Statement of Accounts

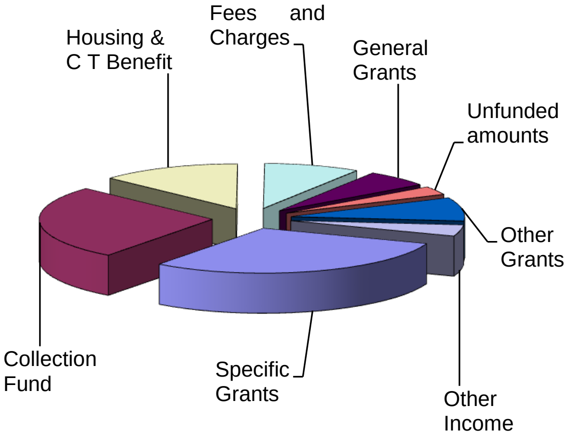
2015/16

The Royal Borough

Windsor & Maidenhead

CONTENTS

STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2016



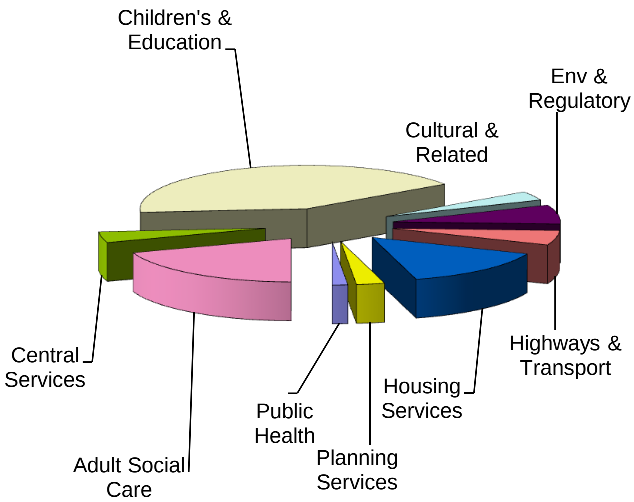
Sources of Income

	£'m	%
Specific Grants	82.9	29.7%
Collection Fund	74.7	26.7%
Housing & CT Benefit	36.7	13.2%
Fees and Charges	25.0	9.0%
General Grants	16.8	6.0%
Unfunded amounts	8.5	3.0%
Other Grants	23.5	8.4%
Other Income	11.2	4.0%
	279.3	100.0%

Source: Comprehensive Income and Expenditure Statement, Note 11 & 29

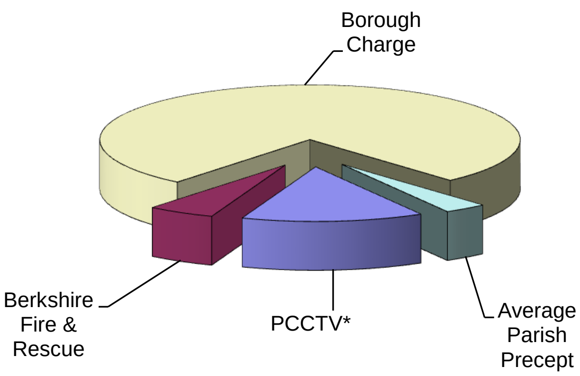
Main Services Expenditure

	£'m	%
Adult Social Care	54.9	19.7%
Central Services	11.2	4.0%
Children's & Education	116.6	41.7%
Cultural & Related	9.3	3.3%
Env & Regulatory	19.8	7.1%
Highways & Transport	15.0	5.4%
Housing Services	40.7	14.6%
Planning Services	7.6	2.7%
Public Health	4.2	1.5%
	279.3	100.0%



Source: Comprehensive Income and Expenditure Statement

This diagram shows the gross Council Tax levied at band D and amount raised before allowing for Government Grants and the contribution from the national non-domestic rate.



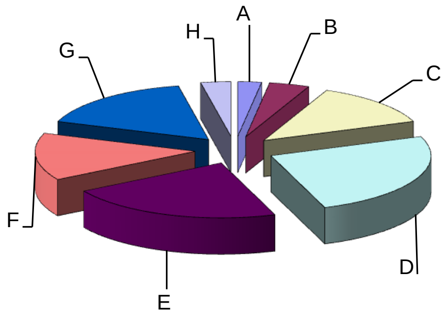
	Band D (£)	£'000 to be received
Council Tax Analysis	2015/16	2015/16
PCCTV*	163.70	10,494
Berkshire Fire & Rescue	60.66	3,889
Borough Charge	906.95	59,098
Average Parish Precept	38.41	1,200
	1,169.72	74,681

* Police & Crime Commissioner for Thames Valley
Source: Notes to the Collection Fund

The following diagrams provide an analysis of the Council Tax.

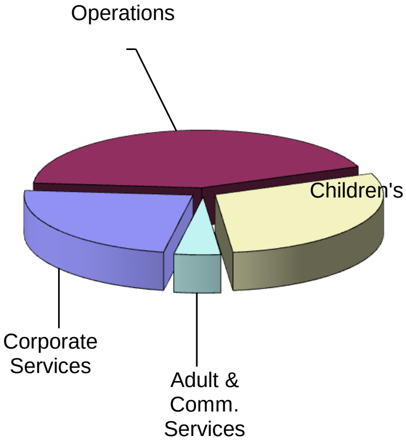
Domestic Properties eligible for Council Tax

Charge Band	No.	
A	1,270	2.4%
B	2,150	4.1%
C	6,809	12.8%
D	13,382	25.3%
E	11,587	21.8%
F	7,403	14.0%
G	8,786	16.6%
H	1,609	3.0%
Total Properties	52,996	100.0%



Source: Internal analysis, figures are from the collection fund notes.

The Council spent £27.42 million on capital projects in the year and the diagrams below show the proportions for each directorate and the sources from which this expenditure was financed.

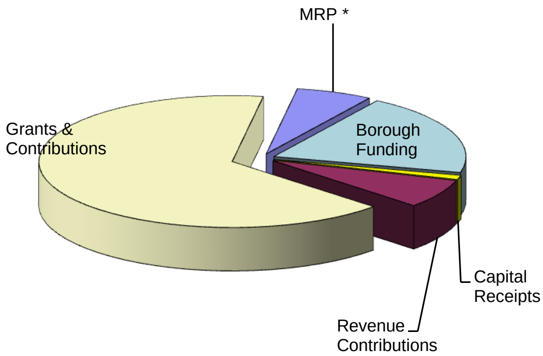


Capital Expenditure

	£'000	
Corporate Services	6,452	23.5%
Operations Directorate	11,706	42.7%
Children's Services	8,041	29.3%
Adult & Community Services	1,222	4.5%
	27,421	100.0%

Sources of Capital Finance

	£'000	
Capital Receipts	284	1.0%
Revenue Contributions	1,935	7.1%
Grants & Contributions	17,988	65.5%
MRP *	1,753	6.4%
Borough Funding	5,461	20.0%
	27,421	100.0%



*MRP (Minimum Revenue Provision) is the minimum amount of an authority's external debt that must be set aside for the repayment of debt in accordance which Government regulations, by the revenue account in the year of account.

Source: Capital expenditure from the narrative report. Capital Finance from Note 41.

INTRODUCTION

This report provides

- An explanation of the authority's financial position
- Assists in the interpretation of the financial statements
- Contains a commentary on the major influences affecting the authority's income and expenditure, cash flow and information on the financial needs of the authority.

The Council's Financial Statements for the year are set out on the following pages. They consist of:

Movement in Reserves Statement	- shows the movement in the year on different reserves held by the authority.
Comprehensive Income and Expenditure Statement	- shows the net cost of the Royal Borough's services and their funding.
Balance Sheet	- setting out the financial position of the Council at 31st March 2016
Cash Flow Statement	- showing cash movements from transactions with third parties.

These accounts are supported by the Statement of Accounting Policies, and various notes to the accounts.

The Royal Borough is the Administering Authority for the Royal County of Berkshire Pension Fund and a summarised statement of these accounts is included.

Expenditure on services is classified into two main types, revenue expenditure and capital expenditure. Revenue expenditure is, broadly, day to day expenditure e.g. salaries, wages, rents etc. whilst capital expenditure creates or contributes to the acquisition of assets, e.g. land, buildings, vehicles etc. Current accounting policies require that the Council calculates an annual charge for the use of capital assets and these annual charges form part of the revenue expenditure of the Council.

The following changes in accounting policies have been made with effect from 1 April 2015 as this authority has adopted the CIPFA Code of Practice on Local Government Accounting 2015/16.

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

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

OUTTURN POSITION

In February 2015 the Council approved a budget for 2015/16 which continued to demonstrate its commitment to low Council Tax. Savings proposals amounting to £5.027m were approved against a clear commitment to protect and improve front line services. Notably, £840,000 additional funding was made available to adult social care, children's safeguarding and waste management. This was achieved against a continuing background of reduction in support from Government.

Details of the Council Budget for 2015/16 can be found at:

http://www3.rbwm.gov.uk/downloads/200125/budgets_spending_and_performance

Despite the challenging environment, strong management resulted in an overall underspend against the approved net budget of £88.307m with services underspending by £215,000. The Council remains in a strong financial position with healthy reserves. Overall the combined General Fund Reserves and Development Fund sit at £5.4m the recommended level set at Council in February 2015.

Cabinet receives a monthly Finance Update with the year end report available at:

http://www3.rbwm.gov.uk/downloads/200125/budgets_spending_and_performance

The Council has worked hard to link financial performance with service performance and risk. On a quarterly cycle, it presents an Integrated Performance Monitoring Report to its Cabinet. The year end position for 2015/16 was reported to Cabinet in May 2016 and can be viewed on the Council's website:

http://www3.rbwm.gov.uk/downloads/200125/budgets_spending_and_performance

Revenue Expenditure

Gross expenditure and income represents the total value of transactions going out of and coming into the Royal Borough. Schools represent a large element of the value of transactions within the year which are covered by a central government grant known as Dedicated Schools Grant (DSG). DSG must be used in support of schools and central services as prescribed in regulations. Any DSG surplus or deficit must be added to or deducted from the Borough's DSG allocation in following years, and therefore has no impact on the Borough's final out-turn position in 2015/16.

The approved estimate in the table overleaf includes all budget adjustments in 2015/16. The table compares the actual outturn with the approved estimate for the year for the General Fund. This reflects the structure used for monitoring the budget during the year which focuses on the direct cost of services.

In contrast, the Comprehensive Income and Expenditure Account statement is presented in the form required by the Chartered Institute of Public Finance Accounting Code of Practice. Whilst the presentation is different the amounts met from government grants and local tax payers remains the same.

GENERAL FUND SERVICE EXPENDITURE	Original Budget £'000	Approved Estimate £'000	Actual £'000	Variance £'000
Children's Services	17,694	17,982	17,973	(9)
Adult & Community Services	37,577	39,772	39,767	(5)
Operations	19,125	18,917	18,725	(192)
Corporate Services	5,855	6,548	6,539	(9)
Net Cost of Services	80,251	83,219	83,004	(215)
Contribution to/ (from) Development Fund	(41)	852	852	-
Pensions Deficit Recovery	1,830	1,830	1,830	-
Transfer to/ (from) Capital Fund		40	(303)	(343)
Provision for Redundancy			343	343
Provision for Planning Appeals			170	170
Transfer to/ (from) Provision for Redundancy		(292)	(292)	-
Pay reward	605	112	-	(112)
Increase in provision for bad debt			4	4
Estimated net NNDR income		(1,864)	(1,864)	-
Drawdown of provision for compulsory purchase payment		(362)	(362)	-
Environment Agency Levy	147	147	147	-
NNDR Levy 14/15			(13)	(13)
Capital Financing inc Interest Receipts	6,471	5,533	5,607	74
Net Budget Requirement	89,263	89,215	89,123	(92)
Less - Special Expenses	(956)	(956)	(956)	-
Variance on other grants			(66)	(66)
Transfer (from)/to balances		48	162	114
GROSS COUNCIL TAX REQUIREMENT	88,307	88,307	88,263	(44)
New Homes Bonus	(2,974)	(2,974)	(2,974)	-
Council Tax Reward Grant	(601)	(601)	(601)	-
Revenue Support Grant / Business Rate Support	(24,166)	(24,166)	(24,028)	138
Empty shop business rate discount	150	150	150	-
Parish Equalisation Grant	64	64	64	-
Collection Fund Surplus / Deficit	(1,367)	(1,367)	(1,367)	-
Education Services Grant	(1,273)	(1,273)	(1,367)	(94)
NET COUNCIL TAX REQUIREMENT	58,140	58,140	58,140	-

Special Expenses relate to the cost of services undertaken by the Royal Borough in non-parished areas, which would be carried out by the Parishes in their parts of the Council’s area.

All services showed a small underspend against their controllable net budget for the year with the exception of the Operations service which showed an underspend of £192k through a sustained focus on value for money and operating efficiencies.

<u>Children's Services</u>

Despite the overall expenditure remaining in line with the budget, there were a number of pressures such as:

- An overspend on home to school transport due to increased numbers of pupils and the complexity of their needs
- Mid year changes in staffing and continued reliance on agency staff in some senior roles.

Early implementation of some 2016/17 savings and a number of other cost reductions during the year helped to offset these overspends.

Adults, Culture and Health

During the year there were additional pressures that impacted. These arose for the following reasons:

- Increased numbers requiring support in residential and nursing care placements
- Increased numbers requiring social care support to live in their own homes
- A reduction in income
- Delayed savings from a contract for “shared lives”.
- Increased costs of meeting care needs of people with learning disabilities and mental health problems
- New costs in respect of “Deprivation of Liberty Safeguarding” (DOLS)
- More support for concessionary fares
- An in year reduction in the Public Health Grant.

The above pressures were mitigated by the successful introduction of the Better Care Fund, successful applications for continuing healthcare awards and careful management of support staff budgets.

Corporate Services

Additional pressures were again experienced here during the year related to:

- The levels of income generated by the Guildhall and the Tourist Information Service not achieving the targets set.
- Additional legal costs in Planning
- A shortfall in Land Charges income

These issues have been mitigated through careful budget management and savings made to cover the budget overall.

Operations

The highlights of the budget savings achieved for these services included:

- Strong processing performance in Revenues and Benefits plus associated improved benefit subsidy recovery and debt collection.
- Attainment of parking income targets
- Customer Services and IT delivering on or under budget.
- Contract efficiencies in the Waste business.

Capital Expenditure

Capital expenditure still accounts for significant amounts of major maintenance items on schools (£8.04m). Other areas of significant expenditure include Strategic Asset Management of infrastructure assets (£10.34m) and Regeneration (£3.48m).

The table overleaf sets out the comparison between the approved estimate for the capital programme and the actual expenditure for the year.

	Original Budget £'000	Approved Estimate £'000	Actual £'000
Corporate Services			
Human Resources	-	23	18
Leisure Centres	800	1,386	1,354
Outdoor Facilities	680	1,978	960
Property Management	254	862	151
Policy & Performance	673	1,103	488
Regeneration & Economic Development*	1,445	8,330	3,481
Total Corporate Services	3,852	13,682	6,452
Operations			
Technology & Change Delivery	415	628	327
Benefits & Business Services	-	114	66
Customer Services	18	421	172
Neighbourhood & Streetscene Delivery Services	30	44	40
Highways & Transport	6,345	12,886	10,340
Community,Protection & Enforcement Services	893	1,214	756
Commissioning & Contracts	-	5	5
Total Operations	**7,701**	**15,312**	**11,706**
Children's			
Non Schools	205	506	177
Schools - Non Devolved	3,952	10,584	7,621
Schools - Devolved Capital	302	809	243
Total Children's	**4,459**	**11,899**	**8,041**
Adult			
Adult Social Care	256	745	528
Housing	1,000	2,532	134
Library & Information Service	385	794	560
Total Adult	**1,641**	**4,071**	**1,222**
Total Capital Expenditure	**17,653**	**44,964**	**27,421**
Revenue Expenditure Funded from Capital Under Statute **			(5,371)
Capital Expenditure on Property, Plant & Equipment			**22,050**

* The regeneration budget includes projects to enhance Maidenhead such as the York Road Opportunity area and Maidenhead Waterways project.

** Revenue Expenditure Funded from Capital Under Statute (REFCUS) is expenditure which enhances assets which are not owned by the authority. The majority of the expenditure in this category relates to academy schools and school buildings not owned by the authority. Other expenditure includes adaptations to private homes funded by disabled facilities grant.

Any unspent budget is carried forward to the following year to complete the agreed capital programme works.

When necessary, the Royal Borough borrows long term, to support its capital programme, and short term, to maintain positive cash flow, through approved financial institutions.

Pension Fund

This Council is responsible for the management of the Berkshire Pension Fund. The Council is required to disclose its share of the surplus or deficit of assets compared with the liabilities of the whole fund enshrined in accounting regulations (IAS19).

The Council's actuarial figures are reproduced in Note 47 to the accounts.

Treasury Management

The Borough operates a Treasury Management policy based on the CIPFA Code of Practice. Cash balances are managed in-house and are reviewed daily. Decisions are taken which attempt to balance the security of the Council's cash with the need to achieve a return on investments.

