Royal Borough of Greenwich

Statement of Accounts

For the year ended 31 March 2013

Contents **Page**

Message from the Leader of the Royal Borough of Greenwich	**2**
Explanatory Foreword	**5**
Introductory Statements	
Statement of Responsibilities	8
Annual Governance Statement	9
Main Financial Statements	
Movement in Reserves Statement	23
Comprehensive Income and Expenditure Statement	24
Balance Sheet	25
Cash Flow Statement	26
Notes to the Accounts	**27**
Additional Financial Statements	
Collection Fund Account	106
Housing Revenue Account	110
Group Accounts	**116**
Pension Fund Accounts	**124**
Glossary	**151**

ROYAL borough of GREENWICH

Introduction from Councillor Chris Roberts, Leader of the Royal Borough of Greenwich

The Royal Borough of Greenwich has a duty to manage public money carefully and prudently.

I am therefore pleased to report that the Independent Auditor has once again expressed confidence in the Royal Borough's financial management, and in our efficiency when using public resources.

These are difficult economic times for the Royal Borough and its residents, with the Royal Borough having identified a savings requirement of £70m over a four year period in response to the Coalition Government's funding cuts.

In meeting these challenges, the Royal Borough recognises that local residents are also facing increased living costs. For this reason, I am proud to say that by freezing Council Tax for the next two years (until March 2015), it will have been held at the same rate for seven years in a row.

Despite the continuing financial challenges we face, there are plenty of reasons to take pride in our borough and its recent significant achievements.

To be named as 'Council of the Year' – as we were in March this year – is a reflection of our continuing desire to raise the prospects and the quality of life for our residents, to create opportunities and to continue to push forward the fortunes of the Royal Borough of Greenwich to make it an even better place to live, work, visit and enjoy.

The award crowned one of the most historic and memorable years in Greenwich's long history. At the start of 2012, Greenwich was designated as only the fourth Royal Borough in 1,000 years, in recognition of our unique and special relationship with the monarchy which goes back several centuries.

Royal Greenwich remained at the centre of celebrations to mark Her Majesty's Diamond Jubilee, including a special Royal visit to mark the reopening of the Cutty Sark ship and the refurbished Cutty Sark Gardens, in the heart of the Maritime Greenwich World Heritage Site.

That was followed, of course, by our hosting of the Olympic and Paralympic Games. Not only were the 2012 Games an outstanding sporting success for the Royal Borough, the capital and the country - they have also brought wide-ranging, long-term benefits for local residents and businesses.

These include providing work for over 5,000 local people (with support to help those employed on the Games get into long term employment) following the once in a lifetime international spotlight on the Royal Borough that has helped attract further investment from a wide range of overseas firms. The Games also gave a substantial boost to an already thriving tourism industry – a vital sector of our local economy, which already generates nearly £800 million annually.

In 2013 we are continuing our clear focus on supporting local people into work. Earlier this year we became the first local council in the country to launch an employment scheme helping those families worst affected by the Government's benefit cuts into local jobs. Over the next two years hundreds of local people will benefit from a variety of jobs with the Royal Borough – while local residents will see the benefit of that work, with extra staff working in parks and open spaces, street cleansing, recycling, enforcement, and town centre management.

We strongly believe that employment is the best route out of poverty and by helping families into jobs today, we help avoid the financial pressures that could be faced in the future, if we found ourselves forced to support families made homeless because they cannot pay their rent or bills.

Despite the substantial funding cuts, we have successfully protected frontline services that in many other parts of the country have faced severe cuts and closures. We have kept open all 24 Children's Centres, which provide vital childcare and support for local families. Our libraries have not just stayed open, they have seen extra investment in library buildings and in computers for public use. Youth services have also been protected and enhanced through a new partnership with Charlton Athletic Community Trust.

Our Olympic legacy includes investment in new sports facilities in parks, as well as a refurbishment of Charlton Lido where a modern, heated Olympic sized pool now offers year-round swimming and much improved disabled access.

Across the Royal Borough we can see investment providing new opportunities for local people, and new facilities for residents and businesses. The recognition of the importance of transport links to the local economy underlines our continued commitment to the Crossrail project, which is making good progress, and our decision to press the Mayor of London to invest in new fixed crossings over the River Thames at both Silvertown and Gallions Reach.

New facilities that are providing opportunities and apprenticeships for local people include the Royal Greenwich Horticultural and Equestrian Skills Centre at Shooters Hill, while at Greenwich Peninsula, with The O2 at its heart, new digital businesses are investing and creating jobs. Here, Ravensbourne continues to offer specialist training as well as acting as a magnet for a growing number of dynamic businesses that are establishing themselves in the area. Construction will shortly begin on London's first international cruise terminal at nearby Enderby Wharf, while the new cable car now provides a spectacular way to cross the Thames between Greenwich Peninsula and the Royal Docks.

The Royal Borough has continued its programme of modernising services for residents and businesses. Our two local service centres, at Woolwich and Eltham, have brought key services under one roof while providing significant savings to Council Tax payers. The third and last centre, in Greenwich, is being built as part of a development on the former Greenwich District Hospital site that will bring 645 new homes, a library, health facilities and a new leisure centre.

Like other London boroughs we face significant demands for housing and for school places to meet the needs of a growing population. Through our partnerships with major developers and social landlords, who are investing in new homes on sites such as Kidbrooke Village and the Royal Arsenal, Greenwich last year achieved the fourth highest number of new homes completed in London.

Local schools are performing better than ever. Last year our 11-year-olds achieved the fourth best set of results in the country in both English and mathematics, while for every key measure of educational achievement our schools are now as good as - or better than - the national and London figures. To meet increased demand for places, we are helping several of our primary schools to expand, while we continue to press the Government for the resources required to continue this essential investment.

Reflecting the concerns of the local community for action to be taken against crime and anti-social behaviour, the Royal Borough has invested £2.7m over the past five years in the Violent and Organised Crime Unit (VOCU). The unit made a major contribution to reducing overall crime in the Royal Borough of Greenwich by 6 per cent last year, following a 7.5 per cent fall the previous year, and cutting burglary and robbery to their lowest level in 12 years.

Despite the challenges we face, the Royal Borough continues to promote a range of policies which are supporting local families, improving educational attainment, skills and employment opportunities, delivering new homes and regeneration projects, and encouraging businesses to invest in the Royal Borough to deliver even greater opportunities and prosperity for local people.

Cllr Chris Roberts, Leader of the Royal Borough of Greenwich.

Explanatory Foreword

The Statement of Accounts is presented in accordance with the Code of Practice on Local Authority Accounting 2012/2013, which incorporates some relatively minor technical changes since last year. The following four statements are key:

Financial Statement	Commentary
Movement in Reserves Statement	This shows the movement in the year on the different reserves held by the Royal Borough. These are split between those that are available to spend (usable) and those that are of a technical or timing difference nature (unusable).
Comprehensive Income and Expenditure Statement	This shows the accounting cost in the year of providing services and any resultant surplus or loss. This figure does not directly impact the taxpayer.
Balance Sheet	This shows the value of the assets and liabilities of the Royal Borough. The net assets are matched by the reserves held.
Cash Flow Statement	This shows the changes in and use of cash and cash equivalents during the period.

Specific notes that set out the accounting policies of the Authority and other explanatory information are also provided. The Annual Governance Statement sets out a framework in relation to risk management along with efficiency and effectiveness. Specific sections relating to the Collection Fund (Council Tax and Business Rates), Housing, Pension Fund and Group Accounts (the latter being separate legal entities that are part of the Royal Borough's accounts) are also presented.

The year gone by - 2012/2013

Revenue expenditure

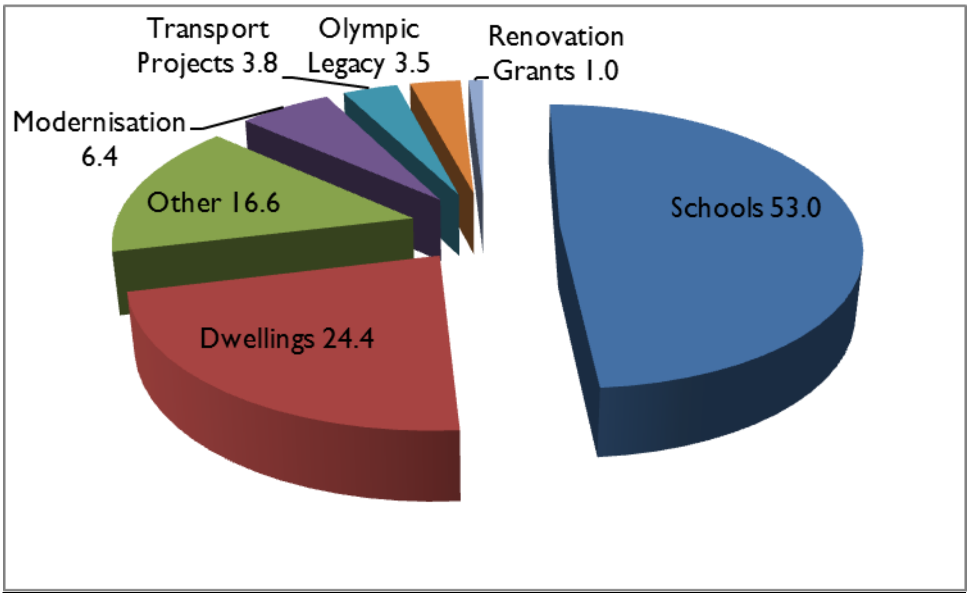
The 2012/2013 financial year was the second year of the Authority's current Medium Term Financial Strategy (MTFS). The 4 year period covered by the MTFS forecast a 30% reduction in overall resources as a result of the Government's funding reductions and austerity measures. Significant levels of savings were front loaded, with more than two-thirds required to be delivered over the 2 year period to 2012/2013. This introduced significant risk into the 2012/2013 financial year.

Strong management action throughout the year has resulted in a positive outcome with the General Fund delivering an underspend of £0.374m and the HRA an underspend of £0.707m.

Capital Investment

£108.7m of capital investment was made by the Royal Borough during 2012/2013 with the vast majority of this being spent on improving school facilities, in particular the provision of school places in response to rising pupil numbers. Almost one quarter of the total figure was spent on enhancing the Borough's housing stock.

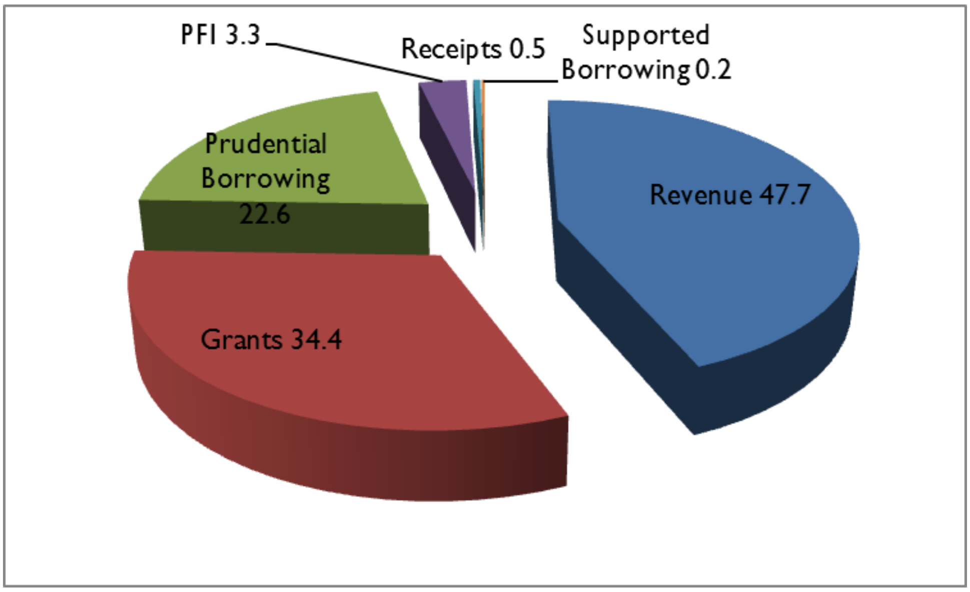
Capital Investment 2012/2013 (£m)



Capital Financing

Over three quarters of the capital investment was financed by revenue resources and grants.

Financing of Capital Investment 2012/2013 (£m)



All borrowing undertaken is sustainable in that debt servicing costs are supported by identified revenue budgets (borrowing for Housing purposes is restricted through the new Self Financing regime such that debt cannot rise above a government imposed cap of £334.649m).

Total nominal borrowing at 31 March 2013 was £426.9m, which should be viewed in the context of the Authority's asset base, which has a net book value of £1.7bn.

Material Transactions

The conversion of Charlton and Shooters Hill Post 16 Campus schools to academies has led to them being derecognised from the balance sheet. These have been leased to the governing body of the institutions on 125 year leases.

Future Financial Issues – 2013/2014 onwards

Funding / Non Domestic Rates

From 1 April 2013, the funding regime for local authorities has changed. A system based mainly on government Revenue Support Grant (RSG) is replaced by one that is partially based upon RSG but also allows authorities to retain a proportion of their business rate income. Greenwich will be able to retain 30% of its business rate income, with 20% passed to the GLA and the remaining 50% to the government. Although this will bring an element of incentivisation, this creates a further level of funding uncertainty given that RSG will remain subject to government funding decisions (see below - SR 2013) and the generation of business rate income will be subject to a number of external factors such as the general economic climate.

Spending Round (SR 2013)

The government is due to make an announcement in June 2013 regarding central government departmental spending which could have an impact upon amounts receivable by the Authority from the government in the form of grants, for the year 2015/2016 (and by inference, onwards).

Public Health

The Authority will take on responsibility for public health from 1 April 2013. Funding for the first two years of this has been announced by the Department of Health.

Academies

Further transfers of schools to academies are possible and the Authority is conscious of the impact this will have upon government funding.

Localisation of Council Tax Support

From 1 April 2013, authorities have been required to determine a local scheme to replace Council Tax Benefit, utilising the following criteria:

- support for pensioners, existing and future, does not change
- a requirement for the scheme to support vulnerable groups whilst incentivising work
- a 10% funding cut in funding from the government (~£2.3m for Greenwich).

The Authority will undertake work to determine levels of support, collection rates and future funding for this in 2013/2014.

MTFS

The Authority is half way through the four year strategy and has committed to freezing the local element of Council Tax until March 2015. This has been possible through robust management action to contain pressures and the strong financial standing that the Authority enjoys.

Introductory Statements

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Financial Officer.

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

- approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code.

The Chief Financial Officer has also:

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

Certification of Chief Financial Officer

I hereby certify that the Statement of Accounts on pages 23-150 give a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31st March 2013.

D Warren

Debbie Warren CPFA **Dated** **31 July 2013**
Chief Finance Officer

Annual Governance Statement

1. Scope of responsibility

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

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

The Royal Borough has approved and adopted a code of corporate governance based on the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from the Assistant Director of Finance (Governance and Audit). This statement explains how the Royal Borough has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit (England) Regulations 2011 in relation to the effectiveness of its system of internal control.

2. The purpose of the governance framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot totally eliminate risks in achieving policies, aims and objectives and therefore provides a reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Royal Borough's policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact on the Royal Borough should they occur and how to manage them efficiently, effectively and economically.

The governance framework has been in place during the year ended 31 March 2013 and up to the date of approval of the annual statement of accounts.

3. The governance framework

The following paragraphs outline the key elements of the systems and processes that comprise the Royal Borough's governance framework and arrangements. This is summarised in the Royal Borough's Local Code of Corporate Governance.

Identifying and communicating the authority's vision

The Greenwich Strategy (the sustainable community strategy) set a vision to 2015, established by the local strategic partnership, for the whole of Royal Greenwich. This is available on the Royal Borough's internet and intranet site.

Through its plan, the Council continued to pursue its objectives in 2012-13 to:

- Deliver a successful Olympic and Paralympic Games and secure a lasting legacy;

- Embrace Royal Borough status, recognising the pride residents feel towards our heritage and using it as a catalyst for future prosperity;
- Protect residents from public spending cuts by securing front-line services;
- Promote local growth by:
  - Showcasing Greenwich as a place in which to invest
  - Opening up job markets through transport infrastructure improvements
  - Securing housing growth and industrial development
- Reduce poverty:
  - Working with partners to ensure the skills of our workforce met the needs of a changing economy
  - Supporting families in poverty to gain employment
  - Tackling fuel poverty
- Raise educational aspirations and standards, reduce crime and tackle health inequalities

Directorate Service Plans reflect Royal Greenwich's key improvement priorities and include outcome performance measures, actions and risks. These are communicated to staff through service and team meetings and are available on the departmental pages on the Royal Borough's intranet.

Measuring the quality of services for users

The Royal Borough seeks to secure continuous improvement in service delivery and has a robust performance management framework, including strong scrutiny arrangements.

During 2012/2013 the Royal Borough can point to numerous achievements and improvement to services that have and will continue to benefit users:

- Became the first borough in 80 years to gain Royal Borough status
- Successfully hosted six Olympic and four Paralympic sports as well as hosting numerous cultural and sporting events in the run up to the Games.
- Continuation of the annual Sportathon as part of its Olympic legacy – a five day event for all the Borough's primary schools, supported by the Army, Greenwich Leisure Limited and Charlton Athletic Football Club
- Secured £9 million of funding in new facilities in schools, communities and sports
- Worked with developers to deliver over 4100 new homes in the next 3-5 years (1090 affordable) and achieved one of the highest completions in London.
- Raised educational aspirations and standards – achieving the fourth highest in the country at Key Stage 2 in both English and mathematics, and matching or exceeding the national and London performance in every key indicator of educational performance, for children aged 5 to 16.
- Over the last four years Greenwich Local Labour and Business has supported over 4,000 people into employment.

This culminated in the Royal Borough receiving national recognition as the Local Government Chronicle Council of the Year.

Directorate Service Plans are designed to be improvement planning tools, against which performance and key tasks can be tracked. Each directorate's Senior Management Team regularly receives performance reports based on an assessment of data.

The Royal Borough participates in a number of benchmarking arrangements, including with other London Boroughs through the Local Area Performance Solution. This provides benchmarking information to enable rigorous comparison of performance.

The service plan itself is designed to be a monitoring tool as well as an improvement planning tool. Thus, performance against targets and the performance in implementing the key tasks for the year can be tracked. Since the introduction of the performance management IT system, this tracking is undertaken using this system.

There is an officer group, the Corporate Performance Management Group, made up of representatives from all directorates. The group is responsible for the development, maintenance and quality of performance management and monitoring arrangements based around the corporate performance framework. Regular bulletins are issued and disseminated on any matters which relate to performance management issues, whether at the national, regional or local level. The group reports directly into GMT performance.

Much of our performance is managed by a corporate performance management software tool and we began to expand the use of this tool during 2012-2013. At service level, it is the responsibility of the service manager to undertake day to day monitoring of performance and the software is used to support managers to do this.

At the operational level, the Royal Borough's Performance Review and Development Scheme for all staff (PRADS) ensures that individual employees' work tasks and objectives link to the Corporate Plan and community strategy priorities and are monitored regularly by line managers.

At Member level, the Leader allocates portfolios to each Member of the Cabinet and he/she is then responsible for performance in that area. Directors regularly provide Cabinet Members with performance information. In addition, the Royal Borough has arrangements for councillor scrutiny of performance across the whole Authority and also with regard to performance measures being taken forward with partner organisations.

The Overview and Scrutiny Committee, the overarching scrutiny body, monitors and reviews Council services and performance generally at a more strategic level to make sure local needs and service standards are met. The Members of the Overview and Scrutiny Committee are notified of all executive decisions taken by the Leader, Cabinet, individual Cabinet Members and Chief Officer key decisions and have the opportunity to call these in for further consideration. The Committee carries out pre-decision scrutiny on budget proposals and has an opportunity to submit comments to the Cabinet. The Committee's six thematic scrutiny panels monitor performance across a range of key services and, where appropriate, can require Cabinet Members to attend and also partner organisations. Cabinet Members submit regular reports to the appropriate Scrutiny Panel and are questioned on the delivery of their priorities for the year.

The Overview and Scrutiny Call-In Sub-Committee works in a contingency and support role to the Overview and Scrutiny Committee and is one of the options open to Members when an executive decision is called in (the other two being to refer the matter back to the decision taker for further consideration or to refer to Council if the matter is considered contrary to the Policy or Budget Framework). Members of the Overview and Scrutiny Committee can 'call-in' executive decisions taken by the Leader, Cabinet, an individual Cabinet Member or a Chief Officer key decision unless the decision has been classified as urgent.

Performance is also scrutinized by relevant partnership boards such as the Children's Trust, Safer Greenwich Partnership, and Shadow Health and Social Care Wellbeing Board which will become a Health and Wellbeing Board in April 2013.

Ensuring quality data

The Overview and Scrutiny Committee plays an active role in examining performance data, questioning the way data has been compiled, analysed and interpreted, its validity and compliance with prescribed definitions. For example, panels routinely consider performance in relation to children's services, revenues and benefits, customer services, human resources and headline equality measures. In 2013-14 scrutiny will in addition, be focusing on a range of NHS, Public Health and adult social care indicators and outcomes.

RBG has an agreed Performance Data Quality Policy which sets out the Council's approach and commitment to the production of high quality performance management data, including associated actions and risks, for use in service planning and improvement. It sets out the principles and responsibilities that should be in place within directorates to maintain high standards of performance data. High quality, timely and meaningful data is essential to Royal Greenwich in making informed decisions, improving services and for public accountability. In particular in:

- Supporting Royal Greenwich's corporate planning process and directorates' business plans;
- Identifying priorities and performance improvement; and
- Providing valid and robust data for public consumption and internal/ external inspection.

The Royal Borough's guidance document, *Performance Data Quality in Greenwich,* sets out the quality standards required, advises on the usage of data and defines the key roles and responsibilities in the process.

Within the Royal Borough, Chief Officers have responsibility for ensuring that performance data quality meets the standards required and the Head of Corporate Services had the role of Corporate Performance Data Quality Champion. She ensured that data quality was considered by the Royal Borough's management team (GMT) and the officers' Corporate Performance Management Group.

She was also responsible for reviewing the policy and guidance annually and for signing off any changes which are then circulated to all relevant officers, including chief officers. The annual review of the policy took place during spring 2012.

The primary responsibility for establishing data quality arrangements which adhere to the overall policy and guidance is devolved to service directorates.

Defining and documenting the roles and responsibilities of the executive, non executive, scrutiny and officer functions and protocols for communication

The Royal Borough's Constitution defines and documents the roles and responsibilities of the Cabinet (executive), Council and Scrutiny (non executive) and Chief Officers. It also provides clear direction for decision making and delegation and is continuously reviewed to ensure that it is current and up to date. In June 2010 a revised Scheme of Delegation was introduced, which included for the first time delegation to individual Cabinet Members. The provisions of the Constitution were reviewed to take account of the revised scheme of delegation. The Leader of the Council is responsible for the executive scheme of delegation. It is included in the Constitution and written notification of any in-year changes are reported to the Council's Monitoring Officer and reported to full Council.

With regards to communication, the Royal Borough has communication standards and guidance which cover both internal and external communication, designed to produce greater consistency, effectiveness, economy and co-ordination of the Royal Borough's communication with the public. Decisions made by the Royal Borough are communicated via minutes which are published on the Royal Borough's internet and in print. Decisions taken by the Cabinet, individual Cabinet Member and Chief Officer key decisions are published direct to the website on the day of decision. All members of the Council are notified of these decisions and members of the Overview and Scrutiny Committee are afforded the opportunity to call them in.

The scrutiny function has its own policy and procedure manual for the conduct of its activities which is aligned to the constitution.

Developing, communicating and embedding codes of conduct

The Head of Law and Governance is the Royal Borough's Monitoring Officer. He is responsible for ensuring the lawfulness and fairness of decision making and monitors and reviews the Royal Borough's Constitution. He is also the lead officer supporting the Royal Borough's Standards Committee. Following the enactment of the Localism Act the Council, in June 2012, adopted a revised Code of Conduct and established a new Standards Committee (replacing the former statutory committee). The new Standards Committee includes three independent members (appointed by full Council) and three councillors, the Committee is chaired by one of the independent members. The Council, in line with the legislation, has also appointed an Independent Person to advise the Standards Committee prior to deciding what sanction, if any, should be imposed if a member or co-opted member has contravened the Code of Conduct. The main objectives are to promote and maintain high standards of conduct by Members of the Royal Borough and to deal with complaints that Members have broken the Code of Conduct. The Royal Borough has within its constitution, a Code of Conduct for Members and protocols for good practice in planning and in licensing. All members are required to complete a Register of Interest form and these are published to the Council's website. Members are also reminded to inform the Monitoring Officer of any changes of interests that have to be registered within 28 days of that change.

Within the Royal Borough's Human Resources Policies and Procedures, there are the Rules and Codes of Conduct for employees and Officers Declaration of Interests Policy, which includes the policy on the acceptance of gifts and hospitality, and conflicts of interest and the use of confidential information. Within the Constitution, there is also a protocol for working relationships between Members and Officers of the Royal Borough.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation, defining how decisions are taken and managing risks

Financial Control

Responsibility for the financial management of the Royal Borough falls within the statutory functions of the S.151 Officer. It is primarily discharged through the Finance Directorate Financial Standing Orders (Regulations) and Procedures, and Schemes of Delegation which provide the framework for financial management across the Royal Borough. The S.151 Officer ensures that these are kept under continuous review and the current arrangements comply with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

There are regularly updated financial systems procedures and manuals which cover all the Royal Borough's main financial systems. The Royal Borough's Budget and Policy Framework comprises all key strategies and plans which are required by statute to be agreed by the full Council. The Royal Borough has in place established mechanisms for the reporting of financial/management information to both Members and officers. There are periodic revenue monitoring and annual outturn reports presented to Cabinet, which are also provided to the Greenwich Management Team.

Decision Making/Scrutiny
The Royal Borough's constitution clearly outlines the roles and responsibilities of the Executive (Leader, Cabinet Members, Cabinet bodies and Chief Officers), and how decisions are scrutinised by the Overview and Scrutiny Committee and its Scrutiny Panels. Also included are the arrangements for 'Calling In' executive decisions and Councillor Call for Action.

The Royal Borough's committee report writing guidelines outline the necessity of having both financial and legal comments, and where applicable a risk assessment of the various decisions that Members are being asked to make. Detailed guidelines also exist for the taking of key decisions by Chief Officers and individual decisions by Cabinet Members. The Council also fully complies with the revised Access to Information requirements and ensures that 28 day notice is given before an executive key decision is taken.

Overview and Scrutiny Committee receives referrals from Cabinet to scrutinise the use of exemptions to standing orders with regard to letting contracts and also waivers to standing orders. A report on all such items is examined closely by the Committee on a regular basis-following consideration by Cabinet.

