

6. NOTES TO THE ACCOUNTS

NOTE 1 ACCOUNTING POLICIES

The accounting policies used to complete this Statement of Accounts are produced in full in section 3.

NOTE 2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) has introduced a change in accounting police in relation to amendments in *Financial Instruments: Disclosure* detailed in IFRS7 (issued in October 2010). This standard will need to be adopted fully by the authority from 1st April 2012. The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council, in this case, *Financial Instruments: Disclosures*. As is set out above, full adoption of the standard will be required for the 2012/13 financial statements. However, the Council is required to make disclosure of the estimated effect of the new standard in these (2011/12) financial statements.

The new standard will require additional disclosure within the financial statements relating to the risks arising from the transfers of financial assets and the effect of those risks on the Council's financial position. In practice transfers of financial assets to third parties do not occur at the Council and therefore the impact of the new standard is immaterial.

NOTE 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in section 3, The Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are set out in the following paragraphs.

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

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of these banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Council had £5m deposited across two of these institutions, with varying maturity dates and interest rates.

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Council have been determined by the administrators / receivers. Wokingham Borough Council has estimated an impairment of the investments in line with guidance from the administrators about the timing of recovery of the monies. The assumptions made are detailed in Note 49 of the Financial

Statements. In cash terms, the Council has received £2.039m (67.90%) of the investment with Heritable to date and expects to receive, in total, up to £2.664m (88.00%) by the end of April 2013. With regards to funds held by Landsbanki, following the Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies in February 2012. The Council received £0.579m (30%) of the investment in February 2012 and expects to receive up to £2.1m (100%) by December 2018. Therefore, in total the Council expects to recover a total of £4.769m of the original £5m invested by December 2018.

The Council has interests in 5 Companies; Trading Standards South East Ltd (TSSEL), Flexible Home Improvements Loans Ltd (FHIL), Wokingham Enterprise Ltd (WEL), Optalis Ltd and Wokingham Housing Ltd. It has been determined that the Council does not have control or significant influence over the activities of TSSEL and FHIL and so they are not classed as subsidiaries, joint entities or associates of the Council. The Council treats these companies as simple investments however, as no share capital is held, no balance is recognised within the balance sheet for them. Details regarding these companies are disclosed in note 52 of the financial statements. The Council has full control over the operating activities of Wokingham Enterprise Ltd, Optalis Ltd and Wokingham Housing Ltd and as such classifies these companies as subsidiaries. Wokingham Housing Ltd is currently dormant and details regarding the company are disclosed in note 52. Notes 53 to 59 of the financial statements show the consolidated accounts for Wokingham Group and its respective notes.

The Council is deemed to jointly control the services provided under the Private Finance Initiative (PFI) contract with WRG (RE3 Ltd) for the disposal of waste. Control of the services is shared with Reading and Bracknell Councils. Wokingham Borough Council has reviewed the application of the control tests within IFRIC 12 to determine whether the assets within the contract should be on-balance sheet. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the assets (valued at £10m) are recognised as Property, Plant and Equipment in the Council's Balance Sheet which amounts to a 37.2% share of the total value of the assets that will revert to the ownership of the RE3 partnership between the three council's at the end of the contract.

There is uncertainty amongst local authorities and CIPFA regarding the accounting treatment of schools' non-current assets, specifically in relation to foundation, voluntary aided and voluntary controlled schools. The CIPFA/LAASAC Joint Board is reviewing the accounting treatment for school's non-current assets, and may include specific provisions and/or guidance in the 2013/14 Code of Practice (the Code). Until further guidance is issued it is for each local authority to determine its own accounting treatment in relation to these assets and only include the assets in the balance sheet if, in applying the substance over form tests within FRS 5 (Reporting the Substance of Transactions), an authority had control over an asset.

Voluntary Aided and Controlled Schools are endowed by a trust, often religious in character. The Schools Standards and Framework Act determines that the trustees own the school buildings. The Governing Bodies are responsible for the provision of premises and all capital work to school buildings. The Council does not have access to any sale proceeds if the assets were to be disposed of and any decision to dispose of the assets requires the approval of the secretary of state. However, Wokingham Borough Council in many cases owns the land upon which the building is placed. Thus the council believes that in looking at the substance over form of the ownership of the property assets the position does not change from the legal position that the assets are not the property of the Council. Subsequently values for buildings occupied by voluntary aided and controlled and long-term liabilities have not been consolidated in the balance sheet but the value of the land owned by WBC is included. In Wokingham there are 10 Voluntary Aided Schools and 9 Voluntary Controlled Schools.

