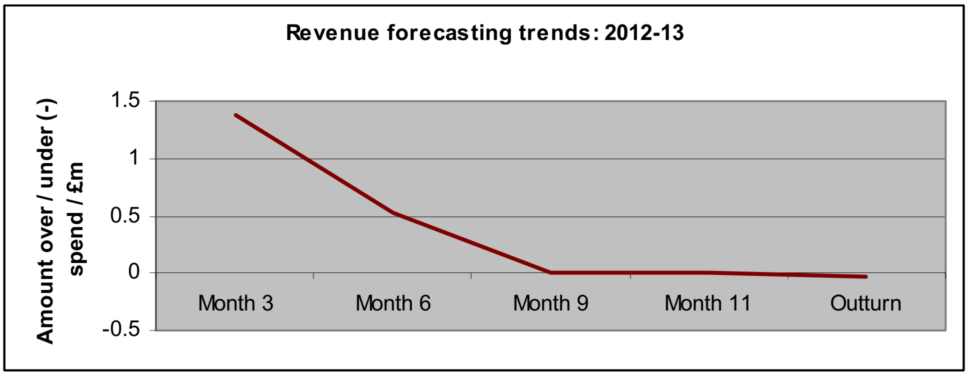
Additional details relating to the 2012/13 outturn can be found at the following website address:

http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=109&MId=5016&Ver=4

This net expenditure can be shown in graph form as follows:



The revenue financial performance forecasting has been relatively consistent throughout the financial year, with a forecast overspend of £1.4m reduced to a small underspend at the end of the financial year.



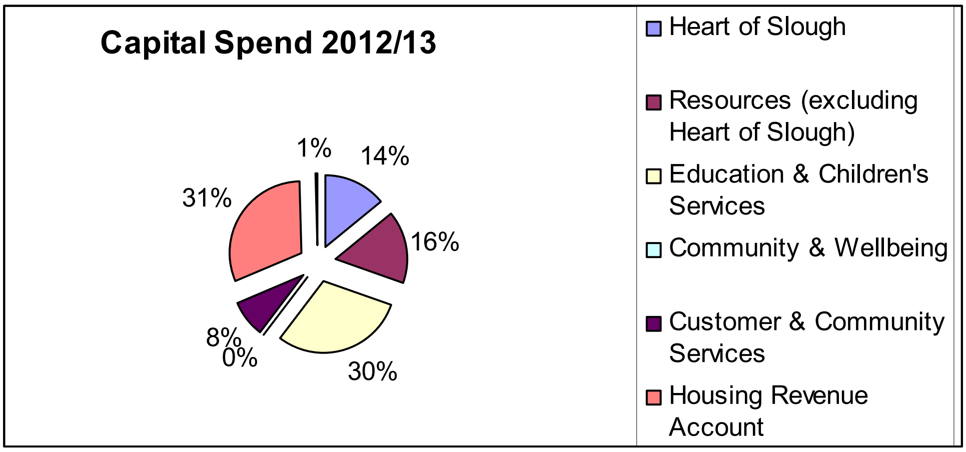
5. Capital Summary

The Council has reprofiled a number of capital schemes from 2012/13 into 2013/14 for a variety of reasons with further detail on the progress against the capital programme by directorate in the directorate summary shown below.

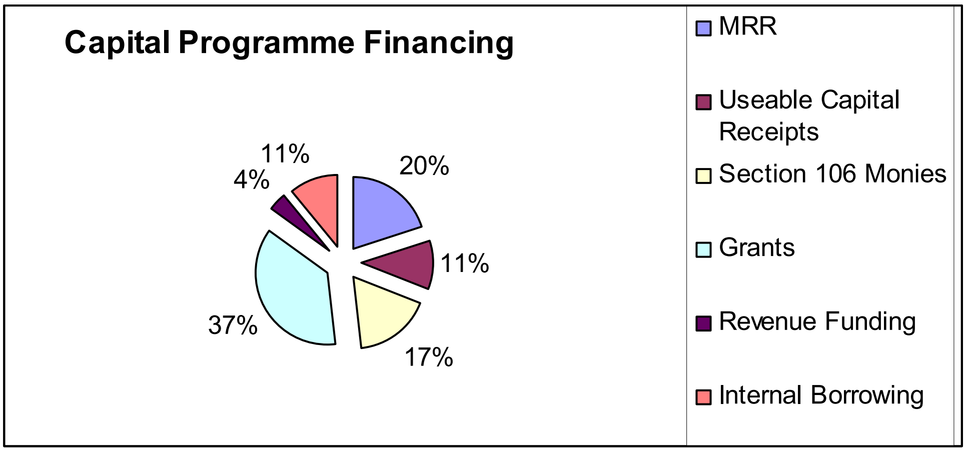
Overall, the Council spent 61% of the approved Capital Programme for 2012/13. The majority of programmes not spent in 2012/13 will be re-profiled into the 2013/14 financial year thus increasing the notional size of the 2013-14 capital programme. The main items reprofiled were the Curve (subsequently approved by Cabinet in April 2013) and expenditure relating to the Housing Revenue Account which will be reprofiled within the account.

Directorate	Expenditure Budget (£000s)	Actual (£)	Balance (£000s)
Heart of Slough	2,624	3,849	(1,225)
Resources (excluding Heart of Slough)	3,259	4,446	(1,187)
Education & Children's Services	10,553	8,187	2,366
Community & Wellbeing	77	10	67
Customer & Community Services	11,157	2,264	8,893
Housing Revenue Account	17,002	8,428	8,574
Chief Executive		169	(169)
Total	44,672	27,353	17,319

The total capital spend is as follows:



And is funded by:



For the 2012-13 financial year, long term borrowing decreased by £10m; this is in respect of a 'LOBO' loan becoming short term borrowing and being repaid early in 2013-14. A significant proportion of the Council's overall borrowings are in respect of the HRA self-financing completed during the previous financial year.

The Council is still in discussion concerning recharges to phase 1 of the transactional services contract, as previously reported. The costs of the contract are included within the figures presented in this report. In addition a financial provision against the potential for a material clawback of MMI (Municipal Mutual Insurance) relating to long term asbestosis claims has been raised in line with the latest guidance from administrators of the company.

6. Material Events after the Balance Sheet Date

There were no material events after the reporting date and up to the date the accounts were authorised for issue.

7. Economic Outlook

The 2012-13 financial year saw the Council contend with a further reduction in Central Government funding. Against this backdrop of reducing funding for Council services the Council has performed strongly to deliver a provisional £23k underspend. The impact of the recent Comprehensive Spending Review will be for Councils to make further savings over the long term; other sources of Council income are not expected to rise at the same level as in some previous years. The Council is putting in place savings strategies to deliver the required levels of saving, and the 2013-14 budget contains over £9m of savings required to ensure a balanced budget is delivered. During the financial year the Council also entered into a Local Asset Backed Vehicle (LABV) with a private sector partner to help deliver some of the regenerational aims of the Council. This will be a key undertaking for the Council in future financial years.

8. 2013-14 and beyond

Following changes to Government legislation, for the 2013-14 financial year Councils will be able to retain a proportion of Business Rate growth locally as well as being liable for any losses in Business Rate take. The Council also set up its own Council Tax Support scheme for the 2013-14 financial year, and, from an accounting viewpoint, this had a major impact on the Council's taxbase. These changes from Government will have an impact on the Council's financial statements in future years, especially in respect of the Collection Fund note, but also more widely on the Council's ability to ensure it collects as much Council Tax and Business Rates as possible. The Council will also be responsible for elements of Public Health activity from the 1st April 2013 and will receive a ring fenced grant of just under £5m in 2013-14.

9. Further Information

Further information about the accounts is available from:

The Assistant Director, Finance & Audit or the Corporate Financial Controller, Slough Borough Council, St Martins Place, 51 Bath Road, Slough, SL1 3UF or joseph.holmes@slough.gov.uk / barry.stratfull@slough.gov.uk

Members of the public also have a statutory right to inspect the accounts each year before the audit is completed. The date and times of these inspections have been advertised in the local press.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLOUGH BOROUGH COUNCIL

Opinion on the Council's financial statements

We have audited the financial statements of Slough Borough Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes. 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 2012/13.

This report is made solely to the members of Slough Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Assistant Director of Finance and Audit and auditors

As explained more fully in the Statement of the Section 151 Officer's Responsibilities, the Assistant Director of Finance and Audit 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 Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Assistant Director of Finance and Audit; 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. 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 Slough Borough Council as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

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

Matters on which we report by exception

We have nothing to report in respect of the following other matters which the Code of audit practice for local government bodies (March 2010) requires us to report to you if:

- we have been unable to satisfy ourselves that the annual governance statement meets the disclosure requirements set out in the guidance 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 or is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

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

Respective responsibilities of the Council and auditors

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

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

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Council has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Slough Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Delay in certification of completion of the audit

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 Council'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.

Robert Grant

For and on behalf of BDO LLP, Appointed Auditor

[London, UK]

31 October 2013

The Council's Responsibilities

The Council is required:

To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer was the Assistant Director of Finance and Audit, Joseph Holmes.

To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

To approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code).

I certify that in preparing this Statement of Accounts, I have:

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

I certify that the Statement of Accounts set out on the following pages present a true and fair view of the financial position of the Council as at 31st March 2013 and its income and expenditure for the year ended 31st March 2013.

Joseph Holmes
Assistant Director of Finance and Audit (Section 151 Officer)

Date: 22 October 2013

SLOUGH BOROUGH COUNCIL

Comprehensive Income and Expenditure Statement for the year ended 31 March 2013

	Notes	2012/13			2011/12		
		£000	£000	£000	£000 Restated	£000 Restated	£000 Restated
		Expenditure	**Income**	**Net**	**Expenditure**	**Income**	**Net**
Central services to the public		15,115	(14,340)	775	17,144	(13,936)	3,208
Cultural and related services		18,480	(5,362)	13,118	17,905	(3,299)	14,606
Environment and regulatory services		18,183	(4,213)	13,970	21,264	(2,537)	18,727
Planning Services		6,166	(2,934)	3,232	4,096	(1,752)	2,344
Education and Children's services		144,845	(100,930)	43,915	181,816	(123,469)	58,347
Highways and transport services		18,633	(5,363)	13,270	24,273	(4,213)	20,060
HRA Self-Financing Settlement		0	0	0	135,841	0	135,841
Local authority housing - HRA		18,269	(34,439)	(16,170)	32,306	(32,410)	(104)
Other housing services		86,454	(75,019)	11,435	82,438	(72,603)	9,835
Adult Social Care		46,487	(16,334)	30,153	47,862	(14,087)	33,775
Corporate and democratic core		6,172	(1,664)	4,508	7,019	(1,159)	5,860
Non distributed costs		149	(579)	(430)	2,362	(2,934)	(572)
Net Cost of Services		**378,953**	**(261,177)**	**117,776**	**574,326**	**(272,399)**	**301,927**
Other Operating Expenditure	**9**			22,933			2,198
Financing and Investment Income and Expenditure	**10**			16,373			2,098
Taxation and Non-Specific Grant Income	**11**			(151,944)			(146,399)
Deficit on Provision of Services				**5,138**			**159,824**
Surplus on revaluation of Property Plant and Equipment	**12/23**			(5,541)			(37,898)
Actuarial losses on pension assets / liabilities	**41**			3,804			54,464
Other Comprehensive Income and Expenditure				**(1,737)**			**16,566**
Total Comprehensive Income and Expenditure				**3,401**			**176,390**

Note: 2011/12 Income and Expenditure in Net cost of Services and Surplus on revaluation of Property Plant and Equipment have been restated by way of a prior period adjustment. See Note 1a

SLOUGH BOROUGH COUNCIL

Balance Sheet As At 31 March 2013

	Notes	31 March 2013	31 March 2012 Restated	1 April 2011 Restated
		£000	£000	£000
Property, Plant & Equipment	**12/12a**	599,296	624,123	632,392
Investment Property	**12/12a/13**	15,563	15,354	2,758
Intangible Assets	**12/12a/14**	84	97	149
Long Term Investments	**15**	0	55	353
Long Term Debtors	**17**	232	143	2,657
Long Term Assets		**615,175**	**639,772**	**638,309**
Short Term Investments	**15**	64,210	51,431	42,551
Inventories	**16**	9	4	26
Short Term Debtors	**17**	22,136	15,025	18,523
Cash and Cash Equivalents	**18**	17,420	27,526	40,748
Assets held for sale	**19**	6,280	8,167	967
Current Assets		**110,055**	**102,153**	**102,815**
Short Term Borrowing	**15**	(11,016)	(780)	(757)
Short Term Creditors	**20**	(30,163)	(48,705)	(50,560)
Short Term Provisions	**21**	(1,237)	(1,231)	(4,853)
Grants receipts in advance	**33**	(691)	(38)	(38)
Other Current Liabilities	**20**	(2,893)	(3,033)	(2,937)
Current Liabilities		**(46,000)**	**(53,787)**	**(59,145)**
Long Term Creditors	**20**	0	(425)	(185)
Long Term Provisions	**21**	(223)	(390)	0
Long Term Borrowing	**15**	(182,373)	(192,378)	(66,557)
Other Long Term Liabilities	**20**	(48,362)	(50,060)	(53,094)
Pension Long Term Liability	**41**	(162,907)	(156,119)	(96,987)
Long Term Liabilities		**(393,865)**	**(399,372)**	**(216,823)**
Net Assets		**285,365**	**288,766**	**465,156**
Usable reserves	**22**	(112,363)	(85,962)	(77,121)
Unusable Reserves	**23**	(173,002)	(202,804)	(388,035)
Total Reserves		**(285,365)**	**(288,766)**	**(465,156)**

For details of the restatement see prior period adjustment at note 1a

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Council as a 31 March 2013 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2013

Joseph Holmes
Assistant Director Finance and Audit (Section 151 Officer)
22 October 2013

SLOUGH BOROUGH COUNCIL

Movement in Reserves Statement
For the current and comparative year

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Local Tax purposes and dwelling rent setting purposes. The 'Net increase /Decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves Restated	HRA Balance Restated	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves Restated	Total Unusable Reserves Restated	Total Reserves of the Authority Restated
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Restated Balance as at 1 April 2011	**6,385**	**33,017**	**9,531**	**3,830**	**22,843**	**1,515**	**77,121**	**388,035**	**465,156**
Movement in reserves during the year									
Deficit on the provision of services	(21,975)	0	(137,849)	0	0	0	**(159,824)**	0	**(159,824)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	(16,566)	**(16,566)**
Total Comprehensive Income and Expenditure	**(21,975)**	**0**	**(137,849)**	**0**	**0**	**0**	**(159,824)**	**(16,566)**	**(176,390)**
Adjustments between accounting basis & funding basis under regulations (Note 7)	26,691	0	137,215	(2,597)	4,228	3,128	**168,665**	(168,665)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**4,716**	**0**	**(634)**	**(2,597)**	**4,228**	**3,128**	**8,841**	**(185,231)**	**(176,390)**
Transfers to or from earmarked reserves Note 8)	(2,982)	2,982	0	0	0	0	**0**	0	**0**
Increase/(Decrease) in Year	**1,734**	**2,982**	**(634)**	**(2,597)**	**4,228**	**3,128**	**8,841**	**(185,231)**	**(176,390)**
Restated Balance as at 31 March 2012	**8,119**	**35,999**	**8,897**	**1,233**	**27,071**	**4,643**	**85,962**	**202,804**	**288,766**
Movement in reserves during the year									
Deficit on provision of services	(8,407)	0	3,269	0	0	0	**(5,138)**		**(5,138)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	1,737	**1,737**
Total Comprehensive Income and Expenditure	**(8,407)**	**0**	**3,269**	**0**	**0**	**0**	**(5,138)**	**1,737**	**(3,401)**
Adjustments between accounting basis & funding basis under regulations (Note 7)	3,360	0	2,168	1,337	20,640	4,034	**31,539**	(31,539)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(5,047)**	**0**	**5,437**	**1,337**	**20,640**	**4,034**	**26,401**	**(29,802)**	**(3,401)**
Transfers to or from earmarked reserves (Note 8)	5,071	(5,071)	0	0	0	0	**0**	0	**0**
Increase/(Decrease) in Year	**24**	**(5,071)**	**5,437**	**1,337**	**20,640**	**4,034**	**26,401**	**(29,802)**	**(3,401)**
Balance Sheet As At 31 March 2013	**8,143**	**30,928**	**14,334**	**2,570**	**47,711**	**8,677**	**112,363**	**173,002**	**285,365**
	8,143	**30,928**	14,334	**2,570**	**47,711**	**8,677**	**112,363**	**173,002**	**285,365**
	0	0	0	0	0	0	0	0	0

For details of the restatements see prior period adjustment at note 1a

SLOUGH BOROUGH COUNCIL

Cash Flow Statement for the year ended 31 March 2013

	Notes	2012/13 £000	2011/12 Restated £000
Deficit on the provision of services		(5,138)	(159,824)
Adjustment to deficit on the provision of services for non cash movements	**24**	31,704	67,026
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**24**	124,384	(33,956)
Net cash flows from operating activities		**150,950**	**(126,754)**
Net Cash flows from Investing Activities	**25**	**(161,036)**	**(16,109)**
Net Cash flows from Financing Activities	**26**	**(20)**	**129,641**
Net decrease in cash and cash equivalents		**(10,106)**	**(13,222)**
Cash and cash equivalents at the beginning of the year		**27,526**	**40,748**
Cash and cash equivalents at the end of the year		**17,420**	**27,526**

For details of the restatements see prior period adjustment at note 1a

1 Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

• Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

• Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

• Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

• Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

• Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

• Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

• Where periodic income and expenditure invoices are raised or received during the year and relates to a complete financial year no accrual will be made provided the financial affect on the accounts does not change the financial position of the council.

ii) Cash and Cash Equivalents

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

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

iii) Exceptional Items

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

iv) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period

v) Charges to Revenue for Non-Current Assets

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

• depreciation attributable to the assets used by the relevant service

• revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

• amortisation of intangible fixed assets attributable to the service.

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

vi) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg 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 Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the 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 accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.
Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the 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

Employees of the Council are members of two separate pension schemes:
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE) and
- The Berkshire Local Government Pensions Scheme, administered by Royal Borough of Windsor and Maidenhead.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme
- The liabilities of the Berkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate on the iBoxxAA rate over a 15 year corporate bond index at this date which has been chosen to meet the requirements of IAS19.
- The assets of the Berkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - o quoted securities – current bid price
  - o unquoted securities – professional estimate
  - o unitised securities – current bid price
  - o property – market value.

• The change in the net pensions liability is analysed into seven components:
o 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
o past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
o interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
o expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

o gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
o actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
o contributions paid to the Berkshire 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 Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

vii) Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:
• those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
• those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.
Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

viii) Financial Instruments

Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.
For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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 Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:
• loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
• available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.
Loans and Receivables
Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

ix) Foreign Currency Translation
Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.
Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi) Intangible Assets
Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.
Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).
Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.
Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance.

The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xii) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.
Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xiii) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.
Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xiv) Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.
Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

xv) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.
Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.
Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets

The 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

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (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 assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases
Where the 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.

xvi) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SerCop). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:
• Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
• Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.
These two cost categories are defined in SerCop and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xvii) 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located
The Authority does not capitalise borrowing costs incurred whilst assets are under construction.
The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition 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 are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.
Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.
Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.
Where decreases in value are identified, they are accounted for by:
• where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

• where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end 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 lines in the Comprehensive Income and Expenditure Statement.
Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).
Deprecation is calculated on the following bases:
• dwellings and other buildings – housing dwellings - 50 years operational buildings 1-35 years as determined by the valuer
• vehicles, plant and equipment – straight-line allocation over five years
• infrastructure – straight-line allocation over 40 years.
Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.
Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.
If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

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

Heritage Assets

In 2011/12 the council adopted a change in accounting policy in relation to Heritage assets under FRS 30. Heritage assets are those assets held by the Authority for cultural, environmental or historical reasons in relation principally tc their contribution to knowledge and culture.

Component Accounting

Where an asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life. The requirement for componentisation for depreciation purposes is only applicable to enhancement,purchases or revaluations after 1 April 2010.

The Council's policy has defined a component as such part of an item of Property, Plant and Equipment(PP&E) with a cost that is significant in relation to the total cost of the item, if the value of the component is 25% or more of the total gross carrying value of the building. The Council has also determined that any building with a gross carry amount of less than £1m, useful economic life of less than 15 years or both will not be considered for component accounting.

Where there is more than one significant part of the same asset which has the same useful life and depreciation method such parts will be grouped in determining the depreciation charge.

xviii) Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.
The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.
Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority

The amounts payable to the PFI operators each year are analysed into five elements:
• fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
• finance cost – interest is charged on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
• contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
• payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

• lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xix) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant.

After initial recognition, allowances are measured at the lower of cost and net realisable value.

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

Contingent Liabilities

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

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

Contingent Assets

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

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

xx) Reserves

The Authority 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 reserves are explained in the relevant policies.

xxi) Revenue Expenditure Funded from Capital under Statute

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

xxii) VAT

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

1a. *P*rior Period Adjustments

Opening balances and comparative amounts for the prior period have been restated to:

- Adjustment 1 – Removal of Voluntary Aided school
- Adjustment 2 - Movement in Leased Assets
- Adjustment 3 - Deferred capital receipt re access land
- Adjustment 4 - Financial Instrument Adjustment Account
- Adjustment 5 - Revaluation Reserve Reconciliation
- Adjustment 6a – Reclassification - MMI Insurance Provision
- Adjustment 6b – Reclassification - Bank Overdraft
- Adjustment 6c – Reclassification - Finance Lease and PFI Liability

Restatement of the 1 April 2011 Balance Sheet

Balance Sheet		31 March 2011 £000	Adjustments £000	1 April 2011 Restated £000
Property, Plant & Equipment	1	633,393	(1,001)	632,392
Investment Property		2,758	-	2,758
Intangible Assets		149	-	149
Long Term Investments		353	-	353
Long Term Debtors	2	10,234	(7,577)	2,657
Long Term Assets		**646,887**	**(8,578)**	**638,309**
Short Term Investments		42,551	-	42,551
Inventories		26	-	26
Short Term Debtors	2,3	21,287	(2,764)	18,523
Cash and Cash Equivalents	6b	44,311	(3,563)	40,748
Assets Held for Sale		967	-	967
Current Assets		**109,142**	**(6,327)**	**102,815**
Bank Overdraft	6b	(3,563)	3,563	0
Short Term Borrowing		(757)	-	(757)
Short Term Creditors	6c	(52,541)	1,981	(50,560)
Short Term Provisions		(4,853)	-	(4,853)
Grants Receipts in Advance		(38)	-	(38)
Other Current Liabilities	6c	0	(2,937)	(2,937)
Current Liabilities		**(61,752)**	**2,607**	**(59,145)**
Long Term Creditors	6c	(54,235)	54,050	(185)
Long Term Borrowing		(66,557)	-	(66,557)
Other Long Term Liabilities	6c	0	(53,094)	(53,094)
Pension Long Term Liabilities	6c	(96,987)	-	(96,987)
Long Term Liabilities		**(217,779)**	**956**	**(216,823)**
Net Assets		**476,498**	**(11,342)**	**465,156**
Usable Reserves				
General Fund Reserve		(6,385)	-	(6,385)
Earmarked Reserves		(33,017)	-	(33,017)
HRA Balance		(9,531)		(9,531)
Capital Receipts Reserve		(3,830)	-	(3,830)
Capital Grants Unapplied		(22,843)		(22,843)
Major Repairs Reserve		(1,515)	-	(1,515)
Total Usable Reserves		**(77,121)**	**-**	**(77,121)**
Unusable Reserves				
Capital Adjustment Account	1,2,5	(457,892)	14,366	(443,526)
Financial Instruments Adjustments Account		5,190	-	5,190
Revaluation Reserve	1,5	(44,804)	(5,535)	(50,339)
Pensions Reserve		96,987	-	96,987
Deferred Capital Receipt Reserve	3	(2,602)	2,511	(91)
Collection Fund Adjustment Account		(42)	-	(42)
Accumulated Absences Account		3,786	-	3,786
Total Unusable Reserves		**(399,377)**	**11,342**	**(388,035)**
Total Reserves		**(476,498)**	**11,342**	**(465,156)**

Adjustments to the Balance Sheet at 1 April 2011

	Removal of voluntary aided school	Movement in Leased Assets	Deferred capital receipt re access land	Revaluation Reserve Reconciliation	Reclassifications	Total
	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 5	Adjustment 6	
	£000	**£000**	**£000**	**£000**		**£000**
Property, Plant and Equipment	(1,001)	-	-	-		(1,001)
Long Term Debtors	-	(7,577)	-	-		(7,577)
Short Term Debtors	-	(253)	(2,511)	-		(2,764)
Cash and Cash Equivalents					(3,563)	(3,563)
Bank Overdraft					3,563	3,563
Short term Creditors					1,981	1,981
Other Current liabilities					(2,937)	(2,937)
Long term Creditors					54,050	54,050
Other Long term liabilities					(53,094)	(53,094)
Net Assets	**(1,001)**	**(7,830)**	**(2,511)**	**-**	**-**	**(11,342)**
Unusable Reserves						
Revaluation Reserve	-	-	-	(5,535)		(5,535)
Capital Adjustment Account	1,001	7,830	-	5,535		14,366
Deferred Capital Receipts Reserve	-	-	2,511	-		2,511
Total Unusable Reserves	**-**	**7,830**	**2,511**	**-**		**11,342**
Total Reserves	**1,001**	**7,830**	**2,511**	**-**		**11,342**

Restatement of the March 2012 Balance Sheet

Balance Sheet		31 March 2012	Adjustments	31 March 2012 Restated
		£000	£000	£000
Property, Plant & Equipment	1	627,569	(3,446)	624,123
Investment Property		15,354	-	15,354
Intangible Assets		97	-	97
Long Term Investments		55	-	55
Long Term Debtors	2	7,477	(7,334)	143
Long Term Assets		**650,552**	**(10,780)**	**639,772**
Short Term Investments		51,431	-	51,431
Inventories		4	-	4
Short Term Debtors	2,3	17,779	(2,754)	15,025
Cash and Cash Equivalents	6b	33,289	(5,763)	27,526
Assets Held for Sale		8,167	-	8,167
Current Assets		**110,670**	**(8,517)**	**102,153**
Bank Overdraft	6b	(5,763)	5,763	0
Short Term Borrowing		(780)	-	(780)
Short Term Creditors	6c	(50,690)	1,985	(48,705)
Short Term Provisions	6a	(1,621)	390	(1,231)
Grants Receipts in Advance		(38)	-	(38)
Other Current Liabilities	6c	0	(3,033)	(3,033)
Current Liabilities		**(58,892)**	**5,105**	**(53,787)**
Long Term Creditors	6c	(51,533)	51,108	(425)
Long Term Provisions	6a	0	(390)	(390)
Long Term Borrowing		(192,378)	-	(192,378)
Other Long Term Liabilities	6c	0	(50,060)	(50,060)
Pension Long Term Liabilities	6c	(156,119)	-	(156,119)
Long Term Liabilities		**(400,030)**	**658**	**(399,372)**
Net Assets		**302,300**	**(13,534)**	**288,766**
Usable Reserves				
General Fund Reserve		(8,119)		(8,119)
Earmarked Reserves	4	(39,003)	3,004	(35,999)
HRA Balance	4	(10,177)	1,280	(8,897)
Capital Receipts Reserve		(1,233)	-	(1,233)
Capital Grants Unapplied		(27,071)		(27,071)
Major Repairs Reserve		(4,643)	-	(4,643)
Total Usable Reserves		**(90,246)**	**4,284**	**(85,962)**
Unusable Reserves				
Capital Adjustment Account	1,2	(293,895)	14,023	(279,872)
Financial Instruments Adjustments Account	4	8,004	(4,284)	3,720
Revaluation Reserve	1	(82,742)	(3,000)	(85,742)
Pensions Reserve		156,121	-	156,121
Deferred Capital Receipt Reserve	3	(2,602)	2,511	(91)
Collection Fund Adjustment Account		(82)	-	(82)
Accumulated Absences Account		3,142	-	3,142
Total Unusable Reserves		**(212,054)**	**9,250**	**(202,804)**
Total Reserves		**(302,300)**	**13,534**	**(288,766)**

Adjustments to the Balance Sheet at 31 March 2012

	Removal of voluntary aided school Adjustment 1	Movement in Leased Assets Adjustment 2	Deferred capital receipt re access land Adjustment 3	Financial Instrument Adjustment Account Adjustment 4	Revaluation Reserve Reconciliation Adjustment 5	Reclassifications Adjustment 6	Total
	£000	**£000**	**£000**	**£000**		**£000**	**£000**
Property, Plant and Equipment	(3,446)	-	-	-	-	-	(3,446)
Long Term Debtors	-	(7,334)	-	-	-	-	(7,334)
Short Term Debtors	-	(243)	(2,511)	-	-	-	(2,754)
Cash and Cash Equivalents	-	-	-	-	-	(5,763)	(5,763)
Bank Overdraft	-	-	-	-	-	5,763	5,763
Short term creditors	-	-	-	-	-	1,985	1,985
Short Term Provision	-	-	-	-	-	390	390
Other Current liabilities	-	-	-	-	-	(3,033)	(3,033)
Long term creditors	-	-	-	-	-	51,108	51,108
Long Term Provision	-	-	-	-	-	(390)	(390)
Other Long term liabilities	-	-	-	-	-	(50,060)	(50,060)
Net Assets	**(3,446)**	**(7,577)**	**(2,511)**	**-**	**-**	**-**	**(13,534)**
Usable Reserves							
General Fund Balance	-	-	-	-	-	-	-
Earmarked Reserves	-	-	-	3,004	-	-	3,004
HRA Balance	-	-	-	1,280	-	-	1,280
Total Usable Reserves	**-**	**-**	**-**	**4,284**	**-**	**-**	**4,284**
Unusable Reserves					-		
Revaluation Reserve	2,535	-	-	-	(5,535)	-	(3,000)
Financial Instruments Adjustment Account	-	-	-	(4,284)	-	-	(4,284)
Capital Adjustment Account	911	7,577	-	-	5,535	-	14,023
Deferred Capital Receipts Reserve	-	-	2,511	-	-	-	2,511
Total Unusable Reserves	**-**	**7,577**	**2,511**	**(4,284)**	**-**	**-**	**9,250**
Total Reserves	**3,446**	**7,577**	**2,511**	**-**	**-**	**-**	**13,534**

Note 2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

A number of accounting standards have had amendments issued that will affect the 13/14 financial year. The majority of these standards either introduce presentational changes, or the changes will be immaterial to the Council. The following standard change, however, is likely to have a material impact on the Council's accounts:

IAS 19 – Employee benefits (June 2011 amendments)
A revised IAS 19 standard was published by the IASB in June 2011, and is effective for accounting periods starting on or after 1st January 2013. The amendment is designed to simplify the disclosures relating to defined benefit pension schemes, and to improve the quality of those disclosures.