Managing Risks
The Royal Borough has an established and effective risk management framework, which includes, a Corporate Risk Management Strategy approved by Cabinet. Through its Risk Management Strategy, the Royal Borough identifies its strategic, directorate, service and project/partnership risks and , prioritises, evaluates and controls its risks to support the delivery of the Royal Borough's objectives. A Corporate Risk Management Group ensures the implementation and embedding of risk management within the planning and decision making process, provides a clearly defined process for escalating and reporting, and monitors risks through Departmental Management Teams, the Greenwich Management Team and the Audit and Risk Management Panel. The Council wide IT system enables departments to update and manage their own risk information, which has further strengthened risk management.

In relation to insurable risks these are regularly reviewed, both by officers and by the Royal Borough's insurer, to ensure that the level of cover is appropriate and the Royal Borough achieves best value from the insurance cover it purchases or self insures.

All directorates and divisions have Emergency Planning and Business Continuity Management (BCM) Plans which are reviewed annually in line with the Royal Borough's Emergency Planning and Business Continuity Management Strategy.

A Greenwich Safety Management System (GSMS) is in place and is subject to regular review and communicated to staff. The Council's Health and Safety Policy Statement is reviewed every 2 years and approved by the Greenwich Management Team.

The risk management of these issues is very much 'joined up', for example both Emergency Planning and Business Continuity Management and Health and Safety are included within the Council's Strategic Risk Register.

The Royal Borough also has an Internal Audit and Anti Fraud Service which, through its risk assessed and prioritised annual plans, ensures that significant risks are regularly reviewed and reported to senior managers and Members. There is a Counter Fraud and Corruption Policy which states the Royal Borough's commitment to protecting public monies.

Undertaking the core functions of an Audit Committee

The Royal Borough has an Audit and Risk Management Panel (which serves as an Audit Committee) whose main responsibilities are to receive the annual review of governance and internal control and be satisfied that it properly reflects the governance framework of the Royal Borough and any actions required to improve it. The ARM Panel receives a comprehensive suite of reports on governance issues including the annual plans and performance reports of Internal Audit and Anti Fraud. Summary audit reports are also presented to the panel to provide assurances that action is being taken where necessary to improve control. On risk management, the ARM panel receives reports on how strategic risks are being effectively managed. The Audit and Risk Management Panel is underpinned by an officer governance group responsible for financial governance matters.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

As part of the Overview and Scrutiny process, members have undertaken monitoring work in this respect during 2012-13:

- Compliance with the Regulation of Investigatory Powers Act current and previous legislative requirements.
- Management of Capital Projects
- Handling of Children's Services complaints
- Schools admissions
- Electoral Services – compliance with government requirements
- Regulated services: Children's Home, Fostering Service, Adoption Service

All Chief Officers are required to plan and discharge their departmental functions in accordance with Royal Borough policies and legislative requirements. Departmental Management Teams provide local leadership and operational management. Corporate leadership is provided by the Greenwich Management Team led by the Chief Executive.

The Chief Finance (s151) Officer, who within Greenwich is the Director of Finance, and the Monitoring Officer have the ability, after consulting with the Chief Executive, to report to Cabinet or full Council and the Royal Borough's external auditor, if either considers that any proposal, decision or course of action will involve incurring unlawfulness or unlawful expenditure. It is embedded within the Royal Borough's reporting system that all committee reports contain a financial implications paragraph which has been cleared by the s151 Officer or nominated representatives, and a legal implications paragraph which has been cleared by the Monitoring Officer or his nominated representatives.

Of particular importance are the Royal Borough's Financial Regulations, Procedures and Schemes of Delegation. These are kept under continuous review and are properly communicated to the relevant level of officer, assisting in ensuring that financial transactions are adequately controlled.

Through the Royal Borough's procurement arrangements, contracts are awarded through a competitive process and in accordance with the appropriate legislation. The contract register is maintained and updated to take account of new contract and contractual arrangements, and to help underpin the Councils' response to the Government's transparency agenda. The Council is also seeking ways of working with other councils to identify possible collaborative opportunities in procurement, supplier relationship management and contract management.

There is an information governance framework in place with the Greenwich Management Team having overall responsibility for the Royal Borough's IT Strategy. The Head of Corporate Services is appointed as the Proper Officer for the duty to notify the Information Commissioner of any changes in accordance with Section 20 of the Data Protection Act 1998 and is the Senior Information Risk Owner for the Royal Borough in accordance with Local Government Association guidance and best practice. The development and embedding of assurance for the information governance framework, includes:

- Day to day oversight of the corporate information security policy and provision of an annual statement of the security of information assets for the Annual Governance Statement that is delegated to the Assistant Director for Customer Services and ICT Strategy.
- Officers who are assigned specific responsibility for managing Data Protection, Information Security, and FOI.
- A designated senior officer (Caldicott guardian) in the Directorate of Adults and Older People's Services who is responsible for overseeing and advising on all procedures affecting access to person-identifiable health/social care data.
- An Information Governance Group board dealing with compliance requirements and NHS information sharing.
- Comprehensive pages on the intranet detailing the Royal Borough's Data Protection and Information Security policies.
- A draft Data/Information Sharing Agreement, for use when data sharing with partners.
- Arrangements for keeping staff continuously aware of information governance policies and guidelines.
- Arrangements for staff to confirm that they will act in accordance with the Royal Borough's ICT policies each time they log on to the Royal Borough's IT systems.
- Staff awareness of Data Protection responsibilities as an integral part of staff inductions for the use of the main business systems.
- A review confirmed compliance with Government's Code of Recommended Practice for Local Authorities on Data Transparency.

Processes for whistle-blowing and for receiving and investigating complaints from the public

The Royal Borough has a Whistle Blowing policy which outlines how it will respond to any concerns raised. There is a formal complaints procedure which enables complaints to be raised about Councillors, services and staff, and these complaints are rigorously investigated and responded to.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Royal Borough identifies Members' training needs and provides a number of training sessions designed to prepare them for their strategic roles as Councillors.

Specific development and training activities for scrutiny members included:

- In-house event October 2012: update on legislation affecting scrutiny work (health, crime and disorder), briefings on fuel poverty and transport and, development of lines of enquiry for scrutiny inquiries.

- Centre for Public Scrutiny (CfPS) Regional Support Programme – two events covering community engagement, scrutiny of cross borough/shared services, questioning techniques, work programme preparation, sources of information.

- A scrutiny chair attended a Parliamentary Seminar and a number of select committee hearings (relating to his work programme) to develop his knowledge of the process and enhance the work of his panel.

- In April 2013 RBG submitted an Expression of Interest for CfPS scrutiny support in relation to the Health Checks Plus programme and members will be attending a CfPS event in 2013-14 regarding the new health landscape.

In addition the Royal Borough runs a comprehensive programme for all levels of staff particularly managers, aimed at developing and supporting them. There are also support networks including Corporate Senior Managers (senior officers) and Managers Network which ensures that the latest developments within the Royal Borough, affecting how officers work and services are delivered, are communicated and cascaded.

Establishing clear channels of communication with all sections of the community and other stakeholders

One of the Royal Borough's values is *"listening to our communities and empowering local people"*. To achieve this, the Royal Borough currently uses a variety of mechanisms for different purposes and for reaching different sections of the community. These include; Housing Panels of tenants and councillors; borough-wide housing tenant and leaseholder panels; community safety panels; Sure Start management groups and parents forums; Greenwich Young People's Council; Citizens panel; service-specific consultation exercises, including satisfaction surveys; questionnaires and focus groups; and community engagement events.

In relation to internal communications, this is carried out via various officer networking groups, the intranet, a number of specialist or departmental staff newsletters, circulated Departmental Management Team minutes and section/staff meetings etc.

In 2012, the rebranding strategy was implemented as the Council became a Royal Borough in recognition of the Borough's unique Royal history. This included internal and external changes in coordination with promotional publicity and community based activities. The Council makes extensive use of Greenwich Time as an effective communication method.

Incorporating good governance arrangements in respect of partnerships and other group working

The Royal Borough is involved in various partnerships. Council members are involved with all strategic partnership boards, and the Overview and Scrutiny Committee and its scrutiny panels monitor the performance of the partnerships. Following a self evaluation process of the Local Strategic Partnership, a new partnership officer group was established – the Partnership Information and Intelligence Group, to improve arrangements for sharing information and support the partnership process.

A key objective is a sound governance framework for partnership working at all levels – strategic, "executive" and operational – that provides effective leadership and coordination to the delivery of the shared vision for the borough as set out in the Greenwich Strategy.

The Royal Borough also has contracts in place with three wholly owned arm's length management organisations. These companies deliver services to the Royal Borough and received some support services from the Royal Borough, but are able to compete for additional contracts beyond the borough boundaries and work in partnership with other commercial organisations. These organisations are:

- Greenwich Service Plus Limited which supplies building cleaning, catering and fleet management services to the Royal Borough;

- Greenwich Service Solutions Limited which is primarily responsible for supplying school catering services to the Royal Borough but through its trading activities elsewhere it offers cleaning services facilities management security services, agency staff, skills training and ICT support; and

- Meridian Home Start Limited which took over responsibility for the letting, management and maintenance of a selection of homes.

In 2012-13 the Royal Borough prepared for the transfer of the Public Health function from the NHS, ensuring that appropriate governance arrangements were in place. This included the transfer of staff, the novation of contracts, the identification and assessment of risks, and the establishment of appropriate operational arrangements for 1 April 2013. The executive scheme of delegation was updated to reflect the Council's new public health duties and the establishment of the post of Director of Public Health. This transfer was completed successfully.

4. Review of effectiveness

The Royal Borough has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, i.e. the governance review group, the Head of Internal Audit's annual report, and by comments made by external auditors.

Within the Royal Borough's governance framework, there are various levels of assurance that the governance review group has weighted in relation to priority of importance. First and foremost is the level of internal control exerted by the management of the Royal Borough. This is summarised in the Sources of Assurance for 2012/2013 attached.

Overall, the review of effectiveness concluded that the governance arrangements had been in place for the financial year ended 31 March 2013 and with the exception of the governance issues detailed in the following section (5), these arrangements were operating effectively and in accordance with good practice.

The review process has been performed by a governance review group of senior officers who reviewed evidence of how governance operated during the year and determined its effectiveness. The process included reviewing the;

- Council's constitution; arrangements for communicating with the citizens of Royal Greenwich and other stakeholders;
- Performance management arrangements;
- Roles, responsibilities and training of the Members and officers responsible for governance;
- Process for making financially and legally prudent risk assessed decisions;
- Internal control arrangements to ensure compliance with policies and procedures;
- Overall risk management arrangements and the process for reporting concerns and complaints;
- Activities of the relevant member committees and panels;
- Governance control self assessments undertaken by Departmental Chief Officers;
- Head of Internal Audit report on the Royal Borough's internal control arrangements based on Audit's work programme during the year;
- Arrangements for following up actions identified from the previous Annual Governance Review process; and
- Findings of the Royal Borough's external auditors on any work undertaken on the governance of the Royal Borough.

5. Significant governance issues

From this work the governance review group consider that the following areas need to be addressed during 2013-2014. Formal reports in relation to these areas will be provided to the Audit and Risk Management Panel during 2013-2014 in order that progress can be monitored.

Governance Area	Governance Control Issue	Action Required	Responsible Officer
IT - Disaster Recovery /Business Continuity	This issue of the adequacy of the Council's IT Disaster Recovery systems has been raised in previous AGS action plans. The original solution to strengthening the position was an integral	Following completion of the actions referred to opposite, a post implementation review of the plan will be undertaken and reported back to the ARM Panel.	Assistant Director (Customer Services and ICT

	part of the recent changes to the Council's IT systems which included commissioning a new server farm based in the Woolwich Centre data centre. Members will be aware of the problems caused by a flood within the new data centre and also have been informed of a range of other important IT priorities. From a purely Disaster Recovery/Business Continuity perspective the future strategy will involve accessing a further site within the Borough to provide effective back up to the Woolwich Centre Data Centre. Plans for commissioning this second site are well advanced. Clearly it is anticipated that a 'two site' approach will provide a fully robust Disaster Recovery solution.	It is anticipated that this will be by no later than December 2013. It should be noted that the review will involve appropriate input from Internal Audit.	Strategy)
Payroll	The issue of payroll control weaknesses has also been raised in previous AGS action plans. The ARM panel have been made aware of progress being made on these issues and Internal Audit work in this area recently has confirmed that necessary actions have been undertaken and controls have improved. The Royal Borough's Human Resources and payroll system is due to be replaced during 2013 and clearly robust control mechanisms will need to be maintained. It is therefore considered prudent to maintain this issue on the AGS action plan for 2013/2014. It is worth noting that Internal Audit is proactively undertaking work with Human Resources and is 'satisfied that the Payroll control environment has improved and the overall direction of travel remains positive'.	Ensure that all payroll procedures are fully reviewed as part of the integration and implementation of the payroll system replacement programme so that robust control mechanisms are maintained.	Interim Head of Human Resources Operations

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

Cllr Chris Roberts

Leader of the Council

Dated : 31 July 2013

Mary Ney

Chief Executive

Dated : 31 July 2013

Independent auditor's report to the Members of the Royal Borough of Greenwich

Opinion on the financial statements

We have audited the financial statements of Royal Borough of Greenwich for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and 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 Royal Borough of Greenwich 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 Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and auditor

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

Scope of the audit of the financial statements

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

In our opinion the financial statements:

- give a true and fair view of the financial position of Royal Borough of Greenwich as at 31 March 2013 and of its expenditure and income for the year then ended;

- give a true and fair view of the financial position of the Group as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared 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 report to you if

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- 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 Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

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 Authority has proper arrangements for:

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

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

Certificate

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

Susan M Exton
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

31 July 2013

Main 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' (ie, 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 Authority.

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	**Total Usable Reserves**	Unusable Reserves	**Total Authority Reserves**
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2011	**(35,551)**	**(180,006)**	**(7,189)**	**(10,717)**	**0**	**(22,167)**	**(255,630)**	**(909,944)**	**(1,165,574)**
Movement in reserves during 2011/12									
(Surplus) or deficit on the provision of services	90,130	0	(118,292)	0	0	0	**(28,162)**	0	**(28,162)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	161,356	**161,356**
Total Comprehensive Income and Expenditure	**90,130**	**0**	**(118,292)**	**0**	**0**	**0**	**(28,162)**	**161,356**	**133,194**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(120,507)	0	97,375	(4,315)	21,251	(6,520)	**(12,716)**	12,716	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(30,377)**	**0**	**(20,917)**	**(4,315)**	**21,251**	**(6,520)**	**(40,878)**	**174,072**	**133,194**
Transfers to/from Earmarked Reserves (Note 8)	25,208	(25,208)	21,966	0	(21,966)	0	**0**	0	**0**
Increase/Decrease in 2011/12	**(5,169)**	**(25,208)**	**1,049**	**(4,315)**	**(715)**	**(6,520)**	**(40,878)**	**174,072**	**133,194**
Balance at 31 March 2012 carried forward	**(40,720)**	**(205,214)**	**(6,140)**	**(15,032)**	**(715)**	**(28,687)**	**(296,508)**	**(735,872)**	**(1,032,380)**
Movement in Reserves during 2012/13									
(Surplus) or deficit on provision of services	28,847	0	(9,526)	0	0	0	**19,321**	0	**19,321**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	28,324	**28,324**
Total Comprehensive Income and Expenditure	**28,847**	**0**	**(9,526)**	**0**	**0**	**0**	**19,321**	**28,324**	**47,645**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(30,611)	0	(18,710)	(31,622)	16,139	(9,945)	**(74,749)**	74,749	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(1,764)**	**0**	**(28,236)**	**(31,622)**	**16,139**	**(9,945)**	**(55,428)**	**103,073**	**47,645**
Transfers to/from Earmarked Reserves (Note 8)	4,452	(4,452)	15,424	0	**(15,424)**	**0**	**0**	0	**0**
Increase/Decrease in Year	**2,688**	**(4,452)**	**(12,812)**	**(31,622)**	**715**	**(9,945)**	**(55,428)**	**103,073**	**47,645**
Balance at 31 March 2013 carried forward	**(38,032)**	**(209,666)**	**(18,952)**	**(46,654)**	**0**	**(38,632)**	**(351,936)**	**(632,799)**	**(984,735)**

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.

* Following a change in management arrangements, services previously shown as trading operations are now reported against their respective service lines. The 2011/12 comparator has been restated where appropriate.

2011/2012 Restated				2012/2013		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
89,497	(35,237)	54,260	Central services to public *	47,820	(37,620)	10,200
20,748	(2,163)	18,585	Cultural and related services	23,317	(4,868)	18,449
39,339	(10,357)	28,982	Environmental and regulatory services	40,837	(8,980)	31,857
32,370	(29,240)	3,130	Planning services *	18,123	(15,617)	2,506
376,035	(284,518)	91,517	Education & children's services	379,742	(280,124)	99,618
24,677	(7,330)	17,347	Highways & transport services	27,569	(10,089)	17,480
121,104	(131,282)	(10,178)	Local authority housing (HRA)	96,252	(115,906)	(19,654)
160,819	(154,515)	6,304	Other housing services	181,056	(166,812)	14,244
107,618	(30,983)	76,635	Adult social care	104,427	(34,772)	69,655
6,541	0	6,541	Corporate & democratic core	5,860	0	5,860
7,704	0	7,704	Non distributed costs	1,951	0	1,951
986,452	**(685,625)**	**300,827**	**Cost Of Services**	**926,954**	**(674,788)**	**252,166**
		86,686	Other Operating Expenditure (Note 9)			36,769
		72,124	Financing and Investment Income and Expenditure (Note 10) *			42,421
		(487,800)	Taxation and Non-Specific Grant Income (Note 11)			(312,035)
		(28,163)	**(Surplus) or Deficit on Provision of Services**			**19,321**
		(10,810)	(Surplus) or deficit on revaluation of property, plant & equipment assets			(7,059)
		172,166	Actuarial (gains) / losses on pension assets / liabilities			35,383
		161,356	**Other Comprehensive Income and Expenditure**			**28,324**
		133,193	**Total Comprehensive Income and Expenditure**			**47,645**

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, ie 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 is 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'.

31 March 2012		Notes	31 March 2013
£000			**£000**
1,732,279	Property, Plant & Equipment	12	1,722,737
613	Heritage Assets	13	770
2,699	Intangible Assets	15	113
800	Long Term Investments	16	769
823	Long Term Debtors	16	788
1,737,214	**Long Term Assets**		**1,725,177**
275,555	Short Term Investments	16	356,576
37,510	Assets Held for Sale	20	9,676
223	Landfill Allowance		266
135	Inventories	17	105
55,488	Short Term Debtors	18	39,747
12,847	Cash and Cash Equivalents	19	16,519
381,758	**Current Assets**		**422,889**
(4,571)	Cash and Cash Equivalents	19	(4,920)
(7,406)	Short Term Borrowing	16	(12,360)
(61,727)	Short Term Creditors	21	(72,590)
(2,870)	Receipts in Advance	35	(690)
(8,941)	Provisions	24	(8,715)
(30)	Defra Liability		(22)
(85,545)	**Current Liabilities**		**(99,297)**
(459,062)	Long Term Creditors	43	(506,054)
(9,782)	Provisions	22	(12,841)
(406,214)	Long Term Borrowing	16	(418,347)
(125,479)	Other Long Term Liabilities	16	(126,792)
(510)	Capital Grants Receipts in Advance		0
(1,001,047)	**Long Term Liabilities**		**(1,064,034)**
1,032,380	**Net Assets**		**984,735**
(296,508)	Usable Reserves	8 / 23	(351,936)
(735,872)	Unusable Reserves	24	(632,799)
(1,032,380)	**Total Reserves**		**(984,735)**

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

2011/2012 £000		2012/2013 £000
28,163	Net surplus or (deficit) on the provision of services	(19,321)
212,680	Adjustments to net surplus or deficit on the provision of services for non cash movements	175,572
(191,763)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(78,164)
49,080	Net cash flows from Operating Activities	78,087
(69,990)	Investing Activities (Note 26)	(95,470)
2,049	Financing Activities (Note 27)	20,706
(18,861)	Net increase or decrease in cash and cash equivalents	3,323
27,137	Cash and cash equivalents at the beginning of the reporting period	8,276
8,276	**Cash and cash equivalents at the end of the reporting period (Note 19)**	**11,599**

Notes to the Accounts

1. Accounting Policies

General

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which states that the Accounts are 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 2012/2013 (the "Code") and the Service Reporting Code of Practice 2012/2013 ("SeRCoP", based upon International Financial Reporting Standards (IFRS), supported by policies and statutory guidance issued under Section 21 of the Local Government Act 2003.

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

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the 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 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.

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The Authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions (i.e. carbon dioxide produced as energy is used). As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the costs of the Authority's services and is apportioned to services on the basis of energy consumption.

Cash and Cash Equivalents
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in no more than a three month period 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.

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.

Charges to Revenue for Non-Current Assets
Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue (the Minimum Revenue Provision) 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 amortisation are, therefore, replaced by the contribution from 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.

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 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 appropriate service 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 Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The Local Government Pensions Scheme, administered by the Royal Borough of Greenwich or the London Pension Fund Authority (LPFA).

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

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 Education and Children's 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 Royal Borough of Greenwich and LPFA pension funds 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 based on the annualised yield at the point on the Merrill Lynch AA rated corporate bond curve that equates to the estimated duration of the liabilities, for the respective fund of which the Borough is an employer.
- The assets of the Royal Borough of Greenwich and LPFA pension funds attributable to the Authority are included in the Balance Sheet at their fair value:

  - for quoted securities – current bid price
  - for unquoted securities – professional estimate
  - for unitised securities – current bid price, except where only a single price is available in which case, net asset value
  - for property – market value.

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

  - current service cost (the increase in liabilities as a result of years of service earned this year) allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost (the increase in liabilities arising from current year decisions whose effect relates to years of service earned 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
  - interest cost (the expected increase in the present value of liabilities during the year as they move one year closer to being paid) debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets (the annual investment return on the fund assets attributable to the 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
  - 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
  - actuarial gains and losses (changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions) charged to the Pensions Reserve
  - contributions paid to the Royal Borough of Greenwich and LPFA pension funds (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.

Events after the Reporting Period

These are 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. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. Two types of event can be identified:

Adjusting

Those events that provide evidence of conditions that existed at the Balance Sheet date – where material, the financial statements and notes are amended to reflect the impact of the events.

Non-Adjusting

Those events that are indicative of conditions that arose after the Balance Sheet date – the financial statements and notes are not amended to reflect the events, but additional explanatory notes are provided.

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.

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.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The 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 Guarantees

These will be assessed at fair value at their inception and will be kept under review.

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.

Available for Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and

Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

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

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. Realised gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

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

Monies advanced as grants and contributions are shown as liabilities on the Balance Sheet until outstanding conditions are satisfied. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Heritage Assets
Where an asset is primarily retained for its contribution to knowledge and culture, it is designated as a heritage asset. However, where an asset is in operational use then it is classified accordingly, rather than as a heritage asset.

The Authority's heritage assets are primarily held in the Heritage Centre, Charlton House and Woolwich Town Hall.

Charlton House and the Town Hall house paintings and statues. The Authority owns and operates the Greenwich Heritage Centre, which has six main collections:

- Furniture
- Clocks
- Pictures
- Archaeology / Geological / Biological
- Social history
- Archive material

Heritage Assets are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The collection, as a whole, is relatively static and acquisitions and donations are infrequent. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation, ascertained by the museum's staff, utilising professional valuation organisations where appropriate. Where material, these items are reported in the Balance Sheet, with items in excess of £10,000 being individually disclosed. In relation to the Authority's overall asset base, values are relatively low and, as such, revaluations are not undertaken frequently due to the high cost of the process involved in valuing a diverse set of assets and the lack of comparative values. The items themselves are enduring in nature and, therefore, are not depreciated.

The carrying amounts of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised and measured in accordance with the Authority's general policy on impairment.

The proceeds of any disposals are disclosed separately in the notes to the financial statements and are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment.

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 (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost and are carried thereafter at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Interests in Companies

The Authority has material interests in companies that have the nature of subsidiaries and has, accordingly, prepared group accounts.

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at cost.

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 it 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.

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 will be accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Authority as Lessee</u>
<u>Finance Leases</u>
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. 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

- 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.

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, unless another systematic basis is more representative of the benefits received by the Authority.

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. The sale proceeds, representing the Authority's net investment in the lease, 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), 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 or loss presented in the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase or decrease the General Fund Balance. The net investment in the lease is required to be treated as a capital receipt and the carrying value of the asset is posted to the Capital Adjustment Account. 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 (England and Wales) or the General Fund where the lease was entered into on or before 31st March 2010. 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, unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

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 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 multifunctional, 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.

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. A de minimis level of £10,000 has been adopted for the inclusion of Property, Plant and Equipment.

Measurement
Assets are initially measured at cost, comprising:
- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Authority does not capitalise borrowing costs incurred 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 to ensure that their carrying amount is not materially different from their fair value at the year-end. 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.

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

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight line allocation over the useful life as estimated by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

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 recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Schools held on the balance sheet are disposed for nil consideration when they transfer to Academy status.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of 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, as represented by the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Private Finance Initiative
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 Authority has two PFI schemes (the provision of three Neighbourhood Resource Centres and two schools) where the assets are carried in its Balance Sheet.

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.

The 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 – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs – these are charged against the unitary payment as incurred

Provisions, Contingent Assets / Liabilities and LATS
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.

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.

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.

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.

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.

Reserves
The Authority sets aside reserves for earmarked purposes. 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.

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.

VAT

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

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

The Code has introduced several changes in accounting policies which will be required in the 2013/14 Statement of Accounts. With the exception of changes to IAS 19, the adoption of these standards is not considered likely to have a significant impact on the accounts.

<u>IAS 1 Presentation of Financial Statements</u>

The changes require authorities to disclose separately the gains or losses reclassifiable into the Surplus or Deficit on the Provision of Services. This is a presentational issue not affecting total amounts reportable.

<u>IAS 12 Income taxes</u>

This change in the accounting policy does not particularly affect the Authority's single entity statements and its impact upon the group accounts is considered immaterial.

<u>IAS19 Employee Benefits</u>

There are a number of changes being made to this standard. In summary the main changes that affect the charge to the comprehensive income and expenditure account:

- removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate.
- some labelling changes e.g. "Service Cost" now includes what was previously described as "Current Service Cost" plus "Past Service Cost" plus "Curtailments" plus "Settlements".
- administration expenses are now accounted for within the charge. Previously, the actuary made a deduction to the actual and expected returns on assets.

Had this accounting standard been applied in 2012/2013, the impact would have been an increase in the actual return on scheme assets of £0.990m. Additionally, the charge to the comprehensive income and expenditure account would rise by £9.260m, although this would not affect the amounts chargeable to the taxpayer as the sum would be met by the pensions reserve.