Wokingham Borough Council has analysed its leases into finance and operating leases as required by IAS 17: Leases. Leases of plant and equipment have been determined by the authority to be

operating leases. In relation to leases of property the Council has reviewed all its property leases where the lease term is greater than 15 years. The assumption behind reviewing all leases longer than 15 years is that a property lease less than 15 years is highly likely to be an operating lease due to the economic life of a building being at least 50 years or more. In addition for "leased out" properties we have reviewed leases where the underlying asset values were individually in excess of £1million. The leases were reviewed against the control tests set out in IAS 17 as adapted under the Code. Once the initial assessment had been completed; if there was an indication of a finance lease then the Net Present Value of the minimum lease payments (MLP) was calculated and compared to the asset value to determine whether the lease was a finance or operating lease. Typically if the MLP was 75% or above of the asset value then the Council classifies the lease as a financing lease.

In producing the financial statements the Council makes an assessment of the materiality of transactions and balances when applying its accounting policies. For the purposes of the 2011/12 financial statements the Council has applied a materiality level of £200,000 when recognising assets and liabilities to be disclosed within the financial statements.

NOTE 4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council's Balance Sheet at 31st March, 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £1.6m for every year that useful lives had to be reduced.</p>
Property, Plant and Equipment	Under IAS 16, each part of an item of PP&E with a cost that is significant in relation to the total cost of the item shall be depreciated separately. WBC separately accounts for only those significant components that have different useful lives and/or depreciation methods to	<p>If the cost of the new item of PPE differs from the carrying amount then the total value of assets on the balance sheet may be over or understated. It is not possible to quantify the effect of this difference in estimates on the balance sheet.</p> <p>If the useful life of component assets</p>



Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>the remainder of the asset. Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount. Where it is not possible to determine the carrying amount of the replaced part of an item of PP&E, WBC uses the cost of the new part to estimate what the cost of the replaced part was at the time it was acquired or constructed. WBC has set the de-minimis level for individual assets as £1m (excluding Land Value), individual assets below the de-minimis level are disregarded for componentisation (except where a group of similar assets are collectively valued above £1m) on the basis that any adjustment to depreciation would not be material. Individual assets that are above the de-minimis level are considered for componentisation. WBC recognises component assets within its accounts if the value of the component is either 10% of the total asset value or greater than £200k. Any amount below these levels would be considered in-material for depreciation terms.</p>	<p>under 10% or £200k of the total value of the asset differs from the overall useful life of the asset depreciation will be understated. It is estimated that the annual depreciation charge for PPE would increase by £0.1m for every year that useful lives had to be reduced.</p>
<p>Provisions</p>	<p>The Landfill Allowance Trading Scheme (LATS) is a scheme whereby Waste Disposal Authorities (WDAs) are allocated allowances for how much biodegradable waste can be landfilled within a 12 month period. WDAs are required to repay allowances to the value of actual biodegradable landfill usage to the government once the actual usage is determined at the end of September following the year end. At the 31/3/12 the authority estimates that it will have to surrender 17,492 LATS</p>	<p>WBC estimates the value to be £1 per permit and has therefore determined that the amounts are immaterial and not recognised on the balance sheet. The Council notes that DEFRA has not stated prices for 11/12 (as the scheme ends in 12/13) however it calculated the value to be £12.50 for 10/11. The fair value calculated by DEFRA ignores transactions undertaken at nil value. As WBC expects that it will have enough permits to cover its liability under LATS the market value of permits only really affects the fair value that surplus assets could be held on the balance sheet. WBC does not think the</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>permits to DEFRA out of an allocation of 23,169, leaving the authority with a surplus of 5,677 permits. Surplus permits can either be carried forward into 2012/13 or sold. However, at 31st March 2012 there has not been an active enough market for the trading of LATS permits between authorities to determine a fair value of permits.</p> <p>The Council has made provision for holiday and flexi leave entitlement owing to staff at the end of the financial year. The estimate within the accounts has been based on an assumption of 1.5% of payroll costs. For staff based in schools a formula based on CIPFA guidance has been used.</p> <p>The council has made a provision for dilapidation costs for buildings the Council lease, to return them to their original condition at the end of the lease. A general provision has been made this year, with one specific property being taken into account.</p>	<p>fair value determined by DEFRA is a prudent estimate of the value of its surplus permits.</p> <p>A 1% change in the estimate of accumulating absences would result in approximately a £367,000 increase or decrease in the provision required for accumulating absences in relation to Non-school staff.</p> <p>There may be other buildings the Council lease that have been altered, needing significant work to return them to their original condition, which are not presently known.</p>
Pension Liability	<p>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. Actuaries, Barnett Waddington provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £5.7m.</p> <p>However, the assumptions interact in complex ways. During 2011/12, the Council's actuaries advised that the net pensions liability had increased by £52m. This was due to estimates being informed by experience.</p>
PFI Liabilities	<p>The value of PFI service charge payable under the contract disclosed in note 42 of the accounts is dependant upon assumptions regarding future inflation and tonnage rates.</p>	<p>A 1% increase in RPI would increase the total contract charge by £32,000 per annum of which Wokingham's share would be £12,000. Similarly a 1% increase in tonnages would increase the service charge by £1,000 per annum of which Wokingham's share would be immaterial.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 st March 2012, the Council had a balance of debtors of £7.4m, and Council tax debt of £2.4m. Following an assessment of debtors outstanding, no increase or decrease in the sundry bad and doubtful debt provision and £15k increase in council tax bad and doubtful debt provision was deemed appropriate. However, in the current climate it is not certain that such an allowance would be sufficient.	The provision set aside for bad debt increases according to the age of the debt. If collection rates were to deteriorate, a 1% increase in the amount of the impairment of doubtful debts would require an additional £7k to set aside as an allowance for sundry debts and £10k from council tax from the revenue account and collection fund respectively.