The key change that this amendment introduces is to the calculation of interest received and chargeable to the pension fund. Currently, the interest cost is based on the pension scheme's best estimate of the expected return on scheme assets, less the interest charge on the scheme liabilities (using the appropriate discount rate). The amendment brings in the requirement to calculate interest on the scheme's net scheme assets or liabilities (i.e. total scheme assets, less total scheme liabilities), using the appropriate discount rate for the period.

The scheme actuaries for the Royal Berkshire Pension Fund have advised that if the standard had been adopted for the 12/13 financial year, the entries in the CIES would have been as follows:

	12/13 actual £'000	12/13 under revised standard £'000
Current Service Cost	8,929	
Past Service Costs	0	
Service Costs1		4,954
Losses/(gains) on curtailments	(3,976)	
Administrative costs2		130
Interest on scheme liabilities	14,689	
Expected return on scheme assets	(9,271)	
Net interest on defined liability/(asset)		6,882
Total	**10,371**	**11,966**

1. The new category 'service costs' amalgamates the lines 'current service cost', 'past service cost' and 'curtailments and settlements'.
2. Administrative costs were deducted from the actual and expected return on assets under the old standard. The amended standard specifies that these should be a separately identifiable charge to the income and expenditure account.

The following standard changes are unlikely to have a material impact on the Council:
IAS 1 'Presentation of Financial Statements'

Changes to IAS 1 are being introduced by the Code in 2013/14, the amendment introduces a change to the 'other comprehensive income' section of the CIES, whereby items are classified by their nature either as:

i. will not be reclassified subsequently to Income and Expenditure, or
ii. will be reclassified subsequently to Income and Expenditure when specific conditions are met.

As this is a presentational issue, it is anticipated that this will not impact any of the reported amounts in the CIES.
IAS 12 Income Taxes
The 2013/14 Code also introduces an amendment to IAS 12 'Income Taxes'. This revised standard prohibits the deferral method of accounting for deferred tax liabilities; instead it requires that the balance sheet methodology should be used.
With this methodology, the deferred tax asset is recognised when it is probable that taxable profits will be made, against which the deferred tax asset can be used.
IFRS 7 Financial Instruments Disclosures
IFRS 7 supersedes IAS 30 (Disclosures in the Financial Statements of Banks and Similar Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosure and Presentation). For entities that offset financial assets and liabilities, the standard introduces additional disclosures regarding the effect, or potential effect of these arrangements on the entity's financial position.
This standard solely introduces presentational changes to the accounts, and as the Council's holdings of financial instruments are limited, the impact of this change is likely to be immaterial.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judge complex transactions or those involving uncertainty about future events.

The following are significant management judgements in applying the account the Council that have the most significant effect on the financial statements:

- There is a high degree of uncertainty about future levels of funding for l government. However, the Council has determined that this uncertainty sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close fa reduce levels of service provision.

- The Council is a trustee of Slough Community Leisure trust a not for pro that operates the leisure centres owned by the Council. The agreement Council is set to run until 31st May 2017. It has been determined that t not have control of the Trust and it is not an associate of the Council.

- Schools Non-Current Assets – CIPFA has set up a review group to deve how to account for schools in accordance with accounting standards basis. The conclusions are likely to be included within the 2014/15 Cod the meantime, the Council recognises Schools in line with the provisions Code of Practice, and schools are recognised on the balance sheet o

4 Assumptions made about funding and other sources of estimation uncertainty

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

The items in the Authority's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £33.5m.

Note 5 Material Items of Income and Expense

a) The Council is required to show actuarial gains and losses on its pension scheme liabilities in the year end accounts. The gain or loss arising from these actuarial calculations does not impact on the amount of cash the Council has to spend on services. The actuarial loss, of £3.8M in 2012/13 is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projected earnings of current employees. The actuarial pension liability arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. The Council and its employees contribute in to the Berkshire pension fund at a rate determined to meet all its future liabilities

b) All other items of material Income and Expenditure are disclosed in the Comprehensive Income and Expenditure Statement

Note 6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Assistant Director on 26th June 2013. Events taking place after this date are not relected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements have not been adjusted for the following events that took place after 31 March 2013 as they provide information that is relevant to an understanding of the Council's financial position, but do not relate to existing conditions at that date.

Academy Schools - The following schools have converted to Academy status since 1 April 2013 - Colnbrook CE Primary, James Elliman and Foxborough Primary. Under current accounting conventions, the value of their buildings will be written out of the Council's Balance Sheet at the date of conversion

When the new arrangements for the retention of business rates came into effect on 1 April 2013, the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts that were paid over to the Government in respect of 2012/13 and prior years. Previously, such amounts would not have been recognised as income by the Council, but would have been transferred to the Government. The Council will recognise a provision for the laibility as at 1 April 2013 (in the 2013/14 financial statements). As this liability does not exist at the Balance Sheet date, the Council has not amended the 2012/13 financial statements and therefore reports this as a non adjusting post balance sheet event.

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

	Usable Reserves					
2012/13	**General Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	12,023	4,366				(16,389)
Amortisation of Intangible Assets	32					(32)
Revaluation losses on Property Plant and Equipment	14,448	0				(14,448)
Movements in the Market Value of Investment Properties	(2,074)					2,074
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(34,772)				29,992	4,780
Unapplied Capital Grants used in financing					(9,352)	9,352
Revenue expenditure funded from capital under statute	3,099					(3,099)
Carrying amount of non current assets sold	16,329	11,193				(27,522)
HRA Settlement Payment						0
Transfer grants/conts on impaired spend	0					0
Grants relating to assets disposed of during	0					0
Housing Revenue Account Transfers	0					0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for the Financing of Capital Investment	(2,679)	0				2,679
Capital expenditure charged against the General Fund and HRA balances	(1,721)					1,721
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			(3,006)			3,006
Proceeds From Sale of Non Current Assets credited as part of loss on disposal	(1,062)	(4,017)	5,079			
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	142		(142)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	594		(594)			0
Transfer to deferred capital receipts reserve upon receipt of cash			0			0
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	0		0			0
Adjustments involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						0
Adjustment involving the Major Repairs Reserve						
Transfer to the Major Repairs Reserve for depreciation charged to the HRA		(5,559)		5,559		0
Contribution from HRA to Major Repairs Reserve		(3,953)		3,953		0
Use of the Major Repairs Reserve to finance new capital expenditure				(5,478)		5,478
Direct revenue financing						0
Adjustments involving the Financial Instruments Adjustment Account:						
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	(360)	(128)				488
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	10,105	266				(10,371)
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,388)					7,388
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(614)					614
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to Short-term compensated absences	(2,742)					2,742
Total Adjustments	**3,360**	**2,168**	**1,337**	**4,034**	**20,640**	**(31,539)**

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

2011/12	Usable Reserves General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repair Reserves	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	6,436	9,338				(15,774)
Amortisation of Intangible Assets	52					(52)
Revaluation losses on Property Plant and Equipment	37,807					(37,807)
Movements in the Market Value of Investment Properties	(2,226)					2,226
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(27,728)				19,685	8,043
Unapplied Capital Grants used in financing					(15,457)	15,457
Revenue expenditure funded from capital under statute	15,204	0				(15,204)
Carrying amount of non current assets sold	1,607	2,230				(3,837)
Transfer grants/conts on impaired spend 09/10	0	135,841				(135,841)
Grants relating to assets disposed of during 09/10	0					0
Other Movements	63					(63)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for the Financing of Capital Investment	(3,776)	0				3,776
Capital expenditure charged against the General Fund and HRA balances	(4,670)	0				4,670
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			(4,500)			4,500
Proceeds From Sale of Non Current Assets	(975)	(2,474)	3,449			
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	68		(68)			
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	1,478		(1,478)			
Transfer to deferred capital receipts reserve upon receipt of cash			0			0
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	0		0			
Adjustments involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0				0
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		(5,020)		5,020		
Use of the Major Repairs Reserve to finance new capital expenditure				(3,757)		3,757
Direct revenue financing		(1,865)		1,865		
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(357)	(1,113)				1,470
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	11,972	278				(12,250)
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,580)	0				7,580
Adjustments involving the Collection Fund Adjustment Acc						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(40)					40
Adjustment involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements						0
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to Short-term compensated absences	(644)	0	0	0	0	644
Total Adjustments	**26,691**	**137,215**	**(2,597)**	**3,128**	**4,228**	**(168,665)**

Note 8 **Transfers to/from Earmarked Reserves**

	Balance as at 1 April 2011	Transfers In 2011/12	Transfers Out 2011/12	Balance as at 31 March 2012	Transfers In 2012/13	Transfers Out 2012/13	Balance as at 31 March 2013
	£000	£000	£000	£000	£000	£000	£000
Balances held by schools	11,836	5,283	(6,768)	10,351	10,330	(11,372)	9,309
General Fund							
Insurance	517	0	0	517		0	517
Future Debt and Capital Requirements	4,017	1,600	0	5,617		(3,758)	1,859
Statutory Property Fund & Landlord Function	605	0	0	605		0	605
Capital Fund	1,286	169	(675)	780	687	(660)	807
Trading Accounts	0	0	0	0	24		24
Specific Grants	4,455	2,573	(3,467)	3,561	945	(878)	3,628
Specific Earmarked Reserves	10,228	8,404	(4,148)	14,484	6,579	(6,969)	14,094
Total General Fund	**21,108**	**12,746**	**(8,290)**	**25,564**	**8,235**	**(12,265)**	**21,534**
Housing Renewals Reserve	73	11	0	84	1	0	85
Total Earmarked Reserves	**33,017**	**18,040**	**(15,058)**	**35,999**	**18,566**	**(23,637)**	**30,928**

Note 9 Other Operating Expenditure

	2012/13	2011/12
	£000	£000
Parish council precepts	268	264
Payments to the Government Housing Capital Receipts Pool	594	1,478
Losses on the disposal of non current assets	22,071	456
Total	**22,933**	**2,198**

Losses on disposal of Non-Current Assets (excl Investment Properties)

	2012/13	2011/12
	£000	£000
Net Proceeds from Sale General	(1,062)	(975)
Net proceeds from sale HRA	(4,017)	(2,474)
Disposal costs	142	68
Carrying amount of non-current assets sold (excl Investment Properties)	27,008	3,837
Total	**22,071**	**456**

Precepts

	2012/13	2011/12
	£000	£000
Britwell Parish Council	120	120
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	93	89
Total	**268**	**264**

Note 10 Financing and Investment Income and Expenditure

	2012/13	2011/12
	£000	£000
Interest payable and similar charges	9,447	3,022
Pensions interest cost and expected return on pensions assets	5,608	4,494
Interest receivable and similar income	(965)	(1,045)
Income and expenditure in relation to investment properties and changes in their fair value	2,283	(4,373)
Total	**16,373**	**2,098**

Interest Payable and Similar Charges

	2012/13	2011/12
	£000	£000
Loan Interest	5,330	692
PFI Interest	4,117	2,330
Total	**9,447**	**3,022**

Interest and Investment Income

	2012/13	2011/12
	£000	£000
Other Investment income	(965)	(1,045)
Total	**(965)**	**(1,045)**

Pensions interest cost and expected return on pensions assets

	2012/13	2011/12
	£000	£000
Expected return on assets in the scheme	(9,271)	(10,594)
Interest cost	14,879	15,088
Total	**5,608**	**4,494**

Income, Expenditure and changes in Fair Value of Investment Properties

	2012/13	2011/12
Income/Expenditure from Investment Properties:	£000	£000
Income including rental income	(2,062)	(2,147)
Expenditure	5,905	0
Net (income)/expenditure from investment properties	**3,843**	**(2,147)**
Surplus/deficit on sale of Investment Properties:		
Proceeds from sale		0
Carrying amount of investment properties sold	514	0
Deficit on sale of Investment Properties:	**514**	**0**
Gains in Fair Value of Investment Properties	**(2,074)**	**(2,226)**
Total	**2,283**	**(4,373)**

* In 2011/12 expenditure on investment properties was included in expenditure on continuing operations in the Comprehensive Income and Expenditure Statement

Note 11

Taxation and Non-Specific Grant Income		
	2012/13	**2011/12**
	£000	£000
Council Tax Income	49,214	48,166
NDR Redistribution	52,306	43,730
Non-ring fenced government grants	15,651	26,775
Capital Grants and Contributions	34,773	27,728
Total Taxation and Non-Specific Grant Income	**151,944**	**146,399**

Capital Grants and Contributions	**2012/13**	**2011/12**
	£000	£000
Government & Other Grants-Conditions met and applied in year	4,781	8,043
Government & Other Grants-Conditions met and **not** applied.	29,992	19,685
Total - Capital Grants and Contributions	**34,773**	**27,728**

Central Government Grants	**2012/13**	**2011/12**
	£000	£000
Revenue Support Grant	1,014	13,517
PFI	3,678	3,678
Early Intervention Grant	7,829	7,268
New Homes Bonus	1,357	454
Local Services Support Grant	565	661
Council Tax Freeze Grant	1,208	1,197
Total	**15,651**	**26,775**

Note 12 **Property, Plant and Equipment**

Current Year

	Property, Plant & Equipment (PP&E)												
	Council Dwellings	Land & Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	Non Operational Assets	PP&E Under Construction	Surplus Assets	**Total PP&E**	PFI Assets included in Property, Plant and Equipment	**Investment Properties**	**Intangible Assets**	**TOTAL**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation													
Balance as At 1 April 2012	314,003	225,337	60,309	40,397	5,937	0	28,633	19,837	**694,453**	42,171	**15,354**	**499**	**710,306**
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0				**0**		**0**	**0**	**0**
Adjusted opening balance	**314,003**	**225,337**	**60,309**	**40,397**	**5,937**	**0**	**28,633**	**19,837**	**694,453**	**42,171**	**15,354**	**499**	**710,306**
Additions	8,116	7,757	5,217	358	34	0	2,754	0	**24,236**	758	0	**19**	**24,255**
Acc Depreciation Written off to GCA	0	(6,044)	0	0	0	0	0	0	**(6,044)**		**0**		**(6,044)**
Revaluation increases/decreases to Revaluation Reserve	0	5,668		0	0	0	0	0	**5,668**	4,931	0	**0**	**5,668**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	(14,448)	0	0	0	0	0	0	**(14,448)**	(2,589)	2,074	**0**	**(12,374)**
Derecognition - Disposals	(4,237)	(16,084)	0	(1,137)	0	0	0	0	**(21,458)**		(514)	**0**	**(21,972)**
Derecognition - Other	(5,478)	0	0	0	0	0	0	0	**(5,478)**		0		**(5,478)**
Reclassifications & Transfers	0	(5,949)	21,544	11,429	22	0	(25,696)	0	**1,350**	0	(1,351)		**(1)**
Reclassified to Held for Sale	0	(385)	0	0	0	0	0	0	**(385)**		0	**0**	**(385)**
Reclassified from Held for Sale		0	0	0	0		0	416	**416**		0		**416**
Balance as at 31 March 2013	**312,404**	**195,852**	**87,070**	**51,047**	**5,993**	**0**	**5,691**	**20,253**	**678,310**	**45,271**	**15,563**	**518**	**694,391**
Depreciation and Impairment													
Balance as At 1 April 2012	10,668	18,814	10,893	29,863	16	0	0	76	**70,330**	**2,872**	**0**	**402**	**70,732**
Adjustments between cost/value & depreciation/impairment		0	0	0	0	0	0	0	**0**				**0**
Adjusted opening balance	10,668	18,814	10,893	29,863	16	0	0	76	**70,330**	2,872	0	402	**70,732**
Depreciation Charge	5,312	4,465	1,906	4,136	0	0	0	0	**15,819**	893	0	**32**	**15,851**
Acc Depreciation Written off to GCA	0	(4,837)		0	0	0	0	0	**(4,837)**		0	**0**	**(4,837)**
Acc Depreciation Written off to GCA	0	(1,207)	0	0	0	0	0	0	**(1,207)**		0	**0**	**(1,207)**
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	127	**127**		0	**0**	**127**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	566	**566**			**0**	**566**
Derecognition - Disposals	(194)	(1,555)	0	(35)	0	0	0	0	**(1,784)**		0	**0**	**(1,784)**
Derecognition - Other	0	(1)	0	0	0	0	1	0	**0**		0	**0**	**0**
Reclassifications & Transfers	0	0	0	0	0	0	0	0	**0**		0	**0**	**0**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	**0**		0	**0**	**0**
Balance as at 31 March 2013	**15,786**	**15,679**	**12,799**	**33,964**	**16**	**0**	**1**	**769**	**79,014**	**3,765**	**0**	**434**	**79,448**
Net Book Value													
Balance as at 31 March 2013	**296,618**	**180,173**	**74,271**	**17,083**	**5,977**	**0**	**5,690**	**19,484**	**599,296**	**41,506**	**15,563**	**84**	**614,943**
Balance as at 31 March 2012	**303,335**	**206,523**	**49,416**	**10,534**	**5,921**	**0**	**28,633**	**19,761**	**624,123**	**39,299**	**15,354**	**97**	**639,574**

Note 12 Property, Plant and Equipment

Current Year

The freehold and leasehold properties comprising the Council's operational and non-operational property portfolio at the 1st April 2012 are valued on a rolling programme basis. The valuations for 2012/13 were carried out by external valuers Wilks Head and Eve. Additionally the value of properties held at open market value were reviewed at 31st March 2013 to reflect the current economic conditions.

The Valuer has adopted valuation assumptions in order to arrive at valuation results,
These assumptions included the relevant valuation definitions as required by The Code.
The RICS defined valuation methods are:

- Market Value
- Existing Use Value
- Fair Value

Where specialised property is valued, the use of depreciated replacement cost to arrive at Existing Use Value has been employed. Depreciated Replacement Cost is RICS defined valuation methodology and used as a method of arriving at Existing Use Value.

Capital Commitments

Effects of Changes in Estimates

There were no material changes in accounting estimates for property, plant & equipment that happened during the period, in accordance with paragraph 4.1.4.3.(3) of the Code

At 31 March 2013, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2013-14 and future years budgeted to a cost of £196 million.

Note 12 a **Comparative Year**

	Property, Plant & Equipment (PP&E)												
	Council Dwellings	Land & Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	Non Operational Assets	PP&E Under Construction	Surplus Assets	**Total PP&E**	PFI Assets included in Property, Plant and Equipment	**Investment Properties**	**Intangible Assets**	**TOTAL**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation													
Balance as at 1 April 2011	315,586	225,578	57,440	41,007	4,566	0	51,698	10,989	**706,864**	42,161	2,758	499	**710,121**
Opening Balance Adjustment		(1,364)		(2,543)				(1,123)	**(5,030)**				**(5,030)**
Restated Opening balance	**315,586**	**224,214**	**57,440**	**38,464**	**4,566**	**0**	**51,698**	**9,866**	**701,834**	**42,161**	**2,758**	**499**	**705,091**
Other Adjustments	(114)	(786)	0	0	0		0	0	**(900)**	**0**	**0**	**0**	**(900)**
Additions	3,757	15,298	2,869	420	1,245	0	11,316	0	**34,905**	10	670	**0**	**35,575**
Acc Depreciation Written off to GCA	0	(14,798)	0	0	0	0	0	0	**(14,798)**				**(14,798)**
Revaluation increases to Revaluation Reserve	0	36,274	0	0	496	0	790	905	**38,465**	0	0	**0**	**38,465**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	(33,620)	0	0	(370)	0	(33)	(27)	**(34,050)**	0	2,226	**0**	**(31,824)**
Derecognition - Disposals	(1,469)	(1,346)	0	0	0	0	(408)	(150)	**(3,373)**		0	**0**	**(3,373)**
Derecognition - Other	(3,757)	0	0	948	0	0	0	0	**(2,809)**	0	0	**0**	**(2,809)**
Reclassifications & Transfers	0	6,653	0	565	0	0	(34,730)	10,224	**(17,288)**	0	9,700		**(7,588)**
Reclassified to Held for Sale		(6,552)						(1,615)	**(8,167)**	0	0	**0**	**(8,167)**
Reclassified from Held for Sale								**634**	**634**	0	0		**634**
At 31 March 2012	**314,003**	**225,337**	**60,309**	**40,397**	**5,937**	**0**	**28,633**	**19,837**	**694,453**	**42,171**	**15,354**	**499**	**710,306**
Depreciation and Impairment													
Balance as at 1 April 2011	5,361	29,201	9,688	28,006	16	0	0	1,199	**73,471**	2,193		350	**73,821**
Opening Balance Adjustment	0	(363)	0	(2,543)	0	0	0	(1,123)	**(4,029)**				**(4,029)**
Restated Opening balance	**5,361**	**28,838**	**9,688**	**25,463**	**16**	**0**	**0**	**76**	**69,442**	**2,193**	**0**	**350**	**69,792**
Other Adjustments	0	(606)	0	0	0	0	0	0	**(606)**	0	0		**(606)**
Depreciation Charge	5,353	4,430	1,205	4,400	0	0	0	0	**15,388**	679		52	**15,440**
Acc Depreciation Written off to GCA	0	(13,898)	0	0	0	0	0	0	**(13,898)**	0	0	**0**	**(13,898)**
Acc Depreciation Written off to GCA	0	(900)	0	0	0	0	0	0	**(900)**	0	0	**0**	**(900)**
Impairment losses/reversals to Revaluation Reserve	0	567	0	0	0	0	0	0	**567**	0	0	**0**	**567**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	386	0	0	0	0	0	0	**386**			**0**	**386**
Derecognition - Disposals	(46)	(3)	0	0	0	0	0	0	**(49)**			**0**	**(49)**
Derecognition - Other	0	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
Reclassifications & Transfers	0	0	0	0	0	0	0	0	**0**	0	0	0	**0**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
At 31 March 2012	**10,668**	**18,814**	**10,893**	**29,863**	**16**	**0**	**0**	**76**	**70,330**	**2,872**	**0**	**402**	**70,732**
Net Book Value													
At 31 March 2012	**303,335**	**206,523**	**49,416**	**10,534**	**5,921**	**0**	**28,633**	**19,761**	**624,123**	**39,299**	**15,354**	**97**	**639,574**
At 31 March 2011	**310,225**	**195,376**	**47,752**	**13,001**	**4,550**	**0**	**51,698**	**9,790**	**632,392**	**39,968**	**2,758**	**149**	**635,299**

Note 13 Income, Expenditure and changes in Fair Value of Investment Properties

Income/Expenditure from Investment Properties:		
	31/03/13	**31/03/12**
	£000	£000
Rental income from investment property	(2,062)	(2,147)
Direct operating expenses arising from investment property	5,905	0
'Net Gain/Loss included in Financing & Investment Income in the CIES'	**3,843**	**(2,147)**

	31/03/13	**31/03/12**
	£000	£000
Balance at start of the year	15,354	2,758
Additions:		
- Purchases	0	670
Disposals	(514)	0
Net gains/losses from fair value adjustments	2,074	2,226
Transfers: -to/from Property, Plant and Equipment	(1,351)	9,700
Balance at end of the year	**15,563**	**15,354**

Note 14 Intangible Assets

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £52k charged to revenue in 2011/12 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are

In accordance with the CIPFA Code leased intangible assets are disclosed in this section after their initial recognition.

Useful Lives	Other
5 years	Civica and Oracle Software Licenses

The Movement in Intangible Assets for the Year is as Follows

	2012/13	2011/12
	£000	£000
Balance at start of year:		
· Gross carrying amounts	499	499
· Accumulated amortisation	(402)	(350)
Net carrying amount at start of year	**97**	**149**
Additions:		
· Purchases	19	0
	116	**149**
Amortisation for the period	(32)	(52)
Net carrying amount at end of year	**84**	**97**
Comprising:		
	0	499
· Accumulated amortisation	(434)	(402)
	(434)	**97**

Note 15 Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet

	Long-term		Current	
	31/03/13	31/03/12	31/03/13	31/03/12
				Restated
	£000	£000	£000	£000
Investments				
Loans and receivables	0	55	81,775	75,390
Total investments	**0**	**55**	**81,775**	**75,390**
Debtors				
Loans and receivables	232	143	22,136	15,025
Financial assets carried at contract amounts				
Total Debtors	**232**	**143**	**22,136**	**15,025**
Borrowings				
Financial liabilities at amortised cost	182,373	192,378	11,016	780
Total borrowings	**182,373**	**192,378**	**11,016**	**780**
Other Long Term Liabilities				
Deferred Liabilities	0	12,371		
PFI and finance lease liabilities	0	39,162		
Total other long term liabilities	**182,373**	**243,911**	**11,016**	**780**
Creditors				
Financial liabilities carried at contract amount	0	0		34,163
Total creditors	**0**	**0**	**0**	**34,163**

	Long-Term		Current	
	31st Mar 12	31st Mar 13	31st Mar 12	31st Mar 13
	£000	£000	£000	£000
Borrowing:				
- Nominal Amount	(192,378)	(182,373)	(20)	(10,004)
- Accrued Interest	0	0	(760)	(1,012)
- Unamortised Discounts / (Premiums) on Modified Loans	0	0	0	0
Total Borrowings per Balance Sheet	(192,378)	(182,373)	(780)	(11,016)
Investments:				
- Nominal Amount	307	0	75,091	**82,014**
- Accrued Interest	0	0	299	95
- Unamortised Discounts / (Premiums) on Available for Sale Assets	0	0	0	0
- Movement in Fair Value on Available for Sale Assets	**0**	**0**	**0**	**0**
-Impairment	**(252)**	**0**	**0**	**0**
Total Investments per Balance Sheet	55	0	75,390	82,109

	31/03/13		31/03/12	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial liabilities	194,341	207,543	196,153	208,499
Long-term creditors	0	0	425	0

Note 15 Financial Instruments

	31/03/13 Carrying amount	Fair value	31/03/12 Carrying amount	Fair value
	£000	£000	£000	£000
Loans and receivables	86,420	86,901	78,931	79,191
Long-term debtors	0	0	0	0

Income, Expense, Gains and Losses

	2012/13					2011/12				
	Financial Liabilities	Financial Assets				Financial Liabilities	Financial Assets			
	Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss	Total	Liabilities measured at amortised cost	Loans and receivables		Assets and Liabilities at Fair Value through Profit and Loss	Total
	£000	£000	£000	£000	£000	£000	£000		£000	£000
Interest expense	(6,682)	-	0	-	**(6,682)**	(2,758)	-		-	**(2,758)**
Losses on derecognition	0	0	0	0	**0**	0	0		0	**0**
Reductions in fair value	-	-	-	0	**0**	-	-		0	**0**
Impairment losses/Adjustment	248	0	-	-	**248**	(66)	0		-	**(66)**
Fee expense	0	0	0	0	**0**	0	0		0	**0**
Total expense in Surplus or Deficit on the Provision of Services	**(6,434)**	**0**	**0**	**0**	**(6,434)**	**(2,824)**	**0**		**0**	**(2,824)**
Interest income	579	0	-	-	**579**	-	1,045		-	**1,045**
Interest income accrued on impaired financial assets	-	0	-	-	**0**	-	0		-	**0**
Increases in fair value	-	-	-	0	**0**	-	-		0	**0**
Gains on derecognition	0	0	0	0	**0**	0	0		0	**0**
Fee income	0	0	0	0	**0**	0	0		0	**0**
Total income in Surplus or Deficit on the Provision of Services	**579**	**0**	**0**	**0**	**579**	**0**	**1,045**		**0**	**1,045**
Gains on revaluation	-	-	0	-	**0**	-	-		-	**0**
Losses on revaluation	-	-	0	-	**0**	-	-		-	**0**
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	0	-	**0**	-	-		-	**0**
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**0**	**0**	**0**	**0**	**0**	**0**		**0**	**0**
Net gain/(loss) for the year	**(5,855)**	**0**	**0**	**0**	**(5,855)**	**(2,824)**	**1,045**		**0**	**(1,779)**

Note 16 Inventories

	31 March 2013 £000	31 March 2012 £000
Central Stores	9	4
Total	**9**	**4**

Note 17 Debtors

	Long Term Debtors		Short Term Debtors	
	31 March 2013 £000	31 March 2012 Restated £000	31 March 2013 £000	31 March 2012 Restated £000
Central Government Bodies			8,340	2,553
Other Local Auithorities	7	7	1,441	679
NHS Bodies			1,856	0
Public corporations and trading funds			0	0
Other Entities and individuals	225	136	10,499	11,793
Other Entities and individuals			0	0
Total	**232**	**143**	**22,136**	**15,025**

Note 18 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	31 March 2013 £000	31 March 2012 £000
Cash and Bank balances	7,253	9,324
Short Term Deposits	17,936	23,965
Total Cash and Cash Equivalents	**25,189**	**33,289**

	31 March 2013 £000	31 March 2012 £000
Bank Overdraft	(7,769)	(5,763)

	31 March 2013 £000	31 March 2012 £000
Net Cash and Cash Equivalents	17,420	27,526

Note 19 **Assets Held for Sale**

	Current		Non Current	
	31/03/13	**31/03/12**	**31/03/13**	**31/03/12**
	£000	£000	£000's	£000's
Balance outstanding at start of year	**8,167**	**967**	**0**	0
Opening balance adjustment		180		
Additions	0	0	0	0
Transferred from Non-Current Assets during year	385	8,167	0	0
Assets declassified as held for sale:	(416)	(634)	0	0
Assets sold Cost	(1,856)	(513)	0	0
Balance outstanding at year-end	**6,280**	**8,167**	**0**	**0**

Note 20 Creditors and Other Liabilities

Short Term Creditors

	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000
Government Departments	2,557	6,993	10,826
Other Local Authorities	1,389	679	3,251
Bodies external to general government	0	16	148
NNDR & Council Tax	0	1,160	1,014
HRA	185	163	597
Accumulated Absences	400	3,142	3,786
Receipts in advance	2,630	5,089	7,718
Interest payable	10	30	10
Refundable deposits	142	126	259
Other entities and individuals	22,850	31,307	22,951
Total Short Term Creditors	**30,163**	**48,705**	**50,560**

Long Term Creditors

	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000
Total Long Term Creditors	**0**	**425**	**185**

Note 21 Provisions

	Balance as At 1 April 2012	Increase in provision during year	Utilised during year	Unused Amounts Reversed	Balance as at 31 March 2013
	£000	£000	£000	£000	£000
Insurance Claims	709	390	-384		715
Dilapidations	22				22
Other	500				500
Short Term Provisions	1,231	390	-384	0	1,237
Long Term Provisions	390	133	0	-300	223
	1,621	**523**	**-384**	**-300**	**1,460**

Comparative Year

	Balance as at 1 April 2011	Increase in provision during year	Utilised during year	Unused Amounts Reversed	Balance as at 31 March 2012
	£000	£000	£000	£000	£000
Insurance Claims	543	207	-41	0	709
Harmonisation	3,703	0	-100	-3,603	0
Dilapidations	605	0	-583	0	22
Other	2	500	-2	0	500
Total	**4,853**	**707**	**-726**	**-3,603**	**1,231**

Current Provisions	4,853	707	-726	-3,603	1,231
Long Term Provisions	0	390	0	0	390
	4,853	**1,097**	**-726**	**-3,603**	**1,621**

Note 22 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement

Capital Receipts Reserve

These are receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

	31/03/13 £000	31/03/12 £000
Balance 1 April	**1,233**	**3,830**
Capital Receipts in year	4,937	3,381
	6,170	**7,211**
Less:		
Capital Receipts Pooled	(594)	(1,478)
Capital Receipts used for financing	(3,006)	(4,500)
Balance 31 March	**2,570**	**1,233**

Major Repairs Reserve

The Major Repairs Reserve details the Major Repairs Allowance (MRA) received by the Council. The MRA is based on national average unit costs for each of the property types and represents the estimated long-term average amount of capital spending required to maintain a local authority’s stock in its current condition.