The Council's policy continues to be to take a conservative approach to the list of counterparties that it is prepared to deal with, to ensure security of cash and to extend the periods that a proportion of deposits are made beyond the usual 364 days in order to achieve a better return. A rolling 12 month deposit approach has been introduced to take advantage of 12 month rather than shorter term rates. The Council has also taken advantage of the Pension Fund's investment strategy by prepaying contributions at a discounted rate agreed with the Fund's Actuary.

OUTLOOK

The Comprehensive Spending Review (CSR) which was announced in Autumn 2015 set out plans by the Government to give councils more powers and freedom over decision making in their local areas to grow their local economy, protect the vulnerable and provide quality local services. This included from 2020 the ability to keep money from business rates collected from shops and businesses to spend on local priorities.

The Local Government Finance Settlement gave us indicative grant allocations f0r the next four years and these numbers have been reflected in the Council's Medium Term Financial Plan (MTFP).

Whilst few authorities receive less grant per capita than the Royal Borough it remains, nevertheless, an important source of funding. In 2015/16 grant from Revenue Support Grant, Business Rate Support, New Homes Bonus and Council Tax Reward totalled £28.7m. As the Government continues its response to the fiscal deficit the Council will see income from these grants fall to £23.3 in 2016/17, a reduction of 15.9%, by 2019/20 these grants will fall to £15.1m, a 45.5% reduction over the four year settlement period.

Additional budget pressures have been recognised for the foreseeable future relating to Children's Safeguarding and Adult Social Care for both demographic and inflationary cost reasons.

However, the Council will manage these reductions and pressures, moving forward, through building on our transformation programme and continuing to deliver services differently and capitalising on the opportunities for economic growth across the borough. We will build our local tax base by building the homes that residents want and need locally.

CONCLUSION

I wish to extend my thanks to all the Council's staff who have contributed throughout the year to the financial management of the Council and the publication of these accounts.

I also wish to extend my thanks to the staff from KPMG LLP who are responsible for the external audit of the Council's financial affairs and who continue to provide much valuable advice and help throughout the year.

Detailed budgets for 2015/16 are available on the Council's website, as above, and details of all invoices over £100 are published as part of the Council's transparency initiative.

If you have any queries or comments relating to this document please contact me on 01628 796510.

Richard Bunn
Interim Head of Finance

APPROVAL OF THE ACCOUNTS

Approval of the Statement of Accounts by full Council

Council have delegated the approval of the draft statement of accounts to the Audit and Performance Review Panel. The Panel met on 30th September 2016 to approve the audited accounts.

Signed **Date: 30th September 2016**

Independent auditor's report to the members of the Royal Borough of Windsor & Maidenhead

We have audited the financial statements of the Royal Borough of Windsor & Maidenhead for the year ended 31 March 2016 on pages [*a*] to [*b*]. 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 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of Responsibilities, the Head 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 the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2016 and of the Authority's expenditure and income for the year then ended;
- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2016 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2016 other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007; or

- the information given in the Narrative Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or

- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or

- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on the Royal Borough of Windsor & Maidenhead’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s responsibilities

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.

Auditor’s responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 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 Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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 review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether the Royal Borough of Windsor & Maidenhead had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Royal Borough of Windsor & Maidenhead put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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 Royal Borough of Windsor & Maidenhead had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, the Royal Borough of Windsor & Maidenhead put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Delay in certification of completion of the audit

Due to the Pension Fund Annual Report not being prepared by [date of the audit report]

We are required to give an opinion on the consistency of the financial statements of the pension fund included in the Pension Fund Annual Report of the Royal County of Berkshire Pension Fund with the pension fund accounts included in the financial statements of the Royal Borough of Windsor & Maidenhead. The Local Government Pension Scheme (Administration) Regulations 2008 require authorities to publish the Pension Fund Annual Report by 1 December following the end of the relevant financial year. As the authority has not yet prepared the Pension Fund Annual Report we have not issued our report on the financial statements included in the Pension Fund Annual Report. Until we have done so, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Darren Gilbert

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Square
Bristol
BS1 4BE

[*Date*]

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to :

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

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

- approve the Statement of Accounts.

The Interim Head of Finance's Responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the local authority Code except as indicated in the body of this statement

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

and certify that the Statement of Accounts set out on pages 16 to 87 presents fairly the financial position of the Royal Borough of Windsor and Maidenhead at the accounting date and its income and expenditure for the year ended 31st March 2016.

Signed Dated: 30th August 2016

Rob Stubbs
Head of Finance

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied	School Revenue Balances	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014	**5,322**	**7,009**	**14,185**	**5,101**	**-**	**31,617**	**175,643**	**207,260**
Surplus or (deficit) on provision of services (accounting basis)	(33,869)	-	-	-	-	(33,869)	-	(33,869)
Other Comprehensive Expenditure and Income (from CI&E)	-	-	-	-	-	-	(45,214)	(45,214)
Total Comprehensive Expenditure and Income	**(33,869)**	**-**	**-**	**-**	**-**	**(33,869)**	**(45,214)**	**(79,083)**
Adjustments between accounting basis & funding basis under regulations (Note 7)	31,953	-	(5,893)	-	-	26,060	(26,060)	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	(1,916)	-	(5,893)	-	-	**(7,809)**	(71,274)	**(79,083)**
Transfers to / from Earmarked Reserves (Note 8)	1,200	(2,328)	-	(872)	-	**(2,000)**	2,000	**-**
Increase / (Decrease) in Year	**(716)**	**(2,328)**	**(5,893)**	**(872)**	**-**	**(9,809)**	**(69,274)**	**(79,083)**
Balance at 31 March 2015	**4,606**	**4,681**	**8,292**	**4,229**	**-**	**21,808**	**106,369**	**128,177**
Surplus or (deficit) on provision of services (accounting basis)	(13,952)	-	-	-	-	**(13,952)**	-	**(13,952)**
Other Comprehensive Expenditure and Income (from CI&E)	-	-	-	-	-	**-**	(6,023)	**(6,023)**
Total Comprehensive Expenditure and Income	**(13,952)**	**-**	**-**	**-**	**-**	**(13,952)**	**(6,023)**	**(19,975)**
Adjustments between accounting basis & funding basis under regulations (Note 7)	17,141	-	930	-	-	**18,071**	(18,071)	**-**
Net Increase / (Decrease) before Transfers to Earmarked Reserves	**3,189**	**-**	**930**	**-**	**-**	**4,119**	**(24,094)**	**(19,975)**
Transfers to / from Earmarked Reserves (Note 8)	(3,027)	1,170	-	(78)	-	**(1,935)**	1,935	**-**
Increase / (Decrease) in Year	**162**	**1,170**	**930**	**(78)**	**-**	**2,184**	**(22,159)**	**(19,975)**
Balance at 31 March 2016	**4,768**	**5,851**	**9,222**	**4,151**	**-**	**23,992**	**84,210**	**108,202**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. 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. Services are shown in the format required by the CIPFA code of practice on local authority accounting. Note 29 shows net expenditure analysed by the Council's directorates.

2014/15				2015/16		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**		**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
46,492	(11,840)	34,652	Adult Social Care	54,847	(17,352)	37,495
9,966	(3,942)	6,024	Central Services	11,181	(4,233)	6,948
123,190	(99,482)	23,708	Children's and Education Services	116,556	(91,350)	25,206
13,407	(8,793)	4,614	Cultural and Related Services	9,335	(4,745)	4,590
19,501	(3,166)	16,335	Environmental and Regulatory Services	19,834	(3,378)	16,456
17,616	(10,064)	7,552	Highways and Transport Services	15,010	(8,457)	6,553
39,836	(37,047)	2,789	Housing Services	40,663	(37,888)	2,775
7,461	(7,593)	(132)	Planning Services	7,660	(7,018)	642
3,511	(3,511)	-	Public Health	4,205	(4,205)	-
280,980	**(185,438)**	**95,542**	**Cost of Services***	**279,291**	**(178,626)**	**100,665**
		1,235	Precepts paid to parishes			1,264
		144	Precepts & Levies			147
		216	Adjustments to provisions			(137)
		872	Adjustment to School Balances via Schools Reserve			78
		276	Adjustment to other reserves taken through the cost of services			(924)
		34,753	Loss on the disposal of school fixed assets on conversion to Academies or Free Schools.			12,335
		4,140	(Gain) / loss on the disposal of other fixed assets			(84)
		-	Other Operating Expenditure			-
		(34)	Other Operating Income			-
		3,872	Revenue expenditure funded from capital under statute			5,371
		45,474	**Other Operating (Income) / Expenditure (Note 9)**			**18,050**
		2,779	Interest payable and similar charges			2,870
		8,350	Pensions interest cost			8,129
		(665)	Interest income			(646)
		(7,593)	Changes in the fair value of investment properties			(4,854)
		2,871	**Financing & Investment Income & Expenditure (Note 10)**			**5,499**
		(110,018)	Taxation and Non-Specific Grant Income (Note 11)			(110,262)
		33,869	**(Surplus) or Deficit on Provision of Services**			**13,952**
		(20,001)	(Surplus) or deficit on revaluation of Property Plant and Equipment assets			(1,449)
		9,260	Other adjustments to value of Property, Plant and Equipment assets			31,644
		55,955	Remeasurements of the net defined benefit liability (asset)			(24,172)
		45,214	**Other Comprehensive Income and Expenditure**			**6,023**
		79,083	**Total Comprehensive Income and Expenditure**			**19,975**

* Note: Services are shown here in SeRCOP format. Note 29 provides a table of income and expenditure analysed by the Council's directorates.

Balance Sheet as at 31st March 2016

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

31 Mar 15 £'000		Note	31 Mar 16 £'000
	Assets		
	Non-current assets		
388,026	Property, Plant and Equipment	12	353,721
59,331	Investment Properties	14	64,674
4,011	Intangible Assets	15	3,877
2,480	Surplus Assets	12	2,280
7,072	Long Term Investments	16	1,562
1,298	Long Term Debtors	16	36
462,218			426,150
	Current assets		
20,514	Short Term Investments	16	17,445
32	Inventories	17	97
18,132	Short Term Debtors	19	21,859
10,631	Cash and Cash Equivalents	20	-
49,309			39,401
511,527	**Total assets**		465,551
	Liabilities		
	Current Liabilities		
-	Bank Overdraft	20	(1,174)
(400)	Short Term Borrowing	16	(750)
(32,179)	Short Term Creditors	22	(28,240)
(32,579)			(30,164)
	Non current liabilities		
(250)	Long Term Creditors	16	(250)
(3,688)	Provisions	23	(3,057)
(58,249)	Long Term Borrowing	16	(57,499)
(24,451)	Capital Grants Receipts in Advance	39	(15,794)
(264,133)	Retirement Benefit Obligations	48	(250,585)
(350,771)			(327,185)
128,177	**Net assets**		108,202
	Equity		
	Usable Reserves	24	
4,606	Fund Balances and Reserves		4,768
17,202	Other Reserves		19,224
	Unusable Reserves	25	
235,557	Capital Adjustment Account		205,741
135,139	Revaluation Reserve		130,198
(264,133)	Pensions Reserve		(250,585)
2,720	Collection Fund Adjustment Account		1,637
(2,914)	Accumulated Absences Account		(2,781)
128,177			108,202

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.

At 31 March 2015 £'000	**Cash Flow Statement (Indirect Method) As at 31 March 2016**	**Note**	**At 31 March 2016 £'000**
(33,869)	Net surplus or (deficit) on the provision of services		(13,952)
57,895	Adjust net surplus or deficit on the provision of services for noncash movements	26	31,992
(21,764)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(27,780)
2,262	Net cash flows from Operating Activities		(9,740)
(2,583)	Net cash flows from Investing Activities	27	(1,665)
-	Net cash flows from Financing Activities	28	(400)
(321)	Net Increase or Decrease in Cash and Cash Equivalents		(11,805)
10,952	Cash and cash equivalents at the beginning of the reporting period		10,631
10,631	**Cash and Cash Equivalents at the end of the reporting period**		**(1,174)**

NOTES TO THE ACCOUNTS

1 Accounting Policies

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those Regulations require to be prepared in accordance with proper accounting practices.These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii 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 three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv 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.

v 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.

1 Accounting Policies

vi Charges to Revenue for Non-Current Assets

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

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

However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

vii 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the 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 Council.

Both schemes provided 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 paymentsof benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

NOTES TO THE ACCOUNTS

1 Accounting Policies

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

• The liabilities of the Berkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

• Liabilities are discounted to their value at current prices, using a discount rate set by the Actuary.

• The assets of the Berkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

— quoted securities – current bid price
— unquoted securities– professional estimate
— unitised securities– current bid price
— 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 on liabilities – 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

— interest on assets – the annual investment return on the fund assets attributable to the Authority, calculated with reference to the discount rate– 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 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 – debited to the Pensions Reserve

— contributions paid to the Berkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

viii Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

• those that provide evidence of conditions that existed at the end of the reporting period –the Statement of Accounts is adjusted to reflect such events

• those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1 Accounting Policies

ix 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 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 becomesa 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.

1 Accounting Policies

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 Statement. 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).

x 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.

xi Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations made by the donor as to how grants should be spent and the consequences for the Authority if it fails to meet the conditions. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-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.

1 Accounting Policies

xii Heritage Assets

Tangible and Intangible Assets described in this summary of significant accounting policies as heritage assets.The Authority's Heritage Assets are held in The Windsor & Royal Borough Museum which is a registered small local history museum situated at the Guildhall in Windsor.The collection relates to the history of Windsor, and the other towns and villages across the Borough in East Berkshire. The collection comprises approximately 11,000 objects including pre-historic tools, finds and Bronze Age, Roman and Saxon artefacts, maps, textiles, books, paintings, prints and photographs, together with objects and ephemera from before Victorian times up to World War II, the 1950s and the present day.The value of the collection is not reported in the Balance Sheet as the Council takes the view that the work involved in valuing the collection is disproportionate to the benefit that users would obtain from the additional disclosure.The Code of Practice for Local Government Accounting allows for this approach.

xiii 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. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority’s goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service 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 serviceline(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.

xiv Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

xv Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However,revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1 Accounting Policies

xvi Jointly Controlled Operations and Jointly Controlled Assets

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

xvii Leases

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

The Authority as Lessee

Finance Leases

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

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

1 Accounting Policies

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. Again, representing the Authority’s net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal),matched by a lease (long-term debtor) asset in the Balance Sheet.Lease rentals receivable are apportioned between:
• a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
• finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).
The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the Genera Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance inthe Movement in Reserves Statement.Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii Overheads and Support Services
The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (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.

1 Accounting Policies

xix Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

• the purchase price

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

• the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cashflows 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 historicalcost

• dwellings – fair value, determined using the basis of existing use value for social housing(EUV-SH)• all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end,but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal ofa 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 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.

1 Accounting Policies

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment 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 – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

• infrastructure – straight-line allocation over 25 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the RevaluationReserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale,and their recoverable amount at the date of the decision not to sell.Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (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 are categorised as capital receipts.The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority’s underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1 Accounting Policies

xx Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxi Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.Certain reserves are kept to manage the accounting processes for non-current assets,financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xxii 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.

1 Accounting Policies

xxiii Fair Value

The council measures some of its non-financial assets, such as surplus assets and investment properties, and some of its financial instruments , such as equity share holdings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liabilty in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or

• In the absence of a principal market, the most advantageous market for the asset or liability

The council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.The council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

• Level 1 - quoted prices,

• Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

• Level 3 - unobservable inputs for the asset or liability

xxiv 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 Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) is effective from 1 April 2016. The Code confirms that the changes arising from the Infrastructure Code do not require retrospective adjustment to the accounts. Under the Infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost.

This is likely to result in a revaluation gain due to the change from depreciated historic cost to depreciated replacement cost basis. The new valuation will reflect the current cost of replacement rather than the original cost of works, which would have been built up over a significant time period. If the changes had been implemented in 2015/16, based on current estimates the value of infrastructure assets would increase from £174m to circa £2.8bn with a material increase in depreciation.

In addition there are a number of amendments to standards that are not expected to have any material impact on the accounts. These include:

• Amendments to IAS19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
• Annual improvements to IFRSs 2010 -2012 and 2012 - 2014 Cycles.
• Amendment to IFRS11 Joint Arrangements (Accounting for Acquistions of Interests in Joint Operations)
• Amendments to IAS16 Property, Plant and Equipment and IAS38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
• Amendments to IAS1 Presentation of Financial Statements.
• Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement of Reserves Statement and the introduction of the new Expenditure and Funding Analysis
• Changes to the format of the Pension Fund Account and the Net Assets Statement.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

3 Critical Judgements in Applying Accounting Policies

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises land and buildings used by schools in line with the Code of Practice on Local Authority Accounting. The code states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements for each property.

The Council has the following types of maintained schools under its control.

School Type	No.
Community	22
Voluntary Aided	11
Voluntary Controlled	7

Where the Council directly owns the assets the schools non current (fixed) assets are recognised on its Balance Sheet. Community schools are owned by the Council and thus recognised on the balance sheet.