NOTE 5 MATERIAL ITEMS OF INCOME AND EXPENSE

Material Items of Income and Expense during 2011/2012 which related to the Council's Non-Current Assets included the following;

- Disposal of Academy Schools (Holt, Piggott and Maiden Erleigh) resulting in a loss of £65m in the Comprehensive Income and Expenditure Statement, which in turn was reversed out of the General Fund as per the statutory arrangements.
- Disposal of Council Properties (68 London Road and the Old School House) resulting in £68k gain in the Comprehensive Income and Expenditure Statement, which in turn was reversed out of the General Fund as per the statutory arrangements.
- The Council paid £95,468,000 to Central Government to buy itself out of the housing subsidy system under the transition to Housing Self Financing.
- There were no other materials items of income or expense.
- Prior Period adjustment relating to the impairment of Waingels College

5a. Prior Period Adjustment

In 2011/12 the council completed a three year project at Waingels College which resulted in new school buildings at a cost of approx £30m. As a result the old buildings were demolished during the three year build. The council have impaired the old buildings values in the accounts, resulting in a prior period adjustment as the old buildings were demolished in 2009/10 and 2010/11.

The 2010/11 comparative figures in the 2011/12 Balance Sheet have therefore been restated from the 2010/11 published financial statements as follows:

Balance Sheet Item	2010/11 Opening Balance	Waingels Impairment 09/10	Restated 2010/11 Opening Balance
	£,000	£,000	£,000
Other, Land and Buildings	817,454	(12,561)	804,893
Total Net Assets	630,428	(12,561)	617,867
Revaluation Reserve	(112,941)	3,989	(108,952)
Capital Adjustment Account	(648,109)	8,572	(639,537)
Total Reserves	(630,428)	12,561	(617,867)

Balance Sheet Item	2010/11 Closing Balance	Waingels Impairment 09/10	Waingels Impairment 10/11	Restated 2010/11 Closing Balance
	£,000	£,000	£,000	£,000
Other, Land and Buildings	761,641	(12,561)	(11,807)	737,273
Total Net Assets	642,051	(12,561)	(11,807)	617,683
Revaluation Reserve	(103,497)	3,989	3,750	(95,759)
Capital Adjustment Account	(601,184)	8,572	8,058	(584,554)
Total Reserves	(642,051)	12,561	11,808	(617,683)

The impact of the prior period adjustment on the income and expenditure account and the movement in reserves are as follows:

Income and Expenditure Account	2010/11 Net Expenditure	Waingels Impairment 10/11	Waingels Depreciation 10/11	Restated 2010/11 Net Expenditure
	£,000	£,000	£,000	£,000
Education and Children Services	37,415	8,315	(377)	45,353
(Surplus)/ Deficit on provision of Services	23,453	8,315	(377)	31,391