	31/03/13 £000	31/03/12 £000
Balance on 1 April	**4,644**	**1,516**
Amount transferred from the HRA		
Depreciation:		
Dwellings	5,559	5,603
	5,559	**5,603**
Transfer to HRA Balance	**0**	**(583)**
HRA Capital Expenditure	(5,478)	(3,757)
Contribution from the Income and Expenditure Account	3,953	1,865
Balance on 31 March	**8,678**	**4,644**

Capital Grants Unapplied

	2012/13 £000	2011/12 £000
Balance on 1 April	**27,071**	**22,843**
Unapplied Capital Grants received in year	29,992	19,685
Amounts applied to finance new Capital Investment	(9,352)	(15,457)
Balance on 31 March	**47,711**	**27,071**

Note 23 Unusable Reserves

	31/03/13 £000	31/03/12 Restated £000
Capital Adjustment Account	250,962	279,872
Financial Instruments Adjustment Account	(3,232)	(3,720)
Revaluation Reserve	87,793	85,742
Pensions Reserve	(162,908)	(156,121)
Deferred Capital Receipts Reserve	91	91
Collection Fund Adjustment Account	696	82
Accumulated Compensated Absences Adjustment Account	(400)	(3,142)
Total Unusable Reserves	**173,002**	**202,804**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

Note 23 Unusable Reserves

	2012/13		2011/12 Restated	
	£000	£000	£000	£000
Balance at 1 April		**279,872**		**457,892**
Opening balance adjustment				(14,366)
Restated opening balance				**443,526**
Other Adjustment				(64)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	(16,389)		(15,774)	
Amortisation of intangible assets	(32)		(52)	
Revaluation losses on Property, Plant and Equipment	(14,448)		(37,807)	
HRA Self financing			(135,841)	
Revenue expenditure funded from capital under statute	(3,099)		(15,204)	
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(27,522)		(3,837)	
		(61,490)		**(208,515)**
Adjusting amounts written out of the Revaluation Reserve		3,490		2,495
Net written out amount of the cost of non current assets consumed in the year		**(58,000)**		**(206,020)**
Capital financing applied in the year:				
Use of Capital Receipts Reserve to finance new capital expenditure	3,006		4,500	
Use of the Major Repairs Reserve to finance new capital expenditure	5,478		3,757	
Application of grants to capital financing from the Capital Grants Unapplied Account	9,352		15,457	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	4,780		8,043	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	2,679		3,776	
Capital expenditure charged against the General Fund and HRA balances	1,721		4,670	
		27,016		**40,203**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		2,074		2,226
Balance at 31 March		**250,962**		**279,872**

Note 23 Unusable Reserves

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

	2012/13 £000	2011/12 Restated £000	
Balance at 1 April	**(3,720)**	**(5,190)**	
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0	0	
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements		0	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	488	1,470	*
Balance at 31 March	**(3,232)**	**(3,720)**	

*** The balance c/f has been restated - A journal processed during the financial closedown in 2011/12 relating to a premium on early redemption of debt was processed incorrectly and both the FIAA and other usable reserves were overstated. A PPA has been processed to correct the error.**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

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

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

	2012/13 £000	2011/12 £000
Balance at 1 April	85,742	44,804
Opening Balance Adjustment		5,535
Upward revaluation of assets	12,092	41,377
Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	(4,015)	(3,479)
Surplus or deficit on revaluation of non-current assets not posted to the Deficit on the Provision of Services	**8,077**	**37,898**
Difference between fair value depreciation and historical cost depreciation	(1,362)	(835)
Revaluation balances on assets scrapped or disposed of	(4,664)	(1,660)
Balance at 31 March	**87,793**	**85,742**

Note 23 **Unusable Reserves**

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.

	2012/13 £000	2011/12 £000
Balance at 1 April	**(156,121)**	**(96,987)**
Actuarial gains or losses on pensions assets and liabilities	(3,804)	(54,464)
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	(10,371)	(12,250)
Employer's Pension Contributions and Direct payments to Pensioners payable in the year	7,388	7,580
Balance at 31 March	**(162,908)**	**(156,121)**

Deferred Capital Receipts Reserve

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

	2012/13 £000	2011/12 £000	
Balance at 1 April	**91**	**2,602**	
Adjustment		**(2,511)**	*
Restated balance at 1 April	**91**	**91**	
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0	
Balance at 31 March	**91**	**91**	

* Adjusted opening balance relating to the removal of a debtor offset by the removal of a deferred capital receipt held in error in the 2011/12 accounts

Note 23 Unusable Reserves

Collection Fund Adjustment Account

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

	2012/13 £000	2011/12 £000
Balance at 1 April	**82**	**42**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	614	40
Balance at 31 March	**696**	**82**

Accumulated Compensated Absences Adjustment Account

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

	2012/13 £000	2011/12 £000
Balance at 1 April	**3,142**	**3,786**
Settlement or cancellation of accrual made at the end of the preceding year	(3,142)	(3,786)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,742	644
Balance at 31 March	**(400)**	**(3,142)**

Note 24 Analysis of Adjustments to Deficit on the Provision of Services

Analysis of Adjustments to Surplus/Deficit on the Provision of Services	2012/13 £000	2011/12 £000
Adjustment to deficit on the provision of services for noncash movements		
Depreciation	16,389	19,623
Impairment & downward revaluations (& non-sale derecognitions)	14,448	34,050
Material impairment losses on investments debited to surplus or deficit on the provision of services in year	0	(104)
Losses or Gains on derecognition of loans & advances in year		196
Amortisation	32	(52)
(Increase)/Decrease in Stock	(5)	22
(Increase)/Decrease in Debtors	(6,876)	3,319
Increase/(Decrease) in Creditors	(20,805)	(2,859)
Increase/(Decrease) in Interest Creditors	251	58
Payments to Pension fund	2,983	4,670
Carrying amount of non-current assets sold	27,522	3,837
Contributions to Other Reserves/Provisions	(161)	(3,232)
Movement in value of investment properties	(2,074)	(2,226)
	31,704	**57,302**

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Net adjustment from the sale of short and long term investments	159,455	0
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(5,079)	(6,020)
Capital Grants credited to surplus or deficit on the provision of services	(29,992)	(27,936)
	124,384	**(33,956)**

Cash Flows from Operating Activities include the following amounts relating to Interest and Dividends

	2012/13 £000	2011/12 £000
Interest Paid	(9,196)	(5,134)
Interest Received	1,200	1,508

Note 25 Cash Flow From Investing Activities

	2012/13 £000	2011/12 £000
	(24,221)	(35,937)
Purchase of Short Term Investments (not considered to be cash equivalents)	(172,450)	(315,300)
Proceeds from the sale of PP&E, investment property and intangible assets	5,079	3,379
Proceeds from Short Term Investments (not considered to be cash equivalents)		303,200
Proceeds from Long Term Investments		3,159
Capital Grants and Contributions Received	30,556	25,390
Net Cash flows from Investing Activities	**(161,036)**	**(16,109)**

Note 26 Cash flows from Financing Activities

	2012/13 £000	2011/12 £000
Cash Receipts from Short and Long Term Borrowing		125,821
Billing authorities- council tax and NNDR adjustments	0	5,758
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts		(1,901)
Repayment of Short and Long Term Borrowing	(20)	(37)
Net Cash flows from Financing Activities	**(20)**	**129,641**

Note 27 Amounts Reported for Resource Allocation Decisions

2012/13	Wellbeing (including Schools)	Customer and Community Services	Resources Housing & Regeneration	Chief Executive	Corporate	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	22,572	12,045	8,617	749	1,381	**45,364**
Government grants	94,587	2,938	677	0	62,281	**160,483**
Total Income	**117,159**	**14,983**	**9,294**	**749**	**63,662**	**205,847**
Employee expenses	95,688	13,781	10,793	1,139	484	**121,884**
Other service expenses	76,005	23,395	29,065	54	59,986	**188,505**
Total Expenditure	**171,693**	**37,176**	**39,858**	**1,193**	**60,470**	**310,390**
Net Expenditure	**54,534**	**22,193**	**30,564**	**444**	**-3,192**	**104,544**

2011/12	Education and Learning	Community & Wellbeing	Customer & Transactional Services	Resources & Regeneration	Chief Executive	Corporate	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	16,735	9,260	2,522	10,700	533	741	**40,491**
Government grants	115,900	9,575	82,678	872	0	0	**209,025**
Total Income	**132,635**	**18,835**	**85,200**	**11,572**	**533**	**741**	**249,516**
Employee expenses	102,240	18,001	8,010	15,191	1,169	480	**145,091**
Other service expenses	50,857	51,107	83,841	30,484	693	1	**216,983**
Total Expenditure	**153,097**	**69,108**	**91,851**	**45,675**	**1,862**	**481**	**362,074**
Net Expenditure	**20,462**	**50,273**	**6,651**	**34,103**	**1,329**	**-260**	**112,558**

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.

	2012/13	2011/12
	£000	£000
Net expenditure in the [Directorate] Analysis	104,544	112,558
HRA	(15,965)	135,748
Insurance	0	435
Amounts not included in I&E	10,969	0
Allocation of Recharges	18,228	53,186
Net Cost of Services in Comprehensive Income and Expenditure	117,776	301,927

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

2012/13	Directorate Analysis	HRA	Insurance	Amounts not included in I&E	Allocation of Recharges	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	24,345	34,439	1,058	0	13,268	**73,110**
Interest and investment income	599	0	0	0	0	**599**
Income from council tax	48,531	0	0	0	0	**48,531**
Government grants and contributions	132,371	0	0	0	0	**132,371**
Total Income	**205,846**	**34,439**	**1,058**	**0**	**13,268**	**254,611**
Employee expenses	121,885	6,897	0	0	-2,261	**126,521**
Other service expenses	180,624	7,006	1,058	10,969	-8,735	**190,922**
Support Service recharges	0	205	0	0	17,170	**17,375**
Depreciation, amortisation and impairment	0	4,366	0	0	25,322	**29,688**
Interest Payments	7,613	0	0	0	0	**7,613**
Precepts & Levies	268	0	0	0	0	**268**
Total expenditure	**310,390**	**18,474**	**1,058**	**10,969**	**31,496**	**372,387**
Surplus or deficit on the provision of services	**104,544**	**-15,965**	**0**	**10,969**	**18,228**	**117,776**

2011/12	Directorate Analysis	HRA	Insurance	Allocation of Recharges	Total
	£000	£000	£000	£000	£000
Fees, charges & other service income	38,049	32,410	677	-10,457	**60,679**
Interest and investment income	2,442	0	0	0	**2,442**
Income from council tax	47,470	0	0	0	**47,470**
Government grants and contributions	161,555	0	0	0	**161,555**
Total Income	**249,516**	**32,410**	**677**	**-10,457**	**272,146**
Employee expenses	145,091	7,895	0	1,146	**154,132**
Other service expenses	204,769	150,708	1,112	185	**356,774**
Support Service recharges	0	205	0	0	**205**
Depreciation, amortisation and impairment	0	9,350	0	41,398	**50,748**
Interest Payments	2,330	0	0	0	**2,330**
Precepts & Levies	264	0	0	0	**264**
Payments to Housing Capital Receipts Pool	0	0	0	0	**0**
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	**0**
Total expenditure	**352,454**	**168,158**	**1,112**	**42,729**	**564,453**
Surplus or deficit on the provision of s	**102,938**	**135,748**	**435**	**53,186**	**292,307**

Note 28 Pooled Budgets

Intermediate Care Services
The Authority has entered into a pooled budget arrangement with Berkshire East Primary Care Trust to provide intermediate care services to help with delayed discharges.

Funding provided to the pooled budget:	**2012/13** £000	**2011/12** £000
The Authority	275	268
The Trust	275	268
	550	**536**
Expenditure met from the pooled budget:		
The Authority	275	268
The Trust	275	268
	550	**536**
Net surplus arising on the pooled budget during the year	**0**	**0**

Berkshire Community Equipment Service
This agreement exists between the six Berkshire Unitary Authorities and two Berkshire Primary Care Trusts with Slough Borough Council being the lead Council and accountable body for the provision of joint store anc equipment services using The South Central Ambulance Service NHS Trust acts as an agent to the accountable body to provide the services.

Funding provided to the pooled budget:	**2012/13** £000	**2011/12** £000
The Authority	263	234
Berkshire Primary Care Trusts	1,203	1,420
Other Unitary Authorities	3,163	1,334
	4,629	**2,988**
Expenditure met from the pooled budget:		
The Authority	263	234
The Trust	1,203	1,420
Other Unitary Authorities	3,163	1,334
	4,629	**2,988**
Net surplus arising on the pooled budget during the year	**0**	**0**

Note 29 Members' Allowances

During the year Members allowances, including Employer's costs totalled £451k (2011/12 £447k) and are as follows:

	2012/13 £000	2011/12 £000
Basic allowance	293	285
Mayor's & Deputy Mayor's Allowance	13	11
Employer costs	18	19
Subsistence	0	0
Special responsibility allowances	127	132
Miscellaneous	0	0
	451	**447**

Note 30 Senior Officers Remuneration

The table below provides details of the remuneration received by Senior Officers employed by the Council.

		Salary, Fees and Allowances £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive- Ruth Bagley - Note 1	**2012/13**	**160,479**	**0**	**0**	**20,220**	**180,699**
	2011/12	160,479	0	0	20,220	**180,699**
Strategic Director of Resources, Housing and Regeneration (Section 151 Officer) Note 2	**2012/13**	**58,365**	**0**	**60,043**	**6,658**	**125,066**
	2011/12	126,767	0	0	15,874	**142,641**
Strategic Director, Education & Childrens' Services - Note 3	**2012/13**	**62,991**	**0**	**169,128**	**7,937**	**240,056**
	2011/12	126,767	0	0	15,874	**142,641**
Strategic Director of Customer and Community Services	**2012/13**	**120,281**	**0**	**0**	**15,080**	**135,361**
	2011/12	109,308	0	0	13,677	**122,985**
Corporate Director of Wellbeing	**2012/13**	**126,207**	**0**	**0**	**15,874**	**142,081**
	2011/12	121,363	0	0	15,134	**136,497**
Assistant Director Finance and Audit (Section 151 Officer) - Note 4	**2012/13**	**9,742**	**0**	**0**	**1,228**	**10,970**
	2011/12	0	0	0	0	**0**

Note 1 - Includes Returning Officer salary
Note 2 - Not full year costs - left 01/09/12
Note 3 - Post removed from establishment during restructure
Note 4 - not full year costs - started 14/2/13
The Section 151 Officer from 2/9/12 until 13/2/13 has not been included in the above table as he was contracted to the Council on a temporary basis

Officers Receiving over £50,000 Remuneration

The table below provides details of all officers (including teachers) receiving over £50,000 remuneration; this table includes the Senior Officers from the note above but excludes pension contributions. The remuneration figures include any redundancy payments linked to Note 39 - Exit packages

	2012/13	2011/12
£50,001 to £55,000	39	63
£55,001 to £60,000	20	41
£60,001 to £65,000	19	32
£65,001 to £70,000	10	31
£70,001 to£ 75,000	9	10
£75,001 to £80,000	9	12
£80,001 to £85,000	1	4
£85,001 to £90,000	8	7
£90,001 to £95,000	3	8
£95,001 to £100,000	0	3
£100,001 to £105,000	0	3
£105,001 to £110,000	2	2
£110,001 to £115,000	1	2
£115,001 to £120,000	0	6
£120,001 to £125,000	1	3
£125,001 to £130,000	2	4
£130,001 to £135,000	0	0
£135,001 to £140,000	0	0
£140,001 to £145,000	0	0
£145,001 to £150,000	0	1
£150,001 to £160,000	0	0
£160,001 to £170,000	1	2
£170,001 to £198,000	1	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£240,001 to £250,000	1	0
	127	**234**

Note 31 **External Audit Fees**

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Councils external auditors.

	2012/13 £000	**2011/12** £000
External Audit Fees	158	282
Less Rebate from Audit Commission		
Grant Claim Certification Fees	26	47
Other Fees	15	0
	199	**329**

The fees for other services payable in 2012/13 related to specialist advice provided during the initial set up of the LABV (2010/11 £NIL).

Note 32 **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).

The Dedicated Schools Grant (DSG) has been deployed in accordance with the regulations within the School Standards framework Act 1998; this is underpinned by the production of the Section 251 Statement.

The accounting structure in place separately identifies all DSG activity from other services and thus readily demonstrates that the net schools budget is equal to that of the DSG payable for the year.

During the year the change in grant level as a result of academy conversion has been reflected in the accounts that comprise the overall DSG.

The central expenditure element of the schools budget was within the maximum limit allowable and includes spend on carry forward from 11.12 approved by the Schools' Forum.

Details of the deployment of DSG receivable for 2012/13 are as follows:

	Central Expenditure £000	**Individual Schools Budget** £000	Total
Final DSG for 2012/13 before Academy recoupment			**128,235**
Academy figure recouped for 12/13			**44,826**
Total DSG after Academy recoupment for			**83,409**
Brought forward from 2011/12	0	0	**3,561**
Carry forward to 2013/14	0	0	**161**
Agreed initial budgeted distribution in 2012/13	**13,974**	**72,835**	**86,809**
In year adjustments	0	0	**0**
Revised budget distribution for 12/13	**13,974**	**72,835**	**86,809**
Actual central expenditure	-11,962	0	**-11,962**
Actual ISB deployed to schools	0	-73,645	**-73,645**
Local Authority contribution for 2012/13	0	810	**810**
Carry forward to 2013/14	2,012	0	**2,173**

Note 33 Grant Income

Capital Grants Received in Advance

	Note	2012/13 £000	2011/12 £000
Opening balance		38	38
Add: new capital grants received in advance (condition of use not met)		354	0
		392	**38**

Revenue Grants Received in Advance

	Note	2012 £000	2011 £000
Opening balance		0	0
Add: new revenue grants received in advance (condition of use not met)		299	0
		299	**0**

Analysis of Capital Grants Receipts in Advance Balance

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

	Note	2012/13 £000	2011/12 £000
Capital Grants Receipts in Advance			
Environment Agency S106 - adaptable bridges		324	0
Learning Disabilities Grant		30	
DoH Social Care Capital Grant		38	38
		392	**38**

Analysis of Revenue Grants Receipts in Advance Balance

The balance of Revenue Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

	Note	31 March 2013 £000	31 March 2012 £000
Revenue Grants Receipts in Advance			
NHS Winter Pressure Funding S256		270	**0**
DoE Safeguarding Improvement Plan Funding		29	0
		299	**0**

Note 34 Related Parties

Related Parties

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

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 27 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2013 are shown in Note 33.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2012/13 is shown in note 29. In addition, the Council paid grants totalling £630k to voluntary organisations in which three members had positions on the governing body.

Two Councillors are members of the board of Slough Community Lesisure who are responsible for the provision of leisure services within the borough.

During 2012.13 Slough Borough Council made payments to Slough Community Leisure of £741K in 2012-13. The payments are considered material to the operations of Slough Community Leisure and has therefore been disclosed within this note.

In 2012-13, Slough Borough Council made total payments to Age Concern of £606K during 2012.13. These payments are considered material to the operations of Age Concern Slough and Berkshire East and has therefore been disclosed within this note. The Council also made payments of £90 to Thames Valley Athletics centre and £38k to Slough Museum.

Officers

During 2012/13, the Directore of Resources, Housing and Regeneration held the position of the Vice president of the Chartered Institure of Public Finance and Accountancy.During 2012.13 the council paid a total of £110k to CIPFA.

Other Public Bodies [subject to common control by central government]

The Council has two pooled budget agreements Transactions and balances outstanding are detailed in Note 28.

Entities Controlled or Significantly Influenced by the Authority

The Council has a wholly owned subsidiary, Development Initiative for Slough Housing (DISH).Three councillors and an officer sit on the DISH board.

Note 35 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note

Capital Expenditure and Capital Financing	**2012/13** £000	**2011/12** £000
Opening Capital Financing Requirement	**278,630**	**149,548**
Property, Plant and Equipment	24,236	34,905
Investment Properties	0	670
Intangible Assets	19	0
Revenue Expenditure Funded from Capital under Statute	3,099	133,457
	27,354	**169,032**
Sources of finance		
Capital receipts	(3,006)	(4,500)
Government grants and other contributions	(14,133)	(23,500)
Major Repairs Allowance	(5,478)	(3,757)
Sums set aside from revenue:		
Direct revenue contributions:		
General	(1,721)	(4,670)
MRP/loans fund principal	(2,588)	(3,523)
	(26,926)	**(39,950)**
Closing Capital Finance Requirement	**279,058**	**278,630**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	125,841
Increase in underlying need to borrowing (unsupported by government financial assistance)	428	6,438
Assets acquired under PFI/PPP contracts		0
Increase/(decrease) in Capital Financing	428	132,279

Note 36 **Leases**

Operating and Finance Leases

Council as Lessor:

Finance Leases (Council as lessor)

The present value of lease payments receivable under the finance lease arrangements is recognised as a receivable and included in both short and long term debtors. The difference between the gross amount receivable and the present value of the amounts receivable is recognised as unearned finance income.

	2012/13 £000	2011/12 £000
Long Term Debtors		
Finance leases-gross receivables	6,024	7,334
Net present value	**6,024**	**7,334**
Short Term Debtors		
Finance leases-gross receivables	266	243
Net present value	**266**	**243**

Gross receivables from finance leases		
No later than 1 year	266	0
Later than 1 year and no later than 5 years	663	24
Later than 5 years	5,361	278
Total gross receivables	**6,290**	**302**
Net investment in finance leases	**6,290**	**302**

The net investment in finance leases may be analysed as follows:

	2012/13	2011/12
	£000	£000
No later than 1 year	266	15
Later than 1 year and no later than 5 years	663	102
Later than 5 years	5,361	185
Total gross receivables	**6,290**	**302**

Council as Lessee:

Finance Leases (Council as lessee)

LEASED ASSETS (included within property, plant and equipment)

	Vehicles £000	**Building** £000	**TOTAL** £000
Cost or Valuation			
Opening Balance	6,159	10,940	**17,099**
Additions	0	0	**0**
Disposals	0	0	**0**
	6,159	10,940	**17,099**
Depreciation			
	2,156	6,643	**8,799**
Disposals	0	0	**0**
Provided for year	939	644	**1,583**
	3,095	7,287	**10,382**
Net Book Value			
Balance as at 31 March 2013	**3,064**	**3,653**	**6,717**
Balance as at 31 March 2012	**4,003**	**4,297**	**8,300**

Comparative Year

LEASED ASSETS (included within property, plant and equipment)

	Vehicles	Building	TOTAL
	£000	£000	
Cost or Valuation			
Opening Balance	5,261	10,940	**16,201**
Additions	898	0	**898**
Disposals	0	0	**0**
	6,159	10,940	**17,099**
Depreciation			
Opening Balance	1,266	974	**2,240**
Disposals	0	5,025	**5,025**
Provided for year	890	644	**1,534**
	2,156	6,643	**8,799**
Net Book Value			
Balance as at 31 March 2012	**4,003**	**4,297**	**8,300**
Balance as at 31 March 2011	**3,995**	**9,966**	**13,961**

The Council has five buildings and nine vehicles under finance leases arrangements which are recognise as council assets on the Balance sheet as Property, Plant and Equipment and Vehicles, Plant and Equipment as shown above.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property nacquired by the Council and finanace costs that will be payable by the Council in future years while the liability remains outstanding.

Future minimum finance lease payments at the end of each reporting period under review are as follows:

	Within 1 year £000	1 to 5 years £000	After 5 years £000	Total £000
31/03/13				
Finance leases payments	2,404	6,362	4,097	**12,863**
Less: finance charges	(357)	(485)	(76)	**(918)**
Net present value	**2,047**	**5,877**	**4,021**	**11,945**
31/03/12				
Finance leases payments	2,448	7,852	5,012	**15,312**
Less: finance charges	(463)	(809)	(109)	**(1,381)**
Net present value	**1,985**	**7,043**	**4,903**	**13,931**

Included in the Balance Sheet as:

	31/03/13 £000	31/03/12 £000
Current liabilities	2,047	1,981
Long term liabilities	9,898	11,946
	11,945	13,927

Operating Leases (Council as lessee)

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

	2012/13		2011/12	
	Land and buildings £000	Vehicles, plant and equipment £000	Land and buildings £000	Vehicles, plant and equipment £000
Minimum lease rentals payable:				
No later than 1 year	1,522	0	1,335	0
Later than 1 year and no later than 5 years	4,984	0	4,354	0
Later than 5 years	2,190	0	2,732	0
	8,696	**0**	**8,421**	**0**

Note 37 Private Finance Initiatives and Similar Contracts

During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools. Penn Wood School became operational on 26th February 2007, Beechwood and Arbour Vale schools becoming operational from 3rd September 2007. The contract period is for 28 years. Under the revised accounting arrangements, under the IFRS code, the assets are recognised as Tangible Fixed assets on the Balance Sheet and will be subject to revaluation every five years (as part of the normal valuation of fixed assets). The assets will be subject to depreciation and impairment as normal assets.
The initial cost under the contract for the design and build element is recognised on the Balance Sheet. This will be written down over the life of the contract as payments are made under the contract.
The Council is committed to make total payments of £229.3m over the life of the contract. The annual payments are split into three elements. The capital costs are paid against the liability for the purchase costs, interest is charged against the interest payable account with the service element charged to Education Plant and Equipment balance in Note 12

Payments

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Current Year	**1,982**	**(148)**	**4,117**	**5,951**
Previous Year	**2,700**	**956**	**2,330**	**5,986**

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2013 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total at 31/03 2013	Total at 31/03 2012
	£000	£000	£000	£000	£000
Payable in less than one year	1,923	846	3,312	**6,081**	6,033
Payable within two to five years	9,188	3,377	12,389	**24,954**	24,672
Payable within six to ten years	13,616	5,544	13,562	**32,722**	31,950
Payable within eleven to fifteen years	15,543	8,064	11,023	**34,630**	33,383
Payable within sixteen to twenty years	15,894	12,813	8,082	**36,789**	62,700
Payable within twenty one to twenty five years	8,401	8,666	2,236	**19,303**	62,700
Total	**64,565**	**39,310**	**50,604**	**154,479**	**221,438**

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

	2012/13 Buildings	2011/12 Buildings
	£000	£000
Balance outstanding at start of year	39,162	40,118
Increase / (decrease) in liaiblity during the year	148	(956)
Balance outstanding at year-end	**39,310**	**39,162**

Note 38 Impairment Losses

Any impairment losses in 2012/13 have been shown in the statements

Note 39 Exit Packages

The note below discloses the number of exit packages agreed, grouped in rising bands of £20,000 up to £100,000 and bands of £50,000 thereafter, analysed between compulsory redundancies and other departures as well as the total cost of packages agreed in each band. Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

Exit Packages Agreed in 2012/13	Compulsory Redundancies	Other Departures	Total Cost
£'000			£'000
0 - 20	35		254
20 - 40	16		442
40 - 60	5		253
60 - 80	2		128
80 - 100	1		99
100 - 150	1		140
150 - 200	1		178
Total	61		1,494

Exit Packages Agreed in 2011/12	Compulsory Redundancies	Other Departures	Total Cost
£'000			£'000
0 - 20	43	1	425
20 - 40	21	1	649
40 - 60	10	0	524
60 - 80	3	1	265
80 - 100	4	0	362
100 - 150	1	0	107
150 - 200	0	0	0
200 - 250	1	0	239
Total	83	3	2,571

Note 40 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme
The scheme is a defined benefit scheme, administered by the Teachers' Pension Agency (TPA). Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employer's contribution rate paid by Local Education Authorities (LEAs). However it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.
The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability described above.