Voluntary aided and voluntary controlled school buildings are owned by the respective diocese with no formal rights to use the assets passed to the school or governing bodies. These schools are therefore not recognised in the balance sheet. Where the playing fields are owned by the Council these are recognised in the balance sheet. A school by school assessment has been undertaken to determine the treatment of each asset.

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 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, for example in non current assets and pension liability, actual results could be materially different from the assumptions and estimates. Items in the Authority's Balance Sheet at 31 March 2016 are not considered to carry a significant risk of material adjustment in the forthcoming financial year.

5 Material Items of Income and Expense

All items of material income or expenditure have been disclosed in the Comprehensive Income and Expenditure Account.

6 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance on the 28th September 2016. 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 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. No further events have occurred which need to be reported here.

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 actually available to the Authority to meet future expenditure.

	Usable Reserves					
2015/16	**General Fund Balance**	**Capital Grants Unapplied**	**School Revenue Balances**	**Capital Receipts Reserve**	**Usable Reserves**	**Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments primarily involving the Capital Adjustment Account:						
Charges for depreciation and impairment of non-current assets	(13,469)				(13,469)	13,469
Movements in the market value of Investment Properties	4,854				4,854	(4,854)
Capital grants and contributions applied	13,201				13,201	(13,201)
Revenue expenditure funded from capital under statute	(5,371)				(5,371)	5,371
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	(12,535)				(12,535)	12,535
Statutory provision for the financing of capital investment	1,753				1,753	(1,753)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	5,716	(5,716)			-	-
Application of grants to capital financing transferred to the Capital Adjustment Account		4,786			4,786	- (4,786)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	284			(284)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure				284	284	(284)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-			-	-	-
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	(10,623)				(10,623)	10,623
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,083)				(1,083)	1,083
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	132				132	(132)
Total Adjustments	**(17,141)**	**(930)**	**-**	**-**	**(18,071)**	**18,071**

2014/15 Comparative figures	Usable Reserves					
	General Fund Balance	Capital Grants Unapplied	School Revenue Balances	Capital Receipts Reserve	Usable Reserves	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Charges for depreciation and impairment of non-current assets	(14,762)	-	-	-	(14,762)	14,762
Movements in the market value of Investment Properties	7,593	-	-	-	7,593	(7,593)
Capital grants and contributions applied	11,140	-	-	-	11,140	(11,140)
Revenue expenditure funded from capital under statute	(3,872)				(3,872)	3,872
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	(40,921)	-	-	-	(40,921)	40,921
Statutory provision for the financing of capital investment	2,577	-	-	-	2,577	(2,577)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	5,143	(5,143)	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account		11,036	-	-	11,036	(11,036)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	2,030			(2,030)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	2,030	2,030	(2,030)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-	-	-
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	(4,887)	-	-	-	(4,887)	4,887
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	3,620	-	-	-	3,620	(3,620)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	386	-	-	-	386	(386)
Total Adjustments	**(31,953)**	**5,893**	**-**	**-**	**(26,060)**	**26,060**

8 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

	Balance at 31 March 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 March 2016
	£'000	£'000	£'000	£'000
Insurance Reserve	1,474	(1,543)	1,607	1,538
Capital Reserves	1,749	(2,516)	3,363	2,596
Nature Reserve Maintenance Fund	123			123
Corporate Development Fund	1,263	(3,645)	3,031	649
Firestation Maintenance Fund (WAC)	25	(1)	3	27
Grave Maintenance Fund	2		6	8
Thames Path Missing Link Fund	20	(20)		-
Legacy Bridge Fund	25	(25)		-
Better Care Fund	-		910	910
Total	**4,681**	**(7,750)**	**8,920**	**5,851**

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up to earmark resources for future spending plans. Earmarked reserves includes provisions created by the Royal Borough to cover that part of risk that is considered prudent and details of each can be found below:

Insurance Reserve

Due to its relatively high policy excesses the council is essentially its own insurer. It maintains an internal insurance provision to cover these self insured claims. The provision meets most claims for loss or damage to RBWM assets and third party/employee compensation claims for injury, loss or damage to personal property caused by the council's negligence. Part of the reserve relates to reported outstanding claims and part is held against the modelled expectation of emerging future claims. The level of the reserve is a judgement set in conjunction with the council's external insurance and risk management advisors.

Claims of around £741,000 are outstanding. The last bi-annual actuarial review was in August 2015. The recommended fund size from that review (rolled forward to forecast total insurance provisions and reserves as at 31st March 2016) is £1.523m. As at that date, the actual reserve stood at £1.538m.

Capital Reserve

Primarily used for funding capital expenditure on short life assets and other capital schemes that are not funded by any other means.

Nature Reserve Maintenance Fund

The Nature Reserve Maintenance Fund relates to funds set aside for the future upkeep of the Arthur Jacob Nature Reserve.

Corporate Development Fund

This reserve is supported by contributions from the General Fund. The reserve is utilised to pump-prime savings generating initiatives and general infrastructure support around the Borough. Each scheme is subject to Members' approval.

Firestation Maintenance Fund (WAC)

The Firestation Maintenance Fund (Windsor Arts Council) is a fund to help the further plans of the Windsor Arts Council to provide professional quality community arts programming in order to support, educate, inspire and promote the arts and art appreciation in the Windsor community.

Grave Maintenance Fund

Is a very small fund to assist with grave maintenance in the Borough.

Thames Path Missing Link Fund

Participatory Budget - The reserve holds funding for the campaign to provide £30m of riverside 'missing link' path upstream of Bridge Gardens in Maidenhead. In 2015/16 the balance was transferred to the capital fund.

Legacy Bridge Fund

Participatory Budget - The reserve holds funding for the campaign in Windsor to provide a permanent footbridge over the Thames as a legacy of the 2012 Olympic and Paralympic Games for which a temporary footbridge was installed. The campaign group must raise the £3m needed for the scheme. In 2015/16 the balance was transferred into the capital fund.

Better Care Fund (BCF)

The Section 75 agreement we have with Clinical Comissioning Groups specify that any net underspend on planned projects at the year end may be used by the Council to contribute towards the cost of adult social care services that have a health benefit. This is an allowable use of BCF funding. The S75 Agreement then states that should RBWM use net underspends in this way, then it must add an equivalent sum into the BCF in the following year. So the £910,000 is the BCF net underspend. This has been used to fund Homecare, which has increased total Council reserves, so £910,000 of these reserves are "ring fenced" for adding to the BCF in 2016/17.

Schools and Dedicated Schools Grant Reserves

	Balance at 31 March 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 March 2016
	£'000	£'000	£'000	£'000
School Revenue Balances	**3239**	**(297)**	**471**	**3,413**
Dedicated Schools Grant Reserve				
General DSG Reserve	704	(536)	47	215
Earmarked DSG Reserve - School to School Support	55	(118)	100	37
Earmarked DSG Reserve - Capacity Building for Two-Year-Olds	143	(58)	-	85
Earmarked DSG Reserve - Support for Children In Care	88	(8)	-	80
Earmarked DSG Reserve - Mental Health and Wellbeing	-	(39)	360	321
Total DSG Reserve	**990**	**(759)**	**507**	**738**
Total Schools and DSG Reserves	**4,229**	**(1,056)**	**978**	**4,151**

<u>School Revenue Balances</u>
Each year schools receive delegated funding (known as the Individual Schools Budget (ISB)) to support expenditure on pupils. At the end of the year, schools may overspend or underspend their budgets and balances are carried forward to the following year as a deduction or addition to their budget share. Figures reflect maintained schools' balances net of outstanding loans to schools.

<u>Dedicated Schools Grant Reserve</u>
Dedicated Schools Grant is a ring-fenced grant paid by the Education Funding Agency in support of the local authority's Schools Budget. The School's Budget covers schools' delegated budget shares as well as central expenditure budgets such as those for high needs pupils in mainstream and special schools, the central co-ordinated admissions function, and central SEN support services. Local authorities, in consultation with their Schools Forum, are responsible for determining the split of the grant between central services and delegated schools budgets, and for determining individual school budget shares in accordance with the local schools' funding formula. Grant allocated to schools' delegated budgets is treated as spent as soon as it is allocated. At the end of the financial year any over or underspend on the central Schools Budget is separately identified in the notes to the accounts (see note 38) and must be carried forward to support the Schools Budget in future years. The DSG reserve reflects RBWM's accumulated DSG underspend.

Within the DSG reserve, funding has been earmarked, with approval of the Schools Forum, to provide additional support in the following areas:
• School to School support – to improve pupil outcomes through a programme of school to school support, commissioned by the Local Authority, by enabling outstanding school leaders to share curriculum expertise and spread good practice in lower performing schools.
• Capacity building for two year olds – to help build additional capacity among early years providers to deliver the extension to the free entitlement to education and childcare for two, three and four year olds.
• Support for children in care – to narrow the educational attainment gap of RBWM children in care compared with their peers.
• Mental health and wellbeing in schools - to provide early support for pupils at risk of mental health difficulties.

9 Other Operating Expenditure and Income

	2014/15 £'000	2015/16 £'000
Parish council precepts	1,235	1,264
Levies (Environment Agency)	144	147
(Gains)/losses on the disposal of non-current assets*	38,893	12,251
Adjustments to provisions	216	(137)
Adjustment to School Balances via Schools Reserve	872	78
Adjustment to Other reserves taken through the cost of services	276	(924)
Revenue expenditure funded from capital under statute	3,872	5,371
Bellwin Claim - Flooding	(18)	-
VAT Refund HMRC - Trade Waste	(16)	-
Total	**45,474**	**18,050**

* Disposal of schools converting to academies and other fixed assets

10 Financing and Investment Income and Expenditure

	2014/15 £'000	2015/16 £'000
Interest payable and similar charges	2,779	2,870
Pensions interest cost	8,350	8,129
Interest receivable and similar income	(665)	(646)
Changes in the fair value of investment properties	(7,593)	(4,854)
Total	**2,871**	**5,499**

11 Taxation and Non-Specific Grant Income

	2014/15 £'000	2015/16 £'000
Collection Fund	(74,174)	(74,604)
Non-ringfenced government grants (Revenue Support Grant)	(14,640)	(11,985)
Non-ringfenced government grants	(4,718)	(3,390)
Capital Grants and Contributions	(16,486)	(20,283)
Total	**(110,018)**	**(110,262)**

12 Property, Plant and Equipment

Movements on Balances

Movements in 2015/16	**Other Land and Buildings** **£'000**	**Vehicles, Plant, Furniture & Equipment** **£'000**	**Infrastructure Assets** **£'000**	**Community Assets** **£'000**	**Surplus Assets** **£'000**	**Assets Under Construction** **£'000**	**Total PPE** **£'000**
Cost or Valuation							
At 1 April 2015	340,990	28,375	164,083	7,035	3,430	13,321	557,234
Additions	1,182	2,321	10,353	119		7,240	21,215
Revaluation increases/(decreases) recognised in the Revaluation Reserve	11,908						11,908
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,875)	(550)			(199)		(16,624)
Derecognition – disposals	(28,707)	(10)					(28,717)
Derecognition – other	(316)					(18,246)	(18,562)
Other movements in cost or valuation	2,310						2,310
At 31 March 2016	**311,492**	**30,136**	**174,436**	**7,154**	**3,231**	**2,315**	**528,764**

Accumulated Depreciation and Impairment							
At 1 April 2015	(51,075)	(17,417)	(95,890)	(1,395)	(951)	-	(166,728)
Depreciation charge	(6,978)	(1,432)	(4,090)				(12,500)
Depreciation written out to the Revaluation Reserve	5,903						5,903
Depreciation written out to the Surplus/Deficit on the Provision of Services	33	28					61
Derecognition – disposals	496	5					501
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2016	**(51,621)**	**(18,816)**	**(99,980)**	**(1,395)**	**(951)**	**-**	**(172,763)**

Net Book Value

At 31 March 2016	**259,871**	**11,320**	**74,456**	**5,759**	**2,280**	**2,315**	**356,001**
At 31 March 2015	289,915	10,958	68,193	5,640	2,479	13,321	390,506

Comparative Movements in 2014/15

Movements in 2014/15	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000
Cost or Valuation							
At 1 April 2014	374,399	26,618	155,484	6,449	2,096	4,115	569,161
Additions	2,719	1,674	8,599	244	-	13,007	26,243
Revaluation increases/(decreases)	28,342	-	-	342	1,745	-	30,429
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,434)	-	-	-	(204)	-	(15,638)
Derecognition – disposals	(42,926)	(318)	-	-	-	-	(43,244)
Derecognition – other	-	-	-	-	-	(3,801)	(3,801)
Assets reclassified (to)/from Held for	-	-	-	-	-	-	-
Other movements in cost or valuation	(6,110)	401	-	-	(207)	-	(5,916)
At 31 March 2015	**340,990**	**28,375**	**164,083**	**7,035**	**3,430**	**13,321**	**557,234**

Accumulated Depreciation and Impairment							
At 1 April 2014	(51,480)	(16,203)	(91,109)	(1,395)	(963)	-	(161,150)
Depreciation charge	(7,879)	(1,214)	(4,781)	-	-	-	(13,874)
Depreciation written out to the Revaluation Reserve	7,254	-	-	-	12	-	7,266
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,030						1,030
At 31 March 2015	**(51,075)**	**(17,417)**	**(95,890)**	**(1,395)**	**(951)**	**-**	**(166,728)**

Net Book Value

At 31 March 2014	**289,915**	**10,958**	**68,193**	**5,640**	**2,479**	**13,321**	**390,506**

Depreciation

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

Other Land and Buildings – 30 to 50 years
Vehicles, Plant, Furniture & Equipment – 4 to 10 years.
Infrastructure – 20 to 25 years

Capital Commitments

At 31 March 2016, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years budgeted to cost £0.3m. Similar commitments at 31 March 2015 were £2.760m. The major commitments are:

Scheme	£'000
Windsor Learning Partnership	295
	295

Revaluations

The Authority 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 are carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases of estimation set out in the professional standards of the Royal Institution of Chartered Surveyors' Red Book. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£'000	£'000	£'000	£'000
Carried at historical cost	-	11,320	-	11,320
Valued at fair value as at:				
31 March 2016	61,345	-	2,279	63,624
31 March 2015	38,578	-	-	38,578
31 March 2014	26,181	-	-	26,181
31 March 2013	24,990	-	-	24,990
31 March 2012	116,983	-	-	116,983
Total Cost or Valuation	**268,077**	**11,320**	**2,279**	**281,676**
Variations since date of valuation (see below)	(8,206)	-	-	(8,206)
Net Book Value as at 31st March 2016	**259,871**	**11,320**	**2,279**	**273,470**

Between the valuation dates individual properties may be disposed of or improved. This gives rise to a variation between the original valuations and current net book values. An adjustment is included to reconcile this statement to the movement in balances.

13 Heritage Assets

The Windsor & Royal Borough Museum is a registered small local history museum situated at the Guildhall in Windsor.The collection relates to the history of Windsor, and the other towns and villages across the Borough in East Berkshire.The collection is looked after by the Museum & Collections Officer, with the help of a Museum Assistant. The museum is supported by the Friends of Windsor & Royal Borough Museum, which includes a team of museum volunteers who assist with caring for and researching the collection.

The collection comprises approximately 11,000 objects including pre-historic tools, finds and Bronze Age, Roman andSaxon artefacts, maps, textiles, books, paintings, prints and photographs, together with objects and ephemera from before Victorian times up to World War II, the 1950s and the present day.

The value of the collection has not been reported in the Balance Sheet. To undertake the work to capitalise all items could take up to a year by in-house staff and volunteers. To improve the accuracy of these valuations it would be necessary to commission an external valuer. The Borough cannot justify this level of outlay in financial and staff resources, which it considers is disproportionate to the benefit that users would obtain from the additional disclosure information. This disclosure complies with the Code of Practice on Local Authority Accounting.

14 Investment Properties

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

	2014/15 £'000	2015/16 £'000
Rental income from investment property	4,009	3,875
Direct operating expenses arising from investment property	(811)	(950)
Net gain/(loss)	**3,198**	**2,925**

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

	2014/15 £'000	2015/16 £'000
Balance at start of the year	52,063	59,331
Additions:		
Purchases	-	-
Disposals	(420)	-
Net gains/(losses) from fair value adjustments	7,593	4,854
Transfers:		
(To)/from Property, Plant and Equipment	-	316
Other changes	95	173
Balance at end of the year	**59,331**	**64,674**

The fair value of investment property has been measured using the Investment Method of Valuation. The valuers have used a desktop valuation relying on data provided by RBWM. Valuations have taken account of the following factors: existing lease terms and rentals taken from the tenancy schedule and independent research into market evidence including Market rentals and yields.

In estimating the fair value of the Authority's investment propertes, the highest and best use of the properties is deemed to be their current use.

The investment property portfolio has been valued at 31 March 2016 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Kempton Carr Croft, the Council's valuing agents.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

Level 1 – quoted prices.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

15 Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.969m charged to revenue in 2015/16 was charged to the relevant service.