Movement in Reserves Statement	2010/11 General Fund Balance	Waingels Impairment 10/11	Waingels Depreciation 10/11	Restated 10/11 General Fund Balance
	£,000	£,000	£,000	£,000
Adjustments between accounting basis and funding basis under regulations	22,694	(8,315)	377	14,755

5b. Exceptional Items

Exceptional Items included are as follows:

2010/11		2011/12
£,000		£,000
728	Organisational and Business Change	0
98	Transformation Redundancy Costs	0
50,226	HRA Impairment of Council Housing Stock	0
130	VAT Claims - Fees	18
(24,439)	Past Pension Cost - Recalculation of Pension Liability	0
(1,312)	VAT Claims - Income	(91)
0	HRA Self Financing	95,468
(162)	Berkshire County Council - Asset Disposal	0
25,269	Total	95,395

NOTE 6 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Strategic Director of Resources (S151 Officer) on 26th September, 2012. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2012, 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 any post balance sheet events which took place after 31st March.

NOTE 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 Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.



2011/12	Usable Reserves					Total Movement in Usable Reserves £,000	Movement in Unusable Reserves £,000
	General Fund (GF) Balance £,000	Housing Revenue Account (HRA) £,000	Capital Receipts Reserve £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000		
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Reclassification of capital grant receipt in advance and capital grant unapplied	(952)				952	0	0
Charges for Depreciation of Non-current Assets	(14,478)	(2,055)				(16,533)	16,533
Charges for Impairment of Non-current Assets	(446)					(446)	446
Charges for Amortisation of Intangible Assets	(261)					(261)	261
Revaluation losses on Property, Plant and Equipment	(1,752)					(1,752)	1,752
Movements in the Market Value of Investment Properties	396					396	(396)
HRA self financing settlement transfer to capital adjustment account		(95,468)				(95,468)	95,468
Capital Grants and Contributions Applied	6,614		3,380		4,237	14,231	(14,231)
Revenue Expenditure funded from Capital under Statute	(217)					(217)	217
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	(65,244)	40	(889)			(66,093)	66,093
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory Provision for the Financing of Capital Investment	3,483					3,483	(3,483)
Adjustments Primarily Involving the Capital Grants Unapplied Account:							
Capital Grants and Contributions Unapplied credited to the Comprehensive	21,132		(183)		(20,949)	0	0



2011/12	Usable Reserves					Total Movement in Usable Reserves £,000	Movement in Unusable Reserves £,000
	General Fund (GF) Balance £,000	Housing Revenue Account (HRA) £,000	Capital Receipts Reserve £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000		
Income and Expenditure Statement							
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	0					0	0
Adjustments Primarily Involving the Capital Receipts Reserve:							
Contribution from the Capital Receipts Reserve to Finance the Payments to the Government Capital Receipts Pool		(51)	51			0	0
Adjustment Primarily Involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA		1,999		(1,999)		0	0
Use of the Major Repairs Reserve to Finance New Capital Expenditure				2,787		2,787	(2,787)
Transfer (to) or from HRA		480		(480)		0	0
Adjustment Primarily Involving the Financial Instruments Adjustment Account:							
Amount by which Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	79	164				243	(243)
Adjustments Primarily Involving the Pensions Reserve:							
Reversal of Items Relating to Retirement Benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 46)	(8,122)	(29)				(8,151)	8,151
Employer's Pensions Contributions and Direct Payments to Pensioners payable	5,982					5,982	(5,982)



2011/12	Usable Reserves					Total Movement in Usable Reserves £,000	Movement in Unusable Reserves £,000
	General Fund (GF) Balance £,000	Housing Revenue Account (HRA) £,000	Capital Receipts Reserve £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000		
in the Year							
Adjustments Primarily 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	603					603	(603)
Adjustment Primarily Involving the Accumulated Absences Account:							
Amount by which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	2,138	7				2,145	(2,145)
Total Adjustments 2011/12	(51,047)	(94,913)	2,360	307	(15,760)	(159,053)	159,053