<u>IFRS 7 Financial Instruments: Disclosures</u>

The change in accounting policy is in relation to the offsetting of financial assets and liabilities. Cash and cash equivalents are classified between assets and liabilities within the balance sheet and further in note 19. In addition, the Authority has an arrangement whereby £13m of balances are part of a formal financial offsetting arrangement.

Service Concession Arrangements

This clarifies the recognition criteria for assets under construction or intangible assets. There is no impact upon the Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

Significant judgements are made by management in applying accounting policies, which could have a material effect upon the accounts.

Funding

An organisation can be judged to be a "going concern" if, for the foreseeable future, there is a high level of confidence that it will have the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent, including in the face of reasonably predictable internally or externally-generated shocks.

Despite there being a high degree of uncertainty about future levels of funding for local government, the Authority has undertaken a robust analysis of its financial strength and committed to a two year freeze in the local element of Council Tax. There is no indication that the assets of the Authority are likely to be impaired.

Group Boundaries

The group boundaries have been estimated using the criteria associated with the Code. In line with this, the Authority has identified three subsidiaries and produced Group Accounts accordingly.

Leases

The Authority classifies these as either operational or finance leases. It is not always clear which type may be the correct one to use and as such, the Authority uses judgement to determine whether the lease is a finance lease (i.e. it transfers substantially the risks and rewards relating to ownership) or not (in which case it is an operating lease).

Schools – Recognition on Balance Sheet

In accordance with the Code (in particular with reference to IAS 16), the Authority recognises schools on the balance sheet where future economic benefits or service potential associated with the school will flow to the Authority. Where the Authority can employ staff and is responsible for the admission criteria, these schools are recognised.

There are several types of school within the borough, with community and voluntary controlled recognised on the balance sheet.

School Type	Admission Criteria	Appoint Staff	Legal Ownership	Benefits Flowing	On Balance Sheet
Community	✓	✓	✓	✓	✓
Voluntary Controlled (VC)	✓	✓	×	✓	✓
Voluntary Aided (VA)	×	×	×	×	×
Trust	×	×	×	×	×
Foundation	×	×	×	×	×
Academies	×	×	×	×	×
Free schools	×	×	×	×	×

Schools - Transfers to Academy

Schools held on the balance sheet are disposed for nil consideration when they transfer to Academy status. This is in contrast to the alternative accounting treatment of impairing when the approval to transfer to Academy status is granted.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The accounts contain 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 risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if actual results differ from assumptions
Arrears	At 31 March 2013, the Authority had a balance of sundry debtors totalling £23.4m. A review of significant balances suggested that an impairment of doubtful debts of 11% (£2.5m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £2.5m to be set aside as an allowance.
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 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 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £26.9m. However, the assumptions interact in complex ways. During 2012/2013, the actuaries advised that, overall, the net pensions liability had increased by £47.0m as a result of updating estimates to reflect current market conditions and primarily due to a drop in the discount rates being used.
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 environment 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 the assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1m for every year that useful lives had to be reduced.

5. Material Items of Income and Expense

Material items not disclosed elsewhere on the face of the Comprehensive Income and Expenditure Statement are presented here.

Two schools previously accounted for on the Authority's balance sheet have converted to academy status during the year. Accordingly, sums of £24.1m in respect of Shooters Hill Post 16 Campus and £14.9m in respect of Charlton School reflect the transfer of land and buildings for these sites.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 31 July 2013 and events taking place after this date are not reflected in the financial statements or notes. There were no adjusting and four non-adjusting events taking place.

Group Boundaries

On 24 May 2013, a new organisation – the Royal Borough of Greenwich Destination Management Company, was incorporated at Companies House. It is a Community Interest Company limited by guarantee. The Royal Borough is one of the founder members of this not for profit organisation, whose objective is to carry on activities which benefit the community and in particular to promote and improve the Royal Borough of Greenwich as a leisure and business tourist destination.

Non Domestic Rates

From 1 April, the Local Government Finance Act 2012 provides for a revised business rate model whereby authorities retain a proportion of business rates collected. This Authority will in future retain 30% of business rate income, instead of the previous arrangement whereby it acted as an agent to collect monies for the government which were then redistributed through as grant mechanism. At the balance sheet date the Authority's estimate of any adjustment required due to appeals is £0.957m.

Public Health Reform

From 1 April, the Authority took on responsibilities in relation to public health. As a consequence of this transfer from the health service, a ring fenced grant is receivable.

Schools – Transfer to Academy Status

Crown Woods school has lodged an expression of interest with the Department for Education in relation to becoming an Academy. This application is at an early stage and as such no entries are required to be made to the accounts as it is not clear whether the application will proceed.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2012/2013	Usable Reserves					
	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 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	(14,040)	(19,368)	0	0	0	33,408
Revaluation losses on Property Plant and Equipment	(26,171)	(12,771)	0	0	0	38,942
Redemption of HRA debt	0	0	0	0	0	0
Amortisation of intangible assets	(1,081)	(183)	0	0	0	1,264
Capital grants and contributions applied	22,250	0	0	0	0	(22,250)
Movement in the Donated Assets Account	757	0	0	0	0	(757)
Revenue expenditure funded from capital under statute	(12,364)	0	0	0	0	12,364
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	(60,625)	(9,606)	0	0	0	70,231
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	6,563	0	0	0	0	(6,563)
Capital expenditure charged against the General Fund and HRA balances	23,244	8,255	0	0	0	(31,499)
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	22,125	0	0	0	(22,125)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	12,180	(12,180)
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	16,791	17,365	(34,156)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	549	0	0	(549)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	(368)	368	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,302)	0	1,302	0	0	0
Balance of reserved receipts at year end	0	0	343	0	0	(343)
Adjustments involving the Deferred Capital Receipts Reserve (England and Wales):						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,529	0	0	0	0	(2,529)
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0	(28)	0	0	28

2012/2013	Usable Reserves					
	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
Adjustment involving the Major Repairs Reserve						
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	16,139	0	(16,139)
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	54	(502)	0	0	0	448
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 43)	(34,105)	(5,200)	0	0	0	39,305
Employer's pensions contributions and direct payments to pensioners payable in the year	24,092	3,604	0	0	0	(27,696)
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	510	0	0	0	0	(510)
Adjustment involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	162	64	0	0	0	(226)
Total Adjustments	**(30,611)**	**(18,710)**	**(31,622)**	**16,139**	**(9,945)**	**74,749**

2011/2012 comparative figures

	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 involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Charges for depreciation and impairment of non current assets	(13,486)	(28,354)	0	0	0	41,840
Revaluation losses on Property Plant and Equipment	(75,246)	(7,238)	0	0	0	82,484
Redemption of HRA debt	0	125,533	(125,533)	0	0	0
Amortisation of intangible assets	(2,246)	0	0	0	0	2,246
Capital grants and contributions applied	39,265	941	0	0	0	(40,206)
Movement in the Donated Assets Account	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	(6,183)	0	0	0	0	6,183
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	(90,014)	(3,772)	0	0	0	93,786
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	4,186	0	0	0	0	(4,186)
Capital expenditure charged against the General Fund and HRA balances	9,132	3,893	0	0	0	(13,025)
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	16,720	203	0	0	(16,923)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	10,402	(10,402)
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,509	7,650	(9,159)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	4,405	0	0	(4,405)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	(59)	59	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(460)	0	460	0	0	0
Balance of Unusable Reserved Receipts	0	0	(46)	0	0	46
Redemption of HRA debt	0	0	125,533	0	0	(125,533)
Adjustments involving the Deferred Capital Receipts Reserve (England and Wales):						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	0	6	(33)	0	0	27

2011/2012 comparative figures

	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
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	21,251	0	(21,251)
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	54	(502)	0	0	0	448
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 43)	(28,290)	(6,970)	0	0	0	35,260
Employer's pensions contributions and direct payments to pensioners payable in the year	23,541	5,800	0	0	0	(29,341)
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	961	0	0	0	0	(961)
Adjustment involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	50	245	0	0	0	(295)
Total Adjustments	**(120,507)**	**97,376**	**(4,314)**	**21,251**	**(6,521)**	**12,715**

8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2012/2013.

	Balance at 1 April 2011	Transfers Out 2011/2012	Transfers In 2011/2012	Balance at 31 March 2012	Transfers Out 2012/2013	Transfers In 2012/2013	Balance at 31 March 2013
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
S106 Agreements	**(5,465)**	1,781	(2,998)	**(6,682)**	1,408	(785)	**(6,059)**
Children's Centres	**(2,104)**	0	0	**(2,104)**	0	0	**(2,104)**
Cleansweep	**0**	0	(1,000)	**(1,000)**	1,000	0	**0**
Council Tax Equalisation	**(4,691)**	326	0	**(4,365)**	0	0	**(4,365)**
Dedicated Schools Grant	**(8,763)**	3,883	(8,506)	**(13,386)**	5,690	(4,463)	**(12,159)**
Early Loan Redemption	**(1,722)**	321	(57)	**(1,458)**	223	(48)	**(1,283)**
Homelessness	**0**	0	(486)	**(486)**	0	(880)	**(1,366)**
Highways Adoption	**(2,978)**	730	(220)	**(2,468)**	759	(11)	**(1,720)**
Internal Insurance	**(12,921)**	1,143	(984)	**(12,762)**	5,574	(90)	**(7,278)**
Invest to Save	**(1,158)**	0	0	**(1,158)**	0	0	**(1,158)**
Investment Finance Fund	**(15,186)**	1,109	(8,285)	**(22,362)**	7,270	(8,590)	**(23,682)**
Leaseholder Insurance Reserve	**(458)**	0	(420)	**(878)**	0	(697)	**(1,575)**
LPFA Pensions Deficit Funding	**(4,000)**	440	0	**(3,560)**	440	0	**(3,120)**
Modernisation and Corporate Investment Programme	**(9,152)**	3,419	(3,317)	**(9,050)**	2,011	(6)	**(7,045)**
Pay Protection \ Redundancy	**(7,290)**	5,725	(2,887)	**(4,452)**	2,326	(1,662)	**(3,788)**
PCT Partnership	**(11,278)**	1,399	(2,859)	**(12,738)**	2,141	(5,101)	**(15,698)**
Performance Reward Initiatives	**(1,173)**	0	(446)	**(1,619)**	0	0	**(1,619)**
Planned Maintenance of Schools	**(9,746)**	0	(5,974)	**(15,720)**	2,411	(4,164)	**(17,473)**
Revolving Investment Fund	**0**	0	0	**0**	0	(12,037)	**(12,037)**
Risk Equalisation	**(6,802)**	0	0	**(6,802)**	0	0	**(6,802)**
School Development	**(497)**	22	(1,002)	**(1,477)**	729	(838)	**(1,586)**
Single Status Equalisation	**(10,845)**	105	0	**(10,740)**	0	0	**(10,740)**
Specific Grants and Appeal Fund	**(4,900)**	0	(1,000)	**(5,900)**	0	0	**(5,900)**
Sporting Olympic Legacy	**(7,629)**	1,181	0	**(6,448)**	3,084	(900)	**(4,264)**
Vulnerable Person's Winter Pressures	**0**	0	(763)	**(763)**	740	(2,205)	**(2,228)**
Working Neighbourhoods Fund	**(7,636)**	767	0	**(6,869)**	3,319	(12)	**(3,562)**
Other	**(8,978)**	4,529	(7,788)	**(12,237)**	6,043	(11,909)	**(18,103)**
Sub-Total	**(145,372)**	**26,880**	**(48,992)**	**(167,484)**	**45,168**	**(54,398)**	**(176,714)**

Reserves held specifically for Capital Purposes							
I.T. Systems Replacement	**0**	986	(3,304)	**(2,318)**	1,862	(2,778)	**(3,234)**
Revenue Support for Capital Programme	**(28,910)**	11,582	(11,302)	**(28,630)**	22,849	(16,457)	**(22,238)**
Vehicle Leasing	**(5,724)**	209	(1,267)	**(6,782)**	1,834	(2,532)	**(7,480)**
Sub-Total	**(34,634)**	**12,777**	**(15,873)**	**(37,730)**	**26,545**	**(21,767)**	**(32,952)**
Total	**(180,006)**	**39,657**	**(64,865)**	**(205,214)**	**71,713**	**(76,165)**	**(209,666)**
HRA Major Repairs Reserve	**0**	**21,251**	**(21,966)**	**(715)**	**16,139**	**(15,424)**	**0**

9. Other Operating Expenditure

2011/2012 £000		2012/2013 £000
1,547	Levies	1,554
460	Payments to the Government Housing Capital Receipts Pool	1,302
84,679	(Gains) / losses on the disposal of non current assets	33,913
86,686	Total	**36,769**

10. Financing and Investment Income and Expenditure

2011/2012 £000		2012/2013 £000
33,798	Interest payable and similar charges	31,294
33,417	Premium payable – HRA debt redemption	0
6,633	Pensions interest cost and expected return on pensions assets	12,205
(1,724)	Interest receivable and similar income	(1,078)
72,124	**Total**	**42,421**

11. Taxation and Non Specific Grant Income

2011/2012 £000		2012/2013 £000
(80,428)	Council tax income	(81,694)
(126,815)	Non domestic rates	(152,003)
(64,478)	Non-ringfenced government grants	(33,205)
(57,129)	Capital grants and contributions	(45,133)
(158,950	HRA debt redemption	0
(487,800)	**Total**	**(312,035)**

12. Property, Plant and Equipment

Movements on Balances

Movements in 2012/2013:

	Council Dwellings	Other Land and buildings	Vehicles Plant Furniture and Equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total Property Plant and Equipment	PFI assets within PPE
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At April 2012	916,745	730,808	12,513	127,444	5,588	12,818	5,172	1,811,088	103,153
Additions	24,367	46,473	2,228	4,410	1,255	0	18,169	96,902	4,169
Revaluation increases/ (decreases)	(10,033)	(3,005)	0	0	0	(289)	0	(13,327)	(1,239)
recognised in Revaluation Reserve									
Revaluation increases/ (decreases)	(16,400)	(27,160)	0	0	0	(321)	0	(43,881)	(2,797)
recognised in Surplus/									
Deficit on Provision of Services									
Derecognise - Disposals	(5,104)	(39,008)	(265)	0	0	0	0	(44,377)	0
Derecognise - Other	0	0	0	(662)	(384)	0	0	(1,046)	0
Assets reclassified (to)/from Held for Sale	0	5,109	0	0	0	0	0	5,109	0
Other movements in cost or valuation	992	2,154	0	0	0	(300)	(2,846)	0	0
At 31 March 2013	**910,567**	**715,371**	**14,476**	**131,192**	**6,459**	**11,908**	**20,495**	**1,810,468**	**103,286**

Accumulated depreciation and Impairment									
At 1 April 2012	46,987	1,708	7,397	22,283	33	401	0	78,809	0
Depreciation charge	14,652	10,747	1,799	2,085	11	177	0	29,471	1,715
Depreciation written out to the Revaluation Reserve	(14,570)	(9,816)	0	0	0	(57)	0	(24,443)	(1,444)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	(188)	0	0	0	0	(188)	0
Impairment losses(reversals) recognised in the Revaluation Reserve	612	0	0	0	0	13	0	625	0
Impairment losses(reversals) recognised in the Surplus/Deficit on the Provision of Services	4,127	0	0	0	0	25	0	4,152	0
Derecognise - Disposals	(83)	(493)	(97)	0	0	0	0	(673)	0
Derecognise - Other	0	0	0	(11)	0	0	0	(11)	0
Other movements in depreciation and Impairment	0	5	0	0	0	(16)	0	(11)	0
At 31 March 2013	**51,725**	**2,151**	**8,911**	**24,357**	**44**	**543**	**0**	**87,731**	**271**
Net Book Value									
At 31 March 2012	**869,758**	**729,100**	**5,116**	**105,161**	**5,555**	**12,417**	**5,172**	**1,732,279**	**103,153**
At 31 March 2013	**858,842**	**713,220**	**5,565**	**106,835**	**6,415**	**11,365**	**20,495**	**1,722,737**	**103,015**

Comparative Movements in 2011/2012:

	Council Dwellings	Other Land and buildings	Vehicles Plant Furniture and Equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total Property Plant and Equipment	PFI assets within PPE
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At April 2011	906,520	687,486	11,386	122,973	3,406	20,134	66,756	1,818,661	17,075
Additions	35,418	153,611	1,627	6,693	3,419	0	4,450	205,218	99,448
Revaluation increases/ (decreases)	3,103	(3,952)	0	0	0	4	0	(845)	(278)
recognised in Revaluation Reserve									
Revaluation increases/ (decreases)	(24,729)	(80,795)	0	0	0	0	0	(105,524)	(13,092)
recognised in Surplus/									
Deficit on Provision of Services									
Derecognise - Disposals	(2,718)	(87,924)	(500)	0	0	0	0	(91,142)	0
Derecognise - Other	0	0	0	(2,222)	(1,237)	0	0	(3,459)	0
Assets reclassified (to)/from Held for Sale	(1,718)	(1,253)	0	0	0	(8,850)	0	(11,821)	0
Other movements in cost or valuation	869	63,635	0	0	0	1,530	(66,034)	0	0
At 31 March 2012	**916,745**	**730,808**	**12,513**	**127,444**	**5,588**	**12,818**	**5,172**	**1,811,088**	**103,153**

Accumulated depreciation and Impairment									
At 1st April 2011	33,319	4,998	6,175	20,307	22	5,899	0	70,720	462
Depreciation charge	14,263	9,644	1,712	2,012	11	653	0	28,295	271
Depreciation written out to the Revaluation Reserve	(14,219)	(12,243)	(7)	0	0	(1,854)	0	(28,323)	(733)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Impairment losses(reversals) recognised in the Revaluation Reserve	138	2	3	0	0	33	0	176	0
Impairment losses(reversals) recognised in the Surplus/Deficit on the Provision of Services	13,530	1	11	0	0	4	0	13,546	0
Derecognise - Disposals	(44)	(1,053)	(497)	(36)	0	0	0	(1,630)	0
Derecognise - Other	0	0	0	0	0	0	0	0	0
Other movements in depreciation and Impairment	0	359	0	0	0	(4,334)	0	(3,975)	0
At 31 March 2012	**46,987**	**1,708**	**7,397**	**22,283**	**33**	**401**	**0**	**78,809**	**0**

Depreciation

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

Council dwellings – 40 years

Other Land and Buildings – 40 years

Vehicles, Plant, Furniture and Equipment – 1-10 years

Infrastructure – 40 years

Capital Commitments

At 31st March 2013, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2013/2014 and future years budgeted to cost £79.3m. Similar commitments at 31st March 2012 were £88.7m. The major commitments are:

- Housing Revenue Account projects - £10.9m
- Building Schools for the Future - £28.7m
- Schools Capital Programme - £23.8m
- Greenwich Centre - £14.2m

Non Current Assets – Schools
The Authority has reviewed its treatment of schools non-current assets. Two schools (Charlton School and Shooters Hill Post 16 Campus) reverted to Academy status during the year and have accordingly been removed from the Royal Borough's Balance Sheet.

Revaluations
The Authority carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimations set out in the professional standards of the Royal Institution of Chartered Surveyors. In estimating fair value, regard has been had to the nature of the property by reference to its use, location, size, method of construction, age, all other relevant matters, and the prevailing market forces.

The programme of revaluations is shown in the table below:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, furniture & Equipment	Surplus Assets	Total Property, Plant and Equipment
Carried at historic cost	0	139,524	5,565	0	145,089
Valued at fair value as at:					
31 March 2013	858,842	602,020	0	1,133	1,461,995
31 March 2012	0	86,277	0	10,147	96,424
31 March 2011	0	17,141	0	0	17,141
31 March 2010	0	2,003	0	85	2,088
31 March 2009	0	0	0	0	0
Total Net Book Total	**858,842**	**846,965**	**5,565**	**11,365**	**1,722,737**

13. Heritage Assets

	Art Collection	Mayor's Regalia	Other	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
As at 1st April 2011	275	291	0	566
Total Additions	47	0	0	47
As at March 2012	322	291	0	613

	Art Collection	Mayor's Regalia	Other	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
As at 1st April 2012	322	291	0	613
Total Additions	0	0	157	157
As at March 2013	322	291	157	770

14. Investment Properties

The Authority has no investment properties.

15. Intangible Assets

The Authority accounts for IT licence and development costs as intangible assets. No intangible assets are internally generated. The carrying amount of intangible assets is amortised on a straight line basis, based on estimated useful lives of 5 years. The amortisation of £1.264m charged to revenue in 2012/2013 was charged to the relevant service area based on estimated usage.

The movement on intangibles during the year was:

	2012/2013	2011/2012
	£000	£000
Balance at start of year:		
Gross carrying amounts	15,400	16,044
Accumulated amortisation	(12,701)	(11,099)
Net carrying amount at start of year	**2,699**	**4,945**
Additions:		
Purchases	38	0
Amortisation for the period	(1,264)	(2,246)
Disposals	(15,199)	(644)
Other changes	13,839	644
Net carrying amount at end of year	**113**	**2,699**

Comprising:		
Gross carrying amounts	239	15,400
Accumulated amortisation	(126)	(12,701)
	113	**2,699**

16. Financial Instruments

Categories of Financial Instruments

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

	Long Term		Short Term	
	2012/2013	**2011/2012**	**2012/2013**	**2011/2012**
	£000	**£000**	**£000**	**£000**
Investments				
Loans and Receivables	769	800	191,743	89,104
Available for Sale Financial Assets	0	0	164,833	186,451
Total Investments	**769**	**800**	**356,576**	**275,555**
Debtors*				
Loans and Receivables	788	823	32,057	47,006
Total Debtors	**788**	**823**	**32,057**	**47,006**
Cash at Bank / In Hand			**16,519**	**12,847**
Cash Overdrawn			**(4,920)**	**(4,571)**
Borrowings				
Financial Liabilities at amortised cost	(418,347)	(406,214)	(12,360)	(7,406)
Total Borrowings	**(418,347)**	**(406,214)**	**(12,360)**	**(7,406)**
Other Long Term Liabilities				
PFI and Finance Lease Liabilities	(115,010)	(114,438)*	(2,749)	(2,502)
Total Other Long Term Liabilities	**(115,010)**	**(114,438)**	**(2,749)**	**(2,502)**
Creditors*				
Financial Liabilities at amortised cost	0	0	(62,175)	(57,424)
Total Creditors	**0**	**0**	**(62,175)**	**(57,424)**

* The figure for creditors includes prepaid income but excludes Collection Fund entries of £10.415m (2011/2012 £4.303m). The figure for debtors (net of bad debts provision) excludes prepayments of £1.293m (2011/2012 £1.658m) and also excludes Collection Fund entries of £6.397m (2011/2012 £6.824m).

Income, Expense, Gains and Losses

£000	2011/2012			2012/2013		
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale
Interest Expense	(25,540)			(19,531)		
Total Expense in Surplus or Deficit on the Provision of Services	**(25,540)**			**(19,531)**		
Interest Income		695	624		410	594
Total Income in Surplus or Deficit on the Provision of Services		**695**	**624**		**410**	**594**

Fair Values of Assets and Liabilities

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

- based on rates for equivalent loans at that date (premature redemption rates for PWLB).
- no impairment is recognised.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.

The fair values calculated are as follows:

	31 March 2013		31 March 2012	
	Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
Financial Liabilities	(550,636)	(637,068)	(535,950)	(607,240)
Creditors	(62,175)	(62,175)	(57,424)	(57,424)

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2013) arising from a commitment to pay interest to lenders above current market rates.

	31 March 2013		31 March 2012	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and Receivables	209,031	209,047	102,751	102,822
Available for Sale	164,833	164,864	186,451	186,455
Short Term Debtors	32,057	32,057	47,006	47,006
Long Term Debtors	788	788	823	823

The fair value of the assets is higher than the carrying amount where the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions as at 31 March 2013) attributable to the commitment to receive interest above current market rates.

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

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

Soft Loans

Loans made or received at less than market rates are as follows:

- During the year, the Authority granted an interest free loan to Long Lane Junior Football Club for £0.086m
- Previously, the Authority has been granted interest free loans by Salix, an independent social enterprise, not for profit organisation in relation to energy conservation works carried out by the Authority. The residual balance of these loans was £0.140m at the Balance Sheet date.

The Authority has deemed both these amounts de minimis and will account for them on a cash basis, rather than by determining the equivalent interest rate.

17. Inventories

	Consumable Stores		Client Services Work in Progress		Total	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Balance outstanding at start of year	**115**	**131**	**20**	**30**	**135**	**161**
Purchases	70	0	31	38	101	38
Recognised as an expense in the year	(96)	(16)	(35)	(48)	(131)	(64)
Balance outstanding at year-end	**89**	**115**	**16**	**20**	**105**	**135**

18. Short –Term Debtors

31 March 2012 £000		31 March 2013 £000
13,385	Central government bodies	6,799
4,683	Other local authorities	3,464
4,031	NHS bodies	1,441
33,389	Other entities and individuals	28,043
55,488	**Total**	**39,747**

Debtors are shown net of bad debts provision of £25.949m at 31st March 2013 and £23.688m at 31st March 2012.

19. Cash and Cash Equivalents

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

31 March 2012 £000		31 March 2013 £000
12,847	Cash and bank balances	16,519
(4,571)	Bank overdraft	(4,920)
8,276	**Total Cash and Cash Equivalents**	**11,599**

20. Assets Held for Sale

	Current		Non-Current	
	2012/2013 £000	**2011/2012 £000**	**2012/2013 £000**	**2011/2012 £000**
Balance outstanding at start of year	**37,510**	**23,931**	**0**	**0**
Assets newly classified as held for sale:				
Property, Plant and Equipment	2,021	11,821	0	0
Revaluation losses	(394)	(1,937)	0	0
Revaluation gains	1,799	4,510	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	(7,130)	0	0	0
Assets sold	(24,130)	(815)	0	0
Balance outstanding at year-end	**9,676**	**37,510**	**0**	**0**

21. Short - Term Creditors

31 March 2012 £000		31 March 2013 £000
(7,851)	Central government bodies	(13,846)
(4,010)	Other local authorities	(4,884)
(2,584)	NHS bodies	(652)
(110)	Public corporations and trading funds	0
(47,172)	Other entities and individuals	(53,208)
(61,727)	**Total**	**(72,590)**

22. Provisions

	Insurance Provision £000	Redundancy Provision £000	Equal Pay Provision £000	CRC Allowances Provision £000	Total £000
Balance at 1 April 2012	**(6,570)**	**(1,995)**	**(929)**	**(288)**	**(9,782)**
Amounts used in 2012/2013	193	1,980	1,013	315	3,501
Additional Provisions made in 2012/2013	(5,454)	(682)	(84)	(340)	(6,560)
Balance at 31 March 2013	**(11,831)**	**(697)**	**0**	**(313)**	**(12,841)**

Insurance

The Authority's internal insurance service account is credited with premium payments and debited with the costs of meeting claims. This account makes contributions to the provision set aside to cover liabilities that are certain to occur. The expected timing of any resulting transfer of economic benefit is impossible to state clearly and is dependent on the claims settlement process and ultimately the decision of the Courts. No assumptions have been made in respect of future events and no reimbursement is expected.