Pension costs are charged into the accounts using the contribution rate set by the Department for Education. The Council paid the following amounts to the Department for Education in respect of teachers' pension costs. In addition the Council is responsible for a share of the pension payments related to added years for former Berkshire County Council teachers

In 2012/13, the Council paid £3.94m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2011/12 were £3.40m and 14.1%. There were no contributions remaining payable at the year-end.

Note 41 Defined Benefit Pension Schemes

Retirement Benefits

Participation in the Local Authority Pension Scheme

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

The Council participates in the Berkshire Local Government Officers' Pension Fund administered by the Royal Borough of Windsor & Maidenhead Borough Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Transactions relating to retirement benefits- CIES Charges:

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement. The following transactions have been made in the CIES and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	2012/13 £000	**2011/12** £000
Net cost of services:		
Current service cost	8,929	7,773
Past service cost/(gain)	0	0
Gains and losses on settlements or curtailments	(3,976)	(17)
Net operating expenditure:		
Interest cost	14,689	15,088
Expected return on scheme assets	(9,271)	(10,594)
Net charge to the CIES	**10,371**	**12,250**
Adjustments between accounting basis & funding basis under regulations:		
Reversal of net charges made for retirement benefits in accordance with IAS 19	**(10,371)**	**(12,250)**
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	**7,388**	**7,580**
Net charge to the General Fund Summary	**(2,983)**	**(4,670)**

Note 41 Defined Benefit Pension Schemes

The service cost figures include an allowance for administration expenses of 0%

In addition to the recognised gains and losses included in the CIES, actuarial losses of £3.84m (£54.4m loss in 2011/12) were included in other comprehensive income and expenditure in the CIES. The cumulative amount of actuarial gains and losses recognised in other comprehensive income and expenditure is a loss of £109m.

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2012/13 £000	**2011/12** £000
Balance as at 1 April	332,458	274,437
Current service cost	8,927	7,773
Interest cost	14,689	15,088
Contributions by members	2,447	2,769
Actuarial losses/(gains)	12,579	43,408
Past service costs/(gains)	0	0
Losses/(gains) on curtailments	954	801
	0	606
Liabilities extinguished on settlements	(9,634)	(1,485)
Estimated unfunded benefits paid	(619)	0
Estimated benefits paid	(11,224)	(10,939)
Balance as at 31 March	**350,577**	**332,458**

Reconciliation of present value of the scheme assets:

	2012/13 £000	**2011/12** £000
Balance as at 1 April	176,336	177,449
Expected return on assets	9,271	10,594
Contributions by members	2,447	2,769
Contributions by employer	7,388	7,580
Contributions in respect of unfunded benefits		0
Actuarial gains/(losses)	8,775	(11,056)
Liabilities assumed in a business combination	(4,704)	(61)
Assets distributed on settlements	0	0
Unfunded benefits paid	(619)	0
Benefits paid	(11,224)	(10,939)
Balance as at 31 March	**187,670**	**176,336**

Note 41 Defined Benefit Pension Schemes

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

The actual return on scheme assets in the year was a gain of £18m (2011/12 loss of £0.46m).

Fair Value of Plan Assets

	31/03/13 £000	31/03/12 £000
Equity investments	76,945	61,718
Bonds	41,287	44,072
Property	18,767	17,634
Cash	0	3,527
Alternative Assets	50,671	49,386
	187,670	**176,337**

The above asset values are at bid value as required by IAS 19.

The Council's share of the Net Pension Liability (included in the Balance Sheet):

	31/03/13 £000	31/03/12 £000
Fair Value of Employer Assets	187,670	176,336
Present value of funded liabilities	(342,540)	(324,866)
Net (Under)/Overfunding in Funded Plans	**(154,870)**	**(148,530)**
Present Value of Unfunded Liabilities	(8,037)	(7,591)
Net Liability	**(162,907)**	**(156,121)**
Amount in the Balance sheet:		
Liabilities	(350,577)	(332,457)
Assets	187,670	176,336
Net Liability	**(162,907)**	**(156,121)**

Scheme history
Analysis of scheme assets and liabilities

	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Fair Value of Assets in pension scheme	187,670	176,336	(168,516)	(127,011)	(179,449)
Present Value of Defined Benefit Obligation	(350,577)	(332,458)	333,635	211,044	224,431
Surplus/(deficit) in the Scheme	**(162,907)**	**(156,122)**	**165,119**	**84,033**	**44,982**

Note 41 Defined Benefit Pension Schemes

Amount recognised in Other Comprehensive Income and Expenditure:

	31/03/13 £000	31/03/12 £000
Actuarial losses	3,804	54,464
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	0	0
Actuarial (gains)/losses recognised in Other Comprehensive Income and Expenditure	3,804	54,464
Cumulative actuarial gains and losses	**74,978**	**71,174**
History of experience gains and losses:		
Experience gains and (losses) on assets	8,775	(11,056)
Experience gains and (losses) on liabilities	(384)	1,059

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £351m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £163m.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Berkshire Local Government Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

Analysis of projected amount to be charged to the CIES for the year to 31 March 2014

	31/03/2013 £000	31/03/2013 %
Projected current cost	9,279	56.76%
Interest on obligation	6,934	42.41%
Expected return on assets	0	0.00%
Past service cost	0	0.00%
Administration Expenses	136	0.83%
Gains and losses on settlements or curtailments	0	0.00%
	16,349	**100.00%**

The total contributions expected to be made to the Berkshire Local Government Pension Fund by the council in the year to 31 March 2014 is £6.273m.

Note 41 Defined Benefit Pension Schemes
History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013.

	31/03/13 %	31/03/12 %
Experience (gains and (losses) on Assets	5	(6)
Experience gains and (losses) on liabilities	0	0

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2010.

	2012/13 %	2011/12 %
Long-term expected rate of return on assets in the scheme:		
Equity investments	Not Applicable	6.7
Bonds	Not Applicable	4.6
Property	Not Applicable	4.8
Cash	Not Applicable	3.0
Alternative assets	Not Applicable	5.0
Total		**5.4**
Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	23.10	23.0
Women	25.70	25.60
Longevity at 65 for future pensioners:		
Men	25.10	25.0
Women	27.60	27.60
RPI/Pension Increase Rate	3.40	3.30
CPI/Pension Increase Rate	2.60	2.50
Salary Increase Rate	4.55	4.45
Expected Return on Assets	2.60	2.50
Discount Rate	4.60	4.60
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	.0	.0
Service post April 2009	.0	.0

Major categories of plan assets as percentage of total plan assets

The Berkshire Local Government Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	31/03/13 %	31/03/12 %	31/03/11 %
Equity investments	41.0	35.0	31.0
Bonds	22.0	25.0	27.0
Property	10.0	10.0	8.0
Cash	.0	2.0	5.0
Alternative assets	27.0	28.0	29.0
	100.0	**100.0**	**100.0**

Note 42 Contingent Liabilities

There are no significant contingent liabilities. The provisions included within the accounts relate to pending legal cases.

Note 43 Contingent Assets

There are no significant contingent assets.

Note 44 Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments - Risks
The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the CLG Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.
The main risks covered are:

- *Credit Risk:* The possibility that one party to a financial instrument will fail to meet its contractual obligations, causing a loss for the other party.
- *Liquidity Risk:* The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk:* The possibility financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments
The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, and other local authorities without credit ratings. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial organisations for investment.

A limit is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £10M in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2012/13, approved by Full Council on 21st February 2012 and can be accessed with the link below:

http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=168&MId=4417&Ver=4

The table below summarises the nominal value of the Council's investment portfolio and shows that all deposits outstanding as at 31st March 2013 met the Council's credit rating criteria at that date:

Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2012	Balance Invested as at 31st March 2012				Total
	YES/NO	YES/NO	Upto 1 month	> 1 and < 3 months	> 3 and < 6 months	> 6 and < 12 months	
			£'000	£'000	£'000	£'000	£'000
Banks - UK	YES	YES	5,000	7,000	2,000	0	14,000
Banks - non UK	YES	YES	0	5,000	0	0	5,000
Total Banks			**5,000**	**12,000**	**2,000**	**0**	**19,000**
Building Societies	YES	YES	0	10,000	0	0	10,000
Call Accounts	YES	YES	17,905	0	0	0	17,905
Local Authorities	YES	YES	0	21,000	13,750	0	34,750
TOTAL			**22,905**	**43,000**	**15,750**	**0**	**81,655**

Note 44 Nature and Extent of Risks Arising from Financial Instruments

	Amount at 31/03/13 £'000	Historical experience of Default %	Adjustment for Market Conditions @31/03/13 %	Estimated Maximum Exposure to Default
	a	b	c	(a*c)
Deposits with banks and financial institutions				
AAA* rated counterparties				
(investments up to 1 year)	-	0.00%	0.00%	0
AA* rated counterparties				
(investments up to 1 year)	-	0.00%	0.00%	0
A* rated counterparties				
(investments 1-2 years)	24,000	0.00%	0.00%	0
BBB rated counterparties				
(investments up to one year)	-	0.00%	0.00%	0
Other Investments				
- Local Authorities AAA rated	-	0.00%	0.00%	0
-Local Authorities	34,750	0.00%	0.00%	0
-Money Market Funds	7,905	0.00%	0.00%	0
-Heritable Bank	507	20.00%	14.00%	71
Other	15,000	0.00%	0.00%	0
Debtors	-	0.00%	0.00%	0
	82,162			**71**

	31/03/13	31/03/12
	£000	£000
Increase in interest payable on variable rate borrowings	399	100
Increase in interest receivable on variable rate investments	-80	-239
Increase in government grant receivable for financing costs	0	0
Impact on Surplus or Deficit on the Provision of Services	**319**	**-139**
Share of overall impact debited to the HRA	128	-31

Decrease in fair value of fixed rate investment assets	128	-31
Impact on Other Comprehensive Income and Expenditure	0	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)		0

Note 45 Heritage Assets: Change in Accounting Policy

FRS 30, Heritage Assets, has now been adopted by the Council. Heritage assets are those assets held by the Authority for cultural, environmental or historical reasons in relation principally to their contribution to knowledge and culture.

Slough Borough Council does not have any heritage assets which are either materially significant or non-operational. Operational assets are disclosed in note 12.

Housing Revenue Income and Expenditure Statement for the year ended 31st March

	2012/13 £000	**2011/12** £000
Income		
Gross Rent Income:		
Rent income - Dwellings	(30,421)	(28,361)
Rent income - Non Dwellings	(1,504)	(1,705)
Charges for facilities & services	(1,908)	(1,750)
Contributions towards expenditure	(606)	(594)
Total Income	**(34,439)**	**(32,410)**
Expenditure		
Repairs & Maintenance	6,661	7,155
Supervision & Management:	6,897	7,895
Rents, Rates & Taxes	124	14
Housing Revenue Account Subsidy payable (incl MRA)	(82)	7,419
Depreciation and Impairment of non current assets	4,366	9,350
Debt Management Costs	0	59
Movement in allowance for Bad Debts	303	210
Settlement payment to Government for HRA self-financing	0	135,841
Total Expenditure	**18,269**	**167,943**
Exceptional Items	0	0
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account	**(16,170)**	**135,533**
HRA Services Share of Corporate & Democratic Core	205	205
Net Cost/(Income)of HRA Services	**(15,965)**	**135,738**
(Gains)/loss on sale/Derecognition of HRA Fixed Assets	7,176	(244)
Interest Payable and Similar Charges	5,388	2,271
HRA Investment Income	(58)	(95)
Pensions interest cost and expected return on pensions assets	190	179
(Surplus)/Deficit for Year on HRA Services	**(3,269)**	**137,849**

Movement on the HRA Statement

	2012/13	2011/12 Restated
	£000	£000
Restated Balance on the HRA at the end of the previous year	8,897	9,531
Deficit on the HRA Income and Expenditure Statement	3,269	(137,849)
Adjustments between accounting basis and funding basis under stature	2,168	138,495
Net Increase or (Decrease) before transfers to or from reserves	**5,437**	**646**
Transfers (to)/from Reserves	0	(1,280)
Increase or (decrease) on the HRA for the year	**5,437**	**(634)**
Balance on the HRA at the end of the current year	**14,334**	**8,897**

Adjustments between accounting basis and funding basis

	2012/13 £000	2011/12 £000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	128	(167)
Revaluation and Impairment of PPE	1,193	(3,735)
Gain or loss on sale of HRA non current assets	(7,176)	244
HRA Share of Contributions to or from the Pension Reserve	(266)	(278)
Transfers to/(from) Major Repairs Reserve	0	(583)
Settlement payment - Self Financing	0	(135,841)
Contribution to major repairs reserve	3,953	1,865
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	**(2,168)**	**(138,495)**

Transfers to/from Reserves

	2012/13	2011/12 Restated
	£000	£000
Transfers (to)/from earmarked reserves	0	(1,280)
Total Transfers	**0**	**(1,280)**

Notes to the Housing Revenue Account

1. Housing Revenue Account

The Housing Revenue Account is a record of expenditure and income from the provision of local authority housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is "ringfenced" and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the General Fund) are limited to special circumstances.

2. Housing Stock

The number of dwellings in the housing stock of the Aurthority, as at 31 March 2012, is analysed below.

	2012/13 Number	**2011/12** Number
Property Type		
Houses	2,819	2,813
Flats	2,997	2,997
Bungalows	552	561
Shared ownership	4	4
Awaiting Demolition	19	49
Total Dwellings 31 March	**6,391**	**6,424**

	2012/13	**2011/12**
	Number	Number
Total Dwellings 1 April	**6,424**	**6,471**
Sold	(32)	(18)
Conversion	0	0
New Build/Acquisition	27	0
Demolished	(28)	(29)
Total Dwellings 31 March	**6,391**	**6,424**

3. Major Repairs Reserve

The Accounts and Audit Regulations 2003 require authorities to establish and maintain a Major Repairs Reserve for council dwellings. A Major Repairs Allowance (MRA) is received annually as part of the Housing subsidy system and is represented by an amount equivalent to the total HRA depreciation charge which can only be used for capital expenditure on HRA assets.

	2012/13 £000	**2011/12** £000
Balance at 1 April	4,643	1,515
Depreciation on fixed assets	**5,559**	**5,603**
Transfer (to)/from HRA balance	**0**	**(583)**
Capital expenditure on HRA assets	(5,478)	(3,757)
Contribution from the Income & Expenditure account	3,953	1,865
Balance at 31 March	**8,677**	**4,643**

4. Housing Revenue Account Capital Expenditure

	2012/13 £000	**2011/12 £000**
Capital investment		
Dwellings	8,364	2,409
Other assets	63	1,348
	8,427	**3,757**
Sources of funding		
Supported Borrowing		0
Capital Receipts	885	0

Notes to the Housing Revenue Account

Major Repairs Reserve	5,478	3,757
Government grants and other contributions	**2,064**	**0**
Direct Revenue Financing		0
	8,427	**3,757**

Supported borrowing levels are issued annually by Central Government, authorising the Council to borrow monies, which will be funded by Central Government to covercapital expenditure. Additionally, the Council is able to take out unsupported borrowing which must be financed from its own resources.

5. Capital Receipts from Disposal of HRA Assets

	2012/13 £000	**2011/12** £000
Council dwellings -		
Right to Buy	4,017	1,982
Open market sales	0	355
Other Receipts -		
Land and other property	0	137
	4,017	**2,474**
Less Pooled (Paid to Central Government)	(594)	(1,478)
	3,423	**996**

6. Housing Revenue Account Subsidy

Government Subsidy on the Housing Revenue Account is calculated based upon a notional account, which takes into account the housing stock numbers and local influences. The elements of expenditure are calculated for items such as management, day to day maintenance, capital financing charges etc. Offset against these costs is an element for notional income calculated on stock numbers and guideline rents.

The elements of Housing Revenue Subsidy for the year are as follows:

	2012/13 £000	**2011/12** £000
Guideline Rent Income	0	28,030
Interest on Receipts	0	6
Management and Maintenance	0	(12,743)
Major Repairs Allowance	0	(5,020)
Charges for Capital	0	(2,854)
Total In year HRA Subsidy Payable	**0**	**7,419**
Previous years Adjustment	(82)	0
Total HRA Subsidy Due to (From) CLG	**(82)**	**7,419**

7. Rent Arrears

During 2012/13 total rent arrears increased by £33,000 (£222,000 decrease 2011/12)

	31/03/13 £000	**31/03/12** £000
Current Tenant Arrears	1,242	1,034
Former Tenant Arrears	707	882
Total Rent Arrears	**1,949**	**1,916**
Prepayments	(460)	(486)
Net Rent Arrears	**1,489**	**1,430**

Notes to the Housing Revenue Account
8. Provision for Bad Debt and Doubtful Debts

The provision for bad and doubtful debts relating to the Housing Revenue Account is £1,564,000 (£1,642,000 2011/12)

9. Depreciation and Impairment of Fixed Assets

	2012/13 £000		2011/12 £000	
	Depreciation	Impairment	Depreciation	Impairment
Dwellings	5,312	0	5,353	2,409
Other Property - Operational Assets	247	(1,193)	250	1,348
	5,559	**(1,193)**	**5,603**	**3,757**

10.Pension Costs

As part of the terms and conditions of employment of its officers, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. Slough Borough Council participates in the Local Government Pension Scheme administered by the Royal Borough of Windsor and Maidenhead. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year.

HRA Income & Expenditure Account	2012/13 £000	2011/12 £000
Service Cost	76	100
Past Service Costs	0	0
Expected Return on Employer Assets	(326)	(421)
Interest on Pension Scheme Liabilities	516	599
Total	**266**	**278**
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners		0
Movement on Pension Reserve	**266**	**278**

The Council's demand on the Collection Fund represents the balance of spending for the year to be met from local taxes. The Collection Fund (England) 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 Council in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

Collection Fund	**Notes**	**2012/13 £000**	**2011/12 £000**
Income			
Council Tax Income		(48,370)	(47,723)
Transfers from General Fund:			
Council Tax Benefit		(10,432)	(10,613)
Income collectable from Business Ratepayers	**4**	(86,235)	(89,903)
Total Income		**(145,037)**	**(148,239)**
Expenditure			
Precepts			
Slough Borough Council	**5**	48,337	47,860
Thames Valley Police Authority	**5**	6,478	6,414
Royal Berkshire Fire Service	**5**	2,337	2,314
Parish Councils	**5**	268	264
Business Rates:			
Payment to National Pool	**4**	86,020	89,693
Cost of Collection		215	210
Impairment of Debts/Appeals:			
Write-offs of uncollectable amounts		496	(381)
Allowance for impairment		165	1,810
Total Expenditure		**144,316**	**148,184**
Opening Fund Balance		**(104)**	**(49)**
Movement on Fund Balance		**(721)**	**(55)**
Closing Fund Balance		**(825)**	**(104)**

Note 1 - Council Tax

The introduction of Council Tax on 1 April 1993 revised the method of accounting for the Council's Collection Fund. The main features of the arrangements may be summarised as follows:

a) Revenue Support Grant and amounts for distribution from the NNDR National Pool are paid directly to all Billing and Precepting Authorities and are disclosed in the Income and Expenditure Account

b) Interest is no longer payable between the General Fund and the Collection Fund on cash-flow deficits/surpluses. All interest is now payable directly to the General Fund, as shown on the Income and Expenditure Account

c) The year-end surplus or deficit on the Collection Fund is to be distributed between Billing and Precepting Authorities on the basis of estimates, made in January of each year-end balance. For 2011/12, the amount outstanding in January 2012 in respect of Council Tax when compared with the provision made by the Council for non-payment, was not above the level anticipated and therefore no surplus was declared.

d) Under the old Community Charge Collection Fund any surplus or deficits were retained within the fund, however the revised arrangements in (c) above resulted in any such balances being cleared to the relevant authority. For 2009/10, the amount outstanding in January 2009 in respect of Community Charge when compared with the provision made by the Council for non-payment, was not above the level anticipated and therefore no surplus was declared.

Note 2 - Council Tax Valuation Bands

Most domestic Dwellings (including flats) whether rented or owned, occupied or not, are subject to Council Tax. Each Dwelling is allocated to one of eight bands according to their open market capital value at 1 April 1991.

Valuation Band Range of Values

A	Up to & including	40,000		
B		40,001	-	52,000
C		52,001	-	68,000
D		68,001	-	88,000
E		88,001	-	120,000
F		120,001	-	160,000
G		160,001	-	320,000
H	More Than			320,001

Note 3 - Council Tax Income

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the 'band' charge. Specific reductions are made in accordance with government regulations for persons on lower incomes (Council Tax Benefits). Government grant is received for this reduction.

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to a Band D figure. This gives the tax base for the Council.

The valuation bands and the Band D equivalent figures estimated for 2012/13 are as follows:

Band	Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
A	1,112	6/9	741	907.38
B	7,791	7/9	6,060	1,058.60
C	19,411	8/9	17,254	1,209.83
D	11,455	9/9	11,455	1,361.07
E	3,815	11/9	4,663	1,663.52
F	1,495	13/9	2,160	1,965.98
G	298	15/9	496	2,268.44
H	5	18/9	9	2,722.12
			42,838	
Less: Adjustment of 2% to allow for changes in the valuation list and for non-collection of tax			(857)	
Council Tax Base 2012/13			41,981	

Council Tax income for 2012/13 was £48.370 million (2011/12 £47.723 million).

Note 4 – Non-Domestic Rates

The Council collects Non-Domestic Rates for its area based on local rateable values (R.V.) multiplied by the national uniform rate (NNDR rate multiplier). The total amount, less certain reliefs and discounts, is paid to a central pool managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population

Under these arrangements the amounts included can be analysed as follows:

	2012/13	2011/12
Total Slough Borough Council at 31 March	£223,656,241	£225,503,222
Main NNDR rate multiplier	45.8	43.3
Small Business rate multiplier	45.0	42.6
	£'000	£'000
Income due from ratepayers	90,058	91,762
Discretionary relief from the General Fund	(157)	(131)
less Provision for doubtful debts	(3,552)	(1,685)
Interest on refunds	(114)	(43)
Cost of collection allowance	(215)	(210)
National Pool contribution	86,020	89,693

The 2011/12 comparatives have been reclassified on a basis consistent with the current year.

Note 5 - Precepts & Demands

The following amounts were paid from the fund:

	2012/13 £000	2011/12 £000
Slough Borough Council	48,337	47,860
Britwell Parish Council	120	120
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	93	89
Royal Berkshire Fire Service	2,337	2,314
Thames Valley Police Authority	6,478	6,414
Total	**57,420**	**56,852**

AAA FITCH RATING
Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING
Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING
High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

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

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:
Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
The actuarial assumptions have changed

ASSET
An item having value to the authority in monetary terms. Assets are categorised as either current or fixed:
A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
A fixed asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Authority's financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING
Government support for capital investment is described as either Supported Capital

Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

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

CAPITAL PROGRAMME
The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CIPFA
The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND
A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS
Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY
The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

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

CONTINGENT LIABILITY
A contingent liability is either:
☐ A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
☐ A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

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

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

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

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

DEFERRED CHARGES
Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

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

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Authority's value of total assets less total liabilities.

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

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

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

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

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN
The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

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

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

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT
A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT
The revenue account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS
Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

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

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Authority owes payment to an individual or another organisation.
A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Authority without disrupting its business and are either:
Readily convertible to known amounts of cash at or close to the carrying amount; or
Traded in an active market

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

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

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NEGATIVE SUBSIDY
If the Subsidy Housing Revenue Account produces a result, which assumes that the Authority's income is higher than its expenditure, a "negative subsidy" situation arises. In this case the Authority must pay an amount equivalent to the deficit, from its Housing Revenue Account to the government.

NET BOOK VALUE
The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT
The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)
The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS
Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS
Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT
The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting polices or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

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

RELATED PARTIES
There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.
RELATED PARTY TRANSACTIONS
The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

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

RESERVES
The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.
RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.
RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

REVENUE SUPPORT GRANT
A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS
Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Authority will derive benefits form the use of a fixed asset.

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SLOUGH BOROUGH COUNCIL

REPORT TO THE AUDIT AND RISK COMMITTEE

Audit for the year ended 31 March 2013

CONTENTS

OVERVIEW

Significant Matters for the attention of those charged with governance

We present this report to the Audit and Risk Committee on 22 October as our audit of the 2012/13 financial statements is now approaching completion.

In an interim report presented to the Audit and Risk Committee on 19 September, and to a full meeting of the Council on 26 September, we reported that the statutory deadline of 30 September would not be achieved for completion of the audit and certification of the final financial statements, due to a significant number of issues identified by the audit.

At its meeting on 26 September the Council delegated responsibility for approval of the 2012/13 financial statements to the Audit and Risk Committee.

Background to the 2012/13 audit of Slough Borough Council

BDO LLP (previously PKF [UK] LLP) was appointed to undertake the external audit of the Council with effect from 1 April 2012. Members will be aware the Council has previously experienced difficulty in achieving national and local timetables for the production of its annual financial statements effectively. The predecessor auditors delayed completing their audit of the financial statements in 2010/11 because of such difficulties and in 2011/12, recommended the Finance Team should reduce its reliance on interim staff in key finance posts to assist in resolving such difficulties.

Our 2012/13 audit plan, presented to the Audit and Risk Committee in March 2013, therefore identified the preparation of the financial statements as a significant audit risk. We also wrote to the Committee on 25 July 2013 to highlight our financial statements audit planning had identified a new, pervasive audit risk affecting the opening balances (2011/12 closing balances) included in the 2012/13 financial statements.

We prepared a detailed schedule of working papers and the audit trails we expected to receive with the draft financial statements. As new auditors to the Council, we requested a substantial amount of information officers had not previously been asked to produce. We recognise our requests represented a significant change for finance staff involved in the accounts production process. We provided our schedule of working paper requirements to officers on 28 January 2013, well in advance of the Council's accounts closedown timetable commencing.

Key audit findings

The Council provided the draft financial statements to us on 1 July 2013, in accordance with the closedown timetable. The requirements of the Accounts and Audit Regulations for the Chief Finance Officer to certify the accounts by 30 June 2013 were met. The Council therefore improved its performance compared to previous years by achieving these deadlines.

While the Council met published deadlines, it did not allow sufficient time to undertake a critical review of the draft financial statements before submission to audit. The incoming Finance Team identified there was insufficient transfer of detailed, operational knowledge about the problems previously encountered in closing the accounts or the new closedown timetable put in place to address the situation. As a consequence, the new Finance Team had little opportunity to review and understand Slough's approach to the more complex transactions contained in the financial statements before the closedown timetable commenced.

Our review of the draft financial statements found a high number of presentational errors and inconsistencies and we noted the requirements of certain accounting standards had not been fully followed. We reported such matters in the updated risk assessment included in our letter to the Audit and Risk Committee on 25 July.

In preparing the draft financial statements, officers produced their working papers and audit trails based on the requirements of the predecessor auditors. Not all of the information we requested was produced at the outset of the audit. Substantial delays were therefore encountered in progressing our audit work.

Our detailed audit identified a number of material errors in the presentation of the financial statements, in addition to the errors in the prior period accounts identified by management in closing the accounts. We also found a number of non-trivial (not material) errors and other inconsistencies. Officers have adjusted the majority of the errors identified by our audit, including those affecting the prior period financial statements.

The following significant changes occurred between the draft financial statements produced on 28 June and the audited financial statements.

As at 1 April 2011 (restated by prior period adjustment):

- the amount of net assets (Balance Sheet) decreased by £11.342 million (from £476.498 million to £465.156 million)

As at 31 March 2012 (restated by prior period adjustment):

- the deficit on the provision of services (Comprehensive Income and Expenditure Account) increased by £9.620 million (from £150.204 million to £159.824 million)
- net assets (Balance Sheet) reduced by £13.532 million (from £302.298 million to £288.766 million)
- earmarked reserves (Balance Sheet) including schools balances reduced by £3.004 million (from 39.003 million to £35.999 million)

As at 31 March 2013:

- net assets (Balance Sheet) decreased by £9.842 million (from £295.207 million to £285.365 million)
- earmarked Reserves (Balance Sheet) including schools balances increased by £400,000 (from £30.528 million to £30.928 million)
- the deficit on the provision of services (Comprehensive Income and Expenditure Account) reduced by £3.930 million (from £9.068 million to £5.138 million)
- the balance on the Collection Fund changed from a deficit of £74,000 to a surplus of £721,000 (overall impact £795,000)
- the balance on the Housing Revenue Account increased by £294,000 (from £14.041 million to £14.335 million).

Next steps

The Council has taken action following the adverse comments about the capacity of the finance team (reliance on temporary staff) reported by the predecessor auditors. It completed a critical review of the capacity and expertise of the Finance Department in October 2012 and has taken action to reduce its reliance on interim staff through permanent appointments to key posts.