2010/11 Comparative Figures - Restated	Usable Reserves					Total Movement in Usable Reserves £,000	Movement in Unusable Reserves £,000
	General Fund (GF) Balance £,000	Housing Revenue Account (HRA) £,000	Capital Receipts Reserve £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000		
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for Depreciation and Impairment of Non-current Assets	(13,962)	(2,049)		53		(15,958)	15,958
Charges for Amortisation of Intangible Assets	(382)					(382)	382
Revaluation losses on Property, Plant and Equipment	(13,992)	(50,226)				(64,219)	64,219



2010/11 Comparative Figures - Restated	Usable Reserves					Total Movement in Usable Reserves £,000	Movement in Unusable Reserves £,000
	General Fund (GF) Balance £,000	Housing Revenue Account (HRA) £,000	Capital Receipts Reserve £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000		
Movements in the Market Value of Investment Properties	(723)					(723)	723
Capital Grants and Contributions Applied	16,639		(35)		4,278	20,882	(20,882)
Revenue Expenditure funded from Capital under Statute	(2,025)					(2,025)	2,025
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	(3,962)	(181)				(4,143)	4,143
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory Provision for the Financing of Capital Investment	3,048	45				3,093	(3,093)
Adjustments Primarily Involving the Capital Grants Unapplied Account:							
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	9,249				(9,249)	0	0
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	4,675	398	(5,364)			(291)	0
Adjustments Primarily Involving the Capital Receipts Reserve:							
Contribution from the Capital Receipts Reserve to Finance the Payments to the Government Capital Receipts Pool		(291)	291			0	0
Adjustment Primarily Involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA		1,996		(1,996)		0	0
Use of the Major Repairs Reserve to Finance New Capital				3,186		3,186	(3,186)

2010/11 Comparative Figures - Restated	Usable Reserves					Total Movement in Usable Reserves £,000	Movement in Unusable Reserves £,000
	General Fund (GF) Balance £,000	Housing Revenue Account (HRA) £,000	Capital Receipts Reserve £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000		
Expenditure							
Transfer (to) from HRA		400		(400)		0	0
Adjustment Primarily Involving the Financial Instruments Adjustment Account:							
Amount by which Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	1,168	414				1,582	(1,582)
Adjustments Primarily Involving the Pensions Reserve:							
Reversal of Items Relating to Retirement Benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 46)	7,539	(117)				7,422	(7,422)
Employer's Pensions Contributions and Direct Payments to Pensioners payable in the Year	6,843					6,843	(6,843)
Adjustments Primarily 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	(114)					(114)	114
Adjustment Primarily Involving the Accumulated Absences Account:							
Amount by which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an	756	(30)				726	(726)



2010/11 Comparative Figures - Restated	Usable Reserves					Total Movement in Usable Reserves £,000	Movement in Unusable Reserves £,000
	General Fund (GF) Balance £,000	Housing Revenue Account (HRA) £,000	Capital Receipts Reserve £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000		
Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements							
Total Adjustments 2010/11	14,755	(49,641)	(5,108)	843	(4,971)	(44,122)	43,832

NOTE 8 TRANSFERS TO/FROM EARMARKED RESERVES

This note details 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 2011/12.

	Balance at 31st March, 2010 £,000	Transfers Out 2010/11 £,000	Transfers In 2010/11 £,000	Balance at 31st March, 2011 £,000	Transfers Out 2011/12 £,000	Transfers In 2011/12 £,000	Balance at 31st March, 2012 £,000
General Fund:							
Balances held by Schools under a Scheme of Delegation:	(5,187)		(1,632)	(6,819)	26,521	(26,203)	(6,502)
Dedicated Schools Grant Reserve	431		(963)	(532)	92,785	(94,006)	(1,754)
Earmarked General Fund Reserves	(4,656)	625	(106)	(4,137)	596	(5,933)	(9,474)
Total General Fund:	(9,412)	625	(2,701)	(11,488)	119,902	(126,142)	(17,730)

NOTE 9 OTHER OPERATING EXPENDITURE

2010/11 £,000		2011/12 £,000
3,400	Parish Council Precepts	3,427
291	Payments to the Government Housing Capital Receipts Pool	51
0	Unattached Capital Receipts	0
(930)	Gains / Losses on the Disposal of Non-current Assets	65,256
2,761	Total	68,734