The Authority's internal insurance account covers a wide range of risks. Examples of the type of risks covered include those relating to public liability, employer's liability, vehicles and fire.

The Authority previously used Municipal Mutual Insurance Limited to provide aspects of insurance cover, until its demise in the 1990s. MMI has continued to meet claims covering the period up until it ceased providing further cover. However, a trigger event has occurred which means that a scheme of creditors (of which the Authority is one) is required to pay a levy. The accounts provide for such amounts.

Redundancy

The Authority has a provision in respect of employees whose contracts were terminated on the 31st March 2013 (thereby relating to a probable future transfer of economic benefits) and in respect of several reorganisations that were in progress at the Balance Sheet date.

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

The Authority is required to participate in the CRC Energy Efficiency Scheme. The Authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. A provision arises at the point at which the energy is consumed and carbon dioxide emitted.

23. Usable Reserves

Capital Grants Unapplied

These are capital grants that are available to finance new capital expenditure but have yet to be applied for that purpose.

2011/2012 £000		2012/2013 £000
(22,167)	**Balance at 1 April**	**(28,688)**
(16,923)	Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure statement	(22,125)
10,402	Application of grants to capital financing transferred to the Capital Adjustment Account	12,181
(28,688)	**Balance at 31 March**	**(38,632)**

Capital Receipts Reserve

These are usable capital receipts that are available for financing new capital expenditure.

2011/2012 £000		2012/2013 £000
(10,718)	**Balance at 1 April**	**(15,033)**
(8,759)	Cash sale proceeds credited as part of the gains/loss on disposal to the Comprehensive Income & Expenditure statement	(32,524)
4,405	Use of receipts to finance new capital expenditure	549
59	Contribution towards administrative costs of disposals	368
(12)	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(14)
(8)	Prior year adjustment	0
(15,033)	**Balance at 31 March**	**(46,654)**

24. Unusable Reserves

1 April 2011 £000	31 March 2012 £000		31 March 2013 £000
(278,613)	(263,555)	Revaluation Reserve	(224,913)
(919,716)	(938,006)	Capital Adjustment Account	(917,779)
636	1,084	Financial Instruments Adjustment Account	1,533
(406)	(379)	Deferred Capital Receipts Reserve	(2,880)
280,977	459,062	Pensions Reserve	506,054
(2,058)	(3,019)	Council Taxpayers Adjustment Account	(3,529)
9,237	8,941	Accumulated Absences Account	8,715
(909,943)	**(735,872)**	**Total Unusable Reserves**	**(632,799)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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.

2011/2012 £000		2012/2013 £000	
(281,603)	**Balance at 1 April**		**(263,555)**
2,991	Adjustment to balance b/fwd		(41)
(278,612)	**Balance at 1 April**		**(263,596)**
(64,517)	Upward revaluation of assets	(32,192)	
0	Newly recognised assets	0	
53,708	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	25,133	
(10,809)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(7,059)
4,567	Difference between fair value depreciation and historical cost depreciation	3,947	
21,299	Accumulated gains on assets sold or scrapped	41,795	
25,866	Amount written off to the Capital Adjustment Account		45,742
(263,555)	**Balance at 31 March**		**(224,913)**

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 and gains recognised on donated assets that have yet to be consumed by the Authority.

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.

2011/2012	000's	2012/2013	000's
(916,726)	**Balance at 1 April**		**(938,006)**
(2,991)	Adjustment to balance b/fwd		41
(919,717)	**Balance at 1 April**		**(937,965)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
37,273	• Charges for depreciation and impairment of non current assets	29,461	
82,484	• Revaluation losses on Property, Plant and Equipment	38,942	
2,246	• Amortisation of intangible assets	1,264	
6,183	• Revenue expenditure funded from capital under statute	12,365	
93,786	• 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	70,230	
221,972		152,262	
(21,299)	Adjusting amounts written out of the Revaluation Reserve	(41,795)	
200,673	**Net written out amount of the cost of non current assets consumed in the year**		**110,467**
	Capital financing applied in the year:		
(4,405)	• Use of the Capital Receipts Reserve to finance new capital expenditure	(549)	
(21,251)	• Use of the Major Repairs Reserve to finance new capital expenditure	(16,139)	
(40,206)	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(22,250)	
(10,402)	• Application of grants to capital financing from the Capital Grants Unapplied Account	(12,181)	
(4,186)	• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(6,563)	
(125,533)	• Use of Capital Receipts to fund repayment of debt	0	
(13,025)	• Capital expenditure charged against the General Fund and HRA balances	(31,499)	
46	Reserved capital receipts	(343)	
(218,962)			**(89,524)**
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	(757)	
0			**(757)**
(938,006)	**Balance at 31 March**		**(917,779)**

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. As a result, the balance on the Account at 31st March 2013 will be charged to the General Fund until extinguished in 2031/2032.

2011/2012 £000		2012/2013 £000	
636	**Balance at 1 April**		**1,084**
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0	
448	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	449	
448	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		449
1,084	**Balance at 31 March**		**1,533**

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 employers' 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.

2011/2012 £000		2012/2013 £000
280,977	**Balance at 1 April**	**459,062**
172,166	Actuarial gains or losses on pensions assets and liabilities	35,383
35,260	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	39,305
(29,341)	Employer's pensions contributions and direct payments to pensioners payable in the year	(27,696)
459,062	**Balance at 31 March**	**506,054**

Deferred Capital Receipts Reserve (England and Wales)

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.

2011/2012 £000		2012/2013 £000
(406)	**Balance at 1 April**	**(379)**
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,529)
27	Transfer to the Capital Receipts Reserve upon receipt of cash	28
(379)	**Balance at 31 March**	**(2,880)**

Council Taxpayers Adjustment Account

The Council Taxpayers 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.

2011/2012 £000		2012/2013 £000
(2,058)	**Balance at 1 April**	**(3,019)**
(961)	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	(510)
(3,019)	**Balance at 31 March**	**(3,529)**

Accumulated Absences Account

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

2011/2012 £000		2012/2013 £000	
9,237	**Balance at 1 April**		**8,941**
(9,237)	Settlement or cancellation of accrual made at the end of the preceding year	(8,941)	
8,941	Amounts accrued at the end of the current year	8,715	
(296)	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		(226)
8,941	**Balance at 31 March**		**8,715**

25. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2011/2012 £000		2012/2013 £000
1,420	Interest received	1,046
(25,628)	Interest paid	(19,429)

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

2011/2012 £000		2012/2013 £000
(1,757)	Depreciation	6,093
68,361	Impairment and downward valuations	35,445
(15,002)	Increase / decrease in creditors	7,170
6,087	Increase / decrease in debtors	13,538
26	Increase / decrease in inventories	30
(1,580)	Increase / decrease in receipts in advance	(2,180)
5,919	Movement in pension liability	11,609
(2,284)	Increase / decrease in provisions	2,833
152,563	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	101,084
347	Other non-cash items charged to the net surplus or deficit on the provision of services	(50)
212,680		**175,572**

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

2011/2012 £000		2012/2013 £000
(9,101)	Proceeds from the sale of property plant and equipment , investment property and intangible assets	(33,788)
(182,662)	Any other items for which the cash effects are investing or financing cash flows	(44,376)
(191,763)		**(78,164)**

26. Cash Flow Statement – Investing Activities

2011/2012 £000		2012/2013 £000
(105,915)	Purchase of property, plant and equipment, investment property and intangible assets	(94,853)
(7,015,195)	Purchase of short-term and long-term investments	(6,972,145)
9,101	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	33,788
6,987,704	Proceeds from short-term and long-term investments	6,891,113
54,315	Other receipts from investing activities	46,627
(69,990)	**Net cash flows from investing activities**	**(95,470)**

27. Cash Flow Statement – Financing Activities

2011/2012 £000		2012/2013 £000
30,024	Cash receipts of short- and long-term borrowing	20,000
1,607	Other receipts from financing activities	6,223
(1,488)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2,502)
(28,094)	Repayments of short- and long-term borrowing	(3,015)
2,049	**Net cash flows from financing activities**	**20,706**

28. Amounts Reported for Resource Allocation Decisions

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

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the Authority's principal directorates recorded in the budget reports for the year is as follows:

Income and Expenditure 2012/2013	**Adults & Older People**	**Chief Executive's Dept**	**Children's Services**	**Regeneration & Skills**	**Housing Revenue Accounts**	**Housing General Fund**	**Community Safety**	**Total £000**
Fees, charges & other service income	(44,030)	(114,307)	(250,587)	(39,043)	(152,995)	(3,903)	(31,497)	**(636,362)**
Government grants	(2,351)	(200,182)	(240,655)	(3,748)	(60)	(1,747)	(536)	**(449,279)**
Total Income	**(46,381)**	**(314,489)**	**(491,242)**	**(42,791)**	**(153,055)**	**(5,650)**	**(32,033)**	**(1,085,641)**
Employee expenses	22,393	42,006	213,671	14,180	28,522	2,115	29,484	**352,371**
Other service expenses	97,436	303,638	360,610	38,313	103,362	9,151	29,278	**941,788**
Support service recharges	3,682	16,628	4,819	5,212	8,359	829	4,078	**43,607**
Total Expenditure	**123,511**	**362,272**	**579,100**	**57,705**	**140,243**	**12,095**	**62,840**	**1,337,766**
Net Expenditure	**77,130**	**47,783**	**87,858**	**14,914**	**(12,812)**	**6,445**	**30,807**	**252,125**

Income and Expenditure 2011/2012 Comparatives	**Adults & Older People**	**Chief Executive's Dept**	**Children's Services**	**Regeneration & Skills**	**Housing Revenue Accounts**	**Housing General Fund**	**Community Safety**	**Total £000**
Fees, charges & other service income	(39,450)	(105,197)	(249,478)	(36,675)	(99,745)	(30,032)	(34,068)	**(594,645)**
Government grants	(2,890)	(175,777)	(262,224)	(17,265)	(21,966)	(618)	(457)	**(481,197)**
Total Income	**(42,340)**	**(280,974)**	**(511,702)**	**(53,940)**	**(121,711)**	**(30,650)**	**(34,525)**	**(1,075,842)**
Employee expenses	23,223	46,895	221,651	14,506	17,234	14,783	28,096	**366,388**
Other service expenses	95,657	275,186	372,434	51,537	98,761	17,125	27,262	**937,962**
Support service recharges	4,262	15,058	5,645	5,092	6,766	1,925	4,880	**43,628**
Total Expenditure	**123,142**	**337,139**	**599,730**	**71,135**	**122,761**	**33,833**	**60,238**	**1,347,978**
Net Expenditure	**80,802**	**56,165**	**88,028**	**17,195**	**1,050**	**3,183**	**25,713**	**272,136**

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

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

2011/2012 £000		2012/2013 £000
272,136	Net expenditure in the Directorate analysis	252,125
116,020	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	49,599
(87,329)	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	(49,558)
300,827	**Cost of Services in Comprehensive Income and Expenditure Statement**	**252,166**

Reconciliation to Subjective Analysis

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

2012/2013	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(636,362)	0	0	59,211	350,560	**(226,591)**	0	**(226,591)**
Interest and investment income	0	0	0	0	0	**0**	(1,078)	**(1,078)**
Income from council tax	0	0	0	0	0	**0**	(81,694)	**(81,694)**
Government grants and contributions	(449,279)	0	0	1,082	0	**(448,197)**	(230,341)	**(678,538)**
Total Income	**(1,085,641)**	**0**	**0**	**60,293**	**350,560**	**(674,788)**	**(313,113)**	**(987,901)**
Employee expenses	352,371	0	(822)	0	(79,670)	**271,879**	12,205	**284,084**
Other service expenses	920,703	0	(23,193)	(88,766)	(227,283)	**581,461**	0	**581,461**
Support Service recharges	43,607	0	0	0	(43,607)	**0**	0	**0**
Depreciation, amortisation and impairment	0	0	73,614	0	0	**73,614**	0	**73,614**
Interest Payments	19,531	0	0	(19,531)	0	**0**	31,294	**31,294**
Precepts & Levies	1,554	0	0	(1,554)	0	**0**	1,553	**1,553**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	**0**	1,302	**1,302**
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	0	**0**	33,914	**33,914**
Total expenditure	**1,337,766**	**0**	**49,599**	**(109,851)**	**(350,560)**	**926,954**	**80,268**	**1,007,222**
Surplus or deficit on the provision of services	**252,125**	**0**	**49,599**	**(49,558)**	**0**	**252,166**	**(232,845)**	**19,321**

2011/2012 Comparatives	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to manage-ment for decision making	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(594,645)	0	0	14,111	376,106	**(204,428)**	0	**(204,428)**
Interest and investment income	0	0	0	0	0	**0**	(1,725)	**(1,725)**
Income from council tax	0	0	0	0	0	**0**	(80,428)	**(80,428)**
Government grants and contributions	(481,197)	0	0	0	0	**(481,197)**	(407,372)	**(888,569)**
Total Income	**(1,075,842)**	**0**	**0**	**14,111**	**376,106**	**(685,625)**	**(489,525)**	**(1,175,150)**
Employee expenses	366,388	0	(1,009)	0	(88,185)	**277,194**	6,633	**283,827**
Other service expenses	909,827	0	(9,540)	(73,305)	(244,293)	**582,689**	0	**582,689**
Support Service recharges	43,628	0	0	0	(43,628)	**0**	0	**0**
Depreciation, amortisation, impairment and revaluation	0	0	126,569	0	0	**126,569**	0	**126,569**
Interest Payments	26,587	0	0	(26,587)	0	**0**	67,215	**67,215**
Precepts & Levies	1,548	0	0	(1,548)	0	**0**	1,548	**1,548**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	**0**	460	**460**
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	0	**0**	84,679	**84,679**
Total expenditure	**1,347,978**	**0**	**116,020**	**(101,440)**	**(376,106)**	**986,452**	**160,535**	**1,146,987**
Surplus or deficit on the provision of services	**272,136**	**0**	**116,020**	**(87,329)**	**0**	**300,827**	**(328,990)**	**(28,163)**

29. Agency Services

The Authority carries out certain work on an agency basis for which it is fully or partially reimbursed. The principal areas of agency work are:

The London Boroughs of Tower Hamlets and Newham

As joint owner of Greenwich and Woolwich Foot Tunnels with the London Boroughs of Tower Hamlets and Newham, the Authority carries out all maintenance works on an agency basis, with 50% of the expenditure reimbursed. Total expenditure in 2012/2013 was:

	2012/2013 £	2011/2012 £
Greenwich Foot Tunnel	236,836	267,424
Woolwich Foot Tunnel	211,092	231,267

30. Pooled Budgets

Under the terms of a Section 75 Agreement (National Health Service Act 2006), a partnership arrangement exists between the Authority and Oxleas National Health Service Foundation Trust in respect of mental health. The pooled budgets meet the cost of providing all services for people from this client group.

Greenwich Integrated Mental Health Service 2012/2013	**2012/2013 £000**	**2011/2012 £000**
Funding provided to the pooled budget		
the Authority	3,251	3,833
the Trust	21,156	23,195
	24,407	**27,028**
Expenditure met from the pooled budget		
the Authority	3,171	3,681
the Trust	21,403	23,452
	24,574	**27,133**
Net deficit arising on the pooled budget during the year	**(167)**	**(105)**

31. Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

	2012/2013 £	**2011/2012 £**
Salaries	0	0
Allowances	943,620	933,541
Expenses	0	0
Total	**943,620**	**933,541**

32. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

Post Title	Name	Year	Salary, Fees and Allowances £	Compensation for Loss of Office £	Pension Contributions £	Totals £
Chief Executive	M Ney	2012/13	190,000		35,150	225,150
		2011/12	190,000		35,150	225,150
Head Teacher Woolwich Polytechnic	B Parker	2012/13	159,000		0	159,000
		2011/12	179,420		25,298	204,718
Deputy Chief Executive Note 1	C Perry	2012/13	154,276		24,833	179,109
		2011/12	170,000		31,450	201,450
Head Teacher Crown Woods	M Murphy	2012/13	156,123		22,013	178,136
		2011/12	156,123		22,013	178,136
Director of Regeneration, Enterprise and Skills	J Comber	2012/13	164,167		30,371	194,538
		2011/12	155,000		28,675	183,675
Director of Children's Services	G Palmer	2012/13	150,000		27,750	177,750
		2011/12	150,000		27,750	177,750
Director of Finance (Section 151 Officer)		2012/13	145,000		26,825	171,825
		2011/12	145,000		26,825	171,825
Director of Culture, Sport and Media	Note 2	2012/13	52,817		23,338	76,155
		2011/12	N/A		N/A	N/A
Director of Adults and Older People Services		2012/13	125,000		23,125	148,125
		2011/12	125,000		23,125	148,125
Director of Community Safety and Environment		2012/13	125,000		23,125	148,125
		2011/12	124,988		23,125	148,113
Head of Law and Governance		2012/13	116,000		21,460	137,460
		2011/12	116,000		21,460	137,460
Director of Housing		2012/13	126,667		23,433	150,100
		2011/12	113,911		21,074	134,985
Assistant Chief Executive – Policy, Inclusion and Partnership		2012/13	100,000		18,968	118,968
		2011/12	100,000		18,500	118,500
Assistant Chief Executive		2012/13	118,000		28,556	146,556
		2011/12	100,000		18,500	118,500

Notes
1. Last day of service 20/01/13. Base rate for this role was £170,000
2. New post effective 11/10/12. Base rate for this role is £125,000

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	**2012/2013** No of employees	**2011/2012** No of employees
£50,000 - £54,999	212*	258*
£55,000 - £59,999	121*	156*
£60,000 - £64,999	60*	53*
£65,000 - £69,999	64*	67*
£70,000 - £74,999	33*	41*
£75,000 - £79,999	21*	26*
£80,000 - £84,999	17*	9*
£85,000 - £89,999	14*	19*
£90,000 - £94,999	8*	9*
£95,000 - £99,999	9*	13*
£100,000 - £104,999	3	4
£105,000 - £109,999	4*	2*
£110,000 - £114,999	3*	5*
£115,000 - £119,999	5*	4*
£120,000 - £124,999	0	1
£125,000 - £129,999	4	1
£130,000 - £134,999	0	2*
£135,000 - £139,999	0	0
£140,000 - £144,999	1	1
£145,000 - £149,999	0	1*
£150,000 - £154,999	3*	2
£155,000 - £159,999	2	2
£160,000 - £164,999	1	1*
£165,000 - £169,999	0	0
£170,000 - £174,999	0	1
£175,000 - £179,999	1*	1
£180,000 - £184,999	0	1*
£185,000 - £189,999	1	1

* this total includes amounts payable in respect of compensation for loss of office

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

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
£0 - £20,000	14	17	123	99	137	116	£1,289,117	£896,676
£20,001 - £40,000	1	1	117	51	118	52	£3,362,402	£1,552,931
£40,001 - £60,000	0	0	33	30	33	30	£1,571,134	£1,415,410
£60,001 - £80,000	0	0	4	6	4	6	£269,112	£415,720
£80,001 - £150,000	0	0	4	3	4	3	£439,715	£313,754
TOTAL	**15**	**18**	**281**	**189**	**296**	**207**	**£6,931,480**	**£4,594,491**
Exit Provisions							**£1,995,308**	**£640,770**
TOTAL							**£8,926,788**	**£5,235,261**

33. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Authority's external auditors:

	2012/2013 £000	2011/2012 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year.	234	405
Fees payable to external auditors for the certification of grant claims and returns for the year.[1]	138	112
Fees payable in respect of other services provided by external auditors during the year.	0	32
Total	**372**	**549**

[1] Includes £84k relating to the certification of prior year grants.

34. Dedicated Schools Grant

The Authority's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2012. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2012/2013 are as follows:

£000s	Central Expenditure	Individual Schools Budget	Total
Final DSG for 2012/2013 before academy recoupment			228,649
Academy figure recouped for 2012/2013			(14,761)
Total DSG after academy recoupment for 2012/2013			213,888
Brought forward from 2011/2012			13,387
Carry forward to 2013/2014 agreed in advance			0
Agreed initial budgeted distribution in 2012/2013	44,527	182,748	227,275
In year adjustments	(2,375)	2,375	0
Final budgeted distribution for 2012/2013	42,152	185,123	227,275
Less actual central expenditure	29,993		
Less actual ISB deployed to schools		185,123	
Plus local authority contribution for 2012/2013	0	0	0
Carry forward to 2013/2014	12,159	0	12,159

The total amount of reserves held by schools at 31st March 2013 was £15,301K (£17,691K at 31st March 2012).

35. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/2013.

	2012/2013 £000	2011/2012 £000
Credited to Taxation and Non Specific Grant Income		
Council Tax	(81,694)	(80,428)

Redistributed Non Domestic Rates	(152,003)	(126,815)
Non-ringfenced Government Grants	(33,205)	(64,478)
Capital Grants and Contributions	(45,133)	(57,129)
HRA debt redemption	0	(158,950)
Sub Total	**(312,035)**	**(487,800)**
Credited to Services		
Dedicated Schools Grant	(213,888)	(221,564)
Education Funding Agency	(15,545)	(19,664)
Pupil Premium	(8,118)	(4,514)
Rent Allowance Subsidy	(91,729)	(84,433)
Rent Rebate Subsidy	(65,908)	(62,135)
Council Tax Benefit	(22,844)	(23,239)
Benefit Administration Grant	(2,945)	(3,124)
Private Finance Initiative – Building Schools for the Future	(12,291)	(11,775)
Private Finance Initiative – Neighbourhood Resource Centres	(2,091)	(2,091)
Olympic Games Time	(3,150)	(1,350)
Skills Learning Fund	(2,077)	(1,929)
Major Repairs Allowance	0	(21,966)
Kidbrooke Development	0	(13,432)
Other Miscellaneous Grants	(7,611)	(9,981)
Sub Total	**(448,197)**	**(481,197)**
Total	**(760,232)**	**(968,997)**

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

Revenue Grant Receipts in Advance

	2012/2013
	£000
Standards Fund	669
MOD Gurkha Funding	21
Total	**690**

36. Related Parties

The Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority.

The UK Government exerts significant control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant amount of its funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g housing benefits). Grants received from government departments are set out in the subjective analysis in Note 28 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2013 are shown in Note 37.

Officers

The organisation Community Options operated a "Caring Landlord" scheme during the year, whereby suitable properties were sought for vulnerable persons. Community Options received £361,798 during the year from the authority (with a further £55,416 owing at the year-end). Alison Cuffy, an employee of the authority was a "Caring Landlord" for part of the year.

Gillian Palmer, an employee of the Authority is a Director of London Grid for Learning Trust. An amount of £86,431 was payable to the organisation from the Authority during the year.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2012/2013 is shown in Note 31.

Councillor MacCarthy, acting in a personal capacity, is a member of the board of the Greenwich Dance Agency. An amount of £145,892 was payable to the organisation from the Authority during the year, with £380 outstanding at year end.

Councillor Walker, acting in a personal capacity, is on the management committee of the "Turning Pages Through The Ages" Community Centre which pays a reduced fee for the building to the Authority.

Some Members of the Authority are nominated to the board of local organisations as Authority appointed Members and have declarable transactions not listed above, as follows:

Value within the Accounts	Outstanding Balances within Accounts	Name of Organisation	Nominated Councillor
£0	£0	Adoption Panel	Clive Mardner
£0	£0	Blackheath Concert Hall	Norman Adams
£0	£0	Blackheath Joint Working Party	Alex Grant David Grant

			Maureen O'Mara
£2,503	£0	Blind Independence Greenwich	Norman Adams
£0	£0	Charlton Triangle Homes	Norman Adams Mark James Allan MacCarthy Steve Offord
0	0	CREATE Ltd	Peter Kotz
£0	£0	East Greenwich Management Agency	Mary Mills Richard Quibell Miranda Williams
£0	£0	E-Learning Foundation	Peter Kotz
£10	£0	Eltham United Charities	Spencer Drury
£0	£0	Eltham Crematorium	Harpinder Singh Maureen O'Mara
£0	£0	Environmental Protection UK (formerly NSCA)	Hayleigh Fletcher Mark James
£582	£60,000	Firepower	Angela Cornforth Nigel Fletcher Jim Gillman
£0	£0	Fostering Panel	Clive Mardner
£5,419	£0	Gallions Housing Association	Peter Brooks
£0	£0	Godson Charity	Mary Mills
£0	£0	Greater London Enterprise Board	Denise Hyland
£240,600	£0	Greenwich & Docklands International Festival	Mohammed Iqbal
£0	£0	Greenwich Charity of William Hatcliffe and the Misses Smith	Richard Quibell
£1,180,683	£145,129	Greenwich Community College	Denise Hyland Jackie Smith

£92,162	£6203	Greenwich Co-Operative Development Agency	Mick Hayes John Fahy Mary Mills
£145,892	£380	Greenwich Dance Agency	Norman Adams
£1,429	£0	Greenwich Enterprise Board	Denise Hyland
£223,440	£858	Greenwich Housing Rights	Matthew Pennycook
£9,948,767	£1,065,046	Greenwich Leisure Ltd	Peter Brooks Mick Hayes Harpinder Singh
£0	£0	Greenwich Peninsula Estate Management Company	Richard Quibell
£0	£0	Greenwich Millennium Village Management Ltd	Mary Mills
£0	£0	Greenwich Pensioners' Forum	Peter Kotz
£0	£0	Greenwich (Newhaven) PRU Management Committee	Eileen Glover Peter Kotz Richard Quibell
See below		Greenwich Service Solutions	Peter Brooks
£276,000	£0	Greenwich Theatre Board	David Grant Dermot Poston
£0	£0	Greenwich Town Centre Management Agency	David Grant Maureen O'Mara Matthew Pennycook
£0	£0	Greenwich Wildlife Advisory Group	Mary Mills
£79,284	£0	Greenwich Young People's Theatre	Mohammed Iqbal
See below		GSPlus	Peter Brooks
£13,826	£0	Horn Park Community Association	Mark James Christine May

£0	£0	John Roan Foundation	Alex Grant Ray Walker Alex Wilson
£0	£0	Learning Disability Partnership	Peter Kotz
£23,639	£0	Local Government Information Unit	Alex Grant
£0	£0	LGA General Assembly	Chris Roberts Ray Walker
£0	£0	LGA Urban Commission	Chris Roberts Gary Parker
£0	£0	London City Airport Consultative Committee	Denise Hyland Peter Brooks (Deputy)
£0	£0	London Local Authority Arts Forum	Danny Thorpe William Freeman
£0	£56	London Road Safety Council	Harpinder Singh
£86,000	£0	Long Lane Football Club	Jim Gillman
See below		Meridian Home Start Ltd	Chris Roberts
£0	£0	Maryon Wilson Animal Park Limited	John Fahy
£77,299	£834	Middle Park Community Centre	Clare Morris Christine May (Deputy)
£0	£0	MIND Management Committee	Matthew Morrow
£40,875	£30	New Charlton Community Centre	Barbara Barwick
£0	£0	Plumstead Almshouses	Don Austen
£200	£0	Rathmore Youth Centre	Dick Quibell
£0	£0	Reserves Forces & Cadets Association	Steve Offord
£0	£0	Shooters Hill Woodlands Working Party	William Freeman Jagir Sekhon Barry Taylor
£0	£0	Sir John Evelyn Charity	Maureen O'Mara
£108,594	£0	South East Enterprise	Denise Hyland

£5,424,998	£500,000	South East London Combined Heat and Power Company	Harpinder Singh
£0	£0	South East London Waste Disposal Group	Harpinder Singh
£938	£0	St Luke's Parochial Charities	Janet Gillman Allan MacCarthy
£192,667	£9,950	St Paul's Academy	Steve Offord Clive Mardner
£0	£0	Thames Gateway London Partnership	Denise Hyland
£0	£0	Town Twinning Association Executive Committee	Don Austen Barbara Barwick Nigel Fletcher Janet Gillman Jim Gillman
£0	£0	Twinkle Park Trust	David Grant Matthew Pennycook
£250	£0	Walpole Estate Management Board	Beverley Jones Rajwant Sidhu Harpinder Singh
£205,339	£0	Widehorizons Outdoor Education Trust	Christine May
£0	£0	Wiseman & Withers Exhibition Foundation	Janet Gillman
£0	£0	Woodlands Farm Trust	Miranda Williams
£0	£0	Woolwich & Plumstead Relief in Sickness Fund	Don Austen

Other Public Bodies
The Authority has entered into a pooled budget agreement with Oxleas NHS Foundation Trust as outlined in Note 30.