Officers recognise the Council's arrangements for preparing the financial statements require further strengthening. Management believes it now has a more stable platform to achieve this. We will be working with the Chief Finance Officer and his team to ensure the recommendations arising from our audit are implemented, and that the significant matters identified by auditors are addressed in producing the 2013/14 financial statements.

Our letter to the Audit and Risk Committee on 25 July estimated the additional costs of addressing the pervasive risk identified over opening balances at up to £9,000. We are continuing to discuss with officers the additional costs involved in completing our audit of the financial statements in the light of the additional resources required to complete our work.

While our audit work remains in progress in a few areas at the time of drafting this report, we are aiming to issue an unqualified opinion on the financial statements and an unqualified value for money conclusion before the end of October subject to satisfactory clearance of the outstanding items on page 5.

Summary of key audit findings

The table below summarises the results of our audit work to date. As stated above, we anticipate issuing an unqualified opinion, although this is subject to the outstanding matters listed on page 5.

AREA OF AUDIT	SUMMARY
Financial statements	The following material misstatements of the primary statements were identified, which required restatement of the opening balances and prior year comparative figures by way of prior period adjustment: • £9.9 million imbalance in the Movement in Reserves Statement as a result of expenditure omitted from the 2011/12 Comprehensive Income and Expenditure Statement (identified by management) • £7.6 million overstatement of long term debtors and the capital adjustment account for assets that the Council is leasing to other organisations under operating leases (identified by the audit) • £5.5 million understatement of the revaluation reserve balance and overstatement of the capital adjustment account at 1 April 2011 (identified as a result of the audit) • £4.3 million overstatement of the debit balance on the financial instruments adjustment account and the credit balance on earmarked reserves at 1 April 2012 (identified by management) • £3.4 million overstatement of property, plant and equipment for a voluntary aided school which had not been removed from the Balance Sheet in prior years (identified by the audit) • £2.5 million overstatement of deferred capital receipts (unusable reserves) and short term debtors at 1 April 2012 in respect of the sale of land where contracts had not been completed (identified by the audit). Further material misstatements in the current year's primary statements were also identified: • £12.6 million misclassification of overall gross income and expenditure from services as a result of recharged Non Distributed Costs and other support costs and unallocated trial balance codes in the Comprehensive Income and Expenditure Statement • £5.5 million loss on derecognition of replaced components of council dwellings misclassified as impairments during 2012/13; this expenditure was omitted from the presentation of the Housing Revenue Account (HRA) • a number of amendments to the Collection Fund, including a £5m decrease to the amount disclosed for income collectable from business ratepayers • the HRA was extensively amended and the deficit for the year disclosed in the draft financial statements was reduced by £3.304 million, although the impact on the closing HRA balance was a reduction of only £294,000. In addition our audit identified a high number of material misstatements in the supporting notes and other disclosures in the financial statements, including the overstatement of gross cost/valuation and accumulated depreciation in the non current assets note to the draft financial statements (£21 million at 1 April 2012). The net book value of non current assets is unaffected by this error. Some areas of work remain outstanding at the time of drafting this report (see page 5). Should this result in any significant issues, we will provide an update to the Audit and Risk Committee. Subject to satisfactory completion of the outstanding work, we anticipate issuing an unqualified true and fair opinion on the financial statements for the year ended 31 March 2013.
Unadjusted audit differences	An unadjusted error of £266,000 in the prior year, reported by the predecessor auditors, was corrected by the Council in the current year. However, it has been included in the schedule of uncorrected audit differences in Appendix II to show the impact on expenditure between financial years. There are three uncorrected audit differences identified by the current year's audit, which would increase the reported surplus for the year and increase the general fund (and reserves) by £2.412 million if they were adjusted.

AREA OF AUDIT	SUMMARY
Internal controls	The following issues have been noted where there were significant deficiencies in financial controls during the year. Some weaknesses were previously reported by Internal Audit: • weaknesses in the Council's arrangements for maintaining the fixed asset register • weaknesses in the Council's controls over the authorisation and confirmation of on-going entitlement to reliefs granted to business ratepayers (previously reported by Internal Audit) • weaknesses in the arrangements for declaring Members' and officers' interests (previously reported by Internal Audit), although this issue has now been substantially addressed A number of other areas for improvement were identified, which we discussed with management.
Annual Governance Statement	We are satisfied that the Annual Governance Statement is not inconsistent or misleading with other information we were aware of from our audit of the financial statements and complies with "Delivering Good Governance in Local Government" (CIPFA / SOLACE).
Whole of Government Accounts (WGA)	We have not yet received the Council's WGA return. The findings from our review of the consistency of this return with the audited financial statements will be circulated to members of the Audit and Risk Committee when complete.
Use of resources	We note the following key observations made during the course of our audit: • the Council has generally adequate arrangements in place for financial governance, financial planning and financial control and there are some strengths in the Council's arrangements for managing its budgets • action is needed to further strengthen arrangements for preparing the annual financial statements and to embed these effectively • the medium term financial strategy indicates that the financial position is balanced for the 2013/14 period. There is a cumulative resource gap of £18.5 million for the following four years. Ensuring financial balance over the medium term planning horizon will continue to require strong leadership and action by the Council • the Council has appropriate governance and performance monitoring arrangements in place for managing its contract with the transactional hub provider. Management has reported a number of positive achievements for the first year of the Partnership's operation • the Council is aware of the key risks associated with the Slough Regeneration Partnership and is taking appropriate steps to mitigate these. Work is underway to review the Council's governance arrangements to ensure these consistently support the work of the partnership and achievement of Slough's priorities for the area • the Council has taken appropriate steps to establish the Slough Wellbeing Board with its partners • the Council has implemented a local Council Tax support scheme to replace the previous Council Tax benefit scheme in accordance with the national timetable • management has implemented a process to log and track Internal Audit recommendations in the 2013/14 year. Further work is required to ensure that all outstanding high priority recommendations are addressed as a matter of urgency, particularly in respect of weaknesses in the governance, procurement and financial management arrangements within schools under the control of the Council (as identified by Internal Audit).
Value for Money Conclusion	We are satisfied that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013. We propose issuing an unqualified value for money conclusion.

We would like to thank staff for their co-operation and assistance during the audit and throughout the period.

Audit status and timetable to completion

We set out below the current status of the audit and our timetable to completion.

AUDIT STATUS

We are in the process of completing our audit work in respect of the financial statements, and anticipate issuing an unqualified opinion on the financial statements and use of resources.

The following matters are outstanding at the date of this report. We will update you on their current status at the Audit and Risk Committee meeting on 22 October 2013.

- audit of the revised Cash Flow Statement, Financial Instruments note and Amounts reported for resource allocation decisions note, when they are available
- supporting documentation for sample items in our extended testing of balances where misstatements were identified in the original samples
- external confirmations for two bank account balances
- testing of controls over housing tenancies as we have only recently received the audit trails
- completion of our audit testing of grant income
- completion of audit work on a few other income and expenditure samples and disclosures notes
- clearance of all review queries
- receipt of amended final financial statements addressing all of the misstatements identified by our audit
- technical clearance and engagement quality control reviewer sign off (internal BDO requirement)
- subsequent events review
- management representation letter, as attached in Appendix VIII to be approved and signed.

TIMETABLE TO COMPLETE

The anticipated timetable to complete is as follows:

ACTIVITY	DATE
Audit and Risk Committee meeting	22 October 2013
Signing of financial statements	22 October 2013
Signing of audit opinion, subject to completion of outstanding audit work and receipt of satisfactory revised financial statements	30 October 2013
Signing of WGA audit certificate, subject to receipt of satisfactory revised financial statements and WGA return	21 November 2013

INDEPENDENCE

INDEPENDENCE

Under Audit Commission Standing Guidance and Auditing and Ethical Standards, we are required as auditors to confirm our independence to 'those charged with governance'. In our opinion, and as confirmed by you, we consider that for these purposes it is appropriate to designate the Audit and Risk Committee as those charged with governance.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to bear on our objectivity and independence as auditors. The principal statements of policies are set out in our firm-wide guidance. In addition, we have embedded the requirements of the Standards in our methodologies, tools and internal training programmes.

The procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the firm's independence and the objectivity of the audit engagement partner and the audit staff. This document considers such matters in the context of our audit for the year ended 31 March 2013.

A summary of our fees for audit and non-audit services for the period from 1 April 2012 to date is set out below. We wrote to the Chairman of the Audit and Risk Committee on 14 December 2012, consulting the Committee about the non-audit services to be provided in the year, and the safeguards we put in place. Details were also reported to the Audit and Risk Committee in our Audit Plan in March 2013.

We are still discussing the additional fee for our audit of specific risks and for the delays we encountered in progressing our audit. We will write to the Audit and Risk Committee with the outcome of these discussions and to notify the final fee.

We confirm that we are not aware of any relationships that may bear on our independence and objectivity as auditors of the financial statements and that our independence declaration, included in the Audit Plan for 2012/13, has remained valid throughout the period of the audit.

	£
Code Audit fee - per Audit Plan	184,960
Grants Certification Fees - estimate per Audit Plan	19,150
Fees for Non-Audit Services – Local Asset Backed Vehicle structure review	10,033
TOTAL PLANNED FEES	**214,143**
Additional fee for the audit of financial statements.	**TBA**
FINAL FEES	**TBA**

We are currently discussing the additional fee for the audit with management.

AUDIT SCOPE AND OBJECTIVES

Our audit scope is determined by the Audit Commission's Code of Audit Practice for Local Government and covers an audit in accordance with International Standards on Auditing (UK and Ireland) of the statutory financial statements. We form an opinion on whether:

1. The financial statements give a true and fair view of the state of the Council's affairs as at 31 March 2013 and of the income and expenditure for the year then ended
2. The financial statements have been properly prepared in accordance with statutory requirements and proper practices have been observed in their compilation
3. The financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting
4. The information given in the Statement of Accounts and Explanatory Foreword is consistent with the financial statements
5. The Annual Governance Statement is not inconsistent with our knowledge and complies with "Delivering Good Governance in Local Government" (CIPFA / SOLACE)
6. The audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources and for:
    - securing financial resilience
    - challenging how it secures economy, efficiency and effectiveness
7. The Whole of Government Accounts return is consistent with the audited financial statements and that it is properly prepared

FINANCIAL STATEMENTS

Key audit and accounting matters

To provide an opinion on whether your financial statements give a true and fair view of your financial position and income and expenditure and whether they have been prepared properly, in accordance with accounting policies directed by the Secretary of State, we carry out risk based procedures designed to obtain sufficient appropriate audit evidence to determine with reasonable confidence whether the financial statements are free from material misstatement and evaluate the overall presentation.

In carrying out our work we determine and apply a level of materiality. Materiality is the expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole, or individual elements of the financial statements as appropriate. Consequently, the audit cannot be relied upon to identify all risks or potential or actual misstatements. Materiality may relate to both quantitative and qualitative matters and for quantitative considerations the numerical level materiality is assessed at may be different for different information in the financial statements. Nevertheless, within this context, Appendix III gives an indication of the quantitative levels used for planning purposes. Materiality is re-assessed every year in the context of authoritative audit practice.

We are required to report to you all uncorrected misstatements that relate to the current financial year (including those arising in previous periods that have an effect on the current year financial statements) and the effect that they have individually, or in aggregate, on the opinion in the auditor's report, except for those that are clearly trivial. For reporting purposes, we consider misstatements of less than £125,000 to be trivial and have not reported them, unless the misstatement is indicative of fraud.

We would highlight that in this report we do not provide a comprehensive statement of all weaknesses that may exist in the financial and operational systems, but only those matters which have come to our attention as a result of the audit procedures performed. We only restate weaknesses already reported by Internal Audit where we consider these to be significant deficiencies. Recommendations in response to the key findings identified by our audit are provided in the action plan at Appendix V. These recommendations have been discussed with appropriate officers and their responses are included.

AUDIT RISK AREAS

RISK	RELATED CONTROLS / RESPONSE TO RISK	WORK PERFORMED	CONCLUSION
MANAGEMENT OVERRIDE	ISA (UK&I) 240 requires us to presume that a risk of management override of controls is present and significant in all entities. By its nature, there are no controls in place to mitigate the risk of management override.	We reviewed the appropriateness of journal entries and other adjustments made in the preparation of the financial statements. We also reviewed accounting estimates for evidence of possible bias.	Our audit work has not identified any significant transactions that are outside the normal course of business for the Council or that otherwise appear to be unusual. Our work on accounting estimates has not identified any evidence of bias, although we did find some errors as highlighted later in this report.

AUDIT RISK AREAS

RISK	RELATED CONTROLS / RESPONSE TO RISK	WORK PERFORMED	CONCLUSION
REVENUE RECOGNITION - GRANT INCOME	The finance team reviews agreements and other documentation from the grant paying body to determine whether there are conditions attached to the grant. Expenditure incurred in respect of specific grants is coded to separate cost centres in the nominal ledger and this is reviewed by the finance team to determine whether grant conditions have been met and therefore the required accounting treatment.	We substantively tested an extended sample of grant income to ensure that accounting policies had been correctly applied in determining the point of recognition of income and that income was completely and accurately recorded.	We have not yet completed our testing of grant income. However no issues have been identified from our income testing to date.
REVENUE RECOGNITION - INCOME FROM PRIMARY CARE TRUSTS	For income from the Primary Care Trust (PCT) the Council agrees the list of clients eligible for funded nursing care with the PCT and recharges accordingly.	We substantively tested an extended sample of income from the PCT to ensure accounting policies were correctly applied in determining the point of recognition of income and that such income was completely and accurately recorded.	No issues have been identified from our testing of income from the PCT for funded nursing care.
REVENUE RECOGNITION - GENERAL FEES AND CHARGES	Invoices are raised by the transactional services hub upon receipt of 'notification of debt' forms from service departments. The notification forms are signed to evidence that the invoices, and the associated accounting entries, have been prepared appropriately.	We substantively tested an extended sample of other fees and charges to ensure accounting policies had been correctly applied in determining the point of recognition of income and that such income was completely and accurately recorded.	No issues have been identified from our audit testing of fees and charges to date.
OPENING BALANCES - FINANCIAL STATEMENTS DISCLOSURES	Following comments reported by the predecessor auditors regarding the quality of the financial statements presented for audit in the prior year, the Council has taken action to strengthen the capacity of the finance team. Prior to the 2012/13 accounts closedown, the Council produced a draft template of the financial statements, which was shared with us for comment. This template was used to produce the 2012/13 financial statements, supported by CIPFA's financial statements model.	We reviewed the template financial statements produced before the closedown of the 2012/13 financial statements and provided a detailed list of comments to management. We reviewed the draft 2012/13 financial statements presented for audit against the requirements of the Code of Practice for Local Authority Accounting 2012/13. We also carried out a detailed review of the consistencies and inter-relationships between the primary statements and notes for all the comparative figures in the 2012/13 financial statements and requested that any significant presentational issues and accounting errors are adequately corrected or disclosed.	Our review of the template financial statements produced by the Council, which included the closing figures for 2011/12 as opening balances for 2012/13, identified a significant number of presentational and disclosure errors, including inconsistencies between balances in the financial statements. These inconsistencies remained uncorrected in the 2012/13 draft financial statements presented to us for audit. We highlighted these inconsistencies to management and discussed which amounts need to be restated in order to present a true and fair view of the 2012/13 financial statements. Some work remains in progress on this matter at the time of drafting this report.

AUDIT RISK AREAS

RISK	RELATED CONTROLS / RESPONSE TO RISK	WORK PERFORMED	CONCLUSION
OPENING BALANCES - ERRORS IN PRIOR YEAR CLOSEDOWN JOURNALS	During management's review of reserves in 2012/13 it was noted that a journal to the value £4.284 million processed during the financial closedown in 2011/12, relating to a premium on early redemption of debt, should not have been raised. Management has investigated how the issue arose and has processed a correcting journal in 2012/13. In producing the 2012/13 financial statements management also identified a difference of £9.9 million between the 2011/12 Movement in Reserves Statement and the supporting note for 'adjustments between accounting basis and funding basis under regulations' (note 7). Finance officers are investigating the issue to determine how the difference arose in the prior year or where the error lies. As a result of the above issues, management strengthened its procedures to include a detailed review of all material closedown journals for the 2012/13 financial statements.	We have agreed the adjustments made to correct the £4.2 million and £9.9 million errors in the 2011/12 comparative figures and opening balances at 1 April 2012, including checking that these errors are appropriately corrected as prior period adjustments in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.* We have reviewed the Council's processes to reproduce the prior year comparatives and any (prior year) off-ledger journals to identify where the inconsistency lies. As a result of the above issues, there is a pervasive significant audit risk over opening balances and therefore we have also tested a sample of prior year closedown and off-ledger journals to determine whether there are any further significant errors in opening balances.	The Council has corrected the £4.284 million error by reducing the debit balance on the financial instruments adjustment account by £4.284 million, reducing earmarked reserves by £3.004 million and reducing the HRA balance by £1.280 million. However this correction was not made by way of a prior period adjustment to opening reserves in the draft financial statements, as required by accounting standards (IAS 8). As a material error occurred in the opening balances, we requested that the Council restates the 2011/12 opening balances in the 2012/13 financial statements by way of prior period adjustment. This has subsequently been corrected in the latest financial statements. Finance officers have investigated the £9.9 million inconsistency in opening balances and have determined that the error arose due a combination of incorrect processing of revenue expenditure funded from capital under statute and incomplete allocation of expenditure codes within the trial balance to the 2011/12 financial statements. This has been corrected in the latest financial statements by increasing revenue expenditure funded from capital under statute by £7.587 million and other expenditure by £2.376 million included in the 2011/12 CIES. Our audit has not identified any other misstatements arising from prior year closedown procedures, although we have identified other material misstatements in opening balances at 1 April 2011. See Misstatement section of our report below.

AUDIT RISK AREAS

RISK	RELATED CONTROLS / RESPONSE TO RISK	WORK PERFORMED	CONCLUSION
PROPERTY, PLANT AND EQUIPMENT (PPE) - RIGHTS	As a result of issues reported by the predecessor auditors regarding disposals of fixed assets that had not been removed from the Council's accounts, incomplete registrations with the Land Registry and insufficient evidence of ownership for properties included in the fixed assets register, the Council is now reviewing and updating the fixed asset register.	We have reviewed Internal Audit's conclusions about the Council's arrangements for maintaining the fixed assets register. We have carried out extended sample testing to confirm ownership of fixed assets by the Council.	At the time of drafting this report Internal Audit's report on the fixed assets register has not been finalised with management. However, the draft report includes the following identified weaknesses: • the Council does not undertake asset reconciliations between systems to confirm the accuracy of data held in the fixed assets register or the Land Terrier/Land Registry • sample testing of assets selected for revaluation, identified that assets previously disposed of remained on the register, where they were valued at nil without any further explanation to justify their inclusion. We have noted there are a number of fully depreciated assets in the fixed assets register. These assets have a gross cost and gross accumulated depreciation of £18.889 million. Management has confirmed that the fair value of these assets is not material and we have sought management representation on this matter. We have recommended in the Action Plan at Appendix V that the Council completes a full review of these assets to determine whether they are still in use and have a value to the Council or whether they should be removed from the fixed assets register and the accounts. In addition, our audit work identified a number of assets that are still registered in the name of Berkshire County Council. We have recommended in the Action Plan at Appendix V that the Council seeks legal advice as to whether these titles need to be amended at the Land Registry. We have reported these issues as significant deficiencies in controls in the control environment section below and we have repeated Internal Audit's recommendations in the Action Plan at Appendix V. Our audit of property, plant and equipment found that the balances for gross cost/valuation and accumulated depreciation in the property, plant and equipment note did not agree to the fixed assets register as a result of a different disclosure of the write out of depreciation and impairment on revaluation. See Misstatements section of our report below. There is no impact on the overall value of property, plant and equipment.

AUDIT RISK AREAS

RISK	RELATED CONTROLS / RESPONSE TO RISK	WORK PERFORMED	CONCLUSION
PPE - PROPERTY VALUATIONS	The Council has taken steps to ensure that the issues raised by the predecessor auditors with regards to accounting for revaluations are not repeated in the current year.	We have reviewed the processes established by the Council for the valuation of its properties and carried out extended testing to ensure that assets are valued in accordance with the Council's policies (and CIPFA's Code requirements).	We are satisfied that assets have been revalued using an appropriate measurement basis. However, an imbalance between the revaluation reserve balances held within the fixed assets register and the balance in the accounts was identified as a result of the audit. The balances in the fixed assets register are considered to be correct and therefore a prior period adjustment has been processed to reduce the balances on the revaluation reserve and the capital adjustment account by £5.535 million at 1 April 2011. Further misstatements in the processing of revaluation journal entries in 2012/13, amounting to £1.462 million, were also identified, which have been corrected in the latest financial statements.
PPE- COMPLETENESS OF DEPRECIATION	As a result of issues reported by the predecessor auditors regarding incomplete depreciation of infrastructure, the Council has amended its fixed asset register to include depreciation on all infrastructure assets.	We have reviewed Internal Audit's report following its review of the fixed asset register. We have reviewed the fixed asset register to check that all relevant assets have been depreciated, including infrastructure. We have also carried out extended testing on a sample of depreciation calculations.	Our review of the fixed asset register identified 12 operational and 21 depreciable surplus assets that have not been depreciated. Whilst the impact on the financial statements is currently trivial, we have raised a recommendation in the Action Plan at Appendix V for this issue to be addressed.
PPE - COMPONENTISATION	The Council's previously stated policy was that assets would be componentised only where an individual item had a value in excess of 25 per cent of the total carrying value of the asset. No assets were captured by this policy. Following our discussions with officers at the audit planning stage, management has revised the thresholds for recognising components in its policy for 2012/13.	We have carried out extended testing to check whether assets revalued in the year and asset additions have been appropriately componentised according to the Council's new policy. We have also considered whether the Council's policy is reasonable and whether there is a risk of material misstatement of the depreciation charge.	The Council has revised its accounting policy for componentisation and is applying the revised policy, which is considered to be reasonable. However, we noted that for buildings revalued during the year, the Council had used the weighted average useful economic life provided by the Valuer for depreciating components that have longer lives than the weighted average, such as the structure of the buildings. Depreciation was therefore overstated by approximately £420,000. This is included in the schedule of unadjusted audit differences at Appendix II.

AUDIT RISK AREAS			
RISK	RELATED CONTROLS / RESPONSE TO RISK	WORK PERFORMED	CONCLUSION
NATIONAL NON-DOMESTIC RATES (NNDR) - BASE DATA	As a result of issues reported by the predecessor auditor on the reconciliations of valuation officer listings to the NNDR system, the transactional services hub has carried out extensive work to update the NNDR system from the latest valuation officer listings for each property and to resolve identified differences.	We have obtained an understanding of the process completed by the Council to update the NNDR system based on valuation officer listings and to account for any identified differences. We have also carried out extended sample testing to agree rateable values as recorded in the NNDR system (Academy) to listings from the valuation officer.	We are satisfied that the NNDR system has been updated from the latest valuation officer listings for each property in our sample and that identified differences have been addressed. Our testing confirmed that ratepayer accounts on the system now have the correct rateable value attached for each of the items we sampled.
NNDR - RELIEFS	In response to Internal Audit's recommendations regarding weaknesses in controls over the authorisation and confirmation of on-going entitlement to reliefs granted to business ratepayers, the Council is in the process of identifying resource to be allocated to this task.	We have substantively tested an extended sample of reliefs to ensure that they are correctly applied.	While significant deficiencies in authorisation controls over NNDR reliefs were evident in 2012/13, our substantive testing of a sample of reliefs recorded in the NNDR system has not identified any issues regarding the accuracy or validity of the reliefs granted. We have reported the weaknesses in controls in this area as a significant deficiency in controls in the Control environment section below and we have repeated Internal Audit's recommendations in the Action Plan at Appendix V.

AUDIT RISK AREAS

RISK	RELATED CONTROLS	WORK PERFORMED	CONCLUSION
RELATED PARTY DISCLOSURES	Following weaknesses highlighted by the predecessor auditors and Internal Audit in the Council's processes for recording Members' and officers' declarations of interests and identifying and disclosing related party transactions in the financial statements, finance officers have obtained year end declarations from all Councillors and the Corporate Management Team.	We have reviewed the Council's processes for identifying related party relationships and transactions for 2012/13. We have also substantively tested an extended sample of related party relationships to check whether all declarations have been made to the Council and that the related party disclosures in the financial statements are complete.	We have reported the weaknesses in controls over declarations of interests in 2012/13, as identified by Internal Audit, as a significant deficiency in controls during the year in the Control environment section below. Our testing of disclosures in the related parties note found that amounts paid to the Slough Community Leisure Centre, of which two Councillors are members of the Board, was understated by £148,000. This is being corrected in the final financial statements. As part of our audit of related party transactions, we completed a Companies House search for all Councillors and senior officers and compared identified directorships with recorded interests in the register of interests. We found seven undisclosed directorships for the officers sampled, two of which related to organisations where the post is held as a result of the officer's role in the Council. However, there were no transactions between the Council and the relevant organisations, and therefore no impact on the related party transactions note in the financial statements. The Council has implemented a new register of interests system, which has largely addressed the recommendations raised by Internal Audit. However, we have raised a recommendation in the Action Plan at Appendix V for the Council to issue further guidance to clarify the information officers and Councillors are required to disclose, particularly in respect of organisations where they act on the Council's behalf. In addition, our audit found that £90,000 paid to the Thames Valley Athletics Centre and £38,000 paid to the Slough Museum were not disclosed in the draft financial statements. Councillors had correctly declared their Directorship of these organisations. As the amounts are potentially material to the related organisations, the related party disclosures will be amended in the final financial statements.

AUDIT RISK AREAS			
RISK	RELATED CONTROLS	WORK PERFORMED	CONCLUSION
INCREASE IN NON DISTRIBUTED COSTS	Finance officers have investigated the reasons for an increase of £21.9 million in gross expenditure and £18.1 million in gross income in Non Distributed Costs disclosed in the Comprehensive Income and Expenditure Statement (CIES) compared to prior year totals.	We have reviewed the working papers to support non distributed costs and the significant variance from the prior year. We have checked that only items that meet CIPFA's Service Reporting Code of Practice (SERCOP) definition of non distributed costs are included in this heading.	Our audit found that the Council had incorrectly included internal income received from the recharging of Non Distributed Costs and other support costs within gross income in the CIES, rather than netting the income off against the expenditure. In addition, the Council identified a number of trial balance codes that had been incorrectly allocated to the draft Comprehensive Income and Expenditure Statement. As a result, overall gross income and expenditure on services were both overstated by £12.569 million in the draft financial statements. This has been amended in the final financial statements.
DECREASE IN OTHER CREDITORS	Finance officers are investigating the reasons for the £8.9 million decrease from prior year in other creditors within the short term creditors note	We will review the explanations and supporting evidence for the significant decrease in other creditors this year, when available.	We are satisfied that the decrease relates largely to specific capital creditors at the prior year end that are not required at 31 March 2013. Our audit work has not identified any significant issues with the completeness of creditor balances.
DECREASE IN ACCUMULATED ABSENCES ACCRUAL	Finance officers have investigated the reason for a decrease of £2.7 million in the accumulated absences accrual within short term creditors, for staff leave not taken at 31 March 2013, compared to the prior year amount.	We have assessed the adequacy of the Council's procedures for determining the number of staff annual leave days outstanding at year end and checking the accuracy of the accrual calculations.	We are satisfied that the Council has correctly calculated the required accrual for teachers. No accrual for any untaken leave by other Council staff has been raised on the grounds that staff may only carry forward untaken leave, up to a maximum of five days, in exceptional circumstances. The Council's current record keeping does not allow for a detailed listing of all untaken staff leave to be produced, although it is expected that this information will be available going forward from a new HR system that is being implemented. We are satisfied that the Council's judgements and estimates in this area are not unreasonable and any misstatement at year end would not be material.

AUDIT RISK AREAS			
RISK	**RELATED CONTROLS**	**WORK PERFORMED**	**CONCLUSION**
PENSION FUND LIABILITY	The Council obtains the actuarial valuation of the pension fund from Barnet Waddingham and checks the recommended disclosures are in line with management's expectations before processing the necessary accounting entries under the relevant accounting standard (IAS19 - Employee benefits).	We have reviewed the accuracy of the disclosures in the financial statements against the actuarial valuation and have considered the outcome of management's review of the information provided by the scheme actuary to ensure this is reasonable. We have received information from the pension fund auditor regarding their testing of controls operated by the pension fund, which has not identified any significant issues. We have also reviewed a report produced by the Audit Commission and provided to all auditors based on an assessment of the assumptions made by actuaries involved in Local Government Pension Scheme valuations across the country.	No issues have been identified from our audit work in this area. Further detail of management's approach and our work in auditing this liability has been reported within the Accounting estimates section below.

Accounting Practices and Financial Reporting Framework

Financial Statement Preparation process	Audit issues and impact on opinion
The requirement for Members to approve the draft financial statements by 30 June was removed by the Accounts and Audit Regulations 2011, however these regulations introduced the requirement for the Responsible Financial Officer to sign and present the financial statements for audit by 30 June. The 2012/13 financial statements were signed by the Chief Financial Officer on 28 June 2013 The Council provided the draft financial statements to us on 1 July 2013, in accordance with the closedown timetable. The requirements of the Accounts and Audit Regulations for the Chief Finance Officer to certify the accounts by 30 June 2013 were met. The Council therefore improved its performance compared to previous years by achieving these deadlines.	While the Council met published deadlines, it did not allow sufficient time to undertake a critical review of the draft financial statements before submission to audit. The incoming Finance Team identified there was insufficient transfer of detailed, operational knowledge about the problems previously encountered in closing the accounts or the new closedown timetable put in place to address the situation. As a consequence, the new Finance Team had little opportunity to review and understand Slough's approach to the more complex transactions contained in the financial statements before the closedown timetable commenced. As part of our planning for the audit we prepared a detailed schedule of working papers and the audit trails we expected to receive with the draft financial statements and we provided this schedule to officers on 28 January 2013. However, in preparing the draft financial statements, officers produced their working papers and audit trails based on the requirements of the predecessor auditors. Not all of the information we requested was produced at the outset of the audit. Substantial delays were therefore encountered in progressing our audit work.