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

	2014/15 £'000	2015/16 £'000
Balance at start of year:		
Gross carrying amounts	14,137	15,476
Accumulated amortisation	(10,577)	(11,465)
Net carrying amount at start of year	3,560	4,011
Additions:		
Purchases	1,319	835
Amortisation for the period	(888)	(969)
Other changes	20	-
Net carrying amount at end of year	**4,011**	**3,877**

Comprising:		
Gross carrying amounts	15,476	16,311
Accumulated amortisation	(11,465)	(12,434)
Total	**4,011**	**3,877**

16 Financial Instruments

The following categories of financial instrument are carried on the Balance Sheet

	Long-term		Current	
	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000
Investments				
Loans and receivables*	6,847	1,337	20,514	17,445
Unquoted equity investment at cost***	225	225		
Total investments	**7,072**	**1,562**	**20,514**	**17,445**
Debtors				
Loans and receivables	1,298	36	18,132	21,859
Total Debtors	**1,298**	**36**	**18,132**	**21,859**
Borrowings				
Financial liabilities at amortised cost**	(58,249)	(57,499)	(400)	(750)
Total borrowings	**(58,249)**	**(57,499)**	**(400)**	**(750)**
Creditors				
Financial liabilities at amortised cost	(250)	(250)	(32,179)	(28,240)
Total creditors	**(250)**	**(250)**	**(32,179)**	**(28,240)**

* The fair value of loans and receivables has been calculated as £19.184m in 2015/16

** The fair value of borrowings has been calculated as £81.073m in 2015/16

Long term borrowing is made up of Public Works Loan Board (PWLB) loans (£44.049m), Lender Option Borrower Option (LOBO) loans (£13m) and Thames Valley LEP (£450,000)

Short term borrowings are loan repayments to Thames Valley LEP £750,000

Debtors and creditors are not traded and the carrying amount in the Balance Sheet can be taken as fair value.

*** Towards the end of 2013/14 the authority acquired Covanta RBWM Ltd which has been re-named RBWM Commercial Services Ltd. The purpose was to take ownership of a waste disposal contract that would otherwise have been sold or novated to another contractor, leaving RBWM paying a higher price for waste disposal than it needs to.

17 Inventories

	Consumable Stores		Client Services Work in Progress		Total Inventories	
	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000	2014/15 £'000	2015/16 £'000
Balance outstanding at start of year	70	15	114	17	184	32
Purchases			4,333	4,006	4,333	4,006
Recognised as an expense in the year	(55)		(4,430)	(3,946)	(4,485)	(3,946)
Written off balances	-		-	5	-	5
Balance outstanding at year-end	**15**	**15**	**17**	**82**	**32**	**97**

18 Construction Contracts

There were no construction contracts carried out on behalf of other organisations during 2015/16.

19 Debtors

	At 31 March 2015 £'000	At 31 March 2016 £'000
Central government bodies	3,240	4,850
Housing benefit overpayment	3,366	4,131
Other local and public authorities	1,721	3,222
Collection Fund	377	633
Housing Associations	125	131
Other entities and individuals	9,303	8,892
Total	**18,132**	**21,859**

The analysis of debtors is net of provisions for bad and doubtful debts.

20 Cash and Cash Equivalents

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

	At 31 March 2015 £'000	At 31 March 2016 £'000
Cash held by the Authority	1,508	1,117
Bank current accounts*	(475)	(3,813)
Short-term deposits with bank	9,598	1,522
Total Cash and Cash Equivalents	**10,631**	**(1,174)**

*At year end 31/03/16 RBWM had an approved overdraft.

21 Assets Held for Sale

As at 31st March 2016 no assets were held for sale.

22 Creditors

	At 31 March 2015 £'000	At 31 March 2016 £'000
Central government bodies	(4,585)	(6,863)
Housing associations	(213)	(286)
Other local and public authorities	(4,169)	(4,916)
Other entities and individuals	(23,212)	(16,175)
Total	**(32,179)**	**(28,240)**

23 Provisions

	Planning £'000	Clearance of Shurlock Road £'000	Planning and Compulsory Purchase Act 2004 £'000	Provision for MMI clawback liability £'000	Provision for redundancy £'000	Appeal Provision for Collection Fund (Business Rates)	Total Provisions £'000
Balance at 1 April 2015	-	(300)	(362)	(95)	(525)	(2,406)	(3,688)
Additional provisions made in 2015/16	(170)	-		-	(350)	-	(520)
Amounts used in 2015/16	-	-	-	-	299	-	299
Unused amounts reversed in 2015/16	-	-	362	-	-	490	852
Balance at 31 March 2016	**(170)**	**(300)**	**-**	**(95)**	**(576)**	**(1,916)**	**(3,057)**

Provision for clearance of Shurlock Road - provision for payments relating to the clearance of Shurlock Road Travellers site.

Planning and Compulsory Purchase Act 2004 - Provision for possible repayments under the conditions of the Act. The timing of such payments cannot be estimated with any certainty.
In 2006 the Borough made the compulsory purchase of two properties in Sunninghill. The two semi-detached houses had been left empty for approximately 10 years and there was a history of complaints relating to unauthorised access and vandalism. In 2008 the properties were sold and the proceeds held as a provision on our balance sheet pending a claim by the owner. The owner has been written to on a number of occasions each time explaining what should be done to make a claim. To date no claim has been made and under the Limitation Act 1980 the Borough may refuse to pay compensation after 6 years (i.e. after March 2014). In 15/16 the balance was transferred to the General Fund.

Provision for MMI (Municipal Mutual Insurance Ltd) clawback liability - On the 31st March 2012, the Supreme Court announced its judgement on the Employers Liability Trigger Litigation cases. It ruled that insurers incur liability at the time of exposure to asbestos fibre and not when the disease develops. This has implications for MMI, a mutual which provided insurance cover for many local authorities until it ceased operating in 1992.
The potential liability exceeds funds available within the MMI run off fund and liability transfers therefore, to those authorities that formed the mutual, which included RBWM pre-unitary status and the former Berkshire County Council. On it's Broker's advice the Council made a provision for this in the 2011/12 accounts.

Provision for redundancy - provision for redundancy payments expected in 2016/17 that relate to decisions made in 2015/16. It also includes the use of the provision for decisions made in 2014/15.

Appeal Provision for Business Rates - The provision is required to cover the loss of income that may result from appeals made in 2015/16 and previous years.

Provision for Planning - Provision for the costs of planning appeals

24 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and the Earmarked Reserves note (Note 8).

25 Unusable Reserves

	At 31 March 2015 £'000	At 31 March 2016 £'000
Capital Adjustment Account	235,557	205,741
Revaluation Reserve	135,139	130,198
Pensions Reserve	(264,133)	(250,585)
Collection Fund Adjustment Account	2,720	1,637
Accumulated Absences Account	(2,914)	(2,781)
Total Unusable Reserves	**106,369**	**84,210**

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.

2014/15		Capital Adjustment Account	2015/16	
£'000	£'000		£'000	£'000
	254,654	**Balance at 1 April**		**235,557**
2,577		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	1,753	
(13,874)		Charges for depreciation and impairment of noncurrent assets	(12,500)	
(13,740)		Revaluation losses on Property, Plant and Equipment	(16,364)	
(888)		Amortisation of intangible assets	(969)	
(3,872)		Revenue expenditure funded from capital under statute	(5,371)	
(40,921)		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	(12,535)	
	(70,718)			**(45,986)**
	27,330	Adjusting amounts written out of the Revaluation Reserve		6,871
		Capital financing applied in the year:		
2,030		Use of the Capital Receipts Reserve to finance new capital expenditure	284	
11,141		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	13,201	
11,036		Application of grants to capital financing from the Capital Grants Unapplied Account	4,786	
2,000		Capital expenditure charged against the General Fund	1,935	
(9,509)		Other Adjustments	(15,761)	
	16,698			**4,445**
	7,593	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		4,854
	235,557	**Balance as at 31 March**		**205,741**

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.

Revaluation Reserve	2014/15 £'000	2015/16 £'000
Balance at 1 April	128,477	135,139
Upward revaluation of assets	36,617	17,811
Downward revaluation of assets and impairment	(2,626)	
Difference between fair value depreciation and historical cost depreciation	(5,222)	(5,073)
Amount written off to the Capital Adjustment Account	(22,107)	(17,679)
Balance at 31 March	**135,139**	**130,198**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2014/15 £'000	2015/16 £'000
Balance at 1 April	(203,291)	(264,133)
Actuarial gains or losses on pensions assets and liabilities	(55,955)	24,172
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	(13,560)	(19,267)
Employer's pensions contributions and direct payments to pensioners payable in the year	8,673	8,643
Balance at 31 March	**(264,133)**	**(250,585)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax / NNDR income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. Following the localisation of business rates, a separate adjustment account for business rates has been created.

Collection Fund - Council Tax

	2014/15 £'000	2015/16 £'000
Balance at 1 April	283	2,208
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	1,925	178
Balance at 31 March	**2,208**	**2,386**

Collection Fund - Business Rates

	2014/15 £'000	2015/16 £'000
Balance at 1 April	**(1,180)**	512
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	1,692	(1,261)
Balance at 31 March	512	**(749)**

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 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2014/15 £'000	2015/16 £'000
Balance at 1 April	(3,300)	(2,914)
Settlement or cancellation of accrual made at the end of the preceding year	3,300	2,914
Amounts accrued at the end of the current year	(2,914)	(2,781)
Balance at 31 March	**(2,914)**	**(2,781)**

26 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2014/15 £'000	2015/16 £'000
Interest received	665	646
Interest paid	(2,752)	(2,868)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements	2013/14 £'000	2014/15 £'000
Depreciation	14,762	13,469
Impairment and Valuation Losses	-	-
Adjustment for Internal Interest charged	27	2
Increase/Decrease in Creditors	5,069	(3,939)
Increase/Decrease in Debtors	(3,921)	(3,727)
Increase/Decrease in Inventories	152	(65)
Pension Liability	4,887	10,624
Contributions to/(from) Provisions	142	(631)
Carrying amount of non-current assets sold or de-recognised (property plant and equipment, investment property and intangible assets)	44,370	21,113
Upward movement in investment property values	(7,593)	(4,854)
Adjust net surplus or deficit on the provision of services for non-cash movements	**57,895**	**31,992**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities.	2014/15 £'000	2015/16 £'000
Proceeds from short-term (not cash equivalents) and long-term investments	(2,030)	(284)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,449)	(8,579)
Capital Grants credited to the surplus or deficit on the provision of services	(16,285)	(18,917)
Adjust net surplus or deficit on the provision of services for investing activities	**(21,764)**	**(27,780)**

27 Cash Flow Statement - Investing Activities

	2014/15 £'000	2015/16 £'000
Purchase of property, plant and equipment, investment property and intangible assets including capital expenditure on existing assets	(27,562)	(22,050)
Purchase of short-term and long-term investments	-	
Other payments for investing activities	(1,277)	(12)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,030	284
Proceeds from short-term (not cash equivalents) and long-term investments	3,449	8,579
Other receipts from investing activities	20,777	11,534
Net cash flows from investing activities	**(2,583)**	**(1,665)**

28 Cash Flow Statement - Financing Activities

	2014/15 £'000	2015/16 £'000
Cash receipts of short and long-term borrowing	-	-
Other receipts from financing activities	-	-
Repayments of short and long-term borrowing	-	(400)
Other payments for financing activities	-	-
Net cash flows from financing activities	**-**	**(400)**

29 Amounts Reported for Resource Allocation Decisions

Directorate Income and Expenditure 2015/16	**Operations £'000**	**Children's Services £'000**	**Adult & Community Services £'000**	**Corporate Services £'000**	**Total £'000**
Income					
Government Grants	(917)	(76,524)	(4,905)	(425)	(82,771)
Housing Benefit Income	(36,664)				(36,664)
Other Grants & Contributions	(368)	(8,793)	(9,998)	(423)	(19,582)
Fees & Charges	(12,511)	(1,926)	(5,824)	(4,728)	(24,989)
Sales	(3)	(3,674)	(65)	(652)	(4,394)
Rent	(45)	(194)	(154)	(6,324)	(6,717)
Interest		(40)		(10)	(50)
Contributions from other funds/balances	(1,030)			(2,429)	(3,459)
Gross Income	**(51,538)**	**(91,151)**	**(20,946)**	**(14,991)**	**(178,626)**
Employees					
Direct Employee Costs	13,168	31,047	11,871	10,687	66,773
Teachers Pay		28,274			28,274
Indirect Employee Costs	316	1,904	307	595	3,122
Premises					
Repairs & Maintenance	404	1,689	75	653	2,821
Other Energy		120	5	6	131
Gas	3	182	23	69	277
Electricity	775	465	97	310	1,647
Other Rent & Rates	320	243	1,180	314	2,057
Rates	998	624	214	416	2,252
Water	24	139	13	69	245
Other Premises	98	1,190	146	602	2,036
Supplies & Services					
Equipment, Furniture & Materials	453	889	531	195	2,068
Printing, Stationery & Office Expenses	592	1,407	156	698	2,853
Communications and Computing	1,669	1,436	242	537	3,884
Grants & Subscriptions	17	51	(2)	140	206
Other Supplies & Services	613	14,627	2,089	3,172	20,501
Transport	240	2,897	507	92	3,736
Contract Services	13,400	21,940	43,259	2,975	81,574
Housing Benefit Payment	37,173				37,173
Gross Expenditure	**70,263**	**109,124**	**60,713**	**21,530**	**261,630**
Net Expenditure	**18,725**	**17,973**	**39,767**	**6,539**	**83,004**

2015/16 - Reconciliation to Subjective Analysis	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Cost of Services (subtotal) £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(36,100)		(36,100)		(36,100)
Interest and Investment Income	(50)		(50)	(646)	(696)
Collection Fund			-	(77,128)	(77,128)
Government Grants and Contributions	(142,476)		(142,476)	(33,134)	(175,610)
Total Income	**(178,626)**	**-**	**(178,626)**	**(110,908)**	**(289,534)**
Employee Expenses	98,169	4,192	102,361		102,361
Other Service Expenses	163,461		163,461		163,461
Pension Interest Cost			-	8,129	8,129
Depreciation, Amortisation and Impairment		13,469	13,469		13,469
Interest Payments			-	2,870	2,870
Precepts & Levies			-	1,411	1,411
Changes in the fair value of Investment Properties			-	(4,854)	(4,854)
Gain or Loss on Disposal of Fixed Assets			-	12,251	12,251
Adjustment to School Balances			-	78	78
Adjustments to Provisions			-	(137)	(137)
Adjustments to Other Reserves			-	(924)	(924)
Revenue Expenditure Classified as Capital by Statute			-	5,371	5,371
Total Expenditure	**261,630**	**17,661**	**279,291**	**24,195**	**303,486**
Surplus or Deficit on the Provision of Services	**83,004**	**17,661**	**100,665**	**(86,713)**	**13,952**

Directorate Income and Expenditure 2014/15	Operations £'000	Children's Services £'000	Adult & Community Services £'000	Corporate Services £'000	Total £'000
Income					
Government Grants	(2,794)	(84,344)	(3,884)	(160)	(91,182)
Housing Benefit Income	(35,753)	-	-	-	(35,753)
Other Grants & Contributions	(512)	(8,638)	(5,514)	(211)	(14,875)
Fees & Charges	(11,526)	(2,173)	(12,010)	(5,008)	(30,717)
Sales	(2)	(3,311)	(587)	(396)	(4,296)
Rent	(48)	(227)	(1,202)	(4,024)	(5,501)
Interest	-	(31)	(10)	-	(41)
Contributions from other funds/balances	(705)	-	(51)	(2,317)	(3,073)
Gross Income	**(51,340)**	**(98,724)**	**(23,258)**	**(12,116)**	**(185,438)**
Employees					
Direct Employee Costs	10,327	33,683	15,072	12,461	71,543
Teachers Pay	-	35,758	-	-	35,758
Indirect Employee Costs	330	1,895	462	637	3,324
Premises					
Repairs & Maintenance	392	1,487	947	314	3,140
Other Energy	-	178	33	3	214
Gas	2	292	289	41	624
Electricity	866	529	295	226	1,916
Other Rent & Rates	275	300	1,149	246	1,970
Rates	896	882	307	520	2,605
Water	22	160	153	40	375
Other Premises	131	1,388	541	566	2,626
Supplies & Services					
Equipment, Furniture & Materials	477	1,264	713	503	2,957
Printing, Stationery & Office Expenses	778	1,798	228	434	3,238
Communications and Computing	702	1,650	339	1,962	4,653
Grants & Subscriptions	16	75	3	116	210
Other Supplies & Services	186	13,500	2,435	2,882	19,003
Transport	280	2,577	591	89	3,537
Contract Services	15,419	19,371	37,974	1,258	74,022
Housing Benefit Payment	36,811	-	-	-	36,811
Gross Expenditure	**67,910**	**116,787**	**61,531**	**22,298**	**268,526**
Net Expenditure	**16,570**	**18,063**	**38,273**	**10,182**	**83,088**

2014/15 - Reconciliation to Subjective Analysis	Directorate Analysis	Amounts not reported to management for decision making	Cost of Services (subtotal)	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Service Income	(40,514)	-	(40,514)	-	**(40,514)**
Interest and Investment Income	(41)	-	(41)	(665)	**(706)**
Collection Fund	-	-	-	(74,174)	**(74,174)**
Government Grants and Contributions	(144,883)	-	(144,883)	(35,878)	**(180,761)**
Total Income	**(185,438)**	**-**	**(185,438)**	**(110,717)**	**(296,155)**
Employee Expenses	110,625	(2,307)	108,318	-	**108,318**
Other Service Expenses	157,901	-	157,901	-	**157,901**
Pension Interest Cost	-	-	-	8,350	**8,350**
Depreciation, Amortisation and Impairment	-	14,761	14,761	-	**14,761**
Interest Payments	-	-	-	2,779	**2,779**
Precepts & Levies	-	-	-	1,379	**1,379**
Changes in the fair value of Investment Properties	-	-	-	(7,593)	**(7,593)**
Gain or Loss on Disposal of Fixed Assets	-	-	-	38,893	**38,893**
Adjustment to School Balances	-	-	-	872	**872**
Adjustments to Provisions	-	-	-	216	**216**
Adjustments to Other Reserves	-	-	-	276	**276**
Revenue Expenditure Classified as Capital by Statute	-	-	-	3,872	**3,872**
Total Expenditure	**268,526**	**12,454**	**280,980**	**49,044**	**330,024**
Surplus or Deficit on the Provision of Services	**83,088**	**12,454**	**95,542**	**(61,673)**	**33,869**

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.