Eltham Crematorium
The Authority holds funds in its bank account on behalf of the Eltham Crematorium; the balance as at 31/03/13 was £898,771 (£1,111,842 at 31/03/12).

The Authority received a distribution from the Crematorium during the financial year 2012/2013 of £504,800 (£538,000 in 2011/2012).

Support services were undertaken by the Authority on behalf of the Eltham Crematorium during the financial year 2012/2013 amounting to £153,236 (£180,703 in 2011/2012).

Entities Controlled or Significantly Influenced by the Authority
The Authority has three wholly owned subsidiaries:

- Greenwich Service Plus (GSPlus) Limited
- Greenwich Service Solutions (GSS) Limited
- Meridian Home Start Limited

During 2012/2013 the Authority's accounts include amounts payable of £24,319,795 to GSPlus from the Authority for services received and charged GSPlus £2,537,916 for services provided.

During 2012/2013 the Authority's accounts include amounts payable of £517,990 to GSS from the Authority for services received and charged GSS £1,458 for services provided.

During 2012/2013 the Authority's accounts include amounts payable of £100,000 to Meridian Home Start from the Authority and charged Meridian £80,748 for services provided.

The values of amounts outstanding as at 31 March 2013 were as follows:

Entity	Debtors	Creditors
GSPlus Ltd	£2,866,369	£2,808,866
GSS Ltd	£145,422	£53,287
Meridian Home Start Ltd	£0	£1,127

The overall relationship between the Authority and its subsidiaries is detailed in the Group Accounts section of the Accounts.

Pension Fund
Part of the Pension Fund cash holdings are invested on the money markets by the treasury management operations of the Authority. A Service Level Agreement is in place between the two entities in regards to this. Over the year up to £5m of Pension Fund cash was placed on deposit by the Authority for the benefit of the Pension Fund.

Administrative services were undertaken by the Authority on behalf of the Pension Fund, under a Service Level Agreement valued at £870,559 in 2012/2013 (£683,618 in 2011/2012).

The Authority is the single largest employer of members of the Pension Fund and contributed £22m to the fund in 2012/2013 (£23.3m in 2011/2012).

37. 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 contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The Capital Financing Requirement is analysed in the second part of the note.

Capital Expenditure and Capital Financing

2011/2012 £000		2012/2013 £000
579,053	**Opening Capital Financing Requirement**	**571,540**
	Capital Investment	
205,218	Property, Plant and Equipment	96,301
0	Intangible Assets	38
47	Heritage Assets	0
6,183	Revenue expenditure Funded from Capital under Statute	12,365
	Sources of Finance	
4.,405	Capital receipts	549
71,859	Government grants and other contributions	34,431
13,024	Direct revenue contributions	47,638
4,186	MRP / loans fund principal	6,559
(46)	Reserved capital receipts	463
125,533	Use of reserved receipts to repay debt	0
571,540	**Closing Capital Financing Requirement**	**590,604**
	Explanation of Movement in Year	
1,493	Increase in underlying need to borrow (supported by government financial assistance)	205
22,962	Increase in underlying need to borrow (unsupported by government financial assistance)	22,560
1,115	Assets acquired under finance leases	0
96,591	Assets acquired under PFI/PPP contracts	3,321
(4,187)	MRP	(6,559)
46	Reserved capital receipts	(463)
(125,533)	Use of reserved receipts to repay debt	0
(7,513)	**Increase / (decrease) in Capital Financing Requirement**	**19,064**

38. Leases

Authority as Lessee

Finance Leases

The Authority acquired some new IT equipment in the financial year under a finance lease. The Authority has one industrial estate (Thistlebrook) and some IT and telecommunications equipment under previous finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2013 £000	31 March 2012 £000
Other Land and Buildings	0	0
Vehicles, Plant, Furniture and Equipment	1,688	2,341

N.B. Thistlebrook Industrial Estate is held on the Balance Sheet at £1.

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

	31 March 2013 £000	31 March 2012 £000
Finance lease liabilities (net present value of minimum lease payments):		
• current	612	584
• non-current	2,793	3,406
Finance costs payable in future years	5,819	5,981
Minimum lease payments	**9,224**	**9,971**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Not later than one year	746	745	612	584
Later than one year and not later than five years	1,468	2,134	1,119	1,730
Later than five years	7,010	7,092	1,674	1,676
Minimum lease payments	**9,224**	**9,971**	**3,405**	**3,990**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/2013 contingent rents payable by the Authority were £179,082 (2011/2012: £179,082).

The Authority has sub-let some units of the industrial estate held under the finance lease. At 31 March 2013 the minimum payments expected to be received under non-cancellable sub-leases was £738,948 (£894,000 at 31 March 2012).

Operating Leases

Property

The Authority has acquired some land and a number of buildings to assist with service provision throughout the borough.

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

	31 March 2013 £000	31 March 2012 £000
Not later than one year	922	148
Later than one year and not later than five years	3,636	547
Later than five years	8,658	6,676
Minimum lease payments	**13,216**	**7,371**

The leases are held for a variety of reasons and are charged to their relevant service line in the Comprehensive Income & Expenditure Statement. The lease payments recognised as an expense in the period total £988,890 (£769,650 in 2011/2012).

The Authority has sub-let some of the assets held under the above operating leases. At 31 March 2013 the minimum payments expected to be received under non-cancellable sub-leases was £727,125 (£620,125 at 31 March 2012).

External Leasing

Vehicles and Plant

All primary operating lease agreements in respect of vehicles and plant held by the Authority had expired by the 31 March 2010. Secondary operating leases are renewed for a one year period subject to three months notice. The amount paid in respect of lease agreements in 2012/2013 was £178,600 (£323,072 in 2011/2012).

At 31 March 2013 the Authority's future liability is dependent on operational decisions to extend leases for a further year or give notice to terminate. Lease rentals are paid in advance.

Internal Leasing

The Authority operates an internal leasing fund for the acquisition of vehicles used principally in the provision of waste collection, building maintenance, street cleansing and passenger services.

In 2012/2013 the Authority incurred expenditure to the value of £858,252 (£138,974 in 2011/2012), which was funded by the internal leasing fund.

Repayments were made to the fund in 2012/2013 totalling £1,003,879 (£1,205,870 in 2011/2012). The repayments are made to the fund to enable future replacement and are based on the expected primary life of the vehicle.

Authority as Lessor

Finance Leases

Calderwood Street Car Park

The Authority has leased out part of a Car Park (Calderwood Street) to a Building Management company on a finance lease with a remaining term of 114 years.

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2013 £000	31 March 2012 £000
Finance lease debtor (net present value of minimum lease payments):		
• current	0	0
• non-current	308	308
Unearned finance income	8,222	8,296
Unguaranteed residual value of property	0	0
Gross investment in the lease	**8,530**	**8,604**

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

	Gross investment in the Lease		Minimum Lease payments	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Not later than one year	75	75	75	75
Later than one year and not later than five years	299	299	299	299
Later than five years	8,156	8,230	8,156	8,230
Minimum lease payments	**8,530**	**8,604**	**8,530**	**8,604**

There have been no contingent rents received in respect of the Calderwood Street Car Park lease in 2012/2013 (£nil in 2011/2012).

Academies

Charlton Park School and Shooters Hill Post 16 Campus (excludes the small area of Woodland attached to Shooters Hill Post 16 Campus) converted to Academy status, on 18 April 2012 and 1 November 2012, under Section 4 and Section 6(2) of the Academies Act 2010 respectively. This means the schools cease to be maintained schools and are no longer controlled by the Council.

Under the provisions of the Academies Act 2010 the Council leased the schools to each Academy through a 125 year finance lease at nil value.

Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

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

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

	31 March 2013 £000	31 March 2012 £000
Not later than one year	3,352	2,644
Later than one year and not later than five years	9,934	8,322
Later than five years	18,202	16,369
Minimum lease payments	**31,488**	**27,335**

There have been no contingent rents received under operating lease agreements in 2012/2013 (£nil in 2011/2012).

39. Private Finance Initiatives and Similar Contracts

The Authority has two PFI contracts.

1. Provision of Neighbourhood Resource Centres (NRCs).

A PFI agreement was signed in 2002 for the provision of three Centres. The three NRCs were designed to replace the Authority's four Homes for Elderly People (HEP) and deliver a range of high quality services for older people. The NRCs opened between May and August 2004 and provide 162 residential and nursing care beds and a daycare service. The contract is for 30 years. The NRCs are on three sites provided by the Authority. The Authority is leasing the sites to the Provider for 30 years at nil value. The sites will be returned to the Authority for nil consideration at the end of the contract.

In accordance with the Code of Practice on Local Authority Accounting the assets provided under the PFI contract and the sites provided by the Authority are recognised on the Authority's Balance Sheet. Movements in value are detailed in the analysis movement on Property, Plant and Equipment.

Under this contract the Authority paid £9.484m in 2012/2013. The Authority is required to make the following payments to the Provider:

Year	Payment for Services £000	Interest £000	Reimbursement of capital expenditure £000
2013/2014	7,899	1,578	116
2014/2015 to 2017/2018	33,102	6,217	969
2018/2019 to 2022/2023	44,947	7,116	2,979
2023/2024 to 2027/2028	53,212	4,552	3,118
2028/2029 to 2032/2033	56,400	3,745	7,345
2033/2034 to 2034/2035	18,961	26	2,715
Total	**214,521**	**23,234**	**17,242**

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 in providing the NRCs and interest payable. The liability outstanding to pay the contractor for the capital expenditure incurred is as follows:

	2012/2013 £000	2011/2012 £000
Balance outstanding at start of year	17,335	17,471
Payments during the year	(93)	(136)
Balance outstanding at year end	**17,242**	**17,335**

2. Provision of two secondary schools.

The Authority entered into an agreement in 2009 for the provision of two schools, Crown Woods and Thomas Tallis. The schools came into operation during 2011/2012 and the contract runs for 25 years. The sites have been made available to the operator at nil value for the duration of the contract and will be returned to the Authority for nil consideration at the end of the contract.

In accordance with the Code the assets provided under the PFI contract and the sites provided by the Authority are recognised on the Authority's Balance Sheet. Movements in value are detailed in the analysis movement on Property, Plant and Equipment.

Under this contract the Authority made payments totalling £14.553m in 2012/2013. The Authority is required to make the following payments to the Provider:

Year	Payment for Services £000	Interest £000	Reimbursement of capital expenditure £000
2013/2014	2,565	9,739	2,022
2014/2015 to 2017/2018	12,351	36,925	9,019
2018/2019 to 2022/2023	22,524	40,106	12,637
2023/2024 to 2027/2028	28,881	31,574	17,803
2028/2029 to 2032/2033	40,651	17,931	23,061
2033/2034 to 2036/2037	19,486	8,832	32,571
Total	**126,458**	**145,107**	**97,113**

Additions of capital expenditure by the Provider in 2012/2013 were £3.321m. This has increased the liability outstanding in the balance sheet as at 31 March 2013.

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 in providing the NRCs and interest payable. The liability outstanding to pay the contractor for the capital expenditure incurred is as follows:

	2012/2013 £000
Balance outstanding at service commencement	95,617
Payments during the year	(1,825)
Capital expenditure incurred during the year	3,321
Balance outstanding at year end	**97,113**

40. Impairment Losses

The Authority is undertaking two redevelopment programmes which have given rise to associated impairment losses.

The Authority's Valuer has assessed that the value of the Ferrier Estate and assorted assets should be impaired for the purposes of the Statement of Accounts. The total impairment charge is £0.037m of which £0.024m has been charged to the Surplus or Deficit on the Provision of Services with the balance being taken to the Revaluation Reserve.

The Authority's Valuer has also assessed that the value of the Connaught Estate should be impaired for the purposes of the Statement of Accounts. The total impairment charge for the Estate is £4.739m of which £4.127m has been charged to the Surplus or Deficit on the Provision of Services with the balance being taken to the Revaluation Reserve.

41. Termination Benefits

During the financial year 2012/2013 the Authority terminated the contracts of a number of people and made payments in respect of their termination benefits totalling £4.6m (£6.9m 2011/2012).

Furthermore the Authority has a provision of £0.6m (£2.0m 2011/2012) in respect of employees whose contracts were terminated on the 31st March (thereby relating to a probable future transfer of economic benefits) and in respect of several reorganisations that were in progress at the balance sheet date.

42. Pensions Schemes Accounted for as Defined Contribution Schemes

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2012/2013, the Authority paid £11,658,031 to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2011/2012 were £12,444,508 and 14.1%. There were contributions of £37,809 remaining payable at the year-end.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and included within Note 43.

43. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Authority participates in two post employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by the Royal Borough of Greenwich (RBG) – this is a funded defined benefit final salary 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 Authority is an employer within the London Pension Fund Authority (LPFA), which is also a LGPS fund.
- Discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. No further awards have been made since 2008 in respect of the LGPS, however, this facility remains as part of the Teachers Pension Scheme.

The policy for recognising actuarial gains and losses is that actuarial gains and losses are recognised in the reserves i.e. in Other Comprehensive Income and Expenditure.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions (in accordance with IAS 19). However, the charge required to be made against council tax is based on the cash payable in the year (derived from the employer contribution rates of 18.5% for RBG and 24.2% for LPFA, plus lump sums as required), therefore, the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Total expense recognised in the Income and Expenditure for post employment benefits	Local Government Pension Scheme £000				Discretionary Benefits £000			
	2012/13			2011/12	2012/13			2011/12
	RBG	LPFA	Total	Total	RBG	LPFA	Total	Total
Comprehensive Income and Expenditure Statement								
Cost of Services								
Current service cost	29,166	620	**29,786**	**26,272**	0	0	**0**	**0**
Past service costs	360	0	**360**	**0**	0	0	**0**	**0**
Settlements and curtailments	(3,167)	121	**(3,046)**	**2,355**	0	0	**0**	**0**
Financing and Investment Income and Expenditure								
Interest cost	51,011	3,450	**54,461**	**57,693**	2,112	130	**2,242**	**1,309**
Expected return on scheme assets	(41,791)	(2,707)	**(44,498)**	**(52,369)**	0	0	**0**	**0**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**35,579**	**1,484**	**37,063**	**33,951**	**2,112**	**130**	**2,242**	**1,309**
Other Post Employment benefit Charged to the Comprehensive Income and Expenditure Account								
Actuarial (gains) or losses	19,933	6,979	**26,912**	**144,352**	8,005	466	**8,471**	**27,814**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(15,646)**	**5,495**	**(10,151)**	**108,401**	**5,893**	**336**	**6,229**	**26,505**
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	35,579	1,484	**37,063**	**33,951**	2,112	130	**2,242**	**1,309**
Employer's contributions payable to the scheme	22,352	1,058	**23,410**	**25,257**				
Retirement benefits payable to pensioners					4,078	208	**4,286**	**4,084**

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	Funded Liabilities: Local Government Pension Scheme £000				Unfunded Liabilities: Discretionary Benefits £000			
	2012/2013			2011/2012	2012/2013			2011/2012
	RBG	LPFA	Total	Total	RBG	LPFA	Total	Total
Opening balance 1 April	**1,136,991**	**77,476**	**1,214,467**	**1,053,769**	**47,935**	**2,938**	50,873	**25,834**
Current service cost	29,166	620	**29,786**	**26,272**	0	0	0	**0**
Interest cost	51,011	3,450	**54,461**	**57,693**	2,112	130	2,242	**1,309**
Contributions by scheme participants	7,989	148	**8,137**	**8,768**	0	0	0	**0**
Actuarial gains and losses	74,739	10,006	**84,745**	**111,831**	8,005	466	8,471	**27,814**
Benefits paid	(50,182)	(5,392)	**(55,574)**	**(45,287)**	(4,078)	(208)	(4,286)	**(4,084)**
Past service costs	360	0	**360**	**0**	0	0	0	**0**
Entity combinations	0	0	0	0	0	0	0	**0**
Curtailments	1,942	121	**2,063**	**2,989**	0	0	0	**0**
Settlements	(12,497)	0	**(12,497)**	**(1,568)**	0	0	0	**0**
Closing balance 31 March	**1,239,519**	**86,429**	**1,325,948**	**1,214,467**	**53,974**	**3,326**	57,300	**50,873**

Reconciliation of fair value of the scheme (plan) assets:	Local Government Pension Scheme £000			
	2012/2013			2011/2012
	RBG	LPFA	Total	Total
Opening balance 1 April	**741,556**	**64,722**	**806,278**	**798,626**
Expected rate of return	41,791	2,707	44,498	52,369
Actuarial gains and losses	54,806	3,028	57,834	(32,521)
Employer contributions	26,430	1,266	27,696	29,341
Contributions by scheme participants	7,989	148	8,137	8,768
Benefits paid	(54,260)	(5,600)	(59,860)	(49,371)
Settlements	(7,388)	0	(7,388)	(934)
Closing balance 31 March	**810,924**	**66,271**	**877,195**	**806,278**

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

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate.

For the year to 31 March 2013, the expected return was 5.8% per annum, which has been used to determine the profit and loss charge for the year ended 31 March 2013

The actual return on scheme assets in the year was £102.331m (2011/2012: £19.849m).

Summary of the present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the balance sheet	**2008/2009**	**2009/2010**	**2010/2011**	**2011/2012**		**2012/2013**	
	£000	**£000**	**£000**	**£000**		**£000**	
	Total	**Total**	**Total**	**Total**	**RBG**	**LPFA**	**Total**
Present value of liabilities							
Local Government Pension Scheme	(820,336)	(1,276,083)	(1,053,769)	(1,214,467)	(1,239,519)	(86,429)	**(1,325,948)**
Discretionary Benefits	(25,361)	(31,142)	(25,834)	(50,873)	(53,974)	(3,327)	**(57,301)**
Fair Value of Assets in the Local Government Pension Scheme	574,794	762,765	798,626	806,278	810,924	66,271	**877,095**
Surplus / (Deficit) in the scheme							
Local Government Pension Scheme	(245,542)	(513,318)	(255,143)	(408,189)	(428,595)	(20,158)	**(448,753)**
Discretionary Benefits	(25,361)	(31,142)	(25,834)	(50,873)	(53,974)	(3,327)	**(57,301)**
Total	**(270,903)**	**(544,460)**	**(280,977)**	**(459,062)**	**(482,569)**	**(23,485)**	**(506,054)**

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £506.054m (2011/2012: £459.062m) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in an overall balance of £0.985bn (2011/2012: £1.032bn). However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the LGPS will be made good by contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Authority in the year to 31st March 2014 are £23m. Expected contributions for the Discretionary Benefits scheme in the year to 31st March 2014 are £4m.

Actuarial Gains/(Losses) £000	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009
In Year Gains/(Losses)	(35,383)	(172,166)	187,090	(261,316)	(112,496)
Cumulative Gains/(Losses)	(425,260)	(389,877)	(217,711)	(404,801)	(143,485)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on such assumptions as mortality rates and salary levels. Both the LGPS and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, using data from the full triennial valuation as at 31st March 2010 and latest estimates for the funds as at 31st March 2013.

The principal assumptions used by the actuary have been:

	RBG		LPFA	
Assumptions	**1 April 13***	**1 April 12**	**1 April 13***	**1 April 12**
Long term rate of return on assets in the scheme (%)				
Equity investments	6.0	6.3	6.0	6.3
Alternatives	6.0	6.3	-	-
Gilts / Cashflow Matching	3.0	3.3	3.0	3.3
Bonds	4.1	4.6	-	-
Target Return Portfolio	-	-	4.6	4.5
Property	4.0	4.3	-	-
Cash	0.5	3.0	0.5	3.0
Mortality assumptions (yrs)				
Longevity at 65 for current pensioners				
• Men	17.3	17.2	20.3	20.2
• Women	21..3	21.2	23.3	23.2
Longevity at 65 for future pensioners				
• Men	19.2	19.1	22.3	22.2
• Women	23..2	23.1	25.2	25.1
Other assumptions (%)				
Rate of inflation (RPI)	3.4	3.3	3.2	3.3
Rate of inflation (CPI)	2.6	2.5	2.4	2.5
Rate of increase in salaries	4.8	4.7	4.1	4.2
Rate of increase in pensions	2.6	2.5	2.4	2.5
Rate for discounting scheme liabilities	4.4	4.6	3.6	4.6
Take-up of option to convert annual pension into retirement lump sum	50	50	50	50

* Utilising current accounting standards.

An assumption has been made that, on average, an employee will work one year later than they were first able to do so, without reduction in their benefit.

Changes in assumptions

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 20 year point on the BoE spot inflation curve. This measure has historically overestimated future increases in RPI and so a deduction of 0.25% has been made to get the RPI assumption of 3.4%. As future pension increases are expected to be based on CPI rather than RPI, a further assumption about CPI has been made which is that it will be 0.8% below RPI i.e. 2.6%. Salary increases are then assumed to be 1.4% above RPI in addition to a promotional scale.

The 2012/2013 discount rate is the annualised yield at the point on the Merill Lynch AA rated corporate bond curve equivalent to the duration of the Authority's liabilities. This updates the previous discount rate which was the iBoxx AA rated over 15 year corporate bond index. If the Fund had continued in 2012/2013, to use a discount rate based on the iBoxx AA rated over 15 year corporate bond index, then the discount rate would have been 4.1% and the total gross liability would have been £1.375bn including the unfunded liability. This contrasts with the actual gross liability recognised in the accounts as £1.293bn.

The Discretionary Benefits arrangement has no assets to cover its liabilities. The LGPS assets consist of the following categories, by amount and proportion of the total assets held:

£000	**RBG**		**LPFA**	
	2012/2013	**2011/2012**	**2012/2013**	**2011/2012**
Equity investments	340,588	252,129	9,278	8,414
Alternatives	251,387	274,376	0	0
Gilts / Cashflow Matching	0	0	20,544	20,711
Bonds	154,076	148,311	0	0
Target Return Portfolio	0	0	35,786	34,303
Property	48,655	51,909	0	0
Cash	16,218	14,831	663	1,294
Total	**810,924**	**741,556**	**66,271**	**64,722**

%	**RBG**		**LPFA**	
	2012/2013	**2011/2012**	**2012/2013**	**2011/2012**
Equity investments	42	34	14	13
Alternatives	31	37	0	0
Gilts / Cashflow Matching	0	0	31	32
Bonds	19	20	0	0
Target Return Portfolio	0	0	54	53
Property	6	7	0	0
Cash	2	2	1	2
Total	**100**	**100**	**100**	**100**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as an amount and as a percentage of assets or liabilities:

	2008/2009		2009/2010		2010/2011		2011/2012		2012/2013	
	£000		£000		£000		£000		£000	
Scheme Assets										
RBG	(232,986)		159,423		(19,758)		(32,510)		54,806	
LPFA	(8,170)	**(241,156)**	3,630	**163,053**	11,207	**(8,551)**	(11)	**(32,521)**	3,028	**57,834**
Scheme Liabilities										
RBG	0		(2,111)		25,060		(26,634)		(7,042)	
LPFA	(84)	**(84)**	410	**(1,701)**	3,016	**28,076**	(62)	**(26,696)**	(258)	**(7,300)**
	%		%		%		%		%	
Scheme Assets										
RBG	(44.4)		22.5		(2.7)		(4.4)		6.8	
LPFA	(16.5)	**(42.0)**	6.8	**21.4**	17.7	**(1.1)**	(0.0)	**(4.0)**	4.6	**6.6**
Scheme Liabilities										
RBG	0.0		(0.2)		2.5		(2.2)		(0.5)	
LPFA	(0.1)	**(0.0)**	0.4	**(0.1)**	4.2	**2.6**	(0.1)	**(2.1)**	(0.3)	**(0.5)**

44. Contingent Liabilities

As at 31 March 2013 the Authority had the following contingent liabilities:

(a) Following a decision by the Government to review the operation of land charges, the Local Government Association is assessing possible claims against authorities. It is thus possible that the Authority could receive claims for reimbursement of fees charged in the delivery of this service. The timing and amounts of any potential claims are uncertain.

(b) The Authority is in receipt of claims in respect of street tree damage. The estimated cost of claims received is £0.295m. There are doubts associated with the probability of a transfer of economic benefits in respect of these claims on the grounds that only a small number of claims have been settled in the last three years.

(c) Amounts have been provided in the accounts in respect of Mutual Municipal Insurance. However, given the uncertain level of ultimate claims that could arise, further sums may be payable, the timing and level of which are unclear.

45. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

Overall Procedures for Managing Risk

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice.

- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations.

- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - o the Authority's overall borrowing
  - o its maximum and minimum exposures to fixed and variable rates
  - o its maximum and minimum exposures to the maturity structure of its debt
  - o its maximum annual exposures to investments maturing beyond a year.

- by the adoption of a Treasury Policy Statement and treasury management by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update. These policies are implemented by a central treasury team.