Accounting Policies	Audit issues and impact on opinion
The following changes have been introduced by the 2012/13 Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code'), resulting in changes in accounting practice: • objective of the financial statements and the qualitative characteristics of financial information as a result of the publication of the first phase of the International Accounting Standards Board's (IASB's) The Conceptual Framework for Financial Reporting 2010 (the Conceptual Framework) • encouraging local authorities to prepare the Explanatory Foreword taking into consideration the requirements of the Government's Financial Reporting Manual (FReM) • amendments in relation to IFRS 7 Financial Instruments: Disclosures (transfers of financial assets).	We have no matters to report in relation to the changes introduced by the 2012/13 Code, although we have the following issue to report in relation to the Council's application of accounting policies: **Periodic income and expenditure** We have noted that the Council does not raise accruals or recognise deferred income at year end for periodic income not yet billed or received in advance. Similarly, accruals are not raised for periodic expenditure, such as utility bills, at year end. The approach is on the basis that invoices are raised in the same way each year and therefore there is a full 12 months of income and expenditure in the general ledger. This approach is acceptable where there are no significant fluctuations in income or expenditure between financial years. We have requested that the approach adopted is documented in Accounting Policies and we have raised a recommendation in the Action Plan that management reviews this approach each year to ensure that it does not result in a material misstatement of income for the year.

Accounting estimates	Audit issues and impact on opinion
We review material accounting estimates identified as having high estimation uncertainty or which are subject to a significant degree of judgement by management, and assess the reasonableness of the assumptions applied by management when deciding whether to recognise amounts in the accounts or the value at which these are recognised. We consider the following to be material accounting estimates with high estimation uncertainty: • valuation and depreciation of property, plant and equipment • estimated pension liability	**Valuation of property, plant and equipment** Land and buildings are required to be carried at fair value which is either existing use value, depreciated replacement cost for specialised properties or open market value. The Council's accounting policy states that such assets are included in the Balance Sheet at fair value and revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The Council does not adjust for price indices between formal valuations unless there is indication of material changes. Management processes valuation adjustments to land and buildings based on valuation reports and useful economic lives provided by an independent firm of valuers with specialist knowledge and experience valuing local authority estates, which has regard to local prices and building tender indices in the public sector. For the assets formally revalued in the year, the valuer reported the values as at 1 April 2012 and provided a complementary report to confirm that there were no material changes at 31 March 2013. We are satisfied that the valuer is suitably independent of the Council, objective and experienced in undertaking this work. Our review of the valuations provided, when compared to other price index information available, and useful economic lives allocated to buildings and significant components, showed that they are not unreasonable. The Code requires that revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value. As a minimum, this requires valuations to be obtained every five years but they must be revalued more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value. The Government's Housing Stock Valuation Guidance (issued in 2010) also only requires a full valuation of council dwellings once every 5 years and an annual review in intermediate years, which should take account of material movements in value at the asset group level, including impairment. Management has stated that it is satisfied the current programme of valuations is adequate and that there is no material difference between the fair value of land and buildings at 31 March 2013 and the carrying value based on valuations in previous years, as year-end reviews of impairment and material changes are carried out by the valuer. However, the evidence retained by management to support the cumulative movements in year-end values for assets formally revalued in previous years, is limited. We have recommended in Appendix V that management more fully document its thought process and evidence to support the representation that the carrying values of all assets remain materially accurate compared to fair value at year end. The year-end reviews carried out by the valuer include a report on the movements in the average market prices of housing in the area. These reports indicate a decrease of 0.76 per cent for 2012/13 and an increase of 1.6 per cent for 2011/12 in the market value of houses. The last full valuation of council dwellings was on 1 April 2010. The Council has not adjusted the value of its council dwellings for any price movements since that date on the basis that such movements are not material. Based on the price information provided by the external valuer, we are satisfied that council dwellings are not materially misstated at 31 March 2013.

Accounting estimates (continued)	Audit issues and impact on opinion
	Vehicles, plant and equipment are reasonably short-life assets and the depreciated carrying value is assumed to be a reasonable proxy for their fair value, without requiring any regular market valuation adjustments. We have reviewed the useful economic lives allocated to classes of equipment assets and are satisfied that they are not unreasonable. The Code requires that management reviews the residual value, useful life and depreciation method of all classes of assets at the year end to confirm that annual depreciation charges properly reflect the consumption of those assets. Where these differ significantly from previous estimates the impact on the annual and future depreciation charges should be disclosed in the financial statements. Management has stated that it has undertaken an informal review of useful lives, depreciation methods and residual values and that the existing assumptions remain appropriate. However, the evidence retained by management to support their review is limited and we have recommended in Appendix V that management more fully document its annual review of useful lives, depreciation methods and residual values of all classes of assets. **Estimated pension liability** The net pension liability of the Council comprises its share of the market value of assets held in the Royal County of Berkshire Pension Fund, administered by the Royal Borough of Windsor and Maidenhead Borough Council, and the estimated future liability to pay pensions for its current, deferred and retired members of the pension scheme. An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation. Management has agreed the assumptions made by the actuary to support the estimate and these are disclosed in the financial statements. We have requested written representations from the Council to confirm that the assumptions applied by the actuary are reasonable and consistent with its knowledge of the business of the Council. We are satisfied that the actuary is suitably independent of the Council, objective and experienced in undertaking this work. Our review of the assumptions applied in estimating the pension liability suggest that these are generally not significantly different from those being applied by the actuaries of other local authorities. **Other estimations** The Council has estimated a creditor accrual of £994,000 for expected amounts payable for special education needs services, where children have attended schools outside the borough. Whilst the amount is not material, we have noted that the accrual is based on budget and the same cost had been accrued for in the prior year. We have raised a recommendation in the Action Plan at Appendix V that the accrual should be estimated at year end taking account of the actual number of placements and the expected cost for each; and that regard should be had of the outcome against the prior year accrual.

Disclosures	Audit issues and impact on opinion
We review material accounting disclosures, to confirm that they are in compliance with the requirements of the Code	The following presentational and disclosure amendments are being made to the final financial statements: • removal of irrelevant disclosures with 'nil' values • presentation of the dates within the financial statements to more clearly show those that relates to balances at year end and those that relate to movements in the year • correction of a number of rounding differences across the financial statements • Balance Sheet – netting off of overdraft balances against cash and cash equivalents in the Balance Sheet and note 18, including a reclassification of balances at 1 April 2011 and 31 March 2012, as the bank accounts in overdraft at 31 March 2013 are an integral part of the Council's cash management and fluctuate between positive and negative balances • Balance Sheet – reclassification of the long term and short term balances for finance lease and PFI liabilities from creditors to 'Other long term liabilities' and 'Other current liabilities' respectively, including a reclassification of balances at 1 April 2011 and 31 March 2012, in the Balance Sheet and note 20 • note 1 - update to the accounting policy note to reflect the Council's policy on componentisation of property, plant and equipment • note 1 – disclosure of the Council's approach to accounting for periodic income because full accruals accounting is not applied • note 3 – disclosure of the Council's approach to accounting for schools, including voluntary controlled schools which the Council has removed from the Balance Sheet • note 4 – amendments to the 'Assumptions made about funding and other sources of estimation uncertainty' note to include the carrying amounts at the end of the year for items included in the note; the uncertainty involved in valuation of land and buildings; and the effect that the five year rolling programme of valuations and the use of the beacon basis may have on values and useful economic lives • note 4 – disclosure of the estimations involved in calculating impairment allowances for doubtful debts, the fair value of borrowing and investments and the value of creditor accruals • note 5 - disclosure of the loss on derecognition of property, plant and equipment relating to academies within the 'Material items of income and expenditure' note • note 6 - disclosure of the NNDR rates reforms, transfer of public health responsibilities, outstanding business rates appeals at 1 April 2013 and the three schools achieving Academy status after year end as non-adjusting post balance sheet events in the 'Events after the reporting period' note • note 7 - separate disclosure of movements in the fair values of investment properties in the 'Adjustments between Accounting Basis and Funding Basis under Regulations' note, as required by the Code (previously disclosed as part of depreciation and impairment of non-current assets) • note 12 - analysis in the property, plant and equipment note of the total revalued amount of assets across each the five years of the rolling programme of revaluations • note 12 - analysis of major capital commitments at year end in the property, plant and equipment note • note 13 - disclosure of any contractual obligations to purchase, construct or develop investment property or to carry out repairs, maintenance or enhancements in respect of investment properties, as required by the Code

Disclosures (continued)	Audit issues and impact on opinion
	• note 13 - disclosure of any restrictions in respect of the Council's rights to realise the value inherent in its investment property or the right to income and proceeds from disposal, as required by the Code • note 17 – further analysis of debtors for amounts receivable from NHS bodies, public corporations and trading funds and other entities and individuals, in accordance with Code requirements • note 20 – further analysis of creditors for amounts payable to NHS bodies, public corporations and trading funds and other entities and individuals, in accordance with Code requirements • note 22 – inclusion of description for 'amounts applied to finance new capital investment' in the capital grants unapplied account • note 23 – inclusion of description for 'use of the capital receipts reserve to finance new capital expenditure' in the capital adjustment account • note 27 - inclusion of description for 'fees, charges & other service income' in the 'Amounts reported for resource allocation decisions' note • note 34 – disclosure of £90,000 paid to the Thames Valley Athletics Centre and £38,000 paid to the Slough Museum as councillors hold directorships in these organisations • note 35 – clearer disclosures that certain 2011/12 balances have been restated and the reasons for the restatement • note 37 – amended presentation of the movements in the PFI liability in the PFI note • note 45 – removal of note on changes in accounting policy for Heritage Assets because the change came into effect in the prior year • HRA notes – disclosure of the total Balance Sheet value of non-current assets within the Council's HRA as at 1 April 2012 and 31 March 2013 in respect of each asset category in the property, plant and equipment note • HRA notes – disclosure of the vacant possession value of dwellings within the Council's HRA as at 1 April 2012 and an explanation that vacant possession value and Balance Sheet value of dwellings within the HRA show the economic cost to the Government of providing council housing at less than market rents • HRA notes – disclosure of an explanation of the capital asset charges accounting adjustment, calculated in accordance with Item 8 Credit and Item 8 Debit (General) Determination for the year • Collection Fund - disclosure of opening and closing fund balance, and contributions towards the previous year's estimated collection fund surplus/deficit • Collection Fund note 4 - inclusion of description for 'total non-domestic rateable value'

Misstatements	Audit issues and impact on opinion
We identified a number of departures from the expected presentation of the 2012/13 financial statements, or where notes and other disclosures had not been presented in accordance with the Code and requested management correct these in order to achieve compliance. We have reported these under the following headings: • Material misstatements of the primary statements requiring prior period adjustments • Other material misstatements of the primary statements in the current year • Material misstatements of disclosures and notes • Non-material misstatements of the primary statements and note disclosures • Other issues	**Material misstatements of the primary statements requiring prior period adjustments** The following misstatements identified in the draft financial statements have been corrected in the latest financial statements by restating comparative figures in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*. The Council is in the process of producing a Prior Period Adjustments note to record the impact of these changes in the financial statements. **Imbalance in prior year Movement in Reserves Statement (£9.9 million)** As reported in the audit risks section above, the prior year financial statements included an imbalance (difference) of £9.963 million between the Movement in Reserves Statement and the supporting note for 'Adjustments between accounting basis and funding basis under regulations'. The Council has investigated the issue and a prior period adjustment has been processed to correct the misstatements in revenue expenditure funded from capital under statute (£7.587 million) and other expenditure (£2.376 million) included in the 2011/12 CIES. **Leased assets (£7.6 million) and minimum revenue provision** The Council had a long term debtor of £7.577 million at 1 April 2011 in respect of assets that it is leasing to other organisation. This balance reduced to £6.024 million at 31 March 2013. During the audit it was established that these transactions are operating leases and therefore management agreed that the balance should be removed from debtors and the capital adjustment account balance reduced accordingly. As part of these transactions, the Council had incorrectly reduced its minimum revenue provision by £1.286 million in 2012/13 and £253,000 in 2011/12 for income earned from these leases, rather than recognising the income in the CIES. As this treatment has resulted in a material misstatement of opening balances on long term debtors and the capital adjustment account, opening balances have been restated by way of a prior period adjustment. The following amendments have been made in the final financial statements: - decrease long term debtors by £7.577 million at 1 April 2011 - decrease short term debtors by £253,000 at 1 April 2011 - decrease the capital adjustment account by £7.830 million at 1 April 2011 - reverse the 2011/12 reduction in the long term debtor balance of £243,000 and the reduction in the short term debtor balance of £10,000, and recognise income of £253,000 in 2011/12 - reverse the 2011/12 credit to the minimum revenue provision in the general fund and the corresponding debit to the capital adjustment account of £253,000 - reverse the 2012/13 reduction in the long term debtor balance of £1.310 million and the increased in the short term debtor balance of £23,000, and recognise income of £1.287 million in 2012/13 - reverse the 2012/13 credit to the minimum revenue provision in the general fund and the corresponding debit to the capital adjustment account of £1.287 million.

Misstatements (continued)	Audit issues and impact on opinion
	Revaluation reserve (£5.5 million) As part of our audit of revaluation movements on property, plant and equipment in the year, we requested an analysis of the revaluation reserve balance by asset, as held within the fixed asset register system. This analysis indicated an unreconciled difference of £4.073 million at 31 March 2013 between the overall reserve balance and the balances in the fixed assets register. On further investigation the Council found that the revaluation reserve balance in the financial statements at 1 April 2011 was understated and the capital adjustment account balance was overstated by £5.535 million, a difference which had been carried forward to 2012/13. Other misstatements in the processing of revaluation movements in 2012/13 accounted for the remaining £1.462 million difference. The Council has proposed a prior period adjustment of £5.535 million to correct the revaluation reserve balance at 1 April 2011 and further amendments are being made to correct the misstatements between the revaluation reserve and the capital adjustment account in 2012/13. **Financial Instruments Adjustment Account (£4.3 million)** We reported in the audit risks section above that the Council has corrected a £4.284 million error in the prior year financial statements by reducing the debit balance on the financial instruments adjustment account and reducing earmarked reserves and the HRA balance during 2012/13. As the misstatement was material, the Council should have restated its opening balances at 1 April 2012 and made the necessary prior period adjustment disclosures as required. This has been amended in latest financial statements. **Voluntary aided school (£3.4 million)** Our audit of property, plant and equipment found that a voluntary aided school with a carrying value of £3.358 million at 31 March 2013 was included in the draft Balance Sheet. All other voluntary aided schools have correctly been taken off the Balance Sheet in prior years. IFRIC 12 *Service concession arrangements* does not apply to voluntary aided schools and therefore does not require recognition on the Balance Sheet, as there is no contract for the provision of services by the schools and the schools are not providing new or enhanced infrastructure assets for the benefit of the Council. In addition, IFRIC 4 *Determining whether an arrangement contains a lease* is not applicable as there is no payment from the Council to the governing body. The Dedicated Schools Grant does not include a payment for use of the asset. Rather, it is a payment to fund the services operating through use of the asset. Accordingly, IFRIC 4 is not applicable for voluntary aided schools in the majority of cases.

Misstatements (continued)	Audit issues and impact on opinion
	Whilst this misstatement was not on its own material in the prior year financial statements, when combined with the misstatement in deferred capital receipts below, the cumulative impact on unusable reserves is material. The balances have therefore been corrected by way of a prior period adjustment to remove the assets from the Council's financial statements: - decrease property, plant and equipment and the capital adjustment account by £1.001 million at 1 April 2011 - reverse depreciation of £90,000 charged on the asset in 2011/12 - reverse an upward revaluation of £2.535 million that was credited to the revaluation reserve in 2011/12 - reverse depreciation of £88,000 charged in 2012/13. **Deferred capital receipts (£2.5 million)** Since 2010/11 the Council has included £2.511 million within deferred capital receipts (unusable reserves) and short term debtors in respect of the sale of a strip of land where contracts had not yet been completed. As the asset has not been sold as at 31 March 2013, the balance has been removed from deferred capital receipts and debtors in the latest financial statements. Whilst this misstatement is not on its own material, when combined with the misstatement in voluntary aided schools above, the cumulative impact on unusable reserves is material. The balances have therefore been corrected by way of a prior period adjustment. **Other material misstatements of the primary statements in the current year** **Recharged Non Distributed Costs and other support costs (£12.6 million)** As reported in the audit risks section above, our audit found that the Council had incorrectly included internal recharge income within gross income from Non Distributed Costs in the CIES, rather than netting the income off against the expenditure. In addition, the Council found a number of trial balance codes that had been incorrectly allocated to the draft CIES. These misstatements include some HRA items which have been reported separately below. Overall, gross income and gross expenditure on services were both overstated by £12.569 million in the draft financial statements. This has been amended in the latest financial statements.

Misstatements (continued)	Audit issues and impact on opinion
	Impairment of capitalised expenditure on Council dwellings (£5.5 million) The Council incurred expenditure of £5.478 million on the refurbishment of its housing stock in the year. This amount had been written off as impairment on the grounds that management considered that it did not add any enhanced value to the properties. The housing stock was last formally valued on 1 April 2010 and is due to be formally revalued again on 1 April 2015 under the Council's revaluation policy. An annual desktop review of changes in market prices is carried out each year, however this does not consider capital additions. IAS 16 *Property, plant and equipment* requires that components are derecognised from property, plant and equipment when they are replaced. As Council dwellings have not been fully revalued since 1 April 2010 (before IFRS was implemented) there are no separately identifiable components and therefore the Council has not derecognised any of the items replaced in the refurbishment work. However, the Code Guidance Notes for Practitioners states that the rules on the treatment of subsequent costs of replacing components do not actually require that the replaced component should have been separately identified on acquisition and subsequently depreciated. Instead, the provisions for subsequent replacement costs apply generally to parts that are replaced. It also states that if the carrying amount of the replaced part or component cannot be identified, it is usually acceptable under the Code to use the cost of the replacement as a proxy for the deemed carrying amount of the replaced part and to adjust this for depreciation and impairment. On this basis, the Council should have estimated the carrying value of the replaced items and removed them from property, plant and equipment balances, recognising a loss on derecognition, rather than impairing the assets. The Council has reclassified the entries in the property, plant and equipment note (note 12) in the latest financial statements and recognised a loss on derecognition in the CIES (within operating expenditure rather than an impairment within the cost of services). This has also involved amendments to the HRA and corresponding notes.

Misstatements (continued)	Audit issues and impact on opinion

Collection Fund (cumulative adjustments in excess of £5 million)

Our audit found that a number of entries in the Collection Fund and supporting notes did not agree to the unaudited national non domestic rates return submitted to the Department for Communities and Local Government. Our audit of the return resulted in a reduction in the losses in collection reported in the return and an associated increase in the amount payable to the national pool, by £832,000.

The presentation of national non-domestic rates in the draft Collection Fund did not meet the requirements of the Code as discretionary relief, costs of collection and allowance for impairment are required to be netted off income collectable from business ratepayers. The audit also found that write-offs of uncollectable amounts and allowance for impairment for council tax were incorrectly disclosed.

The Council has amended the financial statements to correct these issues:

- decrease discretionary relief income by £439,000
- decrease income collectable from business ratepayers by £4.058 million
- decrease the cost of collection by £511,000
- decrease the payment to the national pool by £677,000
- increase write-offs of uncollectable amounts by £992,000
- decrease allowance for impairment by £5.096 million
- increase Collection Fund surplus by £795,000.

As a result of the above amendments, further adjustments have been made to account for the Council's s share of the revised Collection Fund surplus and to correct reclassification misstatements in Collection Fund balances within debtors and creditors:

- increase council tax income in the CIES £683,000
- increase central services costs in the CIES by £198,000
- increase short term debtors by £3.358 million
- increase short term creditors by £2.873 million.

The increase in council tax income has then been reversed out of the general fund to the collection fund adjustment account through the Movement in Reserves Statement.

The comparative figures for 2011/12 in the Collection Fund have been reclassified to be consistent with the current year and the Code requirements.

Housing Revenue Account (HRA) (cumulative adjustments in excess of £5 million)

Our audit has identified a number of presentational misstatements in the HRA and supporting notes, including an imbalance between the Movement in HRA Statement and the closing balance on the HRA. The following amendments have been made, which reduce the deficit for the year on HRA services disclosed in the draft financial statements by £3.304 million, although the impact on the closing HRA balance is a reduction of only £294,000:

- inclusion of £5.478 million loss on derecognition of Council Dwellings in the HRA and the 'Adjustments between accounting basis and funding basis' note to the Movement on HRA Statement (see section on Impairment of capitalised expenditure on Council dwellings above)
- inclusion of a revaluation gain of £1.193 million within the HRA and the 'Adjustments between accounting basis and funding basis' note to the Movement on HRA Statement , to agree to the property, plant and equipment note, with corresponding amendment to the 'Depreciation and Impairment' note to the HRA
- decrease of £953,000 to depreciation charged to the HRA, to agree to supporting depreciation calculations, and corresponding amendment to the Major Repairs Reserve note and the 'Depreciation and Impairment' note to the HRA
- decrease of HRA repairs and maintenance and creditor accruals by £294,000 as a result of our audit identifying 12 invoices that had been accrued for twice
- inclusion of £190,000 'pensions interest cost and expected return on pension assets' in the HRA
- inclusion of £76,000 additional charge to supervision and management costs (issue identified by the Council)
- disclosure of £953,000 as a voluntary contribution from the HRA to the major repairs reserve in the 'Adjustments between accounting basis and funding basis' note to the Movement on HRA Statement and in the Major Repairs Reserve note to the HRA
- inclusion of £266,000 for 'HRA share of contributions to pensions reserve' in the 'Adjustments between accounting basis and funding basis' note to the Movement on HRA Statement
- removal of disclosures stating a £2 million transfer to earmarked reserves in the Movement on HRA Statement and supporting note as there was no such transfer
- restatement of the opening balance on the HRA by £1.28 million for the HRA share of the prior period adjustment relating to the error on the financial instruments adjustment account
- correction to the amounts disclosed for the carrying value of non-current assets sold and the proceeds from the sale of non-current assets in the 'Adjustments between Accounting Basis and Funding Basis under Regulations' note to the Movement in Reserves Statement
- deletion of an amount of £1.04 million incorrectly disclosed as 'direct revenue financing' of the HRA in the 'Adjustments between Accounting Basis and Funding Basis under Regulations' note to the Movement in Reserves Statement.
- CIES – corrections to income and expenditure for local authority housing, as a result of these amendments made to the HRA
- note 22 – amendments to the major repairs reserve for depreciation charge, transfer to HRA balances, HRA capital expenditure and contribution from the HRA, as a result of amendments made to the HRA.

Misstatements (continued)	Audit issues and impact on opinion

Material misstatements of disclosures and notes

Property, plant and equipment (note 12)

In addition to misstatements in property, plant and equipment highlighted elsewhere in this report, our audit found a number of differences between the fixed assets register and the property, plant and equipment and investment properties notes, which indicated misstatements within the notes in the current year and prior year. In addition, we found that some transactions had not been disclosed in accordance with Code requirements.

Whilst these misstatements do not have a material impact on the overall closing net book value of property, plant and equipment or investment properties, they are cumulatively material within the note and therefore the comparatives have been restated by way of a prior period adjustment. The amendments include:

- removal of £2.543 million from both gross cost and accumulated depreciation for vehicles, plant and equipment at 1 April 2011, by way of a restatement of comparatives, to agree to the fixed assets register
- removal of £1.123 million from both gross cost and accumulated depreciation for surplus assets at 1 April 2011 to agree to the fixed assets register
- transfer of £3.757 million from both assets under construction additions (within gross cost) and derecognition (within accumulated depreciation) in 2011/12 to council dwellings additions (within gross cost) and revaluation losses (within gross cost)
- transfer of £968,000 of gross cost and accumulated depreciation from investment properties to land and buildings within the reclassifications lines in 2011/12
- write out of accumulated depreciation and impairment on revalued assets to gross cost/valuation, of £14.798m and £6.044 million in 2011/12 and 2012/13 respectively
- removal of £640,000 reclassification entry for PFI assets in 2012/13, thereby increasing the net book value of PFI assets disclosed within the note
- removal of £6.404 million from the reclassification line within gross cost/valuation of PFI assets in 2012/13, which was erroneously included in the note on componentisation of the assets
- transfer £6.552 million from the general reclassifications line for land and buildings to the ‘Reclassifications to Assets held for sale’ line
- inclusion of £1.238 million in derecognition lines within both cost and accumulated depreciation for land and buildings in 2012/13.

Capital commitments (note 12)

The Council disclosed £196 million as the value of capital commitments at 31 March 2013 in the property, plant and equipment note (note 12) in the draft financial statements. This included medium term financial plan information regarding the capital programme that the Council is not contractually committed to incur and therefore does not meet the definition of capital commitments. The disclosure is thus materially overstated. The Council is working to identify the correct value to be disclosed and this will be amended in the final financial statements.

Audit issues and impact on opinion

Senior officer remuneration (note 30)

The Council has incorrectly included employer pension contributions in salaries when calculating the numbers of officers to be included in the over £50,000 remuneration bandings.

In addition, the Council has not included any officers earning over £50,000 who are employed in schools. The Code states that whether the Council pays the salary of the person is a relevant consideration but it is not a defining characteristic. Teachers at certain categories of schools will formally be employed by the governors but might be paid through the authority's payroll. In such cases, the contract of employment will take precedence over the source of payment.

The Council has amended its financial statements for these issues, which has resulted in a net reduction of 99 employees from the note.

Exit packages (note 39)

As part of our audit of the exit packages note we reviewed payroll reports and the general ledger for evidence of any missing disclosures. We found that the Council had misstated a number of terminations of employment in note 39.

This has been corrected in the latest financial statements, which has resulted in an increase of 19 disclosed terminations and an increase in the disclosed cost of redundancies by £436,000.

Financial instrument disclosures (note 15)

The 2012/13 and comparative disclosures in the financial instruments note in the draft financial statements did not include cash and cash equivalents and bank overdraft amounts and we found misstatements in the carrying value of long term and current debtors, other long term liabilities, long term and current creditors. These will be amended in the final financial statements.

Capital adjustment account

The Council included £5.478 million for the 'use of the major repairs reserve to finance new capital expenditure' in the movement in the capital adjustment account disclosed in note 23. The amount was incorrectly stated as a positive amount rather than a negative amount, with the result that the closing balance on the account was misstated in the note and did not agree to the Balance Sheet and the Movement in Reserves Statement. This has been corrected by the Council. `

Misstatements (continued)	Audit issues and impact on opinion
	Amounts reported for resource allocation decisions note (note 27) Our audit identified a number of misstatements in Note 27, which are cumulatively material, as the note did not reconcile correctly to the CIES or agree to the directorate analysis for net expenditure outcome disclosed in the Foreword. It also did not agree to disclosures elsewhere in the financial statements in the case of depreciation, amortisation and impairment, payments to the housing capital receipts pool and loss on disposal of non current assets. The Council is in the process of revising the note in the final financial statements. **Capital financing requirement (note 35)** The minimum revenue provision of £2.588 million was omitted from the capital expenditure and capital financing note in the draft financial statements, with the result that the closing capital financing requirement and the underlying need for borrowing were both overstated. This will be corrected in the final financial statements. **Leases disclosures (note 36)** Our audit found a number of misstatements in the disclosures of minimum lease rentals/payments and asset values in the leases note. This will be corrected in the final financial statements. **Pensions disclosure (note 41)** The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in note 41 to the financial statements was disclosed as £114 million rather than £109 million. This will be amended in the final financial statements. **Non domestic rateable value** The non-domestic rateable value at 31 March 2013 disclosed in the Collection Fund (note 4) in the draft financial statements did not agree to the national non domestic rates systems or the Valuation Officer listing at 31 March 2013. The amount has been amended from £226,139,971 to £223,656,241 to agree to the underlying system. **Non-material misstatements of the primary statements and note disclosures** **Receipts in advance** Our audit testing of receipts in advance and creditor accruals within short term creditors identified a number of grant receipts amounting to £3.338 million, which the Code requires to be separately disclosed as grants receipts in advance on the Balance Sheet. Of this balance, there are a few items where there are no conditions attached to the grant that would require repayment of the funding if not spent in accordance with the grant stipulations. The Code requires that these are recognised as income, although unspent capital amounts should be transferred to the capital grants unapplied account and unspent revenue amounts may be transferred to earmarked reserves.

Misstatements (continued)	Audit issues and impact on opinion

As a result of these issues the Council has made the following amendments in the latest financial statements:

- transferred £299,000 and £354,000 from short term creditors to revenue receipts in advance and capital receipts in advance respectively
- transferred £2.374 million from short term creditors to capital grant income in the CIES and then reversed this amount out of the general fund to the Capital grants unapplied account
- transferred £311,000 from short term creditors to income in the CIES and then reversed this amount out of the general fund to revenue grants earmarked reserves.

Private finance Initiative (PFI) liabilities

We have reviewed the accounting entries relating to the Council's PFI contract. The accounting model underlying the accounting entries did not follow the methodology required by the Code. The accounting model has therefore been updated to revise the method assigning the annual unitary payment between service costs, interest payable and the repayment of the liability each year. The amendments made to the primary statements in the 2012/13 financial year include correction of a non-material misstatement in prior years. The impact of the amendment, from the draft to revised financial statements is:

- a reduction in net cost of services of £638,000
- an increase in interest payable of £1.834 million
- an increase in the PFI liability as at 31 March 2013 of £1.196 million.