	2014/15 £'000	2015/16 £'000
Net Expenditure in the Directorate Analysis	83,088	83,004
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	12,454	17,661
Cost of Services in Comprehensive Income and Expenditure Statement	**95,542**	**100,665**

30 Acquired and Discontinued Operations

The council did not acquire or discontinue any operations in the financial year ended 31 March 2016

31 Trading Operations

Investment properties are also included as trading operations for the purposes of this note. Details can be found in note 14.

Industrial and commercial estates

The Authority lets 62 units in industrial and commercial estates located in various parts of the Borough. The most sizeable incomes are generated from Shopping Centres in Windsor & Maidenhead including estate shops & flats, Reform Road, Howarth Road, Waldeck House, Rawcliffe House & Stafferton Way.

	2014/15 £'000	2015/16 £'000
Turnover	4,009	3,875
Expenditure	(811)	(950)
Surplus/(Deficit)	**3,198**	**2,925**

The cumulative surplus for the last three trading years is £9.035m

32 Agency Services

The Council did not provide agency services during the years ended 31 March 2016 or 31 March 2015.

33 Road Charging Schemes

There is a requirement to disclose the nature, income, expenditure and net proceeds of any road charging schemes under the Transport Act 2000. The Council does not have any road charging schemes in operation as at 31 March 2016.

34 Pooled Budgets

During 2015/16, the Council were involved in the following pooled budget arrangements,

Better Care Fund
Section 75 of the National Health Service Act 2006
The Council host this pooled budget arrangement, working in partnership with Windsor, Ascot and Maidenhead and Bracknell and Ascot Clinical Commissioning Groups.
The Better Care Fund was announced in June 2013 to drive the transformation of local services to ensure that service users receive better and more integrated care and support.
In 2014/15 £2.909m was spent on Short Term Rehabilitation which is now included in the Better Care Fund.
In 2015/16 the £10.125m expenditure includes £3.263m spend and equivalent funding which was spent by CCG partners in their accounts, on activities commissioned directly by them. The first table shows gross funding with the council hosting as a principal. The second table show the net position with the Council hosting as an Agent.

Council Hosting the Better Care Fund as Principal	2014/15 £'000	2015/16 £'000
Funding from Royal Borough of Windsor and Maidenhead	1,685	2,005
Funding from the Health Service	464	7,450
Other Income	760	670
Total Funding	**2,909**	**10,125**
Total Expenditure on Better Care Fund	**2,909**	**10,125**

Council Hosting the Better Care Fund as Agent		2015/16 £'000
Funding from Royal Borough of Windsor and Maidenhead		2,005
Funding from the Health Service		4,186
Other Income		670
Total Funding		**6,861**
Total Expenditure on Better Care Fund		**6,861**

Berkshire Community Equipment Service

The Council are part of this pooling arrangement, hosted by Slough Borough Council. Although not a new arrangement, previously it was not included in this disclosure note.

The service meets the needs of a range of disabled people, including the frail elderly, adults and children with physical or learning disabilities, and those experiencing incapacity through ill health. The equipment available is designed to contribute to enabling independent living.

	2014/15 £'000	2015/16 £'000
Funding		
Slough Borough Council	399	404
West Berkshire Council	471	661
RBWM	283	412
Other Berkshire Authorities	829	1,255
Clinical Commissioning Group	3,662	4,533
Total Funding	**5,644**	**7,265**
Expenditure		
NRS Healthcare Services	5,644	**7,265**
Total Expenditure	**5,644**	**7,265**
Net Expenditure on Joint Stores Services	**0**	**0**

35 Members' Allowances

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

	2014/15 £'000	2015/16 £'000
Salaries	0	0
Allowances	598	660
Expenses	7	5
Total	**605**	**665**

36 Officers' Remuneration

The following table sets out the remuneration disclosures for Senior Officers whose salary is more than £50,000 per year for 2015/16. Compensation for loss of office excludes payments to the Pension Fund in lieu of future contributions (Pension Strain).

2015/16	Notes	Salary (Including Fees & Allowances)	Compensation for loss of Office	Pension Cont.	Total Remuneration incl. Pension Contributions
		£	£	£	£
Managing Director	1	125,571		16,073	141,644
Strategic Director of Operations & Customer Services	2	93,333		11,947	105,280
Strategic Director of Corporate & Community Services	3	24,194		3,097	27,291
Strategic Director of Adult & Community Services	4	105,653		-	105,653
Director of Corporate Services	5	59,956		7,237	67,193
Head of Communities & Economic Development		75,342		9,644	84,986
Director of Planning Development & Regeneration		90,000		11,520	101,520
Head of Governance, Partnerships, Performance & Policy		90,317		12,473	102,790
Head of Finance	6	90,012		11,522	101,534
Deputy Director Heatlh, Early Help & Safeguarding	7	39,038		3,684	42,722
Deputy Director Health & Adult Social Care		64,831		8,298	73,129
Head of Schools & Educational Services	8	32,011		4,097	36,108
Head of Commissioning, Adults, Children & Health		68,254		8,736	76,990
Head of HR		81,947		10,502	92,449
Head of Customer Services		78,260		10,017	88,277
Head of Libraries, Information, Heritage and Arts		68,375		8,752	77,127
Head of Revenue & Benefits		75,899		-	75,899
Head of Information Technology	9	68,896		8,819	77,715
Interim Head of Information Technology		72,715		9,308	82,023
Head of Community Protection & Enforcement		77,852		9,965	87,817
Head of Highways & Transport		76,236		9,192	85,428

Notes:

1. Previously Strategic Director for Children's Services, Managing Director from period 5.
2. Employed from period 3.
3. Employed from period 10.
4. Interim Managing Director to period 4, left in period 10.
5. Left in period 7.
6. Interim Director of Corporate Services period 7 to 10. Left at the end of period 12.
7. Employed from period 7, left period 11.
8. Employed from period 8.
9. Left in period 12.

2014/15	Notes	Salary (Including Fees & Allowances) £	Compensation for loss of Office £	Pension Cont. £	Total Remuneration incl. Pension contributions £
Managing Director	1	100,565	-	12,872	113,437
Director of Children's Services		114,125	-	14,608	128,733
Economic Development Director	2	71,962	-	9,211	81,173
Strategic Director of Adult & Community Services	3	123,750	-	-	123,750
Director of Corporate Services	4	16,429	-	2,103	18,532
Strategic Director of Operations	5	89,833	-	11,499	101,332
Head of Adult Social Care & Health Partnerships	6	11,855	-	1,517	13,372
Benefits & Business Services Lead	7	53,483	-	-	53,483
Business Trtansformation Lead	8	46,667	-	5,973	52,640
Head of Central Services	9	49,744	-	2,560	52,304
Head of Finance	10	86,401	-	11,059	97,460
Head of Human Resources		80,000	-	10,240	90,240
Head of Legal		83,150	-	11,240	94,390
Head of Leisure Services		72,215	-	9,243	81,458
Head of Libraries, Information, Heritage and Arts		66,669	-	8,566	75,235
Head of Planning & Property Services	11	81,513	21,523	-	103,036
Head of Policy & Performance		65,650	-	8,403	74,053
Head of Public Health	12	68,562	-	8,761	77,323
Community Protection & Enforcement Service Lead	13	71,445	-	9,145	80,590
Head of Services for Families & Young People		88,040	-	10,880	98,920
Head of Strategic Commissioning for Adult Social Care & Housing		73,000	-	9,344	82,344
Neighbourhood & Streetscene Lead		73,458	-	9,403	82,861
Head of Technology & Change		85,000	-	10,880	95,880
Strategic Asset Management Lead	14	68,486	-	8,766	77,252
Service Leader, Commissioning & Practice Improvement		55,000	-	7,040	62,040
Customer Experience & Engagement Lead	15	23,065	-	2,952	26,017

Notes:
1.) Left in month 10.
2.) Employed from month 2.
3.) Interim Managing Director from month 10.
4.) Employed from month 11.
5.) Left in month 11.
6.) Left in month 2.
7.) Employed from month 4.
8.) Employed from month 6.
9.) Left in month 4.
10.) Interim Director of Corporate Services month 10 and 11.
11.) Left in month 12.
12.) 0.8 Full Time Equivalent
13.) Interim Director of Operations (shared) from month 11.
14.) Interim Director of Operations (shared) from month 11.
15.) Employed since month 9.

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	2014/15 Employees	2015/16 Employees
£50,000 - £54,999	34	33
£55,000 - £59,999	38	26
£60,000 - £64,999	17	14
£65,000 - £69,999	14	8
£70,000 - £74,999	12	11
£75,000 - £79,999	5	6
£80,000 - £84,999	3	5
£85,000 - £89,999	3	-
£90,000 - £94,999	1	4
£95,000 - £99,999	2	1
£100,000 - £104,999	2	-
£105,000 - £109,999	-	1
£110,000 - £114,999	1	-
£115,000 - £119,999	-	-
£120,000 - £124,999	1	-
£125,000 - £129,999	-	1

The numbers of exit packages with total cost per band and total cost of the compulsory and other are set out on the table below. Exit costs include payments to the Pension Fund in lieu of future years contributions (Pension strain).

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 £'000 Cost of Exit Packages in Each Band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0- £20,000	10	16	7	7	17	23	139	133
£20,001 - £40,000	4	5	1	2	5	7	138	208
£40,001 - £60,000	1		-		1	-	52	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000			-	-	-	-	-	-
Total	**15**	**21**	**8**	**9**	**23**	**30**	**329**	**341**

37 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 statutory inspections and to non-audit services provided by the Authority's external auditors:

	2014/15 £'000	2015/16 £'000
Fees payable to KPMG with regard to external audit services carried out during the year	134	107
Fees payable to KPMG in respect of statutory inspections	-	-
Fees payable to KPMG for the certification of grant claims and returns during the year	26	13
Fees payable in respect of other services provided by KPMG during the year	-	-
Total	**160**	**120**

38 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2014. The Schools Budget includes elements for a range of educational services provided centrally on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school and allocations to non-maintained nurseries. Grant allocated to schools' budget shares through the ISB is treated as spent as soon as it is allocated to schools.

Details of the deployment of DSG receivable for 2015/16 are as follows:

	Central Expenditure £'000	ISB £'000	Total £'000
Final DSG for 2015/16 before academy recoupment			103,729
Less Academy figure recoupled for 2015/16			36,549
Total DSG after Academy recoupment for 2015/16			**67,180**
Brought forward from 2014/15 agreed in advance			990
Less Carry Forward to 2016/17 agreed in advance			0
Agreed initial budgeted distribution in 2015/16	**21,365**	**46,805**	**68,170**
In-year adjustments (see below for analysis)	(565)	388	(177)
Final Budget distribution for 2015/16	**20,800**	**47,193**	**67,993**
Less actual central expenditure in 2015/16	20,063		
Less actual ISB deployed to schools 2015/16		47,193	
Plus Local Authority contribution for 2015/16	-	-	-
Carry Forward to 2016/17 agreed in advance	**737**	**0**	**737**

Analysis of in-year adjustments above:

	Central Expenditure £'000	ISB £'000	Total £'000
In -year allocations from DSG reserve	(177)		**(177)**
Allocations to/from central budgets to ISB			
- Net in-year adjustments for actual uptake of Early Years free entitlement	73	(73)	-
- Pupil Growth fund allocations to expanding schools	(469)	469	-
- Deductions from schools budgets for excluded pupils	2	(2)	-
- Other budget movements	7	(7)	-
Total In-Year Adjustments	**(564)**	**387**	**(177)**

39 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16

Credited to Taxation and Non Specific Grant Income	2014/15 £'000	2015/16 £'000
Revenue Support Grant	14,640	11,985
Redistributed Business Rate	10,474	14,269
Council Tax Reward Grant	613	628
New Homes Bonus	2,151	3,012
Education Services Grant	1,953	1,367
Total Credited to Taxation and Non Specific Grant Income	**29,831**	**31,261**

	2014/15 £'000	2015/16 £'000
Credited to Services - Government Grants		
Dedicated Schools Grant (DSG)	74,811	67,180
Teacher Training	-	255
Pupil Premium	2,676	2,296
PE and Sports Grant	400	97
Universal Infant Free School Meals (UIFSM)	1,034	1,790
SEND Preparation fro Employment	-	28
Special Educational Needs Reform	233	141
Cycle Training Grant	42	46
Local Services Support Grant - Extended Rights to Free Travel	16	12
Local Services Support Grant - Lead Local Flood	71	47
Neighbourhood Planning	60	-
Local Reform and Community Voices	125	25
Asylum Seekers	268	177
Social Care Innovation	-	841
Carers and Care Act Implementation	-	110
Early Assessments Grant	-	468
Deferred Payments Grant	-	213
Community Capacity Grant	-	265
Disabled Facilities Grant	-	380
Independent Living Fund (DCLG)	-	98
Social Care Training & Other Grants	10	13
Deprivation of Liberty Safeguarding (DOH)	-	51
Education Training Grants (incl GTP & School Workforce Adviser)	661	910
Children Staying Put	11	22
Troubled Families DCLG	402	300
Sixth forms funding from Young People’s Learning Agency (YPLA)	3,507	1,000
Local Services Support Grant - Community Safety	61	61
Public Health Grant	3,511	4,205
Drug Action Teams	65	64
Bus Services Operators Grant	-	76
Warm Homes Healthy People (DOH)	-	-
Supporting Community Transport (DFT)	-	-
Collection Allowance	249	259
New Burdens Grant	95	127
Adoption Improvement	190	106
Regional Adoption Agency Pilot Programme Grant	-	207
Support for Service Children (MoD)	78	117
Weekly Refuse Collection Support	55	107
Delivering Differently in Heighbourhoods Grant	-	90
Severe Weather Recovery	1,735	-
Sustainable Drainage	24	57
Social Fund Reform DWP	140	-
Preventing Repossessions DCLG	-	-
Local Sustainable Transport Fund DTP	519	54
Electoral Registration	34	275
Other grants	49	77
Total Government Grants	**91,132**	**82,647**
Credited to Services - Housing Benefit Income		
Mandatory Rent Allowances: subsidy	35,216	36,163
Discretionary Benefits	235	123
Total Housing Benefit Income	**35,451**	**36,286**
Credited to Services - Other Grants & Contributions		
Housing Benefit and Council Tax Benefit Administration	699	585
Youth Justice Board	220	138
Health - Better Care	-	8,054
Health - Other Contributions	5,529	2,203
Contributions	8,460	8,660
Donations	319	443
Contributions from other funds/balances & reallocations	3,073	3,460
Total Other Grants and Contributions	**18,300**	**23,543**

Total Credited to Services	**144,883**	**142,476**

Capital Grants Receipts in Advance

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the donor. The balances at year end are as follows:

	2014/15 £'000	2015/16 £'000
Developers Contributions	18,034	14,126
Other Contributions	108	85
Education Grants	2,962	61
Other Grants	3,347	1,523
Total	**24,451**	**15,795**

Capital Grants Unapplied

The Authority has received grants recognised as available for immediate use. The balances at year end are as follows:

	2014/15 £'000	2015/16 £'000
Education Grants	6,870	8,082
Other Grants	1,421	1,141
Total	**8,291**	**9,223**

40 Related Parties

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

Central Government

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 29 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2016 are shown in Note 39.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 35.

During 2015/16 £563,000 of expenditure was incurred with third parties in which members had an interest.

RBWM paid grants totalling £264,000 to voluntary organisations in which 18 members had positions on the governing body. In all instances the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all of these transactions are recorded in the Register of Members' Interest open to public inspection at the Town Hall during office hours.