Credit Risk

Credit risk arises from deposits with financial institutions, investment securities and as credit exposures to the Authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria.

However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- credit default swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries
- share prices
- UK institutions provided with support from the UK Government
- a £30m credit limit (with the exception of the UK Government)

- news and information from the City via Bloomberg and other sources.

The Authority does not expect any losses from non performance by any of its counterparties in relation to deposits and securities. There has been no occurrence of a default with regard to the investments held at the Balance Sheet date. The Director of Finance has reviewed the portfolio and determined that no allowance is required for such within these accounts.

The Authority does not generally allow credit for customers. The past due but not impaired amount (forming part of the Authority's debtors) can be analysed by age as follows:

Debtor Age	**2012/2013**	**2011/2012**
	£000	£000
Less than three months	11,951	10,182
Three to six months	588	4,193
Six to one year	1,995	1,324
More than one year	4,411	4,890
	18,945	**20,589**

All sums owing are due to be settled within one year.

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above, as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Authority has investments in Treasury Bills, which are classified as "Available for Sale", which are readily tradable in a liquid market.

The Authority has ready access to borrowings from the money markets to cover any day to day cash flow need and the PWLB and money markets for access to longer term funds. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates (see Refinancing Risk).

Refinancing Risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

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

The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. Aside from a small number of interest free loans granted to the Authority in respect of financing energy efficiency projects, interest rates on loans varied between 3.480% - 11.625% (2011/2012: 3.480% - 11.625%). The principal maturity analysis of financial liabilities is as follows:

Principal Debt Maturity Profile	2012/2013	2011/2012
	£000	£000
Less than one year	8,558	3,706
Between one and five years	31,947	29,449
Between five and ten years	16,583	25,566
Between ten and twenty years	39,731	34,203
More than twenty years	330,086	316,996
Total	**426,905**	**409,920**

Within the "more than twenty years" category are £129m of market loans. They have options built into them whereby after a period of time, the lender may ask for the rate payable to be changed. The Authority has the option to either accept this change or repay the loan in full, without penalty. The risk to the Authority is that these options are exercised at a time of unfavourable interest rates. The Authority has set a limit of 40% of its long term borrowing that can be undertaken on this basis. The option dates have been spread over several years to ensure that the risk of this scenario occurring is reduced.

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

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

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans could be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs. The treasury management team has an active strategy for assessing interest rate exposure.

The long term borrowing of the Authority is held at a fixed rate and thus there would be no effect on the Comprehensive Income and Expenditure Statement, or the debit to the Housing Revenue Account, if interest rates were different from those that prevailed on the Balance Sheet date. Investments are also held at fixed rate.

Price Risk

The Authority does not generally invest in equity shares but does have holdings of Treasury Bills. The Authority is consequently exposed to gains or losses arising from movements in the prices of these instruments should it wish to sell them before their maturity date.

The Treasury Bills are all classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. There has been no major change in interest rate expectation between the date on which the securities were acquired and the Balance Sheet date, the carrying value thus equates to the fair value of the Treasury Bills.

It is the Authority's current policy not to trade the securities before their maturity date unless there are exceptional circumstances.

Foreign Exchange Risk

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

Financial Guarantees

The Widehorizons Trust Ltd delivers outdoor education services at various establishments. In 2008 the Council agreed to guarantee a loan of up to £1.5m to the Trust by Futurebuilders Ltd. As at 31st March 2013, the total loan drawn down was £1.5m. The lender is a government backed fund offering support and investment to third sector organisations delivering public services. The Authority has reviewed the probability of the guarantee being called and the likely amount payable. The company's accounts for the period 1st April 2011 to 31st July 2012 shows an operating surplus. Accordingly the Authority has determined that, based on current information, the guarantee will not be called.

46. Heritage Assets: Multi Year Summary of Transactions

	2010 -2011 £000	2011-2012 £000	2012-2013 £000
Cost of acquisitions of heritage assets			
Art Collection	109	47	0
Total Cost of Purchase	109	47	0
Value of heritage assets acquired by donation			
Other	0	0	157
Total Donations	0	0	157
Other heritage assets reported at valuation			
Total Other	0	0	0

Carrying Value	**109**	**47**	**157**

47. Heritage Assets: Further Information

General
Although there are many features and artefacts that are spread throughout the borough, the majority of heritage assets are located in three places – Charlton House, Woolwich Town Hall and the Greenwich Heritage Centre.

New Heritage Asset 2012: Nike Statue
The Royal Borough of Greenwich was the recipient of a donated Heritage Asset in 2012, a statue of Nike, the Goddess of Victory. The Nike Statue was a gift from Greece to the United Kingdom via the London Organising Committee of the Olympic Games Limited (LoCoG) to express gratitude for hosting the 2012 Olympic and Paralympic Games. LoCog designated the Royal Borough of Greenwich as the geographical location in which the statue was to be sited and passed the donated asset to the Borough. The Statue is located at Beresford Road, The Royal Arsenal and is fully accessible to members of the public. The value of the asset is £157,000 and has been included in the Authority's fixed asset register.

Furniture
There are a number of oak carved items of furniture including a mayoral chair. They date from the 17th and 18th centuries and have a minimal value.

Clocks
There are several long case oak clocks dating from the 17th and 18th centuries which have a minimal value.

Paintings and Pictures
There are over 2,000 watercolours of various scenes in the borough by various artists over the last few centuries.

Archaeolology
The country's earliest stoneware kiln was excavated in 1973/1974 near the Woolwich Ferry and dates from around 1620-1650.

There are fragments from Lesnes Abbey (c1179) and also various Roman collections of building materials through to jewellery, mainly from Greenwich Park and Charlton.

Social History
Various collections including those covering the Royal Arsenal Co-operative Society (founded in Woolwich in the 19th century), Siemens (electrical company in the 19th-20th centuries) and costume / memorabilia from residents over the years.

Archive Material
A broad selection of deeds (from 1387), manuscripts, books, microfilms, images, maps and ephemera.

Royal status
A fundamental part of gaining Royal status on 3 February 2012 has been the creation of a new Coat of Arms, a seal, the granting of Letters Patent and acquisition of four Tudor Maquettes.

Mayor's regalia

The current Mayoral and Mayoress Chain – used since the designation as a London Borough in 1965; and continuing to be used now since re-designation as a Royal Borough; together with The Chain and Mace of the Metropolitan Borough of Greenwich, before 1965; and, The Chain and Mace of the Metropolitan Borough of Woolwich, before 1965.

Preservation and Management

Following the approval by the Authority of an Acquisition and Disposal policy ("Greenwich Heritage Centre Acquisitions and Disposal (Collecting) Policy 2013-2017") in February 2013, Greenwich Heritage Centre holds full Museum Accreditation from the Arts Council. Its objective is to "to collect, safeguard and make accessible artefacts, documents and specimens concerning the history and heritage of the Royal Borough of Greenwich, which it holds in trust of society."

The Museum Accreditation Standard sets nationally agreed standards for Museums in the UK and provides a recognised framework in which Museums develop their collections and make them more accessible to the public. Accreditation Status also confers a range of specific benefits; it is often a necessary criterion when applying for funding from grant giving organisations; and, it is often a requirement for Museums to lend collections for the purposes of Temporary Exhibitions. Temporary Exhibitions are a key part of the Heritage Centre's programme.

The GHC will acquire items only from within the Royal Borough of Greenwich, except for items from elsewhere which have close association with a Greenwich Person or activity, or otherwise illustrate an aspect of the history of Greenwich. The GHC will not seek to acquire biological or geological specimens for as long as the relevant curatorial expertise is not represented in its staffing. It will continue to maintain existing collections of this material. The GHC will continue to acquire items specifically for teaching use. These will be registered in the School Loans Inventory and will not form part of the museum's core collections.

The GHC's priorities in collecting in the future will be in acquiring items relating to the cultural diversity of the population of Greenwich, items relating to the lives of people of Greenwich in the late 20th and early 21st centuries, costume from 17th to 19th centuries and items relating to the working life of the people of Greenwich.

A preservation policy ("Greenwich Heritage Centre Preservation Policy 2007-2012") deals with:

- general housekeeping - cleaning, ensuring existence (alarms where appropriate) and quarantine for new acquisitions
- monitoring – out of direct sunlight, use of thermo hydrographs, air conditioning, pests and mould
- handling – cleanliness, use of gloves, books opened less than 120 degrees, providing support / packaging

An exit policy ("Greenwich Heritage Centre Object Exit Policy 2011-2016") deals with:

- loans (ensuring insurance and security)
- registering the transfer / documentation
- authority for exit (the Collections Manager, after verifying title)
- if the asset is to be destroyed it must be unusable or have been offered to other establishments to rehouse for a period of one year

The Centre Manager reports to the Director of Culture, Sport and Media, with management information produced for the Authority as required.

48. Trust Funds

The Authority administers the Charities Holding Account on behalf of a number of trustees. Monies held on behalf of relatives of residents of Authority run homes to be spent on enhancing the care given.

(£000s)	Balance as at 1 April 2012	Income	Expenditure	Balance as at 31 March 2013
Charities Holding Account	55	16	3	68
Total	**55**	**16**	**3**	**68**

The Authority acts as a trustee for the following funds:

(£000s)	Balance as at 1 April 2012	Income	Expenditure	Balance as at 31 March 2013
Cemeteries Perpetuity Fund	34	0	0	34
Education Trust Funds	54	5	7	52
Margaret McMillan Field Study Centre	2,927	0	0	2,927
Other	0	115	0	115
Total	**3,015**	**120**	**7**	**3,128**

Cemeteries Perpetuity Fund

Fund held in order to contribute towards the maintenance of graves in perpetuity.

Education Trust Funds

Legacies left to provide achievement towards at school prize giving, left to specific schools for specific awards.

Margaret McMillan Field Centre

The role of the Margaret McMillan Trust and Centre is to support children from deprived inner city areas in having the opportunity to visit a wide variety of countryside based centres, and to support projects that provide for their needs. The Trust supports young people from inner city areas, including parts of Greenwich and Deptford where Margaret McMillan worked.

The value of investments is disclosed at cost, less any provision required for loss in value.

The Fund Balances are invested in gilt-edged and equity securities and interest earning internal balances of the Authority with the exception of the Margaret McMillan Field Study Centre. These balances are invested in non current assets or held on bank deposit.

Other

Amounts held by the Authority acting as trustee for minors.

Additional Financial Statements

Collection Fund Account

This account shows the income received from council tax payers, community charge payers and business rate payers. It also shows how the income is distributed between the Royal Borough's General Fund and the Greater London Authority (GLA).

Income and Expenditure Account

(£000s)		31 March 2013	31 March 2012
Income From Council Taxpayers		86,488	84,538
Transfers From General Fund			
Council Tax Benefits		22,624	22,947
Income Collectable From Business Ratepayers	Note 4	62,893	56,629
Income Collectable in Respect of Business Rate Supplements	Note 4	2,027	1,868
Total Income		**174,032**	**165,982**
Precepts And Demands	Note 5	104,334	102,755
Business Rate Payment To National Pool		62,601	56,307
Business Rate Cost Of Collection		278	284
Business Rate Supplement Payment To GLA		2,017	1,856
Business Rate Supplement Administrative Costs		10	12
Distribution Of Previous Year's Surplus		2,237	1,808
Allowance For Interest Paid To Ratepayers		13	39
Provision Made For Council Tax Bad Debts	Note 7	1,885	1,661
Total Expenditure		**173,375**	**164,722**
Surplus/(Deficit) For The Year		**657**	**1,260**
Fund Balance B/F		3,969	2,709
Surplus / (Deficit) for the Year		657	1,260
Fund Balance C/F	**Note 6**	**4,626**	**3,969**

Notes to the Collection Fund accounts

1 The Council Tax System

The council tax is the means of raising income from local residents to pay for services within the Royal Borough. The council tax is levied on domestic properties and the charge is based on the valuation band assessed for each dwelling. The Inland Revenue has appointed a Listing Officer for the Royal Borough who is responsible for property valuations, valuation registers and appeals.

2 Accounting Policies

The Collection Fund Income and Expenditure Account is prepared on an accruals basis and complies with appropriate regulations and the Code of Practice on Local Authority Accounting. The transactions of the Collection Fund are wholly prescribed by legislation.

The year end surplus or deficit on the Collection Fund, when attributable to the council tax system, is apportioned between the Royal Borough and the GLA.

3 Income from the Council Tax

In 2012/2013 the Royal Borough set a band D tax of £1,287.63 (£1,290.73 in 2011/2012). The charge for each band is a ratio of band D. The 2012/2013 charges were:

Band	2012/2013 Ratio to Band D	2012/2013 Council Tax £	2011/2012 Council Tax £
A	6/9	858.42	860.49
B	7/9	1,001.49	1,003.90
C	8/9	1,144.56	1,147.32
D	1	1,287.63	1,290.73
E	11/9	1,573.77	1,577.56
F	13/9	1,859.91	1,864.39
G	15/9	2,146.05	2,151.22
H	18/9	2,575.26	2,581.46

These charges are before any appropriate discounts or benefits.

The Royal Borough's taxbase, which is used in the tax calculation, is based on the number of dwellings in each band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2012/2013 was 81,019 (79,602 in 2011/2012) as calculated below.

			2012/2013			2011/2012
Band	**Dwellings Per Valuation List**	**Adjustment For Disabled Banding Appeals, Discounts And Exemptions**	**Revised Dwellings**	**Ratio To Band D**	**Band D Equivalent**	**Band D Equivalent**
A (Disabled)	0	3	3	5/9	2	2
A	10,919	(2,803)	8,116	6/9	5,411	5,478
B	19,593	(3,562)	16,031	7/9	12,468	12,087
C	38,505	(4,681)	33,824	8/9	30,065	29,417
D	20,502	(2,024)	18,478	1	18,478	18,260
E	10,082	(831)	9,251	11/9	11,307	11,146
F	2,781	(186)	2,595	13/9	3,749	3,722
G	1,887	(104)	1,783	15/9	2,972	2,931
H	319	(48)	271	18/9	542	535
Total	**104,588**	**(14,236)**	**90,352**		**84,994**	**83,578**
Less Allowance for Non Collection					(4,249)	(4,179)
Plus Adjustment for Armed Forces Dwellings					274	203
Whole Royal Borough Taxbase					**81,019**	**79,602**

Based on the estimated taxbase of 81,019 an income yield for 2012/2013 of £104.3m (£102.7m in 2011/2012) was anticipated. The actual taxbase was equivalent to 84,738 (83,274 in 2011/2012) including backdated transactions and the equivalent yield was £109.1m (£107.5m in 2011/2012).

4 Business Rate Income

The Non-Domestic Rate Multiplier is set nationally and for 2012/2013 was 45.8p (43.3p in 2011/2012).

The income collectable for 2012/2013 is shown below:

	2012/2013	2011/2012
	£000	£000
Debits Raised	79,741	71,445
Deduct increased debit raised due to transitional relief increases net of losses and reliefs granted	(14,821)	(12,948)
Total Collectable	**64,920**	**58,497**

The charges raised in 2012/2013 (before reliefs and write-offs) were £79.741m (£71.445m in 2011/2012). The total rateable value for non-domestic rated property in the Royal Borough for 2012/2013 was in the region of £170.2m (£163.2m in 2011/2012).

5 Precepts and Demands

	2012/2013	2011/2012
	£000	£000
Royal Borough	79,484	78,093
Greater London Authority	24,850	24,662
Total	**104,334**	**102,755**

A council tax surplus of £2.237m from 2011/2012 was distributed between the Royal Borough and the GLA.

6 Collection Fund Surplus

The balance on the Fund at 31st March 2013 is £4.626m. Of this sum, £1.097m is the GLA's share of the Collection Fund and is shown as a creditor in the Authority's Balance Sheet. The balance of £3.529m is the Royal Borough's share of the Collection Fund. £0.537m will be distributed to the GLA in 2013/2014. The remaining Collection Fund balance will be taken into account in future budget setting processes.

7 Provision for Irrecoverable Council Tax Debts

Contributions are made from the Collection Fund Income and Expenditure Account to a provision for bad debts. During 2012/2013 £1.885m (£1.661m in 2011/2012) was contributed to the council tax bad debt provision and £0.918m (£1.255m in 2011/2012) of irrecoverable debts were written off.

Housing Revenue Account

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

2011/2012		2012/2013
£000	**Expenditure**	**£000**
25,465	Repairs and Maintenance	23,054
35,825	Supervision and Management	37,170
1,450	Rent, Rates, Taxes and Other Charges	1,849
21,632	Negative HRA subsidy payable	0
35,592	Depreciation and Impairment of non-current Assets	32,437
178	Debt Management Costs	148
762	Movement in the allowance for bad debts (not specified by the Code)	1,415
200	Sums Directed by the Secretary of State that are expenditure in accordance with the Code	179
121,104	**Total Expenditure**	**96,252**
	Income	
(103,128)	Dwelling Rents	(109,558)
(2,772)	Non Dwelling Rents	(2,770)
(3,209)	Charges for services and facilities	(3,240)
(207)	Contribution towards expenditure	(294)
(21,966)	HRA subsidy receivable – Note 1	(44)
(131,282)	**Total Income**	**(115,906)**
(10,178)	**Net income of HRA Services as included in the whole Authority Comprehensive Income and Expenditure Statement**	**(19,654)**
594	HRA Services Share of Corporate and Democratic Core	453
1,111	HRA share of other amounts included in the whole Authority expenditure of continuing operations but not allocated to specific services	320
(8,473)	**Net Income of HRA Services**	**(18,881)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
(3,825)	(Gain) or Loss on sale of HRA non-current Assets	(7,392)

33,417	HRA Debt Redemption Premium Charge	0
20,573	Interest Payable and Similar Charges	15,384
(331)	Interest and Investment Income	(224)
441	Pensions Interest Cost and Expected Return on Pension Assets	1,587
(158,950)	HRA Debt Redemption	0
(1,144)	Other Capital Grants	0
(118,292)	**(Surplus) / Deficit for the Year on HRA Services**	**(9,526)**

Housing Revenue Account
Movement on the HRA Statement

2011/2012 £000		2012/2013 £000
(7,189)	**Balance on the HRA at the end of the previous year**	**(6,140)**
(118,292)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(9,526)
97,375	Adjustment between accounting basis and funding basis under statute	(18,710)
(20,917)	**Net (Increase) or decrease before transfers to or from reserves**	**(28,236)**
21,966	Transfer to reserve	15,424
1,049	**(Increase) or decrease in year on the HRA**	**(12,812)**
(6,140)	**Balance on the HRA at the end of the current year**	**(18,952)**

Notes to the Housing Revenue Account

1. Housing Subsidy

2011/2012 £000		2012/2013 £000
24,479	Allowance for Management	0
37,257	Allowance for Maintenance	0
21,966	Allowance for Major Repairs	0
19,052	Charges for Capital	44
(102,412)	Rent	0
(8)	Interest on Receipts	0
334	**Net Housing Subsidy (Payable) for the Year**	**44**

The figure of £0.044m is the final amount of housing subsidy receivable from the DCLG under the old housing subsidy system. From 1 April 2012 a new system known as Self Financing came into operation and subsidy is therefore no longer receivable.

Deductions from the rent rebate subsidy made due to the operation of the policy on rent rebate subsidy limitation are charged to the HRA. The charge in 2012/2013 amounted to £0.179m.

2. Depreciation and Impairment

	2012/2013
Depreciation and Impairment	**£000**
Depreciation on HRA assets	
Property Plant and Equipment Assets – Dwellings	14,652
Property Plant and Equipment Assets - Other	772
	15,424
Impairment and Revaluation Losses	34,258

HRA valuations were reviewed at 1st April 2012 and the 31st March 2013. The valuations are based on Stock Valuation for Resource Accounting, a guide issued by CLG. This guide incorporates a factor to recognise the specific nature of valuing social housing. This factor, which reduces the assessed value, has remained at 25%. The impairment figure reflects the Ferrier and Connaught Estates where the Council is undertaking redevelopment programmes, in light of which, the Council's Valuer has assessed that part of the value of this development should be impaired for the purposes of the Statement of Accounts.

3. Housing Stock

The Council was responsible for managing 22,645 dwellings as at 31st March 2013. The property is analysed below:

Analysis of HRA Dwellings at 31st March 2013	**1 Bed**	**2 Beds**	**3 & more**	**Total**
Low rise flats in blocks up to 2 storeys	1,433	1,079	365	2,877
Medium rise flats in blocks of 3-5 storeys	3,985	3,455	1,696	9,136
High rise flats in blocks of 6 or more storeys	1,547	1,795	259	3,601
Houses and bungalows	248	1,213	5,552	7,013
Multi occupied dwellings				18
Total				**22,645**

The HRA valuations were reviewed as at 1st April 2012 and the 31st March 2013.These figures represent the valuation less disposals and depreciation.

31st March 2012		31st March 2013
£000	**Balance Sheet Valuation of HRA Assets**	**£000**
	Property Plant and Equipment Assets -	
869,760	Dwellings	858,842
34,251	Property Plant and Equipment Assets – Other	33,866
1,191	Intangible Assets	0
6,476	Assets held for Sale	2,391
911,678	**Total**	**895,099**

The Vacant Possession Value is the Council's estimate of the total sum that it would receive if all the assets were sold on the open market. The balance sheet value is calculated on the basis of rents receivable on existing tenancies. These are less than the rent that would be obtainable on the open market, and the balance sheet value is therefore lower than the Vacant Possession Valuation. The difference between the two values therefore shows the economic cost of providing housing at less than market value.

At 1st April 2012 £000	Vacant Possession Value	At 1st April 2013 £000
3,522,356	HRA Dwellings	3,458,803

4. Major Repairs Reserve

2011/2012 £000		2012/2013 £000
0	Balance as at 1st April	(715)
21,251	Financing of Capital Expenditure for year	16,139
(7,146)	Depreciation in excess of/less than Major Repairs Allowance	0
(14,820)	Depreciation for the year	(15,424)
(715)	**Balance as at 31st March**	**0**

5. HRA Capital Financing

2011/2012 £000		2012/2013 £000
	HRA Capital Expenditure	
36,410	Houses	24,367
0	Other Property	14
0	Vehicles and Equipment	29
36,410	**Total**	**24,410**
	Financed by:	
7,392	Borrowing	0
2,496	Capital Receipts	0
21,251	Major Repairs Reserve	16,139
1,378	Other Grants	16
3,893	Revenue	8,255
36,410	**Total**	**24,410**

Summary of HRA Capital Receipts

2011/2012 £000		2012/2013 £000
	Capital Receipts	
150	Land	0
6,447	Houses	12,069
1,089	Other Property	4,946
7,686	**Total**	**17,015**

6. Rent Arrears

HRA rent arrears at 31st March 2013 totalled £9.413m. This excludes prepayments of £2.229m and may be analysed as follows:

2011/2012 £000		2012/2013 £000
	Arrears	
6,408	Due from Current Tenants	6,685
2,915	Due from Former Tenants	2,728
9,323		**9,413**
(2,118)	Less Prepayments	(2,229)
7,205	**Net Arrears**	**7,184**

These arrears include all charges due from tenants i.e. rent, rates, heating and other charges. The HRA has been setting aside funds to meet irrecoverable debts in respect of such arrears. At 31st March 2013 the provision totalled £6.737m.

7. Pension Costs - IAS 19

IAS19 has been incorporated in the HRA. Entries have been calculated on the basis of the HRA's apportioned share of pension costs during the financial year.

Group Accounts

The following Group Accounts present the financial position of the Royal Borough's group of organisations. The Authority's group includes Greenwich Service Solutions Ltd (GSS), Greenwich Service Plus (GSP) and Meridian Home Start Ltd, all of these are wholly owned subsidiaries of the Royal Borough. The principal activity of GSS is school catering services. The principal activities of GSP are building cleaning, catering and fleet management. Meridian Home Start Ltd was established for the purpose of letting family homes. Additionally, Maryon Wilson Animal Park was established by the Authority in January 2012, but is no longer controlled by the Royal Borough following a change in board membership.