NOTE 10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2010/11 £,000		2011/12 £,000
2,115	Interest Payable and Similar Charges on Debt (note 48)	2,106
107	Interest Payable and Similar Charges on Finance Leases (note 48)	107
603	Interest Payable and Similar Charges on Private Finance Initiatives (note 48)	585
1,292	Impairment of financial instruments (note 48)	(2,088)
5,952	Pensions Interest Cost and Expected Return on Pensions (note 46)	3,896
(866)	Interest Receivable and Similar Income	(1,112)
174	Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value	(943)
0	Other Investment Income	0
9,377	Total	2,551

NOTE 11 TAXATION AND NON-SPECIFIC GRANT INCOMES

2010/11 £,000		2011/12 £,000
(78,296)	Council Tax Income	(79,098)
(17,077)	Non-domestic Rates	(15,850)
(2,480)	Revenue Support Grant	(4,900)
(6,469)	Other Non-ringfenced Government Grants	(2,592)
(30,959)	Capital Grants and Contributions	(28,074)
0	Reclassification	952
(135,281)	Total	(129,562)

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Movements in 2011/12:	Council Dwellings & Other HRA Assets	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Cost or Valuation									
At 1st April, 2011	155,707	537,201	10,761	91,554	2,156	0	24,673	822,055	10,864
Additions	2,788	7,936	1,116	4,952	160	0	811	17,763	0
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	657	18,603	1,211	0	0	0	0	20,471	1,909
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	0	(2,192)	0	0	0	0	0	(2,192)	(439)
Derecognition - Disposals	(37)	(71,157)	(865)	(52)	0	0	0	(72,111)	0
Assets reclassified (to) / from Held for Sale	0	(153)	0	0	0	0	0	(153)	0
Other Movements in	0	22,656	(761)	98	0	0	(22,284)	(291)	0

Cost or Valuation									
At 31st March, 2012	159,115	512,894	11,463	96,552	2,316	0	3,200	785,541	12,334
Accumulated Depreciation and Impairment									
At 1st April, 2011	8,369	62,673	3,187	10,550	0	0	0	84,779	807
Depreciation Charge	2,055	10,158	1,158	3,161	0	0	0	16,532	468
Impairment Losses / (Reversals) Recognised in the Revaluation Reserve	0	114	0	0	0	0	0	114	0
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	7	0	0	0	0	0	7	0
Derecognition - Disposals	0	(6,047)	(255)	(10)	0	0	0	(6,312)	0
Assets reclassified (to) / from Held for Sale	0	(4)	0	0	0	0	0	(4)	0
Other movements in depreciation and impairment	0	138	(154)	0	0	0	0	(16)	0
At 31st March, 2012	10,424	67,039	3,936	13,701	0	0	0	95,100	1,275

Net Book Value									
At 31st March, 2012	148,691	445,855	7,527	82,851	2,316	0	3,200	690,440	11,059
At 31st March, 2011	147,338	474,528	7,574	81,004	2,156	0	24,673	737,273	10,057
Comparative Movements in 2010/11 - Restated:	Council Dwellings and Other HRA Assets	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Cost or Valuation									
At 1st April, 2010	209,917	551,355	8,451	86,229	2,002	0	13,451	871,405	10,864
Additions	3,194	6,493	2,280	5,325	214	0	11,222	28,728	0
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	(6,996)	853	0	0	0	0	0	(6,143)	0
Revaluation Increases / (Decreases) Recognised in the Surplus /Deficit on the provision of Services	(50,227)	(2,844)	0	0	0	0	0	(53,071)	0
Derecognition - Disposals	(181)	0	(30)	0	0	0	0	(211)	0
Other Movements in Cost or Valuation	0	(18,656)	60	0	(60)	0	0	(18,656)	0



Comparative Movements in 2010/11 - Restated:	Council Dwellings and Other HRA Assets	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
At 31st March, 2011	155,707	537,201	10,761	91,554	2,156	0	24,673	822,052	10,864
Accumulated Depreciation and Impairment									
At 1st April, 2010	6,373	50,278	2,376	7,485	0	0	0	66,512	394
Depreciation Charge	1,996	10,141	833	3,065	0	0	0	16,035	413
Impairment Losses / (Reversals) Recognised in the Revaluation Reserve	0	4,193	0	0	0	0	0	4,193	0
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	11,149	0	0	0	0	0	11,149	0
Derecognition - Disposals	0	0	(22)	0	0	0	0	(22)	0
Other Movements in Depreciation and Impairment	0	(13,088)	0	0	0	0	0	(13,088)	0
At 31st March, 2011	8,369	62,673	3,187	10,550	0	0	0	84,779	807