There is no impact on the General Fund balance at 31 March 2013 as a corresponding amendment has been made to the Minimum Revenue Provision in the 'Adjustments between Accounting basis and Funding basis under regulations' note and the Capital Adjustment Account. No adjustments have been made to the comparator amounts shown in the financial statements. Note 37 in the financial statements has been updated to reflect the above amendments and also the analysis of future commitments under the contract.

Municipal Mutual Insurance (MMI) provision

Our audit found that the Council had provided for 28 per cent of the maximum potential levy, although the calculated provision was added to the opening provision rather than setting the closing balance. In May 2013 the scheme administrator informed the Council that it intends to set an initial levy of 15 per cent. Management has informed us that it believes that 23 per cent is a reasonable estimate for the provision. This is not unreasonable as we understand that the 15 per cent initial levy is based on the midpoint of a range of 9.5 to 28 per cent estimated by the scheme administrator's actuary.

The provision has been reduced by £481,000 in the latest financial statements to reflect the closing provision at 23 per cent and the balance has been reclassified from short term to long term provisions, including the prior period classification, as the payment is not expected to be made during 2013/14. The £481,000 reduction in liability has been transferred to earmarked reserves and therefore there is no net effect on the general fund.

Assets held for sale

Our audit found that assets held for sale (AHFS) included £416,000 of land that did not meet the formal definition of AHFS. This amount has been reclassified as surplus assets within property, plant and equipment in the latest financial statements.

Investments

Our review of long term and short term investments found the impairment allowance on an Icelandic bank deposit had been incorrectly disclosed within long term investments, whereas the recoverable amount is included in short term investments at 31 March 2013. Our testing also found that the Council had incorrectly accounted for the impairment on the Icelandic Bank deposit.

These misstatements have been corrected in the latest financial statements by debiting long term investments by £335,000 and short term investments by £31,000 and crediting expenditure by £366,000 (the impairment allowance charge to 'Interest payable and other charges' within 'Financing and investment income and expenditure').

Debtors and creditors notes - classifications

Our audit of the debtors and creditors notes identified the following misclassifications, which have been amended in the latest financial statements:

- debit balance of £1.135 million for amount receivable from Department for Work and Pensions for benefits subsidy incorrectly included in creditors (central government department) rather than debtors
- creditor balance of £1.088 million for amounts payable to local authorities for special education needs incorrectly classified as 'other entities and individuals' rather than balances with other local authorities
- amounts receivable from PCTs of £1.856 million included in other debtors rather than balances from NHS bodies
- grant receivable of £347,000 from the Department for Transport included in other debtors rather then balances from central Government Departments.

Debtor for pension contributions

Our testing of a sample of sundry debtors identified a balance of £574,000, carried forward from 2011/12, in respect of pension contributions made to the Pension Fund, which should have been charged to services in the prior year. The balance has been transferred to gross expenditure on services in the 2012/13 latest financial statements, with a transfer from earmarked reserves to eliminate any impact on the closing general fund balance.

Misstatements (continued)	Audit issues and impact on opinion

Debit balances in creditors ledger

There are debit balances totalling £247,000 in the creditors ledger at 31 March 2013. Some of the balances are historic and it is possible that refunds were received but the balances were not removed from the creditor accounts. In the latest financial statements the Council has written off £119,000 in respect of the older debit balances and transferred the remaining £128,000 to debtors.

Redundancy accruals

Our audit found 13 redundancies before year end, totalling £357,000, within cultural services which had not been accrued for. However, we also found that a balance of £176,000 was being held in long term creditors for future redundancy costs in schools, where there was insufficient evidence of a constructive obligation for the liability at the balance sheet date. These misstatements have been corrected in the latest financial statements by:

- increasing cultural service costs in the CIES by £357,000
- increasing short term creditors by £357,000
- reducing education expenditure in the CIES by £176,000
- reducing long term creditors by £176,000.

However, there is no impact on the general fund as the Council has transferred a net £181,000 from earmarked reserves to cover the additional costs.

Other long term creditors

In addition to the unsupported long term redundancy liability of £176,000 reported above, a balance of £128,000 was included within long term creditors for intangible assets. This balance was carried forward from previous years, although it was included in deferred liabilities within long term creditors in the prior year. The Council was unable to provide any evidence or explanation to support this liability, and therefore in the absence of a constructive obligation, the balance was written off to corporate and democratic core costs in the latest financial statements.

Classification of benefits administration grant

Our audit found that the benefits administration grant was incorrectly allocated to service income in the draft financial statements. This has been reclassified in the latest financial statements, to reduce Cultural and related services income by £973,000, increase Other housing services income by £811,000 and increase Central services income by £162,000.

Audit issues and impact on opinion

Sundry creditor accruals

Our sample testing of sundry creditors found that an accrual for business rates payable by children centres owed by the Council, and corresponding expenditure, was understated by £186,000. This has been amended in the latest financial statements. We have extrapolated this error over the untested population and thereby estimate that there could be further errors in the region of £801,000 within other short term creditors. This has been included in the schedule of uncorrected audit differences at Appendix II.

Other disclosure misstatements

The following disclosure misstatements in the draft financial statements, identified by our audit, will be amended in the final financial statements:

- note 13 - direct operating expenses from investment properties, net gains from fair value adjustments and transfers to property, plant and equipment were omitted in the 'Income, expenditure and changes in fair value of investment properties' note
- note 15 – disclosures for interest expense and interest income did not reconcile to other relevant notes to the draft financial statements
- note 31 – disclosures for external audit fees did not agree to the planned audit fee notified to the Council
- note 34 – the value of payments made to the Slough Community Leisure Centre disclosed in the related parties note did not agree to the general ledger, resulting in an amendment from £593,000 to £741,000
- note 40 - the contributions paid by the Council towards teachers pensions were misstated in the note, resulting in an amendment from £3.5 million to £3.94 million
- HRA note 1 – the number of demolitions of council dwellings has been understated in the housing stock note and the number of properties at year end are therefore misstated
- HRA note 3 - the value of capital expenditure on HRA assets disclosed in the Major Repairs note was understated by £953,000
- HRA note 5 - disclosure of capital receipts from the disposal of HRA assets and the amount paid to central Government had been omitted
- HRA note 9 - disclosure of depreciation on HRA properties other than dwellings had been omitted from the note
- HRA note 10 - disclosure of pension costs and employers contributions to the pension fund had been omitted
- Collection Fund note 3 – prior year disclosures for the 'calculated numbers of dwellings' in each council tax band had been rolled forward from the prior year without updating for the position at 31 March 2013.

Misstatements (continued)	Audit issues and impact on opinion
	Comparative disclosures incorrectly rolled forward from prior year The following 2011/12 disclosures did not agree to the prior year financial statements and will be amended in the final financial statements: • note 8 - transfers in and out of earmarked reserves for specific grants and other specific earmarked reserves in the 'Transfers to/from earmarked reserves' note; this amendment resulted in a further £1.134 million amendment between these reserves in 2012/13 to ensure that closing balances agreed to the general ledger • note 12 (a) – amounts for derecognition, reclassification and transfers, and reclassified to Held for sale within the property, plant and equipment note • note 18 – bank overdraft balance • note 23 - disclosure of upwards and downwards revaluations in the revaluation reserve • note 24 - disclosure of interest paid and interest received in the notes supporting the cash flow statement.

Uncorrected misstatements	Audit issues and impact on opinion
We are required to report to you uncorrected misstatements that relate to the current financial year (including those arising in previous periods that have an effect on the current year financial statements) and the effect that they have individually, or in aggregate, on the auditors' report, except for those that are clearly trivial. These are set out below and their potential impact is summarised at Appendix II.	**Out of date cheques in the prior year** The predecessor auditors found that the Council included out of date cheques totalling £266,000 in the accounts which were required to be written back. By correcting this issue in the current year and increasing cash and cash equivalents and crediting expenditure, the underlying deficit on provision of services in 2012/13 has been reduced by this amount There is no continuing misstatement in the balance stated at 31 March 2013. The issue affects reported financial performance for the year. **Schools balances and transactions** There are 12 schools under the Council's control that do not process their transactions directly through the Council's general ledger ('non Oracle schools'). They provide the Council with quarterly returns, which are signed by the school treasurer to certify their agreement of the balances and totals. The Council processes these transactions to the general ledger by way of journal entries.

Uncorrected misstatements (continued)	Audit issues and impact on opinion
	The Council closed down its 2012/13 accounts before receipt of all returns from these schools, which meant that it had to estimate the amount of income, expenditure, debtors, creditors, cash balances and closing reserves for these schools to include in the financial statements at 31 March 2013. The estimates were based on budget information and returns from previous quarters made by the schools. We have compared the estimated balances to the returns provided by the schools and this has indicated the following differences in non Oracle schools: - £716,000 lower cash balances in the general ledger than those disclosed in the returns - £1.117 million higher creditors balances in the general ledger than those disclosed in the returns - £261,000 higher debtors balances in the general ledger than those disclosed in the returns - £381,000 lower schools reserves balances in the general ledger than those disclosed in the returns - £1.127 million higher expenditure in the general ledger than that disclosed in the returns - £64,000 lower income in the general ledger than that disclosed in the returns. These differences are not material and do not indicate any weaknesses in management's estimation techniques in this area, when considered in the context of overall ('non-Oracle') schools expenditure of £38.738 million for the year. **Componentisation of land and buildings** We have noted that for buildings revalued during the year, the Council had used the weighted average useful economic life provided by the Valuer for depreciating components that have longer lives than the weighted average, such as the structure of the buildings. We have calculated that depreciation was therefore overstated by approximately £420,000. This has not been amended in the latest financial statements as the issue will be corrected when the fixed asset register is updated during 2013/14 and the exact misstatement is calculated. **Sundry creditor accruals** As reported in the Misstatements section above, our audit of sundry creditors found an error in one of the sample items tested. We have extrapolated this error over the untested population and thereby estimate that there could be further errors in the region of £801,000 within other short term creditors. **Overall impact** The impact of correcting these items would increase the reported surplus for the year and increase the general fund (and reserves) by £2.412 million.

CONTROL ENVIRONMENT

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

As the purpose of the audit is for us to express an opinion on the Council's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

SIGNIFICANT DEFICIENCIES

AREA	OBSERVATION	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
Fixed assets register	Internal Audit identified a number of weaknesses in the Council's arrangements for managing the fixed asset register in 2012/13, including: • the Council does not undertake asset reconciliations between systems to confirm accuracy of data held within the Asset Register or the Land Terrier/Land Registry. • assets that have been disposed of are not always removed from the fixed assets register and general ledger. We also noted in our audit there are a number of fully depreciated assets in the fixed assets register. These assets have a gross cost and gross accumulated depreciation of £18.889 million.	Property, plant and equipment could be overstated if assets that are no longer owned or in use by the Council continue to be held in the fixed assets register.	Management should ensure that the following recommendations raised by Internal Audit on the fixed asset register are implemented as a high priority: • a reconciliation should be completed between the Fixed Asset Register and details held by Land Registry to assist in identifying discrepancies between the Register and Land Terrier systems • the Council should embed a process whereby all assets for disposal are clearly communicated to the Principal Capital Accountant through the use of a form that this officer is required to sign to confirm removal of disposed assets from the Asset Register or justification is documented to explain why nil value assets remain recorded. The Council should carry out a review of its fully depreciated assets to determine whether they are still in use and have a value to the Council or whether they should be removed from the fixed assets register and the accounts.	See Action Plan at Appendix V.

AREA	OBSERVATION	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
NNDR reliefs	Internal Audit identified a number of weaknesses in the Council's controls over the authorisation and confirmation of on-going entitlement to reliefs granted to business ratepayers in 2012/13.	These control weaknesses indicate a risk that NNDR collection amounts and contributions to the national pool may not be based on the most up to date information.	Management should ensure that the following recommendations raised by Internal Audit on business rates processes are implemented as a high priority: • an inspector should be put in place and regularly investigate empty properties and small businesses to ensure that these are still eligible for the reliefs and deductions they receive. An inspection timetable should be created to ensure that all properties in receipt of exemptions are inspected cyclically • the Council's transactional hub contractor should create a review timetable to ensure that regular checks are undertaken to confirm continued eligibility to reliefs and exemptions.	See Action Plan at Appendix V.

AREA	OBSERVATION	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
Register of interests	Internal Audit identified a number of weaknesses in the Council's arrangement for maintaining the register of Members' and officers' interests. As part of our audit of related party transactions, we completed a Companies House search for all Councillors and senior officers and compared identified directorships with recorded interests in the register of interests. We found seven undisclosed directorships for the officers sampled, two of which related to organisations in which the officer acts as the Council's representative. The Council has implemented a new register of interests system, which has largely addressed the recommendations raised by Internal Audit. However, further guidance is required to clarify what officers and Councillors are required to disclose, particularly in respect of organisations where they act on the Council's behalf.	The risk of inadequate disclosures of related party transactions in the financial statements is increased if the register of interests is not complete and accurate. .	The Council should issue further guidance to Councillors and officers to clarify that all directorships should be declared, including those where the post is held as a result of the individual's role in the Council.	See Action Plan at Appendix V.
Schools returns	Our audit found a number of schools did not submit all four required quarterly returns to the Education Finance Team, which meant that the Council had to estimate the amount of income and expenditure for such schools to include in the financial statements at 31 March 2013, as well as balances for cash, debtors, creditors and schools reserves at 31 March 2013.	Potential for error if the final outturn income and expenditure for schools has to be estimated.	Management should work with the schools that failed to return all four of their quarterly certified returns on time for 2012/13, to ensure a clear timetable is agreed with the schools and implemented in future years.	See Action Plan at Appendix V.

OTHER DEFICIENCES AND OBSERVATIONS

AREA	OBSERVATION	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
Bank reconciliations	A number of the year end bank reconciliations, particularly for schools and cash imprest accounts, have been completed a few days before year end. Whilst we understand the practical difficulties in completing bank reconciliations on the last day of the financial year where it falls over a weekend or holiday, the reconciliations could have been completed after year end and worked back to the 31 March 2013 position. In addition, our testing of bank balances found that there were no reconciliations for two imprest accounts, although we would note that the combined balances on these accounts were only in the region of £40,000. We experienced significant delays in our testing of bank balances as the bank reconciliations are held within service departments and are not collated centrally to support the balances in the financial statements.	Our review of bank statements from the reconciliation date to 31 March 2013 has not indicated any non-trivial transactions. However, if reconciliations are not completed at the correct date it is possible that bank balances may be misstated if, for example, a large amount is received just before year end and is not accounted for in the correct financial year.	Management should ensure that all year end bank reconciliations are completed to reflect bank statement and cash book balances as at 31 March. As part of the accounts closedown process the finance team should obtain copies of all bank reconciliations carried out within departments and ensure that they adequately support the balances in the financial statements.	See Action Plan at Appendix V.
Purchase orders	Internal Audit's testing found that for 15 out of 20 expenditure controls tested, the purchase requisition was created after the invoice was received.	Whilst no payments can be made until invoices are appropriately authorised, good practice indicates that purchase requisitions should be appropriately approved before ordering and receiving goods and services. Failure to do so could result in the Council committing itself to inappropriate expenditure or incurring expenditure in excess of allocated budgets.	Management should remind staff that all purchase requisitions should be raised and approved prior to orders being made for goods or services, in accordance with the Council's policies. Management should monitor compliance with these procedures.	See Action Plan at Appendix V.
NNDR journals	During the audit it was noted there are inadequate controls over authorisations of NNDR journals, particularly in respect of refunds.	The Council could incur losses if there is insufficient approval of journals in areas such as NNDR refunds.	Management should ensure that refunds to business ratepayers are appropriately authorised by an NNDR manager before being processed.	See Action Plan at Appendix V.

We made the observations reported to you above during the course of our normal audit work.

MATTERS REQUIRED TO BE REPORTED BY OTHER AUDITING STANDARDS

Whole of Government Accounts (WGA)	Audit issues and impact on opinion
We are required to perform tests with regard to the WGA return prepared by the Council for use by the Department of Communities and Local Government for the consolidation of the local government accounts, and by HM Treasury at Whole of Government Accounts level. This work requires checking the consistency of the WGA return with the audited financial statements, and reviewing the consistency of income and expenditure transactions and receivables and payable balances with other government bodies.	We have not yet received the Council's WGA return as the Council is still making amendments to the financial statements. The findings from our review of the consistency of the return with the audited financial statements will be circulated the Audit and Risk Committee when available.

Annual Governance Statement	Audit issues and impact on opinion
We have reviewed the draft Annual Governance Statement and are satisfied that it is not inconsistent or misleading with other information we are aware of from our audit of the financial statements, the evidence provided in the Council's review of effectiveness and our knowledge of the Council.	We have no matters to report.

USE OF RESOURCES - KEY AUDIT MATTERS

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).

In accordance with our Audit Plan, our principal work in arriving at our value for money conclusion was comparing the Council's performance against the requirements specified by the Audit Commission in its guidance to auditors. This is based on the following two reporting criteria:

- the organisation has proper arrangements in place for securing financial resilience
- the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

The focus of the criteria for 2012/13 is:

- the organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
- the organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity
- undertaking other local risk-based work, as appropriate.

Financial resilience	Audit issues and impact on opinion
Our financial resilience risk assessment considered the Council's arrangements for financial governance, financial planning and financial control. Our detailed work also considered the Council's arrangements for managing financial risks and opportunities and securing future financial stability. Our risk based planning identified that the Council needed to address identified budget shortfalls and manage the uncertainties over future income streams. **Key Findings** The Council's financial governance arrangements provide clear leadership on financial matters through the work of the Cabinet and the Corporate Management Team. The Council's financial performance and associated financial risks are consistently understood across the organisation with financial management information regularly reported to the Cabinet and the Overview and Scrutiny Committee. Amongst officers, financial responsibilities are clearly assigned and the Corporate Management Team oversees the corporate response to expenditure pressures, other financial risks emerging in the year and the overall achievement of the annual budget. Financial training courses are provided to employees managing budgets and Members are also periodically invited to attend financial presentations.	Resource gaps have been identified for the period 2014/15 to 2016/17, where savings plans have not yet been identified. Ensuring financial balance over the medium term planning horizon will continue to require strong leadership and action by the Council. Action is needed to further strengthen arrangements for preparing the annual financial statements and to embed these effectively

Financial resilience	Audit issues and impact on opinion
Financial Planning is embedded across the organisation through the annual budget setting process. The process is set out within the Medium Term Financial Strategy (MTFS), which provides an overview of the key stages and the associated timeframe and defines the framework and financial envelope within which the budget is set. The MTFS also defines the roles and responsibilities of the internal and external forums involved in the consultation on, and the approval of the budget at key stages. As part of this process, officers are required to develop savings proposals, which are presented to the Corporate Management Team and then Members, where achievability is challenged. The MTFS covers a five year period and is updated annually for approval by the Council in February each year. Reports on progress made in updating the MTFS are presented to Cabinet periodically throughout the year. The Council's arrangements for ensuring financial budgetary control are effective and Internal Audit provided 'substantial' assurance over budgetary control and management accounts reporting procedures for 2012/13. Budget reports are considered monthly by Directorate Management Teams and this is supported by an established budget monitoring process by managers and finance staff. The Corporate Management Team receives monthly reports setting out key issues, risk areas and progress to resolve issues and quarterly reports providing a full analysis of Directorate performance. Overall the Council achieved its budget plans for the year. An overspend was reported by the Children and Families Directorate due to increasing demand for services and the additional investment required to ensure the improvement plan for the service was progressed. Positively, the Council exceeded its £8.3 million savings target for the year, mainly due to the early implementation of savings schemes in Adult Social Care services. The general fund balance as at 31 March 2013 (per the unaudited financial statements) remained in line with the previous year and at the Council's benchmark level. Useable reserves have increased by £26.1 million from the prior year (per the unaudited financial statements) although this is largely due to an increase in capital grants unapplied which will be released as the grant funding is spent. The most recent MTFS indicates that the financial position is balanced for the 2013/14 period and officers have identified savings of £9.6 million to achieve this, which is above the original MTFS requirement for the year of £4.4 million. There is a cumulative resource gap of £18.5 million for the following four years, including £4.3 million in 2014/15 and £3.3 million in 2015/16. Officers are reviewing various options to address identified resource gaps, including further reducing expenditure and increasing efficiency savings, opportunities for joint working with other local authorities (such as a shared service for Adult Learning services), securing further procurement efficiencies and increasing income streams. The Council anticipates further savings will be secured through its transactional services hub, as further services are included in the hub and its work becomes embedded in the Council's operations.	

Financial resilience	Audit issues and impact on opinion
The Council has undertaken a benchmarking exercise to compare costs and Value for Money with other unitary councils. This indicates that the Council has areas of higher and lower comparative costs across some of its service areas. However, the reasons are well understood within the Council and the higher relative costs arise because of the Council's decision to invest in the services in line with its policies and priorities, and will also be utilised to help inform where further savings can be achieved going forward through the Medium Term Financial Strategy. The Council has invested in its financial management resource and temporary posts are now permanently filled. The new team is considering ways to improve financial governance, planning and internal control processes to achieve efficiencies, for example quarterly Governance reports to the Audit and Risk Committee, more integrated performance and finance reports, regular Treasury Management Group meetings and formulating a risk based approach to the monthly meetings with budget holders. The outcome of our audit of the 2012/13 financial statements is summarised earlier in this report and contains recommendations which the Council has accepted to further strengthen arrangements for preparing the annual financial statements and to embed these effectively.	

Challenging economy, efficiency and effectiveness	Audit issues and impact on opinion
Our risk assessment and review of economy, efficiency and effectiveness has considered the Council's arrangements for prioritising resources within tighter budgets and improving efficiency and productivity. **Key findings in response to audit risks** **Outsourced services for transactional systems** The Council has an agreed governance structure for managing its contract with the transactional hub provider, through a Strategic Board, Operational Board and other informal meetings. Internally, the performance of the contract (and the Partnership) is reported to the Corporate Management Team and the Overview and Scrutiny Committee. The Partnership has an Annual Service Plan which sets out activities over the next 12 months and how such activity will be planned, managed and monitored to ensure individual service objectives are achieved. There is also a joint improvement plan that has been developed collaboratively with the contractor. Internal Audit reviewed the governance structure and contractual performance management processes and reported 'substantial' and 'reasonable' assurance respectively for these arrangements. The Council is in the process of revising the key performance indicators (KPIs) stated in the contract to ensure these further underpin its priorities for debt management and cash collection. As part of this exercise the Council is developing a documented methodology for the revised indicator set and procedures for validating the indicator scores received from the contractor.	We have no issues to report

Challenging economy, efficiency and effectiveness	Audit issues and impact on opinion
Management reported the following achievements (amongst others) for the first year of the Partnership's operation to the Overview and Scrutiny Committee in April 2013: • a joint established approach to integrating new legislation such as the Council Tax Support Scheme and the Benefits Cap • KPI performance for the year reports an overall positive direction of travel in most areas with improved Council Tax collection rate in-year • completion of work to cleanse the NNDR database, including the valuation lists and balances on accounts, which has resulted in an increase in collection rates • administration of benefit performance was adversely affected through an increased workload, though performance in processing new claims and change of circumstances matched prior year's performance on a month by month basis. The improvements in Council Tax collection rates in 2012/13 were marginal. However, management expects these to improve further as the contract becomes embedded. In December 2012 the Cabinet agreed that officers should engage in negotiations with the transactional services provider to assume responsibility for the Customer Service Centre and ICT services. An update was provided to the Overview and Scrutiny Committee in April 2013. At that time, the potential savings arising from the contract enhancement were not finalised but the Committee recognised economies of scale could be achieved through the further outsourcing and enhanced contract. Specifically, through the provider's increased buying power in terms of investment in IT and the wider economic benefits from the growth of its business in Slough. Associated with this, the Council is working with the provider and other partners to implement a new general ledger system. Management expects to secure significant savings in software licensing costs from this project.	

Challenging economy, efficiency and effectiveness	Audit issues and impact on opinion
Local asset backed vehicle (LABV) The Slough Regeneration Partnership LLP was created and a partnership agreement was signed in March 2013. A partnership business plan has been agreed which covers the strategic, operational business and governance framework of the Partnership. The work of the Partnership is overseen by a Business Board and a Community Projects Board and there is Council representation at Director level on both Boards. Slough has contacted other Councils to ensure available learning on managing significant capital regeneration projects is understood and has seconded an officer from another Authority to provide additional expertise in this area. Management is reviewing the Council’s governance structures in relation to the Partnership to ensure that the role of the Capital Strategy Board, in approving assets for inclusion in the LABV, is formalised and that effective procurement processes are embedded. The Partnership is in its early stages and no Council assets have been transferred to date. It is therefore too early to assess whether value for money is being achieved from the arrangement. However, the Council is aware of the key risks associated with the Partnership and is taking appropriate steps to mitigate these.	The Council should work with partners to develop an appropriate suite of key performance indicators for the LABV and performance should be regularly reviewed at the partnership boards.

Challenging economy, efficiency and effectiveness	Audit issues and impact on opinion
Joint Health and Wellbeing Board The Slough Wellbeing Board worked in shadow form from November 2011, taking on responsibility for the work of the Local Strategic Partnership in this area. It became fully operational on 1 April 2013, meeting the Government's deadline. The Slough Joint Wellbeing Strategy (SJWS) 2013 – 2016 was approved by the Cabinet in January 2013, after approval by the Health Scrutiny Panel. The strategy built upon the priorities set out in the Council's previous Sustainable Community Strategy and the evidence supporting the Joint Strategic Needs Assessment, ensuring the outcome of the previous community consultation and engagement process were retained. In developing the SJWS and the Slough Wellbeing Board structure, the Council commissioned external consultants to assist in scoping priority needs, determining appropriate models of health and wellbeing for Slough and modelling organisational structures for the integration of public health. This work involved extensive consultation with strategic partners and other stakeholders). The SJWS places particular emphasis on the wider determinants of health which are key to improving the wellbeing of residents, and includes priorities in respect of health, economy and skills, housing, regeneration and environment, and safer communities. The implementation of the SJWS is being taken forward through six Priority Delivery Groups (PDGs) and various sub-groups. We understand PDGs are currently finalising their balanced performance scorecards and reporting arrangements, while developing appropriate milestones. A performance monitoring tool has been drafted for the Slough Wellbeing Board, based on a suite of key performance indicators selected by the Board for each priority area. The aim is to develop regular performance reports to the Board, underpinned by more detailed progress reports from the PDGs. The work of the Wellbeing Board will be subject to scrutiny through Slough's Overview and Scrutiny Committee and through the Health Scrutiny Panel. A protocol has been developed to clarify the scrutiny responsibilities. Other protocols have also been developed to clarify relationships with other Boards, such as the Slough Children and Young People's Partnership Board, to ensure there is no duplication of work. A protocol has not yet been developed for the work of 'Healthwatch' (the independent body representing patients and service users.	We have no issues to report.

Challenging economy, efficiency and effectiveness	Audit issues and impact on opinion
Localisation of Council Tax Benefits In December 2012 the Cabinet approved a new Council Tax support scheme to replace the previous Council Tax benefit scheme which the Government abolished on 31 March 2013. The impact of the legislation reduced the support provided by the Government by 10 per cent of Slough's benefit administration costs. This amounts to reduced subsidy of £1.1 million for the Council, based on 2011/12 subsidy income levels. The Council consulted with residents during the third quarter of 2012/13 and reported the results of the consultation to the Cabinet in December 2012. The general consensus was that all residents of working age should make a contribution to the Council's funding and that the most vulnerable members of the community should be supported by the Council's new support scheme. Following the consultation, the impact of the potential adjustments to Council Tax benefit was modelled to ensure that increases in Council Tax income under the new scheme offset the reduction in Government funding. In implementing the new scheme, the Council took steps to ensure clear communication of the changes to the residents affected. The extension of the Council Tax base to residents who did not previously pay Council Tax represents an increased risk of arrears accumulating. Whilst it is too early to determine the full impact on Council Tax collection rates, a working group is in place to determine the financial outcome of the new scheme and the impact on collection rates continues to be monitored closely.	We have no issues to report
Approach to implementing recommendations made by auditors Internal Audit has provided an overall unqualified opinion on the Council's arrangements for governance, risk management and control for 2012/13. However, it has provided 12 'red' (no assurance) opinions and 20 'amber red' opinions, out of 55 audits carried out. The red opinions relate to: • financial management in schools (five schools) • declaration of interests • business rates • contract management • contract management – block nursing contracts • safeguarding children – risk assessment process • procurement – on-going reviews • asset register. We note the risk based programme of work Internal Audit agreed with management resulted in audit work being focused on areas where management felt there was scope for improvement and where control weaknesses were known.	Management should ensure that all outstanding high priority recommendations made by Internal Audit are addressed as a matter of urgency, particularly in respect of weaknesses in the governance, procurement and financial management arrangements within schools still under the control of the Council.