Group Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	**Total Usable Reserves**	Unusable Reserves	**Total Authority Reserves**
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2011	**(35,916)**	**(180,006)**	**(7,189)**	**0**	**(10,717)**	**(22,167)**	**(255,995)**	**(905,039)**	**(1,161,034)**
<u>Movement in Reserves during 2011/12</u>									
(Surplus) or deficit on the provision of services	90,183	0	(118,292)	0	0	0	**(28,109)**	0	**(28,109)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	164,184	**164,184**
Total Comprehensive Income and Expenditure	**90,183**	**0**	**(118,292)**	**0**	**0**	**0**	**(28,109)**	**164,184**	**136,075**
Adjustments between accounting basis & funding basis under regulations	(122,207)	0	97,375	21,251	(4,315)	(6,520)	**(14,416)**	14,416	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(32,024)**	**0**	**(20,917)**	**21,251**	**(4,315)**	**(6,520)**	**(42,525)**	**178,600**	**136,075**
Transfers to/from Earmarked Reserves	25,208	(25,208)	21,966	(21,966)	0	0	**0**	0	**0**
Increase/Decrease in 2011/2012	**(6,816)**	**(25,208)**	**1,049**	**(715)**	**(4,315)**	**(6,520)**	**(42,525)**	**178,600**	**136,075**
Balance at 31 March 2012	**(42,732)**	**(205,214)**	**(6,140)**	**(715)**	**(15,032)**	**(28,687)**	**(298,520)**	**(726,439)**	**(1,024,959)**
(Surplus) or deficit on the provision of services	29,089	0	(9,526)	0	0	0	**19,563**	0	**19,563**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	27,428	**27,428**
Total Comprehensive Income and Expenditure	**29,089**	**0**	**(9,526)**	**0**	**0**	**0**	**19,563**	**27,428**	**46,991**
Adjustments between accounting basis & funding basis under regulations	(20,692)	0	(18,710)	16,139	(31,622)	(9,945)	**(64,830)**	64,830	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**8,397**	**0**	**(28,236)**	**16,139**	**(31,622)**	**(9,945)**	**(45,267)**	**92,258**	**46,991**
Transfers to/from Earmarked Reserves	4,452	(4,452)	15,424	(15,424)	0	0	**0**	0	**0**
Increase/Decrease in year	**12,849**	**(4,452)**	**(12,812)**	**715**	**(31,622)**	**(9,945)**	**(45,267)**	**92,258**	**46,991**
Balance at 31 March 2013 carried forward	**(29,883)**	**(209,666)**	**(18,952)**	**0**	**(46,654)**	**(38,632)**	**(343,787)**	**(634,181)**	**(977,968)**

Group Income and Expenditure Statement

2011/2012 Gross Expenditure £000	2011/2012 Gross Income £000	2011/2012 Net Expenditure £000		2012/2013 Gross Expenditure £000	2012/2013 Gross Income £000	2012/2013 Net Expenditure £000
87,548	(32,644)	54,904	Central services to the public	45,666	(35,353)	10,313
20,082	(2,162)	17,920	Cultural and Related services	22,735	(4,868)	17,867
33,671	(9,507)	24,164	Environmental and Regulatory services	35,750	(8,708)	27,042
32,330	(29,240)	3,090	Planning services	16,794	(15,616)	1,178
363,098	(284,518)	78,580	Education and children's services	366,840	(280,124)	86,716
24,519	(7,330)	17,189	Highways and transport services	27,437	(10,089)	17,348
120,941	(131,252)	(10,311)	Local authority housing (HRA)	96,130	(115,826)	(19,696)
160,806	(154,515)	6,291	Other housing services	180,941	(166,812)	14,129
104,633	(30,983)	73,650	Adult social care	101,912	(34,772)	67,140
6,541	0	6,541	Corporate and democratic core	5,860	0	5,860
7,704	0	7,704	Non distributed costs	1,951	0	1,951
28,558	(5,990)	22,568	Other operating activities	27,961	(5,632)	22,329
990,431	**(688,141)**	**302,290**	**Cost Of Services**	**929,977**	**(677,800)**	**252,177**
		86,688	Other Operating Expenditure			36,788
		70,642	Financing and Investment Income and Expenditure			42,560
		0	Surplus or Deficit of Discontinued Operations			0
		(487,800)	Taxation and Non-Specific Grant Income			(312,010)
		(28,180)	**(Surplus) or Deficit on Provision of Services**			**19,515**
		71	Tax Expenses			48
		(28,109)	**Group (Surplus) or Deficit on Provision of Services**			**19,563**
		(12,256)	Surplus or deficit on revaluation of property, plant and equipment assets			(7,059)
		0	Surplus or deficit on revaluation of available for sale financial assets			0
		176,440	Actuarial (gains) / losses on pension assets / liabilities			34,487
		164,184	**Other Comprehensive Income and Expenditure**			**27,428**
		136,075	**Total Comprehensive Income and Expenditure**			**46,991**

Group Balance Sheet

31 March 2012 £000		31 March 2013 £000
1,732,324	Property, Plant & Equipment	1,724,333
613	Heritage Assets	770
1,446	Investment Property	0
2,699	Intangible Assets	113
800	Long Term Investments	769
823	Long Term Debtors	788
1,738,705	**Long Term Assets**	**1,726,773**
275,555	Short Term Investments	356,576
37,510	Assets Held for Sale	9,676
223	Landfill Allowance	266
236	Inventories	217
51,760	Short Term Debtors	39,009
20,161	Cash and Cash Equivalents	19,520
385,445	**Current Assets**	**425,264**
(4,572)	Cash and Cash Equivalents	(4,920)
(7,406)	Short Term Borrowing	(12,360)
(64,678)	Short Term Creditors	(74,060)
(2,870)	Receipts in Advance	(690)
(8,941)	Provisions	(8,715)
(30)	Defra Liability	(22)
(88,497)	**Current Liabilities**	**(100,767)**
(459,276)	Long Term Creditors	(506,276)
(9,782)	Provisions	(12,841)
(406,214)	Long Term Borrowing	(418,347)
(134,912)	Other Long Term Liabilities	(135,838)
(510)	Capital Grants Receipts in Advance	0
(1,010,694)	**Long Term Liabilities**	**(1,073,302)**
1,024,959	**Net Assets**	**977,968**
(298,520)	Usable Reserves	(343,787)
(726,439)	Unusable Reserves	(634,181)
(1,024,959)	**Total Reserves**	**(977,968)**

Group Cash Flow Statement

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

2011/2012 £000		2012/2013 £000
28,109	Net surplus or (deficit) on the provision of services	(19,563)
217,763	Adjustments to net surplus or deficit on the provision of services for non cash movements	171,814
(191,711)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(78,161)
54,161	Net cash flows from Operating Activities	74,090
(70,015)	Investing Activities (Note 7)	(95,885)
2,049	Financing Activities (Note 8)	20,806
(13,805)	Net increase or decrease in cash and cash equivalents	(989)
29,394	Cash and cash equivalents at the beginning of the reporting period	15,589
15,589	**Cash and cash equivalents at the end of the reporting period**	**14,600**

Notes to the Group Accounts

1. Preparation

Group Accounts have been prepared to include the accounts of the Royal Borough and three wholly owned subsidiaries, Greenwich Service Solutions Ltd, Greenwich Service Plus and Meridian Home Start Ltd. No material transactions were undertaken during 2012/2013 in respect of Maryon Wilson Animal Park. Intra group transactions have been eliminated using the single entity's policies where appropriate.

2. Greenwich Service Solutions Ltd (GSS)

GSS was established on 22nd December 2008 with a share capital of 100 £1 shares, wholly owned by the Royal Borough. The auditors of GSS are:

McCabe Ford Williams
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

3. Greenwich Service Plus (GSPlus)

GSPlus was established on 4th November 2009. It is a wholly owned subsidiary, limited by guarantee. The auditors are McCabe Ford Williams (as above).

4. Meridian Home Start Ltd

The company was established in January 2011 with a share capital of 1 £1 share, wholly owned by the Royal Borough. The auditors are McCabe Ford Williams (as above).

5. Cash and Cash Equivalents

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

2011/2012		2012/2013
£000		£000
20,161	Cash	19,520
(4,572)	Bank overdraft	(4,920)
15,589	**Total Cash and Cash Equivalents**	**14,600**

6. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2011/2012		2012/2013
£000		£000
1,420	Interest received	1,046
(25,628)	Interest paid	(19,429)

7. Cash Flow Statement – Investing Activities

2011/2012		2012/2013
£000		£000
(105,915)	Purchase of property, plant and equipment, investment property and intangible assets	(95,267)
(7,015,195)	Purchase of short-term and long-term investments	(6,972,145)
(25)	Other payments for investing activities	0
9,101	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	33,788
6,987,704	Proceeds from short-term and long-term investments	6,891,113
54,315	Other receipts from investing activities	46,626
(70,015)	**Net cash flows from investing activities**	**(95,885)**

8. Cash Flow Statement – Financing Activities

2011/2012		2012/2013
£000		£000
30,024	Cash receipts of short- and long-term borrowing	20,000
1,607	Other receipts from financing activities	6,323
(1,488)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2,502)
(28,094)	Repayments of short- and long-term borrowing	(3,015)
0	Other payments for financing activities	0
2,049	**Net cash flows from financing activities**	**20,806**

9. Accounts

The accounts for GSS Ltd and GSP can be obtained from:

Birchmere Business Site,
Eastern Way
London SE 28 8BF.

The accounts for Meridian Home Start Ltd can be obtained from:

Director of Housing Services
The Woolwich Centre
35 Wellington St
London SE18 6HQ

10. Events after the Reporting Period

In May 2013, the authority was party to the creation of a new organisation – the Royal Borough of Greenwich Destination Management Company. It is a Community Interest Company limited by guarantee, which will be a tourism based, not for profit, organisation.

Independent auditor's report to the Members of the Royal Borough of Greenwich

Opinion on the pension fund financial statements

We have audited the pension fund financial statements of Royal Borough of Greenwich for the year ended 31 March 2013 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement 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 Royal Borough of Greenwich 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 Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund 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 pension fund 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 fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance 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 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.

Opinion on the pension fund financial statements

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Susan M Exton
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

31 July 2013

Royal Borough of Greenwich Pension Fund

Fund Account

31 March 2012		Notes	31 March 2013
£000			£000
	Dealings with Members, Employers and Others directly involved in the Scheme		
	Contributions Receivable:	5	
(27,106)	Employer Contributions		(25,796)
(9,667)	Member Contributions		(9,284)
(2,513)	Transfers in from Other Pension Funds	6	(3,966)
	Benefits:	7	
29,136	Pensions		32,328
14,097	Lump Sum & Death Benefits		9,685
2,800	Payments to and on account of Leavers	8	12,720
827	Administration Expenses	9	963
7,574	**Net (additions) / withdrawals from Dealings with Members**		**16,650**
	Returns on Investment		
(10,474)	Investment Income	10	(6,181)
(9,952)	Profit and Losses on disposal of Investments and Changes in Value of Investments	13	(101,079)
194	Taxes on Income	11	141
1,575	Investment Management Expenses	12	1,343
(18,657)	**Net Returns on Investment**		**(105,776)**
(11,083)	**Net (increase) / decrease in the Net Assets available for Benefits during the year**		**(89,126)**

Net Asset Statement

31 March 2012		Notes	31 March 2013
£000			£000
	Investment assets		
241,684	Equities	14	166,861
	Pooled Investment Vehicles:	14	
156,208	Fixed Interest OEIC		172,487
54,341	Property Unit Trusts		51,680
283,893	Unitised Insurance Policies		225,462
13,849	Other Unit Trusts		223,491
0	Derivative Contracts	14	18
1,600	Property – Freehold	3	1,600
27,361	Private Equity	14 & 23	28,025
14,711	Cash Deposits	19	7,895
2,260	Other Investment Balances	18	7,656
	Investment Liabilities		
(11)	Derivative Contracts	14	(13)
(3,334)	Other Investment Balances	18	(6,005)
792,562	**Net Investment Assets / (Liabilities)**		**879,157**
	Current Assets		
226	Contributions Due	18	236
22	Other Current Assets	18	59
3,599	Cash Balances	19	6,747
	Current Liabilities		
(504)	Unpaid Benefits	18	(306)
(19)	Other Current Liabilities	18	(881)
3,324	**Net Current Assets / (Liabilities)**		**5,855**
795,886	**Net Assets of the Scheme available to fund Benefits at the Period End**		**885,012**

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2013. The triennial actuarial valuation of the Fund does take into account the long term liabilities of the fund. An overview of the valuation is provided in note 17. The full valuation report can be viewed by visiting www.royalgreenwich.gov.uk.

Notes to the Pension Fund Accounts

1 Description of Fund

The following description of the Fund is a summary only. For more detail, reference should be made to the Royal Borough of Greenwich Pension Fund Annual Report 2012/2013 and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme Regulations.

a) General

The Royal Borough of Greenwich Pension Fund (the "Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Greenwich. It is a contributory defined pension scheme to provide pensions and other benefits for employees of the Royal Borough of Greenwich and those organisations with admitted or scheduled body status within the Fund. The Fund is overseen by the Royal Borough of Greenwich Pension Investment and Administration Panel. The Fund is governed by the Superannuation Act 1972 and is administered in accordance with the following legislation:

- The LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- The LGPS (Administration) Regulations 2008 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2009.

b) Membership

All employees (except teachers) with a contract of employment greater than 3 months are eligible to join the scheme. Membership of the Fund is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the fund include:

- Administering Authority: This is the Royal Borough of Greenwich (the "Authority")
- Scheduled Bodies: Local authorities and similar bodies whose staff are automatically entitled to be members of the Fund. The scheduled bodies of the Fund are Eltham Crematorium, St Paul's Academy, Greenwich Service Solutions Limited, Greenwich Service Plus Limited, Corelli College, Greenwich Free School, Charlton Academy, Harris Academy and Shooters Hill Academy,
- Admitted Bodies: Other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. These include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 32 active employer organisations within the Fund as at 31 March 2013 (27 as at 31 March 2012).

The following table summarises the composition of the membership of the Fund as at 31 March 2013.

Membership	**Administering Body**		**Admitted Bodies**		**Scheduled Bodies**	
	12/13	**11/12**	**12/13**	**11/12**	**12/13**	**11/12**
Employees contributing into Fund	5,102	5,094	340	272	674	563
Pensioners / Dependents	5,795	5,664	121	104	76	48

Membership	Administering Body		Admitted Bodies		Scheduled Bodies	
Former Members entitled to Deferred Benefits	4,928	5,267	186	172	109	71

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007 and by employers whose rates are set based on the triennial actuarial funding valuations.

d) Benefits

Pension benefits are based on final pensionable pay and length of pensionable service. There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits. Benefits are index-linked in order to keep pace with inflation.

New Local Government Pension Scheme regulations are due to come into force in April 2014. The proposed new regulations include moving to a career average scheme, a 1/49th accrual rate (currently 1/60th), linking retirement age to State Pension Age and a 50/50 scheme option allowing members to pay half the contributions in return for half the benefits. Benefits accrued prior to 1 April 2014 will be protected, including benefits based on final salary and current retirement age.

2 Basis of Preparation

The Statement of Accounts (the "Accounts") summarise the Fund's transactions for the 2012/2013 financial year and its position at year-end as at 31 March 2013. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed in Note 17 of these accounts.

3 Summary of Significant Accounting Policies

a) Accounts

The Accounts summarise the transactions and net assets of the Fund and comply in all material respects with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 which is IFRS compliant.

b) Basis of Preparation

The most recent actuarial valuation was carried out as at 31 March 2010. This determined contribution rates for the next three years (from 1 April 2011) with an aim to maintain the solvency of the fund. Therefore these Accounts have been produced on a going concern basis.

c) Investment Valuations and their effects

Investments are shown in the Net Asset Statement at either their market or fair value, which has been determined as follows:

(i) Listed securities are shown by reference to bid-market price at the close of business on 31 March 2013.

(ii) Unit trust and managed fund investments are stated at the bid price quoted by their respective managers prior to the close of business on 31 March 2013. The exceptions to this are an Alliance Bernstein unit trust, closed ended property funds and fixed interest Open Ended Investment Companies (OEICs), which are valued on a Net Asset Value basis.

(iii) Private Equity valuations are based upon the underlying investments within each portfolio, the majority of which are based upon figures as at 31 December 2012, reflecting the nature of valuing those investments. The cashflows are adjusted up to 31 March 2013. It is less easy to trade private equity than it is for quoted investments. Therefore, when the assets are realised the amount received may not necessarily be the amount that they are valued at and any differences could be significant.

d) 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 a three month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

e) Prior Period Adjustments, Changes in Accounting Policies, 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 Fund'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.

IFRS 7 Financial Instruments: Disclosures has been adopted for the 2012/2013 accounts. The new standard requires that additional disclosures are made surrounding continuing interests in derecognised assets. The Fund does not engage in securities lending, securitisation and other activities that give rise to this event. Therefore the adoption of this standard has had no impact on the accounts.

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

f) Events after the Reporting Period

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are 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 Accounts are adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Accounts are not adjusted to reflect such events, but where a category of events would have a

material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Accounts.

g) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Net Asset Statement when the Fund 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.

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
- fair value through profit or loss - assets that are held for trading.

h) Debtors and Creditors

Except where otherwise stated, the Accounts have been prepared on an accruals basis i.e. income and expenditure is recognised as it is earned or incurred, not as it is received or paid. The main exception to this is transfers in and out of the fund which are accounted for on a cash basis.

i) Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Fund 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 Net Asset Statement but are disclosed in a note to the Accounts.

j) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Any recoverable amounts outstanding at the Reporting Period end will be classified as a debtor.

k) Property

The fund owns the freehold of one investment property – New Lydenburg Industrial Estate. The property was revalued as at 31 March 2012 at a value of £1.6m by Simon Marsh, whom is a Valuer employed by the Royal Borough of Greenwich and a member of the Fund, utilising the Appraisal and Valuation Standards Manual 6th Edition published by The Royal Institution of Chartered Surveyors. The valuation was based on the Open Market Value of the freehold interest, having regard to the actual lease terms and evidence of current levels of rent and yields for the class of property, adjusted to reflect age, condition and characteristics of the particular locality. Any surplus / deficit on valuation is reflected in the Fund Account and is shown as a Change in Market Value of Investments. The fund receives £0.115m rental income per year in respect of this property.

l) Fees

Investment management fees are calculated by reference to the market value of portfolio assets under management at the end of each quarter. The exceptions to this are Fidelity, where market value based fees are charged on a daily basis and Private Equity fees, which are based upon amounts committed to each manager.

m) Foreign Currency

Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into Sterling at the rate ruling on 31 March 2013.

4 Critical Judgements in Applying Accounting Policies and Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Accounts contain critical judgements in applying accounting policies and estimated figures 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 following items have a significant risk of material adjustment in the forthcoming financial year:

a) Private Equity

Private Equity investments are not publicly listed and as such there is a degree of estimation involved in the valuation. The valuation of private equity investments is subjective. They are inherently based on forward-looking estimates and judgements involving many factors.

b) Pension Fund liability

It is a statutory requirement that the funding level is calculated every three years by the appointed actuary in order to determine employer contribution rates for the forthcoming three years. However the methodology used here is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 17. These estimates are subject to significant variances based upon changes to the underlying assumptions

5 Contributions Receivable

Contributions represent the total amounts receivable from employers within the scheme in respect of their own contributions and any of their employees who are members of the scheme. The employer's contributions are made at a rate determined by the Fund's Actuary as necessary to maintain the Fund in a state of solvency, having regard to existing and future liabilities. The Primary Contribution Rate used during 2012/2013 was 18.5%. Member contribution rates are determined by a banding mechanism linked to pensionable pay. Contributions shown in the revenue statement can be broken down as follows:

2011/2012		2012/2013
£000		£000
	Employee Contributions:	
(8,593)	Administering Authority	(7,990)
(518)	Admitted Bodies	(643)
(556)	Scheduled Bodies	(651)
(9,667)	**Total Employee Contributions**	**(9,284)**

	Employer Contributions:	
(24,160)	Administering Authority	(22,352)
(1,424)	Admitted Bodies	(1,604)
(1,522)	Scheduled Bodies	(1,840)
(27,106)	**Total Employer Contributions**	**(25,796)**
(36,773)	**Total Contributions Receivable**	**(35,080)**

6 Transfers in from Other Pension Funds

2011/2012 £000		2012/2013 £000
(231)	Bulk Transfers	0
(2,282)	Individual Transfers	(3,966)
(2,513)	**Total Transfers in from Other Pension Funds**	**(3,966)**

7 Benefits

Benefits payable are made up of pension payments and lump sums payable upon retirement and death. These have been brought into the accounts on the basis of all valid claims approved during the year.

2011/2012 £000		2012/2013 £000
	Pensions:	
28,575	Administering Authority	31,547
393	Admitted Bodies	498
168	Scheduled Bodies	283
29,136	**Total Pensions Payable**	**32,328**
	Lump Sums:	
12,328	Administering Authority	8,187
109	Admitted Bodies	425
489	Scheduled Bodies	472
12,926	**Total Lump Sums**	**9,084**
	Death Benefits:	
1,015	Administering Authority	574
89	Admitted Bodies	0
67	Scheduled Bodies	27
1,171	**Total Death Benefits**	**601**
43,233	**Total Benefits Payable**	**42,013**

8 Payments to and on Account of Leavers

2011/2012		2012/2013
£000		£000
9	Refunds to Members leaving Service	14
(1)	Payments for Members joining State Scheme	(2)
561	Group Transfers	10,997
2,231	Individual Transfers	1,711
2,800	**Total Payments to and on Account of Leavers**	**12,720**

The £10.997m bulk group transfer in 2012/2013 relates to the transfer of 110 employees engaged in the operation of the Woolwich Ferry from the Royal Borough of Greenwich Pension Fund to the London Pension Fund Authority. This was a result of the transfer of the staff in 2008 from the Royal Borough of Greenwich to Serco Limited.

9 Administration Expenses

2011/2012		2012/2013
£000		£000
684	Service Level Agreement with Royal Borough of Greenwich	870
13	Combined Benefit Recharge	11
6	Levies / Subscriptions	6
2	Bank Fees	1
32	Audit Fees	19
89	Document imaging	5
1	Other expenditure	51
827	**Total Administration Expenses**	**963**

10 Investment Income

2011/2012		2012/2013
£000		£000
(115)	Rental Income from Property	(115)
(7,480)	Dividends from Equities	(3,654)
	Income from Pooled Investment Vehicles:	
(2,796)	Property Unit Trusts	(2,318)
(37)	Withholding Tax Reclaimed	(89)
(44)	Interest	(6)
(2)	Commissions	1
(10,474)	**Total Investment Income**	**(6,181)**

11 Taxes on Income

UK Income Tax

The Fund is exempt and approved under the Finance Act 1970. It is therefore not liable to UK income tax on interest, dividends and property income, or to capital gains tax.

Value Added Tax

By virtue of the Royal Borough of Greenwich being the Administrating Authority, VAT input tax is recoverable on Fund activities.

Overseas Tax

Taxation agreements exist between the UK and certain EC and other countries whereby a proportion of the tax deducted locally from investment earnings may be reclaimed. The proportion reclaimable and the timescale involved varies from country to country.

2011/2012 £000		2012/2013 £000
166	Withholding Tax Non Reclaimable – Equities	108
28	Withholding Tax Non reclaimable – Property Unit Trusts	33
194	**Total Taxes on Income**	**141**

12 Investment Management Expenses

2011/2012 £000		2012/2013 £000
1,437	Management Fees	1,216
138	Other Professional Fees	127
1,575	**Total**	**1,343**

13 Investments

The investment managers and their mandates are as follows:

Manager	**Mandate**
Alliance Bernstein	Active Global Equity
Blackrock	Passive Global Equity
Fidelity	Bond
CBRE Global Investors	Property
LGT Capital Partners	Private Equity
Wilshire	Private Equity

The market value of the Fund is comprised as follows:

	2012/2013 Market Value £000	2012/2013 Market Value %	2011/2012 Market Value £000	2011/2012 Market Value %
Alliance Bernstein	192,422	22	254,229	32
Blackrock	427,809	48	291,909	36

	2012/2013 Market Value £000	2012/2013 Market Value %	2011/2012 Market Value £000	2011/2012 Market Value %
Fidelity	172,487	19	156,208	20
Royal Borough of Greenwich	8,648	1	10,511	1
CBRE Global Investors	55,342	6	55,668	7
LGT Capital Partners	13,756	2	13,822	2
Wilshire	14,548	2	13,539	2
Total	**885,012**	**100**	**795,886**	**100**

The change in market value of the Fund during the year is represented as follows:

Manager	Market Value 1 April 2012 £000	Purchases £000	Sales £000	Change in Market Value of Investments £000	Change in Working Capital £000	Market Value 31 March 2013 £000
Alliance Bernstein	254,231	75,319	(147,886)	12,752	(1,994)	192,422
Blackrock	291,908	668,829	(602,732)	69,913	(109)	427,809
Fidelity	156,208	(158)[a]	(1)	16,438	0	172,487
CBRE Global Investors	55,668	2,000	(2,089)	(2,571)	2,334	55,342
Royal Borough of Greenwich	10,510	0	0	219	(2,081)	8,648
LGT	13,823	(2,316)[b]	0	2,249	0	13,756
Wilshire	13,538	(1,343)[b]	0	2,074	279	14,548
Total	**795,886**	**742,331**	**(752,708)**	**101,074**	**(1,571)**	**885,012**

The prior year comparator is as follows:

Manager	Market Value 1 April 2011 £000	Purchases £000	Sales £000	Change in Market Value of Investments £000	Change in Working Capital £000	Market Value 31 March 2012 £000
Alliance Bernstein	258,584	103,306	(97,072)	(11,506)	919	254,231
Blackrock	290,505	0	(87)	1,476	14	291,908
Fidelity	138,314	(240)[a]	(1)	18,135	0	156,208
CBRE Global Investors	53,504	6,783	(3,334)	(603)	(682)	55,668
Royal Borough of Greenwich	18,337	0	0	77	(7,904)	10,510
LGT	13,575	(961)[b]	0	1,209	0	13,823
Wilshire	11,984	390	0	1,164	0	13,538
Total	**784,803**	**109,278**	**(100,494)**	**9,952**	**(7,653)**	**795,886**

a. The negative Fidelity purchase relates to management fees which are charged by reducing the market value of the holdings by the amount of the fee.
b. Distributions of capital reducing the book cost

In April 2012 assets worth £82.1m were transferred from Alliance Bernstein to Blackrock. This transition resulted in a large amount of purchases and sales with Blackrock in 2012/2013 as the portfolio was rebalanced.

The change in market value of investments during the year is comprised of new money invested and the realised and unrealised profits or losses for the year:

2011/2012		2012/2013
£000		£000
784,803	Opening Market Value	795,886
1,131	Net Revenue Cash in / (out) flow	(11,952)
697	Realised profit / (loss)	75,632
9,255	Unrealised profit / (loss)	25,446
795,886	**Closing Market Value**	**885,012**

The value of quoted and unquoted securities is broken down as follows:

2011/2012		2012/2013
£000		£000
241,673	Quoted	166,866
	Unquoted:	
27,361	Private Equity	28,025
509,881	Other	674,720
16,971	Working Capital	15,401
795,886	**Total**	**885,012**

Of the total amount classified as “unquoted – other” £621.4m relates to investment vehicles where the underlying investments are themselves quoted (£453.9m in 2011/2012).

The following table analyses the investment assets between UK and overseas:

2011/2012		2012/2013
£000		£000
542,796	UK	550,925
236,119	Non UK	318,686
16,971	Working capital	15,401
795,886	**Total**	**885,012**

Individual investment assets with a market value of greater than 5% of the total fund value are as follows:

Investment Assets	Manager	2012/2013 £000	2012/2013 %
Blackrock Collective Investment UK Equity Tracker	Blackrock	176,259	20
UK Aggregate Bond Fund	Fidelity	172,487	19
Aquila Life UK Equity Index Fund	Blackrock	129,919	15

The prior year comparator is as follows:

Investment Assets	Manager	2011/2012 £000	2011/2012 %
Aquila Life UK Equity Index Fund	Blackrock	226,245	28
UK Aggregate Bond Fund	Fidelity	156,208	20

Investments exceeding 5% within each class of security are as follows:

Class of Security Asset	Manager	2012/2013 £000	2012/2013 % within asset class
Fixed Interest OIEC			
Fidelity UK Aggregate Bond Fund	Fidelity	172,487	100
Property Unit Trusts			
Hercules Property Unit Trust	CBRE	5,481	11
UBS Global Asset Management Triton Property Unity Trust	CBRE	5,461	11
Schroders UK Property Fund	CBRE	4,208	8
Lend Lease retail Partnership	CBRE	4,002	8
M & G Secured Property Income Fund	CBRE	3,899	8
Henderson UK Shopping Centre Fund	CBRE	3,629	7
Blackrock UK Property Fund Blackrock UK	CBRE	3,607	7
Palmer Capital Development Fund	CBRE	3,383	7
Airport Industrial Property Unit Trust	CBRE	2,736	5
West End of London Property Unit Trust	CBRE	2,636	5
Unitised Insurance Policies			
Aquila Life UK Equity Index Fund	Blackrock	129,919	58
Aquila Life US Equity Index Fund	Blackrock	33,858	15
Aquila Life Pacific Rim	Blackrock	27,137	12
Aquila Life European Equity Index Fund	Blackrock	17,773	8
Aquila Life Japan Equity Index Fund	Blackrock	14,104	6
Other Unit Trusts			
Blackrock Collective Investment UK Equity Tracker	Blackrock	176,259	79
Blackrock Emerging Markets Fund	Blackrock	17,580	8
ACM Bernstein Emerging Markets Off Shore Fund	Alliance Bernstein	12,002	5

Property – Freehold			
New Lydenberg Industrial Estate	Internal	1,600	100
Private Equity			
LGT Crown European Private Equity	LGT	13,756	49
Wilshire US Private Markets Fund VII, L.P.	Wilshire	8,459	30
Wilshire European Private Markets Fund VII, L.P.	Wilshire	4,443	16
Wilshire Asia Private Markets Fund VII, L.P.	Wilshire	1,367	5

The prior year comparator is as follows:

Class of Security Asset	Manager	2011/2012 £000	2011/2012 % within asset class
Fixed Interest OIEC			
Fidelity UK Aggregate Bond Fund	Fidelity	156,208	100
Property Unit Trusts			
UBS Global Asset Management Triton Property Unity Trust	CBRE	6,488	12
Hercules Property Unit Trust	CBRE	6,096	11
Blackrock UK Property Fund	CBRE	4,660	9
Schroder Exempt Property Unit Trust	CBRE	4,927	9
M & G Secured Property Income Fund	CBRE	3,899	7
Lend Lease Retail Partnership	CBRE	3,807	7
Palmer Capital Development Fund II Property Unit Trust	CBRE	3,121	6
Unitised Insurance Policies			
Aquila Life UK Equity Index Fund	Blackrock	226,245	80
Aquila Life US Equity Index Fund	Blackrock	19,061	7
Aquila Life European Equity Index Fund	Blackrock	14,527	5
Other Unit Trusts			
Aquila Emerging Markets Fund	Blackrock	8,071	58
ACM Bernstein Emerging Markets Off Shore Fund	Alliance Bernstein	5,777	42
Property – Freehold			
New Lydenberg Industrial Estate	Internal	1,600	100
Private Equity			
LGT Crown European Private Equity	LGT	13,822	51
Wilshire US Private Markets Fund VII, L.P.	Wilshire	8,295	30
Wilshire European Private Markets Fund VII, L.P.	Wilshire	4,004	15

The Fund has a policy of not entering into stock lending arrangements. Therefore, as in previous years, there were no stock lending arrangements in place during the financial year ending 31 March 2013.