Pension Fund

The Royal Borough of Windsor and Maidenhead administers the Royal County of Berkshire Pension Fund on behalf of 198 active employers, including the unitary local authorities in Berkshire. The council charged £1.151m for administering the Fund during 2015/16. Legislation prevents pension funds from lending money to administering authorities from 1 April 2010.

During the year, transactions with related parties excluding Governmental Departments and Public Bodies arose as follows:-

	Exp 2015/16 £000	Income 2015/16 £000
Charters School	139	137
Family Action	82	3
Forest Bridge School	285	13
Holyport College	20	22
J Rayner & Sons Ltd	2	6
Kings Church International/Kings House School	35	4
Total	**563**	**185**

41 Capital Expenditure and Capital Financing

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

	2014/15 £'000	2015/16 £'000
Opening Capital Financing Requirement	**64,430**	**67,080**
Capital investment		
Property, Plant and Equipment	26,243	21,215
Investment Properties	-	-
Intangible Assets	1,319	835
Long Term Investments	-	
Revenue Expenditure Funded from Capital under Statute	3,872	5,371
Sources of finance		
Capital Receipts	(2,030)	(284)
Government Grants and Other Contributions	(22,177)	(17,988)
Sums set aside from Revenue:		
Direct Revenue Contributions	(2,000)	(1,935)
Minimum Revenue Provision	(2,577)	(1,753)
Closing Capital Financing Requirement	**67,080**	**72,541**
Explanation of Movements in Year		
Increase in underlying need to borrow (unsupported by government financial assistance)	2,650	5,461
Increase/(decrease) in Capital Financing Requirement	**2,650**	5,461

42 Leases

Authority as Lessee

Finance Leases

There were no finance leases in 2015/16 or 2014/15

Operating Leases

The Authority has acquired land, buildings, vehicles, plant and equipment by entering into operating leases.

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

	Land and buildings £'000	Vehicles, Plant & Equip't £'000	Other Leases £'000	2015/16 Rental Charge £'000
Not later than one year	335	141	141	**617**
Later than one year and not later than five years	990	391	214	**1,595**
Later than five years	3,237	-	57	**3,294**

	Land and buildings £'000	Vehicles, Plant & Equip't £'000	Other Leases £'000	2014/15 Rental Charge £'000
Not later than one year	378	145	147	**670**
Later than one year and not later than five years	1,094	252	300	**1,646**
Later than five years	1,346	13	80	**1,439**

The expenditure charged to the relevant service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2014/15 £'000	2015/16 £'000
Minimum lease payments	2,387	2,188
Contingent rents	33	33
Total	**2,420**	**2,221**

Authority as Lessor

Finance Leases
There were no finance leases in 2015/16 or 2014/15

Operating Leases
The Authority leases out property under operating leases 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:

	2014/15 £'000	2015/16 £'000
Not later than one year	3,276	3,311
Later than one year and not later than five years	12,624	12,128
Later than five years	145,047	237,248
Total	**160,947**	**252,687**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

43 PFI and Similar Contracts

There were no PFI or similar contracts during 2015/16 or 2014/15

44 Impairment Losses

There were no impairment losses during 2015/16 or 2014/15.

45 Capitalisation of Borrowing Costs

No borrowing costs were capitalised during 2015/16 or 2014/15.

46 Termination Benefits

The Authority terminated the contracts of 30 employees in 2015/16, incurring liabilities of £341,000 and 23 employees in 2014/15 incurring liabilities of £329,000. See note 36 for the number and cost of redundancies by band.

47 Pension 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 2015/16, the council paid £3.167m to Teachers' Pensions in respect of teachers' retirement benefits, representing 15.4% of pensionable pay. The figures for 2014/15 were £3.783m and 14.1%. There were no contributions 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.

48 Defined Benefit 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.

Transactions Relating to Post-employment Benefits

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

Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme £'000**	
	2014/15	**2015/16**
Cost of Services:		
Service Cost (comprising current service cost, past service cost and gain / loss from settlements)	4,652	10,549
Financing and Investment Income and Expenditure:		
Net interest expense	8,745	8,556
Administration expenses	163	161
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**13,560**	**19,266**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets	10,263	(11,388)
Actuarial gains / (losses) on changes in demographic assumptions	-	
Actuarial gains / (losses) on changes in financial assumptions	(66,106)	35,246
Other actuarial gains / (losses) on assets	-	
Experience gain/(loss) on defined benefit obligation	(112)	314
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(42,395)**	**43,438**

Movement in Reserves Statement	**Local Government Pension Scheme £'000**	
	2014/15	**2015/16**
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code.	42,395	(43,438)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	8,673	8,643

Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from RBWM's obligation in respect of its defined benefit plan is as follows:

	Local Government Pension Scheme £'000	
	2014/15	**2015/16**
Present value of the defined benefit obligation	(483,470)	(464,077)
Fair value of scheme assets	227,646	220,923
Net Liability	**(255,824)**	**(243,154)**
Present value of unfunded obligation	(8,309)	(7,431)
Net Liability in the Balance Sheet	**(264,133)**	**(250,585)**

Reconciliation of the present value of scheme liabilities:

	Local Government Pension Scheme £'000	
	2014/15	2015/16
Opening balance at 1 April	416,793	491,780
Current service cost	11,054	12,647
Interest cost	18,233	16,214
Contributions by scheme participants	3,043	2,874
Re-measurement (gains) and losses:		
Arising from changes in demographic assumptions	-	-
Arising from changes in financial assumptions	66,106	(35,246)
Experience gain/(loss) on defined benefit obligation	112	(314)
Past service costs including curtailment (losses)/gains	239	293
Benefits paid	(13,653)	(13,568)
Liabilities removed on settlement	(9,544)	(2,572)
Unfunded payments	(603)	(600)
Closing balance at 31 March	**491,780**	**471,508**

Reconciliation of the movements of the fair value of scheme assets:

	Local Government Pension Scheme £'000	
	2014/15	2015/16
Opening fair value of scheme assets	213,501	227,646
Interest on assets	9,488	7,658
Return on assets less interest	10,263	(11,388)
Other Actuarial gains / (losses)	-	
Administrative expenses	(163)	(161)
Employer contributions	8,673	8,643
Contributions by scheme participants	3,043	2,874
Benefits paid	(14,256)	(14,168)
Settlement prices received / (paid)	(2,903)	(181)
Closing balance at 31 March	**227,646**	**220,923**

The actual return on scheme assets in the year was £4m cr, 2014/15: £19.8m.

Fair value of scheme assets comprised:

	Local Government Pension Scheme £'000	
	2014/15	2015/16
Gilts	3,189	3,218
Cash	12,487	11,144
Other Bonds	32,109	30,297
Equities	101,149	99,886
Property	28,032	25,827
Target Return	40,410	41,580
Commodities	8,902	7,283
Infrastructure	9,806	10,560
Alternative Assets	-	
Longevity Insurance	(8,438)	(8,872)
Closing balance at 31 March	**227,646**	**220,923**

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 dependant on assumptions about mortality rates , salary levels, etc.
The Local Government Pension Scheme has been estimated by Barnett Wadingham Public Sector Consulting, an independent firm of actuaries, estimates for the Council being based on the latest triennial valuation of the scheme as at 31 March 2013, the results of which were published on the 31 March 2014.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2014/15	2015/16
Long-term expected rate of return on assets in the scheme	3.3%	3.6%
Mortality assumptions: Longevity at 65 for current pensioners:		
Men	22.80	22.90
Women	26.10	26.20
Longevity at 65 for future pensioners:		
Men	25.10	25.20
Women	28.40	28.60
Rate of inflation	3.2%	3.2%
Rate of increase in salaries	4.6%	4.1%
Rate of increase in pensions	2.4%	2.3%
Rate for discounting scheme liabilities	3.3%	3.6%

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

	Local Government Pension Scheme £'000	
	Increase in assumption	Decrease in assumption
Longevity (increase or decrease in 1 year)	(8,683)	8,858
Rate of increase in salaries (increase or decrease by 0.1%)	863	(857)
Rate of increase in pensions (increase or decrease by 0.1%)	8,100	(7,943)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	14,374	(13,934)

Amounts are relative to the present value of scheme liabilities (£471.507m)

49 Contingent Liabilities

At 31 March 2016, the Authority had no material contingent liabilities.

50 Contingent Assets

At 31 March 2016, the Authority had no material contingent assets.

51 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.
The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk
Credit risk arises from deposits with banks and financial institutions, as well 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, as laid down by the Fitch Ratings Service. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Liquidity Risk
The authority manages its cash flow and seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is 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. The maturity analysis of financial liabilities is as follows:

	At 31 March 2015 £'000	At 31 March 2016 £'000
Less than one year	400	750
Between one and two years	750	450
Between two and five years	450	-
More than five years	57,049	57,049
Total Financial Liabilities	**58,649**	**58,249**

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 borrowings 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. Policy is to aim to keep all of its borrowings in fixed rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

Price Risk
The Authority does not generally invest in equity shares and is not therefore exposed to losses arising from movements in the prices of the shares.

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.

52 Trusts and Other Entities

The trusts and other entities administered by the Council, do not form part of the accounts and are published here for information.

	Balance at 31st March 2015 £'000	Receipts in Year £'000	Payments /Transfers in Year £'000	Balance at 31st March 2016 £'000
Local Enterprise Partnership (LEP)	4,323	16,660	16,851	**4,132**
Flexible Home Improvements Ltd (FHIL)	640	553	255	**938**
Kidwells Park Trust	393	14	5	**402**
RBWM Flood Relief Fund	187	1		**188**
Mayor's Benevolent Fund	34	1	3	**32**
Working Boys Club	671	21	61	**631**
Thames Valley Athletic Centre	24	-	-	**24**
Other Trust Funds	1	-	-	**1**
RBWM Commercial Services Ltd	(50)	3,923	3,838	**35**
Trusts Total	**6,223**	**21,173**	**21,013**	**6,383**

Local Enterprise Partnership (LEP)
The LEP was incorporated in December 2011 and pulls together key players across Thames Valley and Berkshire representing education, employment and skills, SME and corporate enterprises, Local Authorities and the community sector.

Flexible Home Improvements Ltd (FHIL)
This company was incorporated in March 2008 for the purpose of making loans to homeowners thus improving private sector housing. The company is initially funded by a grant from the Regional Housing Board and transfers amounts for subsequent loan to local authorities in Berkshire, Buckinghamshire, Oxfordshire and Surrey.

Kidwells Park Trust
This Trust was established by J.M.Pearce who donated the land on which Kidwells Park and some surrounding buildings now stand. The funds in the Trust resulted from the sale of the College of Art in Marlow Road, Maidenhead to Berkshire County Council.

Royal Borough of Windsor and Maidenhead Flood Relief Fund
Following approval from the Charity Commissioners, this Fund is the combination of funds established in 1949 to provide essential relief measures in time of flood.

Mayor's Benevolent Fund
This Fund was established in February 1975 for general charitable purposes for the benefit of residents or persons working within the Royal Borough.

Working Boys Club
This Trust received £613,000 on sale of 22 Cookham Rd, Maidenhead in 2008/09 and this has been invested in a fund to protect its value and ensure a revenue stream to finance the activities of the charity. The objectives of the charity are to provide facilities for youth in the borough with a preference for clubs and associations.

Thames Valley Athletics Centre
A sinking fund, created for the purpose of maintaining the athletics track and buildings, is invested on behalf of the TVAC Joint Committee.

Other Trust Funds
There are six small trust funds, each with a balance of less than £500 at 31st March. These trust funds are the Sunningdale Gravel Allotment Trust, Sunninghill Fuel Allotment Trust, John Lewis Trust Fund, D.E. Cooke, E Pasco and the Tester Award Drama Trusts. The last four are school trust funds.

RBWM Commercial Services Ltd
Covanta RBWM Ltd, provided waste treatment and disposal services, was acquired by RBWM in February 2014 as a result of it's American parent company Covanta Energy Corporation withdrawing from the UK waste market. As part of the process the name of the company has been changed.

COLLECTION FUND

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the billing authority.

2014/15 £'000	COUNCIL TAX	2015/16 £'000
	INCOME	
76,049	Council Tax receivable	76,327
76,049	**Total Income**	**76,327**
	EXPENDITURE	
	Apportionment of Previous Year Surplus	
123	Royal Borough of Windsor and Maidenhead	1,006
7	Berkshire Fire and Rescue Authority	64
20	Thames Valley Police & Crime Commissioner	168
150		**1,238**
	Precepts and Demands	
59,891	Royal Borough of Windsor and Maidenhead	60,298
3,784	Berkshire Fire and Rescue Authority	3,889
10,011	Thames Valley Police & Crime Commissioner	10,494
73,686		**74,681**
	Charges to Collection Fund	
416	Less write offs of uncollectable amounts	396
-	Less: Increase/(Decrease) in Bad Debt Provision	(500)
(570)	Less: Disregarded amounts	290
(154)	**Total Expenditure**	**186**
2,367	**Surplus/(Deficit) arising during the year**	222
2,657	**Surplus (Deficit) Brought Forward**	5,024
5,024	**Surplus/(Deficit) Carried Forward**	**5,246**

2014/15 £'000	BUSINESS RATES	2015/16 £'000
	INCOME	
77,494	Business Rates receivable	78,345
43	Transitional Protection Payments	-
77,537	**Total Income**	**78,345**
	EXPENDITURE	
	Apportionment of Previous Year Surplus	
67	Central Government	1,670
66	Royal Borough of Windsor and Maidenhead	1,637
1	Berkshire Fire and Rescue Authority	33
134		**3,340**
	Precepts and Demands	
36,424	Central Government	39,031
35,696	Royal Borough of Windsor and Maidenhead	38,250
728	Berkshire Fire and Rescue Authority	781
72,848		**78,062**
	Charges to Collection Fund	
1,295	Less write offs of uncollectable amounts	1,044
(382)	Less: Increase/(Decrease) in Bad Debt Provision	(800)
(91)	Less: Increase/(Decrease) in Provision for Appeals	(1,000)
249	Less: Cost of Collection	246
29	Less: Disregarded amounts	28
1,100	**Total Expenditure**	**(482)**
3,455	**Surplus/(Deficit) arising during the year**	(2,575)
(2,410)	**Surplus (Deficit) Brought Forward**	1,045
1,045	**Surplus/(Deficit) Carried Forward**	**(1,530)**

53 Council Tax Income

Council Tax is a charge levied on the notional value of properties as at 1st April 1991. The VOA (Valuation Office Agency) allocates one of eight Council Tax Bands (A-H) to each property within the Borough according to its value. Band A is the lowest band and Band H is the highest.

The Council sets a benchmark charge for a Band D property and, for tax base purposes, all properties in the other bands are expressed in terms of a Band D equivalent. For example a Band A property is 6/9ths of a Band D, while a Band H property is 18/9ths.

Council Tax support is awarded to residents on low incomes and a 25% single person's discount is given where a property has only one occupant. There are various other discounts, reliefs and exemptions that are available depending on individual circumstances to reduce the payable amount. For 2015/16 the sum of £29.26 per Band D property is included to cover Special Expenses of the unparished areas of the Borough. These are the costs associated with providing parish-type services in the non-parished areas of the Borough.

Band	Property Value	Number of Properties			Appeals / Non - Collection Provision	TAX BASE
		Base	Ratio	Band D Equivalent		
A	Up to £40,000	1,270	6/9	846.99	-1.03	845.96
B	£40,001 to £52,000	2,150	7/9	1,671.98	5.29	1,677.27
C	£52,001 to £68,000	6,809	8/9	6,052.36	36.13	6,088.49
D	£68,001 to £88,000	13,382	9/9	13,382.12	-101.47	13,280.65
E	£88,001 to £120,000	11,587	11/9	14,161.81	-170.75	13,991.06
F	£120,001 to £160,000	7,403	13/9	10,693.78	-117.68	10,576.10
G	£160,001 to £320,000	8,786	15/9	14,642.92	-174.49	14,468.43
H	more than £320,000	1,609	18/9	3,218.38	-39.08	3,179.30
Total		52,996		64,670.34	-563.08	**64,107.26**

The average Band D charge for 2015/16 was £1,169.72. Therefore, based on the adjusted tax base of 64,107 the estimated yield was £74.987m. This can be reconciled to the income received as follows:-

	2014/15 £'000	2015/16 £'000
Estimated Yield	73,957	74,987
Transitional Relief	0	0
Other Changes in Yield	2092	1,340
Council Tax Income	**76,049**	**76,327**

The council tax debt position is reviewed regularly and a provision of £3.832m to cover potentially bad or doubtful debts has been made. RBWM's share of this provision is £3.094m.

54 Business Rates Income

Business rates, also known as national non-domestic rates (NNDR), help fund local services provided by councils, the police and fire and rescue services. Business rates are calculated by multiplying a property's rateable value (a valuation carried out by the VOA representing the annual rental value of the premises on a particular date) with a multiplier (a rate in the pound set by Central Government) 49.3p in 2015/16 (47.1p in 2014/15). The total rateable value of business premises in the Borough's area at 31st March 2016 was £191.5m producing a notional yield of £94.410m. The business rate debt position is reviewed regularly and a provision of £984k to cover potentially bad or doubtful debts has been made. RBWM's share of the provision is £482k.