Challenging economy, efficiency and effectiveness	Audit issues and impact on opinion
In March 2013 the Council implemented a formal process to log and track recommendations made by Internal Audit. All high and medium priority recommendations are now recorded when Internal Audit reports are finalised. The Risk and Insurance Officer regularly monitors progress by obtaining updates from responsible officers and an implementation score is allocated to each recommendation to reflect the stage of completion. A summary of the latest results was reported to the Audit and Risk Committee in June 2013 and this showed that 45 per cent of recommendations made by Internal Audit that were due to be implemented by the end of May 2013 had been actioned. This increases to 75 per cent if schools are excluded. No management updates were received for 16 per cent of the recommendations. Progress is expected to improve as the monitoring process becomes embedded. The responses provided by management will be audited when Internal Audit follows up on their recommendations in the following year. An update for each of the recommendations raised by the predecessor auditors in their Annual Governance Report was also reported to the Audit and Risk Committee in June 2013 and a log of all external audit recommendations will also be maintained going forward. There are plans for the recommendation trackers to be regularly monitored by the Audit and Risk Group and reported to the Corporate Management Team and the Audit and Risk Committee on a quarterly basis.	
Other findings **Performance towards corporate priorities** The Council reported positive performance in many areas in 2012/13 and 22 out of 31 (72 per cent) of the key performance indicators in the Council's balanced scorecard met or exceeded the published target for the year. The direction of travel was positive for 17 of the 31 indicators (55 per cent). In addition, the Council reported that four out of seven of its 'Gold' (high priority) projects' have been concluded in the year. **Children's Services - reports by the external regulator** In April 2011 Ofsted carried out an unannounced inspection of the Council's safeguarding services and concluded that the effectiveness of the service was inadequate (below minimum requirements). In the aftermath of the inspection, the Council undertook a comprehensive review of the service with its key strategic partners and involving peer support as directed by Ofsted. A Safeguarding Improvement Plan was published and achievement monitored by a newly established Improvement Plan Project Board. The Council took immediate action to implement Ofsted's recommendations to improve the leadership and management of the service and address the examples of poor professional practice found at the time of the inspection. The Council continues to focus on the performance of individual practitioners and the quality of work and case files produced. In 2012/13 and to date, the Improvement Plan Project Board continues to oversee outcomes following the implementation of the Improvement Plan. Improvement in the service is one of the Council's 'Gold' projects, with the Cabinet receiving regular reports on progress. Ofsted has now updated its methodologies and the Council has not yet been inspected under the new arrangements.	We have no issues to report.

BDO CONCLUSION

Our value for money conclusion is based on considering our overall risk assessment, focusing on the two criteria set by the Audit Commission, and the results of risk based audit work, as well as consideration of the processes underpinning your review of the effectiveness of your controls as described in your Annual Governance Statement.

We are satisfied that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013. We propose issuing an unqualified value for money conclusion.

AUDIT OBSERVATIONS

Finance department performance

Area of responsibility	Performance	Performance
Full audit file presented on day 1 of audit with supporting documentation	Improvement required	
Monthly reconciliations performed on key areas such as bank reconciliations, debtors ledger	Fair	
Quality of finance team	Fair	
Local finance department appropriately resourced	Improvement required	
Draft financial statements provided to auditor by 30 June	Good	
Quality of draft financial statements	Improvement required	
WGA return prepared and submitted by 14 August	Improvement required	
Reliance on manual controls	Good	
Proper audit trail	Improvement required	

We made the observations reported to you above during the course of our normal audit work.

Performance: ■ Good ■ Fair ■ Improvement required

APPENDICES

APPENDIX I: DEFINITIONS

TERM	MEANING
The Council	Slough Borough Council
Management	The person(s) responsible for achieving the objectives of the Council and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management is responsible for the financial statements, including designing, implementing, and maintaining effective internal control over financial reporting.
Those charged with governance	The person(s) with responsibility for overseeing the strategic direction of the Council and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. Those charged with governance for the Council is the Audit and Risk Committee.
ISAs (UK & Ireland)	International Standards on Auditing (UK & Ireland)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards as adopted by the European Union
Materiality	The size or nature of a misstatement that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable user of the financial statements would have been changed or influenced as a result of the misstatement.
Code	Code of Practice on Local Authority Accounting in the United Kingdom 2012/13
CIES	Comprehensive Income and Expenditure Statement
SeRCoP	Service Reporting Code of Practice for Local Authorities 2012/13
WGA	Whole of Government Accounts

APPENDIX II: UNADJUSTED AUDIT DIFFERENCES

We are required to bring to your attention unadjusted audit differences that the Audit and Risk Committee are required to consider. A schedule of such adjustments is included below and, with the exception of the errors that relate to prior year misstatements, we request that you correct them. Identified misstatements for the current year should, where practicable, be corrected even if not material.

The predecessor auditors reported that the Council had out of date cheques totalling £266,000 which were required to be written back. By correcting this issue in the current year, by increasing cash and cash equivalents and crediting expenditure, the underlying deficit on provision of services in 2012/13 has been reduced by this amount. There is no continuing misstatement in the balances at 31 March 2013. However, as this impacts only on the reported performance for the current year, it has been included in the table below.

There are three unadjusted audit differences identified by our audit work for the current year, which would increase the surplus on the final CIES and increase net assets by £2.412 million. Management considers these identified misstatements to be immaterial in the context of the financial statements taken as a whole. We concur with this judgement.

		CURRENT YEAR		*PRIOR YEAR*		
UNADJUSTED AUDIT DIFFERENCES	**CIES (OVER) / UNDER £'000**	*INCOME (OVER) / UNDER £'000*	*EXPENSES (OVER) / UNDER £'000*	*INCOME (OVER) /(UNDER £'000*	*EXPENSES (OVER) / UNDER £'000*	**NET ASSETS OR RESERVES OVER / (UNDER) £'000**
Surplus for the year and net assets before adjustments	**(1,373)**					**285,603**
Impact of prior year misstatements (no adjustment required in 2012/13)						
(1) Out of date cheques that have been written back in 2012/13 rather than 2011/12						
Dr Gross expenditure			*266*			
Cr Opening general fund					*(266)*	
Misstatements identified in the current year						
(2) Differences between estimated schools balances and schools returns: We have compared the estimated balances to the returns provided by the schools and this has indicated the following differences:						
Dr Cash and cash equivalents						**716**
Dr Short term creditors						**1,117**
Cr Short term debtors						**(261)**
Cr Schools reserves						**(381)**
Cr Expenditure – Education and children's services	**(1,127)**		*(1,127)*			
Cr Income - Education and children's services	**(64)**	*(64)*				

		CURRENT YEAR		PRIOR YEAR		
	CIES (OVER) / UNDER	INCOME (OVER) / UNDER	EXPENSES (OVER) / UNDER	INCOME (OVER) /(UNDER	EXPENSES (OVER) / UNDER	NET ASSETS OR RESERVES OVER / (UNDER)
UNADJUSTED AUDIT DIFFERENCES	**£'000**	£'000	£'000	£'000	£'000	**£'000**
(3) Estimated overstatement of depreciation on land and buildings due to use of weighted average useful economic life rather than actual economic life provided by the valuer:						
Dr Property plant and equipment, accumulated depreciation						**420**
Cr Depreciation in CIES	**(420)**		*(420)*			
Dr General Fund						**420**
Cr Capital Adjustment Account						**(420)**
(4) Potential overstatement of short term creditors as a result of extrapolation of identified errors over the untested population:						
Dr Short term creditors						**801**
Cr Expenditure	**(801)**		*(801)*			
TOTAL UNADJUSTED AUDIT DIFFERENCES	**(2,412)**	*(64)*	*(1,281)*		*(266)*	**2,412**
Surplus for the year and net assets if adjustments made	**(3,785)**					**288,015**

UNADJUSTED DISCLOSURE MATTERS

The following unadjusted disclosure matter was noted:

In common with other local authorities, the financial commentary in the Foreword is presented in the Council's budget format, which differs to the presentation in the Comprehensive Income and Expenditure Statement. Likewise, capital information is presented in accordance with the capital programme format, which differs from the financial statements. The 'Amounts reported for resource allocation decisions' note in the financial statements provides a reconciliation of income and expenditure. There is no equivalent reconciliation in the financial statements for capital. It would be preferable if the Council included reconciliations in the Foreword for income and expenditure and capital.

APPENDIX III: MATERIALITY

MATERIALITY	
Planning materiality	£4,200,000
Final materiality	£4,200,000
Clearly trivial threshold	£125,000

Planning materiality of £4.2 million for the Council was based on 1% of average gross expenditure over the past three years. The figure was based on the full year outturn per the draft financial statements and we have no reason to revise this figure for our final materiality level.

APPENDIX IV: INDEPENDENCE

INDEPENDENCE - ENGAGEMENT TEAM ROTATION		
SENIOR TEAM MEMBERS	**NUMBER OF YEARS INVOLVED**	**ROTATION TO TAKE PLACE IN YEAR ENDED**
ROBERT GRANT - Audit engagement partner	1	2016/17
TIM DREW - Engagement quality control reviewer	1	2016/17
JANINE COMBRINCK – Audit manager	1	2016/17
NEIL JENNER – Assistant audit manager	1	2016/17

INDEPENDENCE - THREATS TO INDEPENDENCE AND APPROPRIATE SAFEGUARDS

We have not identified any potential threats to our independence as auditors.

We confirm that the firm complies with the APB Ethical Standards and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired.

Should you have any comments or queries regarding this confirmation we would welcome their discussion in more detail.

APPENDIX V: ACTION PLAN

FINANCIAL STATEMENT RECOMMENDATIONS					
CONCLUSIONS FROM WORK	**RECOMMENDATIONS**	**PRIORITY**	**MANAGEMENT RESPONSE**	**RESPONSIBILITY**	**TIMING**
Working papers Our audit found a number of shortcomings in the format, quality and timeliness of the working papers provided to support balances and disclosures in the draft financial statements.	Management should carry out a detailed review of its 2012/13 closedown process to identify how improvements can be made. This should include a critical evaluation of working papers against audit requirements. BDO will assist in this process to ensure that our requirements continue to be appropriately tailored to the Council and fully understood by all relevant staff.	High	The Council is putting in place a fundamental review of its closedown procedures for the 2013/14 financial year. This will ensure that there is a named officer and reviewer for each working paper and there is appropriate time to allow for effective critical review of the financial statements The BDO working paper request will be reviewed and will form a core part of the closedown process.	Assistant Director, Finance & Audit	March 2014
Related party disclosures Our audit found that £90,000 paid to the Thames Valley Athletics Centre and £38,000 paid to the Slough Museum were not disclosed in the related parties note in the draft financial statements. Councillors correctly declared that they are Directors of these organisations.	As part of the accounts closedown processes, finance officers should review the general ledger for any transactions with entities with whom officers and Councillors have declared interests. The value of the transactions should be considered from the viewpoint of both the Council and the related party in deciding whether or not the transactions should be disclosed in the related parties note.	Medium	Review of matching Related Party Transactions to the finance system to take place as part of the closedown procedures for 2013/14.	Corporate financial controller	March 2014
Property valuations The evidence retained by management to support its assessment that the carrying values of land and buildings not independently revalued in year is materially accurate when compared to fair value is limited.	Management should more fully document its thought process and evidence to support the representation that the carrying values of all assets remain materially accurate as fair value at year end.	Medium	Assets are regularly revalued where the UEL are reviewed. An impairment review is prepared from the valuers and consideration is given as to the UEL of assets in the report. A review will be undertaken and reports generated in line with Code requirements The depreciation of the leased assets will be amended.	Corporate Financial Controller	March 2014

FINANCIAL STATEMENT RECOMMENDATIONS					
CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
Depreciation of non-current assets : Useful economic lives (a) Management has stated that it has undertaken an informal year end review of useful lives and depreciation methods and that the existing assumptions remain appropriate. However, the evidence retained by management to support the review is limited. (b) Our review of the fixed asset register identified a number of depreciable assets (12 operational and 21 non-operational assets) that have not been depreciated. (c) Our audit testing found that the Council is applying incorrect useful economic lives for leased assets in calculating the depreciation charge for the year as it is based on the expected life of the asset irrespective of the life of the lease. Accounting standards require that leased assets are depreciated over the shorter of the life of the lease or the expected life of the asset. The Council's approach means that depreciation on these assets is understated.	(a) Management should more fully document its annual review of useful lives, depreciation methods and residual values of all classes of assets. (b) The fixed assets register should be updated to ensure that all assets are appropriately depreciated in accordance with the Code requirements. (c) The fixed assets register should be updated to ensure that leased assets are being depreciated over the shorter of the lease life or the expected life of the asset.	Medium	The Council will undertake a review of the fixed asset register and the depreciation periods utilised as part of Closedown review for 2013-14.	Corporate Financial Controller	March 2014
Periodic income and expenditure The Council does not raise accruals or recognise deferred income at year end for periodic income not yet billed or received in advance. Similarly, it does not raise accruals for periodic expenditure items not yet billed, such as utility bills. The Council's approach is on the basis that invoices are raised in the same way each year and therefore there is a full 12 months of income or expenditure in the general ledger. This approach is only acceptable where there are no significant fluctuations in income and expenditure between financial years.	Management should review the Council's approach to periodic income and expenditure at year end to ensure that it does not result in a material misstatement of income for the year.	Medium	The policy of how the Council accounts for periodic income and expenditure is being reviewed to ensure that income is not materially misstated. This will be picked up in closure of accounts briefings and procedure notes and will be incorporated in meetings with the external auditor during closure planning.	Corporate Financial Controller	December 2013/January 2014

FINANCIAL STATEMENT RECOMMENDATIONS					
CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
Accrual for special education needs The Council identified a creditor accrual of £994,000 at 31 March 2013 for expected amounts payable for special education needs, where children have attended schools outside the borough. Whilst the amount is not material, we have noted that the accrual is based on budget and the same cost had been accrued for in prior year. We are therefore unable to assess whether the accrual is reasonable.	Management should ensure that the year end accrual for out-of-borough special education need placements is estimated by taking account of the actual number of placements and the expected cost for each; in the light of the accuracy of the prior year accrual.	Medium	Going forward, this accrual will not be required as the recoupment budget has been removed from Councils and transferred to Schools.	n/a	n/a
HRA share of corporate and democratic core costs The Council has allocated £205,000 of its corporate and democratic core costs to the HRA, which is consistent with prior years. There is no working paper to support this amount; it is based on a budget that is rolled forward each year.	The Council should review its recharges and recalculate the HRA share of corporate and democratic core costs on an appropriate basis. This calculation should be reviewed regularly.	Low	The Council is undertaking a review of charges made to and from the HRA in the Autumn 2013.	Finance Manager; CCS / RHR	December 2013

INTERNAL CONTROL RECOMMENDATIONS

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
Fixed assets register Internal Audit has identified a number of weaknesses in the Council's arrangements for maintaining the fixed assets register: • the Council does not undertake asset reconciliations between systems to confirm accuracy of data held within the Asset Register or the Land Terrier/Land Registry. • assets that have been disposed of are not always removed from the fixed assets register. Our audit also identified a high level of fully depreciated assets in the fixed assets register. In addition, our audit work identified a number of assets that are still registered in the name of Berkshire County Council, although it is clear these assets belong to the Council. Property, plant and equipment balances could be overstated if assets that are no longer owned or in use by the Council continue to be held in the fixed assets register.	Management should ensure that the following recommendations raised by Internal Audit on the fixed asset register are implemented: • the Council should carry out an exercise to ensure the accuracy of the asset register. • the Council should embed a process whereby all assets for disposals are clearly communicated to the Principal Capital Accountant through the use of a form that this officer is required to sign to confirm removal of disposed assets from the Asset Register or justification is documented to explain why nil value assets remain recorded. The Council should carry out a full review of its fully depreciated assets to determine whether they are still in use and have a value to the Council or whether they should be removed from the fixed assets register and the accounts. In addition, the Council should seek legal advice as to whether or not it needs to formally transfer title for its properties that are still registered in the name of the previous Berkshire County Council.	High	The Council will undertake a full review of fully depreciated assets in the fixed asset register and seek legal advice about its properties that are not t registered in the name of the Council.	Corporate Financial Controller	February 2014

INTERNAL CONTROL RECOMMENDATIONS

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
Business rates reliefs Internal Audit identified a number of weaknesses in the Council's controls over the authorisation and confirmation of on-going entitlement to reliefs granted to business ratepayers. These control weaknesses indicate a risk that NNDR collection amounts and contributions to the national pool may not be based on the most up to date information.	Management should ensure that the following recommendations raised by Internal Audit on business rates processes are implemented as a high priority: • an inspector should be put in place and regularly investigate empty properties and small businesses to ensure that these are still eligible for the reliefs and deductions they receive. An inspection timetable should be created to ensure that all properties in receipt of exemptions are inspected cyclically. • the transactional hub contractor should create a review timetable to ensure that regular checks are undertaken to confirm continued eligibility to reliefs and exemptions.	High	A temporary inspector has been in post since late 2012-13. The FAB Team are also carrying out inspections as needed. An advert is about to be placed in the next couple of weeks for a permanent inspector. A review timetable will be in place once a permanent inspector is in place for empty property inspections.	Transactional Services	February 2014
Register of interests Internal Audit identified a number of weaknesses in the Council's arrangement for maintaining the register of Members' and officers' interests. As part of our audit of related party transactions, we completed a Companies House search for all Councillors and senior officers and compared identified directorships with recorded interests in the register of interests. We found seven undisclosed directorships for the officers sampled, two of which related to organisations in which the officer acts as the Council's representative. We are satisfied that there were no transactions between the Council and the relevant organisation in 2012/13, and therefore no impact on the related party transactions note in the financial statements. However, the risk of inadequate disclosures of related party transactions in the financial statements is increased if the register of interests is not complete.	The Council should issue further guidance to Councillors and officers to clarify that all directorships should be declared, including those where the post is held as a result of the individual's role in the Council.	High	Training for staff in Declaring Interest will be updated to include the requirement to declare positions in which they represent the council on external bodies.	AD, Professional services	AD, Professional services

INTERNAL CONTROL RECOMMENDATIONS					
CONCLUSIONS FROM WORK	**RECOMMENDATIONS**	**PRIORITY**	**MANAGEMENT RESPONSE**	**RESPONSIBILITY**	**TIMING**
Schools returns Our audit found a number of schools did not submit all four required quarterly returns to the Education Finance Team, which meant that the Council had to estimate the amount of income and expenditure for such schools to include in the financial statements at 31 March 2013, as well as year end balances for cash, debtors, creditors and reserves for these schools.	Management should work with the schools that failed to return all four of their quarterly certified returns on time for 2012/13, to ensure a clear timetable is agreed with the schools and implemented in future years.	High	To be completed as part of the 2013-14 closedown review programme.	Financial Manager (Wellbeing)	March 2014
Bank reconciliations A number of the year end bank reconciliations, particularly for schools and cash imprest accounts, have been completed a few days before year end. If reconciliations are not completed at the correct date it is possible that bank balances may be misstated if, for example, a large amount is received just before year end and is not accounted for in the correct financial year.	Management should ensure that all year end bank reconciliations are completed to reflect bank statement and cash book balances as at 31 March.	Medium	The council will set out procedure notes for bank reconciliations ensuring they reflect balances as at 31 March.	Corporate Financial Controller	March 2014
Purchase orders Internal Audit's testing found that for 15 out of 20 expenditure controls tested, the purchase requisition was created after the invoice was received. Whilst no payments can be made until invoices are appropriately authorised, good practice indicates that purchase requisitions are appropriately approved before ordering and receiving goods and services. Failure to do so could result in the Council committing itself to inappropriate expenditure or incurring expenditure in excess of allocated budgets.	Management should remind staff that all purchase requisitions should be raised and approved prior to orders being made for goods or services, in accordance with the Council's policies. Management should monitor compliance with these procedures.	Medium	The Council is moving to a 'no purchase order no payment' process to ensure a much higher rate of purchase orders are raised well in advance of invoices being received.	Assistant Director, Commissioning, Procurement & Shared Services	January 2014

INTERNAL CONTROL RECOMMENDATIONS					
CONCLUSIONS FROM WORK	**RECOMMENDATIONS**	**PRIORITY**	**MANAGEMENT RESPONSE**	**RESPONSIBILITY**	**TIMING**
NNDR journals During the audit it was noted that there are inadequate controls over authorisations of NNDR journals, particularly in respect of refunds. The Council could incur loss if there is insufficient approval of journals in areas such as NNDR refunds.	Management should ensure that refunds to business ratepayers are appropriately authorised by an NNDR manager before being processed.	Medium	The Assistant Director of Finance and Audit is discussing this matter with Transactional Services.	TBC	TBC

USE OF RESOURCES RECOMMENDATIONS					
CONCLUSIONS FROM WORK	**RECOMMENDATIONS**	**PRIORITY**	**MANAGEMENT RESPONSE**	**RESPONSIBILITY**	**TIMING**
Financial resilience Resource gaps have been identified for the period 2014/15 to 2016/17, where savings plans have not yet been identified. Ensuring financial balance over the medium term planning horizon will continue to require strong leadership and action by the Council.	Management should continue to work with budget holders to identify savings schemes to address resourcing gaps over the medium term.	High	Regularly reporting to CMT and to members on the Medium Term Financial Strategy (MTFS) is already being undertaken to ensure that there are clear savings proposals in place over the period of the MTFS.	Assistant Director, Finance & Audit	February 2014
Slough Regeneration Partnership There are currently no agreed key performance indicators in place for the LABV.	The Council should work with partners to develop an appropriate suite of key performance indicators for the Slough Regeneration Partnership and performance should be regularly reviewed at the partnership boards.	High	This recommendation should be for the Council to develop an appropriate suite of performance indicators to be considered.	Assistant Director, Finance & Audit	January 2014
Audit recommendations The Council has recently implemented a formal process to log recommendations made by Internal Audit. A summary of the latest results showed that only 45 per cent of recommendations made by Internal Audit that were due to be implemented by the end of May 2013 had been actioned.	Management should ensure that all outstanding high priority recommendations made by Internal Audit are addressed as a matter of urgency, particularly in respect of weaknesses in the governance, procurement and financial management arrangements within schools still under the control of the Council.	High	The Internal Audit recommendation tracker is regularly monitored and report to the Audit Committee on a quarterly basis. The most recent report to the audit committee shows that 48% recommendations have been assessed as fully implemented with 22% partially implemented and 9% superseded.	Assistant Director, Finance & Audit	On-going

APPENDIX VI: FEES SCHEDULE

The Audit Commission's *Standing Guidance for Auditors* requires us to report the outturn fee position for the year against the budgeted fee included within our Audit Plan.

We will carry out a detailed comparison of actual audit costs incurred against planned costs when we have completed the audit and discuss any impact on the planned fee of £184,960 for the audit of the 2012/13 financial statements and use of resources with management, before we report the final fee outturn.

APPENDIX VII: STATUTORY AND PROFESSIONALLY REQUIRED COMMUNICATIONS

COMMUNICATION REQUIRED	DATE COMMUNICATED	TO WHOM	METHOD
	22 October 2013	Management and those charged with governance	Report to Audit and Risk Committee
Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.	Not an issue	Not an issue	Not an issue
Misstatements, whether or not recorded by the entity	✔	✔	✔
The final draft of the representation letter	✔	✔	✔
Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern	Not an issue	Not an issue	Not an issue
Disagreements with management about matters that, individually or in aggregate, could be significant to the entity's financial statements or our audit report	Not an issue	Not an issue	Not an issue
Expected modifications to our audit report or inclusions of emphasis of matter / other matter	Not an issue	Not an issue	Not an issue
Significant deficiencies in internal control	✔	✔	✔
Any other matters warranting attention by those charged with governance, such as questions regarding management integrity, and fraud involving management	Not an issue	Not an issue	Not an issue
Management judgements and accounting estimates	✔	✔	✔
Other information in documents containing audited financial information	✔	✔	✔
Consultation with other accountants	Not an issue	Not an issue	Not an issue
Major issues discussed with management	Not an issue	Not an issue	Not an issue

APPENDIX VIII: DRAFT REPRESENTATION LETTER

BDO LLP
55 Baker Street
London
W1U 7EU

22 October 2013

Dear Sirs

Financial statements of Slough Borough Council for the year ended 31 March 2013

This representation letter is provided in connection with your audit of the financial statements of Slough Borough Council for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the relevant financial reporting framework and have been prepared in accordance with the requirements of applicable law.

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of directors and officers of the Council, the following representations given to you in connection with your audit of the Council's financial statements:

FINANCIAL STATEMENTS

Responsibility for financial statements

I acknowledge as the Assistant Director of Finance and Audit and s151 Officer my responsibilities for the Statement of Accounts, which include the financial statements, and for ensuring that these are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and have been prepared in accordance with the requirements of applicable law.

Significant assumptions

I confirm that the significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

(a) Pension fund assumptions

I confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) scheme liabilities, as applied by the scheme actuary, are reasonable and consistent with my knowledge of the business. These assumptions include:

• Rate of inflation (RPI)	3.4%
• Rate of inflation (CPI)	2.6%
• Rate of increase in salaries	4.55%
• Expected return on assets	2.6%
• Rate for discounting scheme liabilities	4.6%

I also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

(b) Carrying value of land and buildings

I am satisfied that the carrying value of land and buildings is materially consistent with the fair value at 31 March 2013, and that with the exception of council dwellings, no adjustment is required to those assets that were revalued as part of the five-year rolling programme in previous years.

Accounting policies

I confirm that the selection and application of the accounting policies used in the preparation of the financial statements are appropriate.

Plans or intentions

I confirm that the Council has no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims, the effects of which should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the applicable financial reporting framework.

Related parties

I confirm that related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the applicable financial reporting framework.

Subsequent events

All events occurring subsequent to the date of the financial statements for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

Uncorrected misstatements

You have brought to my attention potential misstatements in the financial statements as listed in the appendix to this letter. I do not wish to amend the financial statements to reflect any of these items as I believe that they are immaterial both individually and in aggregate to the view given by the financial statements as a whole. A list of these items is attached as an appendix to this letter.

Going concern

I confirm that I am satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this conclusion I have taken into account all relevant matters of which I am aware and have considered a future period of at least one year from the date on which the financial statements will be approved.

Comparative information

I confirm that comparative figures have been restated for material errors identified in balances at 1 April 2011 and 31 March 2012 and that the restatement is necessary to present a true and fair view of the 2012/13 financial statements.

Property, Plant and Equipment (PPE) - Componentisation

I confirm that, in respect of the PPE assets reviewed for possible componentisation within the Fixed Assets Register, I have reviewed the impact on the depreciation charge arising from the application of differing useful economic live to the separate components and am satisfied that it is not materially different from applying a single useful economic life to the entire asset value.

Fully Depreciated Plant and Equipment

I confirm that, in respect of plant and equipment assets included at nil carrying value on the balance sheet, and where the cost has been fully depreciated, the value of such assets to the Council is immaterial.

Grant income

I confirm that the judgements in assessing whether or not to defer recognition of unspent grants are reasonable and in accordance with the Code and CIPFA's guidance. In particular, the Council has recognised income from grants at the date of approving the Statement of Accounts because there is a reasonable expectation the resources will be spent, including where grant terms state the funding organisation may recover any unspent grant.

Independent confirmation of bank balances

You highlight in your report that two banks have not provided independent confirmation of the amounts deposited by the Council as at 31 March 2013. I can confirm that for these accounts, there are no covenants or contingent liabilities to be disclosed in the financial statements.

Schools transactions

You have highlighted the Council's basis of estimating balances and transactions for schools as at 31 March 2013. I am satisfied the Council's approach is reasonable and would not lead to a material misstatement of the amounts involved.

Accumulated Absences accrual

I am satisfied my conclusion that no Council staff (non-teaching staff) have accumulated any annual leave as at 31 March 2013 is a reasonable one and my estimate of the overall accumulated absences accrual (as at 31 March 2013) is materially correct.

Cash and cash equivalents

I confirm that bank balances to the sum of £525,000 held by the Council at year end in respect of schools that became academies during the year, belong to the Council and the amounts are not owing to the schools.

I also confirm that private fundraising bank accounts held by schools under the Council's control, to the sum of £364,000, are correctly excluded from the Council's bank balances as the Council does not have control, either directly or indirectly, over these funds.

Provisions

I confirm that provisions for insurance claims represent constructive obligations and are disclosed as current liabilities in the financial statements as they expected to be settled in the next year.

INFORMATION PROVIDED

Completeness of information

All the accounting records have been made available to you for the purpose of your audit. I have provided you with all other information requested and given unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence. All other records and related information, including minutes of all management and Committee meetings held during the year and up to the date of this letter have been made available to you.

All transactions undertaken by the Council have been recorded in the accounting records and are reflected in the financial statements.

There is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Internal Control

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have communicated to you all significant deficiencies in internal control of which I am aware.

Fraud

I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I have disclosed to you my knowledge of fraud or suspected fraud affecting the Council involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements

I have disclosed to you my knowledge of any allegations of fraud, or suspected fraud affecting the financial statements communicated to me by employees, former employees, analysts, regulators or others.

Compliance with laws and regulations

I am not aware of any actual or possible instances of non-compliance with laws and regulations whose effects should be considered when preparing the financial statements of the Council.

Related parties

I confirm that I have disclosed to you the identity of the Council's related parties, related party relationships and transactions of which I am aware.

Liabilities, contingent liabilities or guarantees

There are no liabilities, contingencies or guarantees to third parties other than those disclosed in the financial statements.

Title to assets

The Council has satisfactory title to all assets and there are no liens or encumbrances on the assets except for those disclosed in the financial statements.

Contractual agreements

The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

Yours faithfully

Joseph Holmes
Assistant Director of Finance and Audit

Representations of the Council

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other officers and members of the Council, the following representations given to you in connection with your audit of the Council's financial statements.

Responsibility for the financial statements

We acknowledge our responsibilities to make arrangements for the proper administration of the Council's financial affairs and to approve the Statement of Accounts, which include the financial statements. The Acting Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which include the financial statements, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Uncorrected misstatements

We have considered the uncorrected misstatements in the financial statements as listed in the appendix to this letter together with the explanations provided by the Assistant Director of Finance and Audit for not correcting these misstatements, and we consider them to be immaterial to the view given by the financial statements.

Annual Governance Statement

We confirm that the Council has conducted a review during the year of the effectiveness of its system of internal control. We are satisfied that the Annual Governance Statement appropriately reflects the circumstances of the Council and includes an outline of the actions taken, or proposed, to deal with significant internal control issues.

Yours faithfully

Councillor Nazir
Chairman of the Audit and Risk Committee

For and on behalf of Slough Borough Council

www.bdo.co.uk

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