Depreciation

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

- | | |
|--|----------------|
| • Council Dwellings | MRA Allocation |
| • Other, Land and Buildings | 1-50 years |
| • Vehicles, Plant, Furniture & Equipment | 1-30 years |
| • Infrastructure, Roads & Highways | 1-60 years |

Capital Commitments

The estimated commitments for capital expenditure for schemes that had started, or legal contracts entered into, by 31st March 2012 are listed below:

	2011/12 £,000
• Major Improvements to St Crispins School including New Science Block, Labs and Multi Use Games Area (MUGA)	5,243
• Waingels College - ICT Hardware	240
• Wescott Infants - Shelter Conversion	202
• Beechwood Primary - New Roofing	187
• Transformation Project - EDRMS Phase 2	179
• Crazies Hill CofE Primary School - New single storey side & rear extension	147
• Park Lane Flood Alleviation	146
• Bulmershe School - Install pipework above ground and replace life expired fan convectors	145
• Gas Management & Structural Repairs at various Council properties	125
• Holt School - New Multi Use Games Area (MUGA)	124
• Refurbishment of Cockayne Court	117
• Highwood Primary - Reroof Half Flat Roof	117
• First Time Buyer Equity Loan Scheme	108
• Keep Hatch Road - Footway and Highway Improvements	105
• Other Commitments - Individually under £0.1m	3,317
Total	10,502

Effects of Changes in Estimates

In 2011/12, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

The Council carries out a rolling programme that ensures that 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 estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost.

There were no significant assumptions applied in estimating the fair values in 2011/2012.

	Council Dwellings & Other HRA Assets £,000	Other, Land and Buildings £,000	Vehicles, Plant, Furniture & Equipment £,000	Infra-structure Assets £,000	Community Assets £,000	Surplus Assets £,000	Total £,000
Carried at Historical Cost	0	8,305	4,830	82,851	2,316	0	98,302
Valued at Fair Value as at:							
31st March, 2012	148,691	189,530	2,694	0	0	0	340,915
31st March, 2011	0	23,973	0	0	0	0	23,973
31st March, 2010	0	214,634	0	0	0	0	214,634
31st March, 2009	0	6,691	2	0	0	0	6,693
31st March, 2008	0	2,722	1	0	0	0	2,723
Total Cost or Valuation	148,691	445,855	7,527	82,851	2,316	0	687,240

NOTE 13 INTANGIBLE ASSETS

The carrying amount of intangible assets is amortised on a straight-line basis. Transition costs arising from the Local Government Review (LGR) in 1998 are being written off to revenue. This is a real charge on council tax payers so is not reversed out of the Comprehensive Income and Expenditure Statement.

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The software included in intangible assets are purchased licenses only. Amortisation of £108k charged to revenue in 2011/12 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The costs of LGR and the Council's major software suites are written off over the following periods:

Term	Internally Generated Assets	Other Assets
5 Years	None	Financial Ledger, i-Procurement, Human Resources Management Information Systems, E-mail and Schools e-learning
11 Years	None	Local Government Review 1998

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

	2010/11			2011/12		
	Internally Generated Assets £,000	Other Assets £,000	Total £,000	Internally Generated Assets £,000	Other Assets £,000	Total £,000
Balance at the Start of the Year						
• Gross Carrying Amounts	0	4,104	4,104	0	4,428	4,428
• Accumulated Amortisation	0	(3,356)	(3,356)	0	(3,738)	(3,738)
Net Carrying Amount at Start of the Year	0	748	748	0	690	690
Additions:						
• Purchases	0	324	324	0	1,077	1,077
Amortisation for the Period	0	(382)	(382)	0	(291)	(291)
Net Carrying Amount at End of the Year	0	690	690	0	1,476	1,476
Comprising:						
Gross Carrying Amounts	0	4,428	4,428	0	5,505	5,505
Accumulated Amortisation	0	(3,738)	(3,738)	0	(4,029)	(4,029)
	0	690	690	0	1,476	1,476

Under the Waste and Emissions Trading Act 2003, the Council as a waste disposal authority is issued with Landfill Allowance Trading Scheme (LATS) permits on an annual basis for the amount of biodegradable waste that it is allowed to landfill. The fair value of allowances issued by the government is recognised as a government grant. The fair value of allowances is taken as the present market value at the Balance Sheet date. The value of allowances after the initial recognition is measured at the lower of cost and net realisable value.