	2014/15 £'000	2015/16 £'000
Notional Yield	90,526	94,410
Allowances	(13,417)	(14,111)
Rateable Value Changes	(1,803)	(1,903)
Occupation Changes	2,231	(51)
Collectable Income	**77,537**	**78,345**

55 Precepts and Demands on the Funds

The following authorities made demands on the Council Tax Collection Fund in 2015/16:-

	2015/16	
	£'000	£'000
Council Tax		
Royal Borough of Windsor and Maidenhead		
General Expenses	58,142	
Special Expenses *	956	
Parishes	1,200	
		60,298
Thames Valley Police & Crime Commissioner		10,494
Berkshire Fire and Rescue Authority		3,889
Total Precepts and Demands		**74,681**

* Special Expenses relate to the cost of services undertaken by the Royal Borough in non-parished areas, which would be carried out by the Parishes in their parts of the Council's area.

The following authorities made demands on the Business Rates Collection Fund in 2015/16:-

	2015/16	
	£'000	£'000
Business Rates		
Royal Borough of Windsor and Maidenhead	38,250	
		38,250
Central Government		39,031
Berkshire Fire and Rescue Authority		781
Total Precepts and Demands		**78,062**

The Royal County of Berkshire Pension Fund Account

2014/15 £'000		Notes	2015/16 £'000
	Dealings with members, employers and others directly involved in the Fund		
(89,091)	Contributions	62	(94,015)
(1,916)	Transfers in from other pension funds	63	(4,761)
(91,007)			(98,776)
87,685	Benefits	64	89,761
67,201	Payments to and on account of leavers	65	7,831
154,886			97,592
63,879	**Net (additions)/withdrawals from dealings with members**		**(1,184)**
5,453	**Management expenses**	66	**6,995**
	Returns on investments		
(24,931)	Investment income	67	(27,352)
1,169	Taxes on income	68	1,484
(125,372)	Profits and losses on disposal of investments and changes in the market value of investments	69	13,267
(149,134)	Net return on investments		(12,601)
(79,802)	**Net (increase)/decrease in the net assets available for benefits during the year**		**(6,790)**

Net Assets Statement for the year ended 31 March 2016

2014/15 £'000		Notes	2015/16 £'000
1,697,187	Investment assets	69	1,701,942
15,306	Cash deposits	69	15,942
1,712,493			1,717,884
(71,111)	Investment liabilities	69	(67,532)
1,641,382	**Net investment assets**		**1,650,352**
9,599	Current assets	75	7,891
(1,212)	Current liabilities	76	(1,684)
1,649,769	**Net assets of the fund available to fund benefits at the period end**		**1,656,559**

The fund's financial statements do not take account of liabilities to pay pensions and others benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 74.

Notes to the Royal County of Berkshire Pension Fund Accounts for the year ended 31 March 2016

56 Description of Fund

The Royal County of Berkshire Pension Fund (the 'fund') is part of the Local Government Pension Scheme and is administered by the Royal Borough of Windsor and Maidenhead. The Royal Borough of Windsor and Maidenhead is the reporting entity for this pension fund.

The following description of the fund is a summary only. For more detail, reference should be made to the Royal County of Berkshire Pension Fund Annual Report 2015/16 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

It is a contributory defined benefit pension scheme administered by the Royal Borough of Windsor and Maidenhead to provide pensions and other benefits for pensionable employees of the 6 unitary local authorities in the geographical region of Berkshire, and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The fund is overseen by the Pension Fund Panel, which is a committee of the Royal Borough of Windsor and Maidenhead.

b) Membership

Membership of the LGPS is voluntary. Employees are automatically enrolled into the scheme and are free to choose whether to remain in the scheme, opt-out of the scheme, or make their own personal arrangements outside the scheme.

Organisations participating in the Royal County of Berkshire Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.

- Admitted bodies, which are other organisations that participate in the fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 198 active employer organisations within the Royal County of Berkshire Pension Fund including the administering authority itself, as detailed below:

The Royal County of Berkshire Pension Fund	**31 March 2015**	**31 March 2016**
Number of employers with active members	174	**198**
Number of employees in scheme		
Administering authority	2,635	2,604
Unitary authorities	13,650	14,652
Other employers	7,283	8,178
Total	**23,568**	**25,434**
Number of pensioners		
Administering authority	1,498	1,589
Unitary authorities	7,395	7,792
Other employers	5,682	5,862
Total	**14,575**	**15,243**
Deferred pensioners		
Administering authority	3,397	3,566
Unitary authorities	14,309	14,860
Other employers	5,595	6,032
Total	**23,301**	**24,458**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2016. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2013. During 2015/16, employer contribution rates ranged from 7.8% to 27.4% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

	Service pre 1 April 2008	Service post 1 April 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump Sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the scheme became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Royal County of Berkshire Pension Fund website.

57 Basis of preparation

The Statement of Accounts summarises the fund's transactions for the 2015/16 financial year and its position at year-end as at 31 March 2016. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ('the code') 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.

58 Summary of significant accounting policies

Fund account - revenue recognition

a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 63 and 65).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see note 58m)) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 63).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account - expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be payable during the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities (Note 76).

e) Taxation

The fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management expenses

The code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the council discloses its pension fund management expenses in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Costs* .

Administrative expenses

All administration expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Investment management expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Most are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change, but there are a number of fixed price contracts with annual inflation related increases.

Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2015/16, no estimated fees are included in investment management fees (2014/15: zero).

The costs of the council's in-house fund management team are charged direct to the fund and a proportion of the council's costs representing management time spent by officers on investment management is also charged to the fund.

Net Assets Statement

g) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

ii) Fixed interest securities

Fixed interest securities are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- Directly held investments include investments in shares in unlisted companies, trusts and bonds. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.

- Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity.

iv) Limited partnerships

Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

Investments in private equity funds and unquoted listed partnerships are valued based on the fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers.

v) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price.

Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.

h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Derivatives

The fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The fund does not hold derivatives for speculative purposes.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The value of futures contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin.

The value of exchange traded options is determined using the exchange price for closing out the option at the reporting date. The value of over-the-counter contract options is based on quotations from an independent broker. Where this is not available, the value is provided by the investment manager using generally accepted option-pricing models with independent market data.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

k) Financial liabilities

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the relevant actuarial standards.

As permitted under the code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 74).

m) Additional voluntary contributions

The Royal County of Berkshire Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. The fund has appointed Prudential as its current AVC provider. AVCs are deducted from members' pay by their employers and paid directly to Prudential for investment into the member's chosen investment vehicle. AVCs are designed specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

The fund has previously used Equitable Life and Clerical Medical as alternative AVC providers to Prudential.

AVCs are not included in the accounts in accordance with section 4(2)(b) of the LGPS (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (Note 77).

59 Critical judgements in applying accounting policies

Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are based on forward-looking estimates and judgements involving many factors including historic data. Unquoted private equities are valued by the investment managers using guidelines set out by the International Private Equity and Venture Capital Board. The value of unquoted private equities at 31 March 2016 was £421 million (£388 million at 31 March 2015).

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 74. This estimate is subject to significant variances based on changes to the underlying assumptions.

60 Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the financial statements and notes at 31 March 2016 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
Actuarial present value of promised retirement benefits	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 and mortality rates. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension 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 approximately £62 million. A 0.1% increase in the long term salary increases assumption would increase the value of liabilities by approximately £7 million, and a one-year increase in assumed life expectancy would increase the liability by approximately £100 million.
Private equity	Private equity investments are valued at fair value in accordance with the International Private Equity and Venture Capital Board guidelines. These investments are not publicly listed and as such values are estimated.	The total private equity investments in the financial statements are £421 million. There is a risk that this investment may be under- or overstated in the accounts.
Longevity Insurance Policy	The longevity insurance policy is valued by a firm of consulting actuaries. This valuation is the difference between the discounted cash flows relating to the amounts expected to be reimbursed to the fund and the inflation linked premiums expected to be paid by the fund.	The effect of changes in individual assumptions on the valuation of the longevity insurance policy can be measured. For instance, a 0.1% increase in the discount rate assumption would result in an increase in the valuation of the contract by £657k. A 0.1% decrease in the discount rate assumption would decrease the valuation of the contract by £670k and a one-year increase in assumed life expectancy would increase the valuation of the contract by approximately £28 million.

61 Events after the balance sheet date

There have been no events since 31 March 2016, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

62 Contributions receivable

By category

2014/15 £'000		2015/16 £'000
25,170	Employee's contributions	26,041
	Employer's contributions	
49,749	Normal contributions	52,142
12,772	Deficit recovery contributions	14,774
1,400	Augmentation contributions	1,058
63,921	**Total employer's contributions**	**67,974**
89,091		**94,015**

By authority

2014/15 £'000		2015/16 £'000
81,499	Scheduled bodies	85,793
4,711	Admitted bodies	4,749
2,881	Transferee admission body	3,473
89,091		**94,015**

63 Transfers in from other pension funds

2014/15 £'000		2015/16 £'000
1,906	Individual transfers from other pension funds	4,716
10	AVC to purchase scheme benefits	45
1,916		**4,761**

64 Benefits payable

By category

2014/15 £'000		2015/16 £'000
69,640	Pensions	72,548
15,792	Commutation and lump sum retirement benefits	14,755
2,253	Lump sum death benefits	2,458
87,685		**89,761**

By authority

2014/15 £'000		2015/16 £'000
80,062	Scheduled bodies	82,521
6,228	Admitted bodies	6,190
1,395	Transferee admission body	1,050
87,685		**89,761**

65 Payments to and on account of leavers

2014/15 £'000		2015/16 £'000	
122	Refunds to members leaving service	292	
63,764	Group transfers to other pension funds	-	*
3,315	Individual transfers to other pension funds	7,539	
67,201		**7,831**	

***** The bulk transfer of Probation Board staff to Greater Manchester Pension Fund was completed in 2014/15

66 Management expenses

2014/15 £'000		2015/16 £'000
946	Administrative costs	1,151
4,450	Investment management expenses	5,783
57	Oversight and governance costs	61
5,453		**6,995**

67 Investment income

2014/15 £'000		2015/16 £'000
83	Fixed interest securities	84
5,111	Equity dividends	8,689
9,739	Pooled property investments	9,001
9,786	Pooled investments	9,361
212	Interest on cash deposits	217
24,931		**27,352**

68 Taxes on income

2014/15 £'000		2015/16 £'000
249	Withholding tax - equities	437
895	Withholding tax - pooled property investments	891
25	Withholding tax - pooled investments	156
1,169		**1,484**

69 Investments

Market value 31 March 2015 £'000		Market value 31 March 2016 £'000
	Investment assets	
22,989	Fixed interest securities	23,995
212,080	Equities	215,784
1,238,181	Pooled investments	1,184,225
10,544	Pooled liquidity funds	72,580
210,487	Pooled property investments	189,902
	Derivative contracts:	
1,802	- Forward currency contracts	5,959
15,306	Cash deposits	15,942
1,104	Investment income due	1,415
	Amounts receivable for sales	5,032
	Payment made in advance	3,050
1,712,493	**Total investment assets**	**1,717,884**
	Investment liabilities	
	Derivative contracts:	
(1,341)	- Forward currency contracts	(2,461)
(69,770)	- Longevity Insurance Policy	(65,071)
(71,111)	**Total investment liabilities**	(67,532)
1,641,382	**Net investment assets**	**1,650,352**

a) Reconciliation of movements in investments and derivatives

	Market value 1 April 2015	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2016
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Fixed interest securities	**22,989**	-	-	1,006	**23,995**
Equities	**212,080**	17,871	(17,828)	3,661	**215,784**
Pooled investments	**1,238,181**	87,096	(136,551)	(4,501)	**1,184,225**
Pooled liquidity funds	**10,544**	196,365	(134,382)	53	**72,580**
Pooled property investments	**210,487**	14,865	(35,621)	171	**189,902**
	1,694,281	316,197	(324,382)	390	**1,686,486**
Derivative contracts:					
- Futures	**-**			-	-
- Forward currency contracts	**461**	67,640	(50,984)	(13,619)	**3,498**
- Longevity Insurance Policy	**(69,770)**	5,306	-	(607)	**(65,071)**
	1,624,972	**389,143**	**(375,366)**	**(13,836)**	**1,624,913**
Other investment balances:					
- Cash deposits	**15,306**			569	**15,942**
- Amount receivable for sales of investments	**-**				**5,032**
- Investment income due	**1,104**				**1,415**
- Amounts payable for purchases of investments	**-**				**-**
- Payment made in advance					**3,050**
Net investment assets	**1,641,382**			**(13,267)**	**1,650,352**

	Market value 1 April 2014	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2015
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Fixed interest securities	**16,281**	-	-	6,708	**22,989**
Equities	**82,804**	152,503	(39,208)	15,981	**212,080**
Pooled investments	**1,284,127**	195,426	(371,235)	129,863	**1,238,181**
Pooled liquidity funds	**16,265**	252,683	(258,422)	18	**10,544**
Pooled property investments	**193,118**	13,284	(8,364)	12,449	**210,487**
	1,592,595	613,896	(677,229)	165,019	**1,694,281**
Derivative contracts:					
- Futures	**-**			-	-
- Forward currency contracts	**(1)**	37,898	(16,285)	(21,151)	461
- Longevity Insurance Policy	**(54,829)**	3,984		(18,925)	(69,770)
	1,537,765	**655,778**	**(693,514)**	**124,943**	**1,624,972**
Other investment balances:					
- Cash deposits	**25,399**			429	**15,306**
- Amount receivable for sales of investments	**-**				
- Investment income due	**661**				**1,104**
- Amounts payable for purchases of investments	**-**				
Net investment assets	**1,573,161**			**125,372**	**1,641,382**

Transaction costs incurred during the year were zero (2014/15: zero). In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within pooled investments.

b) Analysis of investments

31 March 2015 £'000		31 March 2016 £'000
	Investment assets	
	Fixed interest securities	
	UK	
22,989	Public sector quoted	23,995
22,989		**23,995**
	Equities	
	UK	
46,998	Quoted	44,211
	Overseas	
165,082	Quoted	171,573
212,080		**215,784**
	Pooled investments - additional analysis	
	UK	
188,236	Unit Trusts	179,347
6,041	Private Equity	6,505
	Overseas	
662,083	Unit Trusts	589,197
310,361	Private Equity	328,594
71,460	Infrastructure	80,582
1,238,181		**1,184,225**
	Other investment assets	
10,544	Pooled liquidity funds	72,580
210,487	Pooled property investments	189,902
1,802	Derivative contracts	5,959
15,306	Cash deposits	15,942
1,104	Investment income due	1,415
-	Amounts receivable for sales	5,032
	Payment made in advance	3,050
239,243		**293,880**
1,712,493	**Total investment assets**	**1,717,884**
	Investment liabilities	
(71,111)	Derivative contracts	(67,532)
(71,111)	**Total investment liabilities**	**(67,532)**
1,641,382	**Net investment assets**	**1,650,352**

c) Investments analysed by fund manager

Market value 31 March 2015 £'000	%		Market value 31 March 2016	%
1,214,013	74.0%	Royal County of Berkshire Pension Fund in-house investment team	1,238,484	75.0%
210,749	12.8%	Aviva Global Investors	189,901	11.5%
110,470	6.7%	Kames Capital	113,232	6.9%
105,689	6.4%	RWC Partners	105,237	6.4%
461	0.0%	The Cambridge Strategy (Asset Management)	3,498	0.2%
1,641,382			**1,650,352**	

All the above organisations are registered in the United Kingdom.

The following investments represent more than 5% of the net assets of the scheme

Security	Market value 31 March 2015 £'000	% of total fund	Market value 31 March 2016 £'000	% of total fund
IPM RAFI Global GBP Fund	175,219	10.7%	159,325	9.7%
Aviva Global Real Estate	117,019	7.1%	119,011	7.2%

70 Analysis of derivatives

Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the fund and the various investment managers.

- Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the fund's portfolio is in overseas assets. To reduce the volatility associated with fluctuating currency rates, the fund has a passive currency programme in place with an external manager.

- Longevity Insurance Policy

In December 2009 the fund entered into an insurance contract with ReAssure Ltd to cover a closed group of pensioner members. The fund pays ReAssure a pre-determined fixed annual premium and ReAssure reimburses the fund for pensions paid to the insured members. The value of the policy is the difference between the discounted future cash flows relating to the amounts expected to be reimbursed by ReAssure to the fund and the premiums expected to be paid to ReAssure by the fund.