Derivatives

The following investment products are classed as derivatives and may be used by the Fund managers:

- Stock index futures – used for the purposes of efficient portfolio management.
- Short currency forwards – used for defensively hedging non UK exposure back to sterling.
- Local access products – used to gain exposure to stocks where the manager is unable to purchase them directly.

On 31 March 2013 two “exchange traded” derivatives existed for the trade of futures to be settled in June 2013. The notional value of derivative trades was £1.0m (£0.5m as at 31 March 2012). Included within the Cash Deposits line in the Net Asset Statement there is £48,900 which was held as collateral in relation to these derivatives (£38,329 as at 31 March 2012).

14 Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

31 March 2012				31 March 2013		
Fair value through profit and loss	**Loans and receivables**	**Financial liabilities at amortised costs**		**Fair value through profit and loss**	**Loans and receivables**	**Financial liabilities at amortised costs**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Financial Assets			
241,684			Equities	166,861		
			Pooled Investment Vehicles:			
156,208			Fixed Interest OEIC	172,487		
54,341			Property Unit Trusts	51,680		
283,893			Unitised Insurance Policies	225,462		
13,849			Other Unit Trusts	223,491		
0			Derivative Contracts	18		
27,361			Private Equity	28,025		
	14,711		Cash Deposits		7,895	
2,257	3		Other investment balances	7,651	5	
	226		Contributions Due		236	
	22		Other Current Assets		59	
	3,599		Cash Balances		6,747	
779,593	**18,561**	**0**	**Total Financial Assets**	**875,675**	**14,942**	**0**
			Financial Liabilities			
(11)			Derivative Contracts	(13)		

(3,193)		(141)	Other Investment Balances	(5,476)		(529)
		(504)	Unpaid Benefits			(306)
		(19)	Other Current Liabilities			(881)
(3,204)	**0**	**(664)**	**Total Financial Liabilities**	**(5,489)**	**0**	**(1,716)**
776,389	**18,561**	**(664)**	**Net Financial Assets**	**870,186**	**14,942**	**(1,716)**

The net gains and losses on financial instruments are as follows:

31 March 2012		**31 March 2013**
£000		**£000**
	Financial Assets	
9,913	Fair Value Through Profit and Loss	101,060
(28)	Loans and Receivables	16
	Financial Liabilities	
(83)	Fair Value Through Profit and Loss	(2)
9,802	**Total**	**101,074**

The following table summarises the carrying values of the financial assets and financial liabilities by class of instrument compared with their fair values:

Carrying Value	**Fair Value**		**Carrying Value**	**Fair Value**
31March 2012			**31 March 2013**	
£000	**£000**		**£000**	**£000**
		Financial Assets		
779,593	779,593	Fair Value Through Profit and Loss	875,675	875,675
18,561	18,561	Loans and Receivables	14,942	14,942
798,154	**798,154**	**Total Financial Assets**	**890,617**	**890,617**
		Financial Liabilities		
(3,204)	(3,204)	Fair Value Through Profit and Loss	(5,489)	(5,489)
(664)	(664)	Financial Liabilities at Amortised Cost	(1,716)	(1,716)
(3,868)	**(3,868)**	**Total Financial Liabilities**	**(7,205)**	**(7,205)**

Valuation of Financial Instruments carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values:

Level 1 – Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and unit trusts.

Level 2 – Where quoted market prices are not available; for example where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 – Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Included in this level are the Fund's private equity investments, the valuations of which are provided by the private equity managers.

The following table provides an analysis of the Financial Assets and Liabilities of the Fund and are grouped, based upon the level at which the fair value is observable.

Values as at 31 March 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Financial Assets				
Financial Assets at Fair Value through profit and loss	847,650	0	28,025	875,675
Loans and Receivables	14.942	0	0	14,942
Total Financial Assets	**862,592**	**0**	**28,025**	**890,617**
Financial Liabilities				
Financial Liabilities at Fair Value through profit and loss	(5,489)	0	0	(5,489)
Financial Liabilities at amortised cost	(1,716)	0	0	(1,716)
Total Financial Liabilities	**(7,205)**	**0**	**0**	**(7,205)**
Net Financial Assets	**855,387**	**0**	**28,025**	**883,412**

Values as at 31 March 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Financial Assets				
Financial Assets at Fair Value through profit and loss	752,232	0	27,361	779,593
Loans and Receivables	18,561	0	0	18,561
Total Financial Assets	**770,793**	**0**	**27,361**	**798,154**
Financial Liabilities				
Financial Liabilities at Fair Value through profit and loss	(3,204)	0	0	(3,204)
Financial Liabilities at amortised cost	(664)	0	0	(664)
Total Financial Liabilities	**(3,868)**	**0**	**0**	**(3,868)**
Net Financial Assets	**766,925**	**0**	**27,361**	**794,286**

15 Nature and Extent of Risks arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Investment and Administration Panel. Risk management policies are established to identify and analyse the risks faced by the Fund. Policies are reviewed regularly to reflect changes in activity and market conditions.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset risk.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- The exposure of the Fund to market risk is monitored through risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contacts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund investment strategy.

Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's performance management advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the reporting period:

Asset	Potential Market Movements (+/-)
UK Equities	13.3%
Overseas Equities	13.5%
Bonds	4.5%
Property	2.0%
Cash	0.0%
Private Equity	5.2%

This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments moved in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Asset	Value as at 31 March 2013	Percentage Change	Value on Increase	Value on Decrease
	£000	%	£000	£000
Cash and Cash Equivalents	14,642	0.0	14,642	14,642
UK Equities	325,548	13.3	368,846	282,250
Overseas Equities	290,270	13.5	329,457	251,084
Bonds	172,487	4.5	180,249	164,725
Property	53,280	2.0	54,346	52,214
Private Equity	28,025	5.2	29,483	26,568
Other Investment Balances	1,651	0.0	1,651	1,651
Total Assets available to Pay Benefits	**885,903**		**978,674**	**793,134**

The prior year comparator is as follows:

Asset	Value as at 31 March 2012	Percentage Change	Value on Increase	Value on Decrease
	£000	%	£000	£000
Cash and Cash Equivalents	14,711	0.0	14,711	14,711
UK Equities	331,587	15.5	382,983	280,191
Overseas Equities	207,828	15.9	240,873	174,783
Bonds	156,208	4.9	163,862	148,554
Property	54,341	7.9	58,634	50,048
Private Equity	27,361	6.2	29,057	25,665
Other Investment Balances	(1,074)	0.0	(1,074)	(1,074)
Total Assets available to Pay Benefits	**790,962**		**889,046**	**692,878**

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's direct exposure to interest rate movements is through its cash and fixed interest security holdings.

Interest Rate Risk - Sensitivity Analysis

The Fund recognises that interest rates can vary and can affect both income to the fund and the value of the net assets available to pay benefits. It is currently felt that interest rates are unlikely to move up or down by more than 50 basis points (bps) over the course of the next year.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 50 bps change in interest rates:

Asset	**Carrying Amount as at 31 March 2013**	**Change in Year in the Net Assets available to Pay Benefits**	
		+ 50 bps	**-50 bps**
	£000	**£000**	**£000**
Cash Balances	6,747	34	(34)
Cash on Deposit	7,895	40	(40)
Fixed Interest OEIC	172,487	862	(862)
Total Interest Rate Risk Assets	**187,129**	**936**	**(936)**

The prior year comparator is as follows:

Asset	**Carrying Amount as at 31 March 2012**	**Change in Year in the Net Assets available to Pay Benefits**	
		+ 50 bps	**-50 bps**
	£000	**£000**	**£000**
Cash Balances	3,599	18	(18)
Cash on Deposit	14,711	74	(74)
Fixed Interest OEIC	156,208	781	(781)
Total Interest Rate Risk Assets	**174,518**	**873**	**(873)**

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling. The Fund holds both monetary and non-monetary assets denominated in currencies other than Sterling.

Currency Risk – Sensitivity Analysis

Following consultation with the Fund's performance management advisors, the following table shows the potential impact of foreign exchange rate movements on the overseas holdings within the Fund (the analysis assumes that all other variables, in particular interest rates, remain constant):

Asset	**Asset Value as at 31 March 2013**	**Potential Change in Foreign Exchange Rate**	**Value on Increase**	**Value on Decrease**
	£000	**%**	**£000**	**£000**
Private Equity	28,025	5.6	29,594	26,457
Overseas Property Unit Trusts	390	7.8	420	359
Overseas Unitised Insurance Policies	95,543	5.7	100,989	90,097
Overseas Unit Trust Other	47,231	6.5	50,301	44,161
Overseas Equities	147,491	6.3	156,783	138,199
Cash held in Foreign Currencies	541	4.8	567	515
Total Currency Risk Assets	**319,221**		**338,654**	**299,788**

The prior year comparator is as follows:

Asset	**Asset Value as at 31 March 2012**	**Potential Change in Foreign Exchange Rate**	**Value on Increase**	**Value on Decrease**
	£000	**%**	**£000**	**£000**
Private Equity	27,361	8.8	29,769	24,953
Overseas Property Unit Trusts	941	8.4	1,020	862
Overseas Unitised Insurance Policies	57,649	8.6	62,607	52,691
Overseas Unit Trust Other	13,849	7.9	14,943	12,755
Overseas Equities	136,331	10.0	149,964	122,698
Cash held in Foreign Currencies	1,388	9.6	1,521	1,255
Total Currency Risk Assets	**237,519**		**259,824**	**215,214**

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions where the risk equates to the net market value of a positive derivative position, However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

The Fund has a private equity portfolio where there is a higher credit risk. The Fund has a target 5% allocation to this area thereby capping exposure to this asset class.

Deposits are not made with banks and financial institutions unless they are rated independently and have a high credit rating.

The Fund's cash holding under its treasury management arrangements at 31 March 2013 was £6.7m (£8.6m at 31 March 2012). This was held as follows:

Counterparty Type	Balance as at 31 March 2012	Balance as at 31 March 2013
	£000	£000
Deposit		
UK Government (Treasury Bills and Debt Management Office)	5,000	0
Current Account (Overnight Balance)		
UK Banks	3,599	6,747
Total	**8,599**	**6,747**

<u>Liquidity Risk</u>

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The cash position of the Fund is monitored to ensure that the Fund has adequate cash resources to meet its commitments.

The Fund has immediate access to monies held in its current account. Monies on deposit are also highly liquid and are available to the Fund if needed.

If the Fund found itself in a position where it did not have the monies to meet its immediate commitments, it is able to borrow for up to 90 days. If there was a longer term shortfall, then investments could be sold to provide additional cash.

Financial liabilities of £7.205m are all due to be settled within 12 months of the net asset statement date.

Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

16 Actuarial Position

The adequacy of the Fund's investments and contributions in relation to its overall and future obligations is reviewed every three years by an Actuary appointed by the Fund. This actuarial valuation also assesses the contribution rate required to meet the future liabilities of the Fund by considering the benefits that accrue over the course of the three years to the next full valuation.

In line with the regulations that funds should be revalued every three years, the actuarial valuation applicable for 2012/2013 was carried out as at 31 March 2010 (effective from 1 April 2011). The next valuation will take place as at 31 March 2013, effective from 1 April 2014.

The method of calculating the employer's contribution rate is derived from the cost of the benefits building up over the year following the valuation date. This method is known as the 'Projected Unit Method'. It is a method considered appropriate by the Actuary for a fund open to new members. As the Fund remains open to new members, its age profile is not currently rising significantly. If the age profile began to rise significantly, the projected unit method would calculate an increase in current service cost as scheme members approached retirement.

Assets have been valued at a 6 month smoothed market value straddling the valuation date. The assumptions used in the calculation and applied during the intervaluation period are summarised as follows:

Financial Assumptions		**March 2010**	
		% p.a.	**Real % p.a.**
Investment Return			
	Equities	7.4	3.9
	Gilts	4.5	1.0
	Bonds & Property	5.6	2.1
	Discount Rate	6.7	3.2
Pay Increases		5.0	1.5
Price Inflation		3.5	0.0
Pension Increases		3.0	(0.5)

The difference between the assumptions applied and actual performance in the intervaluation (01/04/2007-31/03/2010) period are as follows:

Financial Experience	**Actual %**	**Assumed %**	**Difference %**
Price Inflation	2.9	3.4	(0.5)
Pay Increases	5.4	5.4	0.0
Pension Increases	2.9	3.4	(0.5)
Investment Returns	(2.0)	6.6	(8.6)

The market value of the Fund at the 2010 review date was £729m (£758m in 2007) and results showed that assets represented 85% of the liabilities (almost 100% in 2007). The Fund deficit arising from the valuation was £121m as at 31 March 2010 (£4m as at 31 March 2007), which is to be spread and recovered over a 23 year period. The reconciliation of the primary contribution rate is shown below:

Contribution Rate Analysis	**March 2010**
	%
Future Service Total	14.1
Deficit Contribution	4.4
Total Employer Contribution Rate	**18.5**

The agreed contribution rates in accordance with the results of the actuarial valuation is as follows:

Year	**Royal Borough of Greenwich**	**Other Bodies**
2011/12	18.5%	16.5% - 21.0%
2012/13	18.5%	16.5% - 21.0%
2013/14	18.5%	16.5% - 21.0%

17 Actuarial Present Value of Promised Retirement Benefits

The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is as follows (based upon IAS 19 information available as at 31 March 2013):

	31 March 2013 £000		**31 March 2012 £000**	
Present Value of Funded Obligation				
Vested Obligation	(1,093,783)		(1,022,985)	
Non-Vested Obligation	(283,787)		(245,438)	
Total Present Value of Funded Obligation		(1,377,570)		(1,268,423)
Fair Value of Scheme Assets		885,011		795,886
Net Liability		**(492,559)**		**(472,537)**

18 Debtors and Creditors

Transactions are accounted for on an accruals basis, except where stated. The following material amounts were due to, or payable from, the Fund as at 31 March 2013:

2011/2012 £000		**2012/2013 £000**
	Investment Debtors:	
981	Sale of Investments	6,884
363	Tax Refunds Due	428
914	Dividends Due	339
2	Other	5
2,260	**Total Investment Debtors**	**7,656**
	Investment Creditors:	
(129)	Management Fees	(516)
(3,193)	Purchase of Investments	(5,476)
(12)	Custody Fees	(13)
(3,334)	**Total Investment Creditors**	**(6,005)**

	Member Debtors:	
226	Contributions	236
22	Other	59
248	**Total Member Debtors**	**295**

	Member Creditors:	
(504)	Benefits Unpaid	(306)
(19)	Other	(881)
(523)	**Total Member Creditors**	**(1,187)**

Analysis of Debtors:

2011/2012 £000		**2012/2013 £000**
2,508	Other Entities and Individuals	7,951
2,508	**Total Debtors**	**7,951**

Analysis of Creditors:

2011/2012 £000		**2012/2013 £000**
0	Central Government Bodies	(611)
(8)	Public corporations and trading funds	0
(1)	Local Authorities	0
(3,848)	Other entities and individuals	(6,581)
(3,857)	**Total Creditors**	**(7,192)**

19 Cash

The cash balance can be further analysed as follows:

	2011/2012 £000	**2012/2013 £000**
Alliance Bernstein Cash at Hand	6,202	3,347
Royal Borough of Greenwich Pension Fund Cash at Hand	90	471
CBRE Cash at Hand	3,419	4,077
Other Cash on Deposit	5,000	0
Total Cash	**14,711**	**7,895**

The balance held in the Fund bank account as at 31 March 2013 was £6,747,015 (£3,598,938 as at 31 March 2012).

20 Additional Voluntary Contributions

Contributing members have the right to make Additional Voluntary Contributions (AVCs) to enhance their pension. The Authority made such a scheme available to staff through Equitable Life. During 2000/2001, Equitable Life announced itself closed to new business. On 23 December 2010 the Government passed an Equitable Life Bill to enable it to compensate Equitable Life policyholders who lost money due to the near collapse of the insurer in 2000. Since 2000, employees have had the option to pay current contributions into a Clerical Medical Fund. In accordance with section 4 (2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, AVCs are prohibited from being credited to the Local Government Pension Fund and are thus not consolidated within the Fund accounts. However, a summary of the contributions made by members during the year and the total value of the AVC funds, at 31 March 2013, are shown below:

2011/2012 £000		2012/2013 £000
101	AVC Contributions to Clerical Medical	81
6	AVC Contributions to Equitable Life	4
107	**Total Contributions**	**85**

31 March 2012 £000		31 March 2013 £000
806	Clerical Medical Market Value	880
523	Equitable Life Market Value	496
1,329	**Total Market Value**	**1,376**

21 Related Party Transactions

The UK Government exerts a significant influence over the Fund through enacting the various Regulations (mentioned herein). It is a major source of funding for the Royal Borough of Greenwich (the Administering Authority and largest employer within the fund).

During the year, no trustees or Key Management Personnel of the Authority with direct responsibility for pension fund issues, have undertaken any material transactions with the Pension Fund, other than the following:

1. Part of the Fund cash holdings were invested on the money markets via the treasury management operations of the Authority. A Service Level Agreement (SLA) is in place between the two entities. Over the year, up to £5m was placed on deposit for the benefit of the Fund.
2. The Fund borrowed £10m for one day from the Authority for cashflow purposes in respect of a bulk transfer out. The fund paid interest to the Authority in respect of this.
3. Administrative services were undertaken by the Authority on behalf of the Fund, under the SLA, valued at £870,559 (2011/2012: £683,618).
4. The Royal Borough of Greenwich is the single largest employer of members of the pension fund and contributed £22.0m to the fund in 2012/2013 (2011/2012: £23.3m).
5. With respect to other Scheduled Bodies, an amount of £43,504 was owed to the Fund by Academies at year-end for contributions due.
6. The following members of the Pension Fund Investment and Administration Panel are also members of the Pension Fund:
   - Councillor Austen
   - Councillor Cornforth
   - Councillor Kotz
   - Councillor MacCarthy
   - Councillor Dickinson.

   Each member of the Panel is required to declare their interests at meetings.
7. Paragraph 3.9.4.3 of the Code exempts local authorities from the key management personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code (which are derived from the requirements of Regulation 7 (2) – (4) of the Accounts and Audit (England) Regulations 2011) satisfy the key management personnel disclosure requirements of paragraph 16 of IAS 24. The disclosures required by Regulation 7 (2) – (4) of the Accounts and Audit (England)

Regulations can be found in the main accounts of the Royal Borough of Greenwich. The Director of Finance is the key management personnel responsible for the Pension Fund.

22 Contingent Liabilities

There were no contingent liabilities as at 31 March 2013.

23 Commitments

The Fund has commitments in relation to its private equity holdings. These commitments are drawn down in tranches over time as and when the private equity managers request them. As of 31 March 2013 the Fund had £4,660,469 of private equity commitments outstanding (31 March 2012: £6,736,512). These are not required to be included in the Accounts.

24 Accounting Standards that have been Issued but have not yet been Adopted

There are no accounting standards issued but not yet adopted which affect the pension fund accounts.

25 Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 7 June 2013. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date gave rise to information about conditions existing at 31 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 and notes have not been adjusted for the following event which took place after 31 March 2013 as it provides information that is relevant to the understanding of the pension Fund's financial position but does not relate to conditions at that date.

As part of a drive to encourage people to save for retirement, all employers will be required to comply with new pension duties which are being introduced across all UK employers from October 2012. Under these duties employers are required to have a system of automatic enrolment into a qualifying pension scheme for all workers meeting certain criteria.
The Royal Borough of Greenwich was one of a large number of organisations issued with a staging date of 1st March 2013 for pensions auto enrolment. The regulations require that individual employees introduce auto-enrolment within a period of 3 months of the staging date. RBG will implement from 1st June 2013. The impact that auto enrolment will have on the fund is as yet unknown as those auto enrolled into the fund may choose to opt out.

Glossary

Accounting Policies
Rules and Practices are adopted by the Authority that dictate how transactions and events are shown or costed.

Accruals
Income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Actuary
An independent professional who advises on the position of the Pension Fund.

Actuarial Valuation
The Actuary reviews the assets & liabilities of the Pension Fund every three years.

Appropriation
The assignment of revenue for a specific purpose.

Balance Sheet
A statement of recorded assets, liabilities and other balances at the end of an accounting period.

BSF
Building Schools for the Future

Capital Expenditure
Expenditure on new assets such as land and buildings or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

Capital Receipts
Income received from the disposal of land, buildings & other capital assets.

Code
The Accounting Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013.

Collection Fund Account
A Fund operated by the billing authority into which all receipts of council tax and national non-domestic rates are paid.

Community Assets
Assets that the Authority intends to hold in perpetuity, which have no determinable useful life and which may have restrictions on their disposal e.g parks and historic buildings.

Comprehensive Income and Expenditure Statement
Statement of net cost for the year of all the Authority's services, and how this cost is financed from government grant and local taxpayers.

Council Tax
A tax on domestic properties introduced 1st April 1993 to replace the Community Charge.

CPI
Consumer Prices Index – a measure of inflation.

Creditors
Amounts owed by the Authority for goods and services received where payment has not been made at the date of the Balance Sheet.

Debtors
Amounts owed to the Authority for goods and services provided but not received at the date of the Balance Sheet.

Deferred Liabilities
Amounts owed by the Authority repayable after 1 year.

Depreciation
The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Earmarked Reserves
Amounts set aside for a specific purpose or a particular service or type of expenditure.

Fair Value
Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Finance Lease
A lease that transfers substantially all the risks and rewards of ownership to the lessee. Assets under such leases are recognised as the lessee's property.

FIAA – Financial Instruments Adjustment Account
Provides a balancing mechanism between the different rates at which gains and losses are recognized under the Code and are required by statute to be met from the General Fund.

Fitch
Company that provides credit ratings.

General Fund
The account that summarises the revenue costs of providing services that are met by the Authority's demand on the collection fund, specific government grants and other income.

Gross Expenditure
Total expenditure before deducting income.

Heritage Asset
An asset with, historical, artistic, scientific, technological, geophysical, environmental or cultural significance.

HRA
This is the Housing Revenue Account, which includes the expenditure and income for the provision of rented dwelling. Items to be included are prescribed by the Local Government and Housing Act 1989.

IAS19
IAS19 is a complex accounting standard, but is based upon a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Following the adoption of IAS19, the net pensions asset/liability to be recognised is made up of two main elements:

- Liabilities – the retirement benefits that have been promised
- Assets – the attributable share of investments held to cover the liabilities.

A further explanation of this issue is given within the Statement of Accounting Policies.

IFRS
International Financial Reporting Standards.

Infrastructure Assets
Non-current assets that cannot be easily disposed of, expenditure on which is only recovered by continued use of the asset e.g. highways and footpaths.

Minimum Revenue Provision
The amount that the Authority has determined to set aside each year as a provision for the repayment of debt.

National Non Domestic Rates
A flat rate in the pound set by Government and levied on businesses in the borough.

The tax is collected by the Authority and paid into a central pool. This central pool is redistributed on the basis of adult population.

Net Expenditure
Gross expenditure less income.

Non-Current Assets
(In)tangible assets that result in benefits to the Authority and the services it provides for more than one year.

Non-Operational Assets
Non-current assets held by the Authority but not used or consumed in the delivery of services e.g. investment properties and assets that are surplus to requirements.

NRC
Neighbourhood Resource Centre.

Operating Lease
A lease under which the asset can never become the property of the lessee.

Outturn
Actual income and expenditure for a financial year.

Precept
The charge made by one authority on another to finance its net expenditure.

Private Finance Initiative
Government initiative under which the Authority buys the services of a private sector supplier to design build finance and operate a public facility.

Provision
Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

PWLB
Public Works Loans Board (advances loans to local authorities).

Rateable Value
The value of a property for rating purposes set by the Valuation Office Agency, an executive agency of HM Revenue and Customs. Business rates payable are calculated by multiplying the rateable value of the property by the rate in the pound set by the government.

Reserves
The amount held in balances and funds that are free from specific liabilities or commitments.

Revenue Expenditure
The regular day-to-day running costs incurred in providing services e.g. employee costs and purchase of materials.

Revenue Expenditure Funded from Capital under Statute
Expenditure incurred during the year that may be capitalised under statutory provisions, but does not result in the creation or enhancement of Authority owned assets.

Revenue Support Grant
The main grant paid by central government to the Authority towards the costs of all its services.

RPI
Retail Prices Index – a measure of inflation.

SeRCOP
Service Reporting Code of Practice

Soft Loans
Funds advanced or taken on at less than market rates.

Statement of Recommended Practice
Recommendations on accounting practices issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Support Services
Activities of a professional, technical and administrative nature, which support front line services.

Trading Accounts
The profit and loss account of any trading organisation that needs to be disclosed separately in the Authority's accounts.