	Carrying Amount as at: 31st March, 2011 £,000	Carrying Amount as at: 31st March, 2012 £,000
LATS	0	0

NOTE 14 HERITAGE ASSETS

In 2011/12 the council adopted a change in accounting policy under FRS 30 – Heritage Assets. The adoption of this policy has been insignificant for Wokingham Borough Council. A review was carried out in 2011/12 for the identification of Heritage Assets. A small number were identified, however these fall below the Council's materiality level and therefore no assets have been recognised on the Council's balance sheet.

NOTE 15 INVESTMENT PROPERTIES

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

	2010/11 £,000	2011/12 £,000
Rental Income from Investment Property	940	925
Direct Operating Expenses arising from Investment Property	(392)	(378)
Net Gain / (Loss)	548	547

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2010/11 £,000	2011/12 £,000
Balance at the Start of the Year	24,095	27,460
Additions:		
• Purchases	0	410
• Construction	0	0
• Subsequent Expenditure	22	27
Disposals	0	(295)
Net Gains / (Losses) from Fair Value Adjustments	(723)	396
Transfers:		
• (To) / From Inventories	0	0
• (To) / From Property, Plant and Equipment	4,066	274
Other Changes	0	0
Balance at the End of the Year	27,460	28,272

NOTE 16 INVENTORIES

The Council does not at present have any holdings requiring an inventory.

NOTE 17 CONSTRUCTION CONTRACTS

The Council does not at present have any construction contracts.

NOTE 18 DEBTORS

Debtors are amounts that were due to the Council in full at the end of the accounting year and are net of bad debt provisions. They can be analysed as follows:

	31st March, 2011 £,000	31st March, 2012 £,000
Central Government Bodies	3,191	4,160
Other Local Authorities	1,105	3,279
NHS Bodies	2,065	2,177
Public Corporations & Trading Funds	0	1,766
Other Entities and Individuals	6,146	7,051
Total	12,507	18,433

Increase in Central Government debtors due to outstanding £2.2m grant due but not received, and increase in other local authorities due to £1.3m payment in advance for Schools Education. New Trading companies have also been introduced which have added to the increase.

Following an assessment of debtors outstanding at the year end, no increase or decrease in the bad and doubtful debt provision was affected in 2011/12. This was based on a prudent approach given the current economic climate. Provisions for council tax, and business rates bad debts are charged to the Collection Fund and those in respect of council house rents are charged to the Housing Revenue Account. The provisions are set on the basis of outstanding debt and are required to safeguard against future under or non-recoveries.

NOTE 19 CASH AND CASH EQUIVALENTS

The following elements comprise Cash and Cash Equivalents:

31st March, 2011 £,000		31st March, 2012 £,000
9,682	Cash held by the Council	3,432
0	Bank Current Assets	0
12,653	Money Market Instruments	17,920
14,872	Cash Held by Fund Managers	47
0	Short-term Deposits with Building Societies	0
37,207	Cash and Cash Equivalents	21,399
(2,508)	Bank Current Liabilities	(4,915)
34,700	Total Cash and Cash Equivalents	16,484

NOTE 20 ASSETS HELD FOR SALE

	Current		Non-Current	
	2010/11 £,000	2011/12 £,000	2010/11 £,000	2011/12 £,000
Balance Outstanding at Start of the Year	0	0	0	0
Assets newly classified as Held for Sale:				
• Property, Plant and Equipment	0	149	0	0
• Other Assets / Liabilities in Disposal Groups	1,502	0	0	0
Revaluation Gains	2,452	0	0	0
Assets Sold	(3,954)	0	0	0
Balance Outstanding at End of Year	0	149	0	0

NOTE 21 CREDITORS

Creditors are amounts due to be paid by the Council at the end of the accounting year and include:

	31st March, 2011 £,000	31st March, 2012 £,000
Central Government Bodies	(2,603)	(2,127)
Other Local Authorities	(1,265)	(1,580)
NHS Bodies	(100)	(6)
Public Corporations & Trading Funds	0	(253)
Other Entities and Individuals	(25,093)	(23,303)
Total	(29,061)	(27,269)

Other Entities and Individuals consist of trade creditors of £7m, capital creditors of £2m and sundry creditors of £10.4m, receipts in advance of £3.4m sundry receipts in advance (eg, government grants carried forward).