Open forward currency contracts

Settlement	Currency bought	Local value 000	Currency sold	Local value 000	Asset value £000	Liability value £000
One to six months	GBP	397,328	USD	(564,247)	4,847	
One to six months	CHF	28,332	GBP	(20,184)	464	
One to six months	NOK	82,436	GBP	(6,778)	152	
One to six months	AUD	13,793	GBP	(7,210)	145	
One to six months	CAD	13,185	GBP	(6,959)	132	
One to six months	GBP	11,049	USD	(15,712)	120	
One to six months	GBP	5,797	JPY	(919,646)	93	
One to six months	GBP	1,887	CAD	(3,503)	3	
One to six months	GBP	1,968	AUD	(3,685)	3	
One to six months	USD	134	CLP	(91,651)		(2)
One to six months	USD	122	INR	(8,359)		(2)
One to six months	USD	78	TRY	(234)		(2)
One to six months	USD	118	SGD	(164)		(2)
One to six months	USD	112	MXN	(2,016)		(3)
One to six months	USD	89	KRW	(107,685)		(4)
One to six months	USD	129	BRL	(499)		(6)
One to six months	GBP	1,686	NOK	(20,164)		(9)
One to six months	USD	1,507	INR	(101,874)		(11)
One to six months	USD	1,497	CLP	(1,019,762)		(12)
One to six months	USD	1,518	MXN	(26,493)		(12)
One to six months	USD	1,513	SGD	(2,062)		(13)
One to six months	USD	1,504	BRL	(5,512)		(14)
One to six months	USD	1,543	KRW	(1,787,696)		(18)
One to six months	USD	1,551	TRY	(4,553)		(23)
One to six months	JPY	5,244,306	GBP	(32,751)		(225)
One to six months	GBP	99,939	EUR	(128,443)		(2,103)
						3,498
Net forward currency contracts at 31 March 2016						**3,498**
Prior year comparative						
Open forward currency contracts at 31 March 2015						**461**
Net forward currency contracts at 31 March 2015						**461**

71 Financial instruments

a) Classification of 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.

Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost		Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost
	31 March 2015				31 March 2016	
£'000	£'000	£'000		£'000	£'000	£'000
			Financial assets			
22,989			Fixed interest securities	23,995		
212,080			Equities	215,784		
1,238,181			Pooled investments	1,184,225		
10,544			Pooled liquidity funds	72,580		
210,487			Pooled property investments	189,902		
1,802			Derivative contracts	5,959		
	17,111		Cash		17,187	
-	1,104		Other investment balances		9,497	
	7,794		Debtors		6,646	
1,696,083	**26,009**	**-**		**1,692,445**	**33,330**	**-**
			Financial liabilities			
(71,111)			Derivative contracts	(67,532)		
		(1,212)	Creditors			(1,684)
(71,111)	**-**	**(1,212)**		**(67,532)**	**-**	**(1,684)**
1,624,972	**26,009**	**(1,212)**		**1,624,913**	**33,330**	**(1,684)**

b) Net gains and losses on financial instruments

31 March 2015		31 March 2016
£'000		£'000
124,943	Fair value through profit and loss	(13,836)
429	Loans and receivables	569
125,372	**Total**	**(13,267)**

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

c) Valuation of financial instruments carried at fair value

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

Level 1

Financial instruments at Level 1 are those 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 quoted index linked securities.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those 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

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which The Royal County of Berkshire Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuation to 31 March as appropriate.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2016	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	337,803	749,060	605,582	1,692,445
Loans and receivables	33,330			33,330
Total financial assets	**371,133**	**749,060**	**605,582**	**1,725,775**
Financial liabilities				
Financial liabilities at fair value through profit and loss	(2,461)		(65,071)	(67,532)
Financial liabilities at amortised cost	(1,684)			(1,684)
Total financial liabilities	**(4,145)**	**-**	**(65,071)**	**(69,216)**
Net financial assets	**366,988**	**749,060**	**540,511**	**1,656,559**

Values at 31 March 2015	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	264,523	833,211	598,349	1,696,083
Loans and receivables	26,009			26,009
Total financial assets	**290,532**	**833,211**	**598,349**	**1,722,092**
Financial liabilities				
Financial liabilities at fair value through profit and loss	(1,341)		(69,770)	(71,111)
Financial liabilities at amortised cost	(1,212)			(1,212)
Total financial liabilities	**(2,553)**	**-**	**(69,770)**	**(72,323)**
Net financial assets	**287,979**	**833,211**	**528,579**	**1,649,769**

72 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 council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the fund's risk management strategy rests with the pension fund panel. Risk management policies are established to identify and analyse the risks faced by the council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) 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 mix.

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 council 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 a factor 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 contracts 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. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The fund mitigates this price risk through diversification and the selection of securities and other financial instruments is monitored by the council 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 the council has determined that the following movements in market price risk are reasonably possible for the 2016/17 reporting period:

Asset type	Potential market movements (+/-)
Fixed interest securities	15.7%
Equities	9.6%
Private Equity	7.9%
Convertible Bond Funds	7.1%
Emerging Markets	14.0%
Absolute Return Assets	5.9%
Infrastructure	11.0%
Commodities	11.2%
Pooled Property Funds	3.1%

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. 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 increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (with prior year comparator):

Asset type	Value as at 31 March 2016	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	88,522	-	88,522	88,522
Investment portfolio assets:				
Fixed interest securities	23,995	3,770	27,765	20,225
Equities	375,109	36,148	411,257	338,961
Private Equity	335,099	26,400	361,499	308,699
Convertible Bond Funds	61,135	4,352	65,487	56,783
Emerging Markets	213,028	29,887	242,915	183,141
Absolute Return Assets	290,936	17,246	308,182	273,690
Infrastructure	80,582	8,868	89,450	71,714
Commodities	44,120	4,950	49,070	39,170
Pooled Property Funds	189,902	5,887	195,789	184,015
Net derivative liabilities	3,498	-	3,498	3,498
Investment income due	1,415	-	1,415	1,415
Amounts receivable for sales	5,032	-	5,032	5,032
Payment made in advance	3,050	-	3,050	3,050
Total	**1,715,423**		**1,852,931**	**1,577,915**

Asset type	Value as at 31 March 2015	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash and cash equivalents	25,850	-	25,850	25,850
Investment portfolio assets:				
Fixed interest securities	22,989	3,612	26,601	19,377
Equities	387,299	37,323	424,622	349,976
Private Equity	316,402	24,927	341,329	291,475
Convertible Bond Funds	63,331	4,508	67,839	58,823
Emerging Markets	230,176	32,293	262,469	197,883
Absolute Return Assets	317,961	18,848	336,809	299,113
Infrastructure	71,460	7,864	79,324	63,596
Commodities	63,633	7,139	70,772	56,494
Pooled Property Funds	210,486	6,525	217,011	203,961
Net derivative liabilities	(69,309)	-	(69,309)	(69,309)
Investment income due	1,104	-	1,104	1,104
Amounts receivable for sales	-	-	-	-
Payment made in advance	-	-	-	-
Total	**1,641,382**		**1,784,421**	**1,498,343**

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 interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The fund's direct exposure to interest rate movements as at 31 March 2016 and 31 March 2015 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	As at 31 March 2015	As at 31 March 2016
	£'000	£'000
Cash and cash equivalents	25,850	**88,522**
Cash balances (note 75)	1,805	**1,245**
Fixed interest securities	22,989	**23,995**
Total	**50,644**	**113,762**

Interest rate risk sensitivity analysis

The council 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. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

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 ± 100 BPS change in interest rates:

Asset type	Value as at 31 March 2016	Change in year in the net assets available to pay benefits	
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash and cash equivalents	88,522	-	-
Cash balances	1,245	-	-
Fixed interest securities	23,995	(4,831)	4,831
Total change in assets available	**113,762**	**(4,831)**	**4,831**

Asset type	Value as at 31 March 2015	Change in year in the net assets available to pay benefits	
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash and cash equivalents	25,850	-	-
Cash balances	1,805	-	-
Fixed interest securities	22,989	(4,598)	4,598
Total change in assets available	**50,644**	**(4,598)**	**4,598**

Income source	Amount receivable in year ending 31 March 2016	Effect on income values	
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash deposits/cash and cash equivalents	217	898	(898)
Fixed interest securities	84	-	-
Total change in income receivable	**301**	**898**	**(898)**

Income source	Amount receivable in year ending 31 March 2015	Effect on income values	
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash deposits/cash and cash equivalents	212	277	(277)
Fixed interest securities	83	-	-
Total change in income receivable	**295**	**277**	**(277)**

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

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 the functional currency of the fund (£UK). The fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The fund's currency rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk - sensitivity analysis

Following analysis of historical data, the council considers the likely volatility associated with foreign exchange rate movements to be 8.7% (as measured by one standard deviation).

A 8.7% fluctuation in the currency is considered reasonable based on analysis of long-term historical movements in the month-end exchange rates over a rolling 3 year period.

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 8.7% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure - asset type	Asset value as at 31 March 2016	Change to net assets available to pay benefits	
		+8.7%	-8.7%
	£'000	£'000	£'000
Overseas equities	171,573	14,943	(14,943)
Overseas unit trusts	589,197	51,317	(51,317)
Overseas private equity	328,594	28,619	(28,619)
Overseas infrastructure	80,582	7,018	(7,018)
Total change in assets available	**1,169,946**	**101,897**	**(101,897)**

Currency exposure - asset type	Asset value as at 31 March 2015	Change to net assets available to pay benefits	
		+8.7%	-8.7%
	£'000	£'000	£'000
Overseas equities	165,082	14,378	(14,378)
Overseas unit trusts	662,083	57,665	(57,665)
Overseas private equity	310,361	27,031	(27,031)
Overseas infrastructure	71,460	6,224	(6,224)
Total change in assets available	**1,208,986**	**105,298**	**(105,298)**

b) 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.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. The council has also set limits as to the maximum deposit placed with any one class of financial institution. In addition, the council invests an agreed amount of its funds in the money markets to provide diversification.

The council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The fund's cash holding under its treasury management arrangements at 31 March 2016 was £89.8m (31 March 2015: £27.7m). This was held with the following institutions:

	Rating	Balances as at 31 March 2015	Balances as at 31 March 2016
		£'000	£'000
Money Market funds			
Aviva	A+	-	20,000
JP Morgan	AAA	8,199	16,641
Legal & General	AAA	1,278	19,831
Northern Trust	AA-	1,066	16,108
Bank deposit accounts			
JP Morgan	A+	15,306	15,942
Bank current accounts			
Lloyds	A+	1,805	1,245
Total		**27,654**	**89,767**

c) Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The council therefore takes steps to ensure that it has adequate cash resources to meet its commitments.

The council has immediate access to its pension fund cash holdings.

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those which will take longer than three months to convert to cash. As at 31 March 2016 the value of illiquid assets was £605.6m, which represented 36.7% of the total fund assets (31 March 2015: £598.3m, which represented 34.8% of the total fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the fund investment strategy.

Refinancing risk

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

73 Funding arrangements

In line Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended), the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2013. The next valuation will take place as at 31 March 2016 with the results published by 31 March 2017.

The key elements of the funding policy are:

- to ensure the long-term solvency of the fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 27 years from the valuation date and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

At the 2013 actuarial valuation, the Fund was assessed as 75% funded (81% at the March 2010 valuation). This corresponded to a deficit of £527 million (2010 valuation: £311 million) at that time.

At the 2013 actuarial valuation the average required employer contribution to restore the funding position to 100% over the next 27 years was 19.3% of pensionable pay.

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

Financial assumptions

Discount Rate	6.1% per annum
Retail Price Inflation (RPI)	3.5% per annum
Consumer Price Inflation (CPI)	2.7% per annum
Pension and Deferred Pension Increases	2.7% per annum
Short term pay increases	1% per annum for the 3 years to 31 March 2016
Long term pay increases	4.5% per annum

Mortality assumptions

Current mortality	100% of the S1PA tables for males and 90% of the S1PA tables for females
Mortality Projection	2012 CMI Model with a long term rate of improvement of 1.5% per annum

Commutation assumption

It is assumed that members at retirement will commute pension to provide a lump sum of 50% of the maximum allowed under HMRC rules and this will be at a rate of £12 lump sum of £1 of pension.

74 Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the fund’s actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 73). The actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2016 was £3,343 million (31 March 2015: £3,443 million). The net assets available to pay benefits as at 31 March 2016 was £1,657 million (31 March 2015: £1,651 million). The implied fund deficit as at March 2016 was therefore £1,686 million (31 March 2015: £1,792 million).

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2013 triennial funding valuation (see Note 73) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions used

Inflation/pension increase rate assumption	2.4%
Salary increase rate	4.2%
Discount rate	3.7%

75 Current assets

31 March 2015 £'000		31 March 2016 £'000
6,591	- Contributions due	6,640
892	- Sundry debtors	6
311	- Prepayments	-
7,794	Debtors	6,646
1,805	Cash balances	1,245
9,599		**7,891**

Analysis of debtors

31 March 2015 £'000		31 March 2016 £'000
4,819	Other local authorities	3,643
2,975	Other entities and individuals	3,003
7,794		**6,646**

76 Current liabilities

31 March 2015 £'000		31 March 2016 £'000
(1,104)	Sundry creditors	(1,682)
(108)	Benefits payable	(2)
(1,212)		**(1,684)**

Analysis of creditors

31 March 2015 £'000		31 March 2016 £'000
(823)	Central government bodies	(907)
-	Other local authorities	-
(389)	Other entities and individuals	(777)
(1,212)		**(1,684)**

77 Additional voluntary contributions

Market value 31 March 2015 £'000		Market value 31 March 2016 £'000
13,199	Prudential	13,653
25	Equitable Life	4
59	Clerical Medical	58
13,283	**Total**	**13,715**

AVC Contributions of £2.001 million were paid directly to Prudential during the year (2014/15: £2.022 million).

78 Related party transactions

The Royal Borough of Windsor and Maidenhead

The Royal County of Berkshire Pension Fund is administered by The Royal Borough of Windsor and Maidenhead. Consequently there is a strong relationship between the council and the pension fund.

During the reporting period, the council incurred costs of £1.151m (2014/15 £0.946m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the 4th largest employer of members of the pension fund and contributed £11.0m (2014/15 £11.1m).

Governance

No members of the pension fund panel are in receipt of pension benefits from The Royal County of Berkshire Pension Fund.

Each member of the pension fund panel is required to declare their interests at each meeting.

Key management personnel

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 Windsor and Maidenhead.

79 Contractual commitments

Outstanding capital commitments (investments) at 31 March 2016 totalled £139.986m (31 March 2015: £137.789m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts "called" by these funds are irregular in both size and timing.

80 Contingent assets

Several admitted body employers in the Royal County of Berkshire Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These funds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default.

For the purposes of the Statement of Accounts, the following definitions have been adopted:-

Accounting Policies
Define the process whereby transactions and other events are reflected in the financial statements.

Accruals
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses
The change in actuarial deficits or surpluses arising from actual gains/ losses since the last valuation or changes in actuarial assumptions.

Capital Charge
A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing asset.

Community Assets
Assets that the local authority intends to hold in perpetuity, that have no specific life span, and that may have restrictions on their disposal. Examples of such assets include parks and historic buildings.

Classes of Tangible Assets
Operational Assets:
Council Dwellings, Other land and building, Vehicles, plant, furniture and equipment
Infrastructure Assets; Community Assets
Non Operational Assets:
Investment property, Assets under construction and Surplus assets for disposal

Contingent Asset or Liability
A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within our control.

Current Service Costs (Pensions)
The increase in the present value of the pensions scheme's liabilities expected to arise from employee service in the current period.

Defined Benefit Scheme
A pension scheme having a statutory duty to ensure pensionable benefits, due to the employee are maintained through changes in the employer's contributions, as determined through periodic valuation.

Creditors
Amounts owed by an authority at the balance sheet date for goods received or work done.

Debt
This refers to the amount of long term debt borrowed by an authority or for which the authority has responsibility to repay and which was used to finance the acquisition of fixed assets. It is similar to a mortgage on a private person's home.

Debtor
Amounts due to an authority but unpaid at the balance sheet date.

Depreciation
The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time, or of obsolescence through technological or other changes.

Events after the Balance Sheet date
Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible officer.

Fair value
The fair value of an asset is the price at which it could be exchanged in an "arms length" transaction less, where applicable, any income receivable towards the purchase or use of that asset.

Finance Lease
A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Impairment
A reduction in the value of a fixed asset arising from changes in market value, obsolescence or change in business.

Infrastructure Assets
Fixed assets that are inalienable or immovable, expenditure on which is recoverable only by the continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Interest Costs (Pensions)
Expected changes during the period in the present value of the schemes liabilities because the benefits are one year nearer their settlement.

Investments
A long-term investment is an investment that is intended to be held on a continuing use basis in the activities of the authority. Investments, other than those in relation to pensions fund, that do not meet the above criteria are classed as current assets

Investment Properties
Interest in land and / or buildings :
a) in respect of which construction work and development have been completed; and
b) which is held for its investment potential, rather than its use in the provision of the local authority's service to the public, any rental income being negotiated at arms length.

Liquid Resources
Current assets and investments that are readily disposable without disrupting the authority's day to day business.

Minimum Revenue Provision
The minimum amount of an authority's external debt that must be repaid in accordance which Government regulations, by the revenue account in the year of account.

Net Debt
The amount of long-term borrowing less cash and liquid resources such as cash.

Net Book Value
The amount at which fixed assets are included in the balance sheet, i.e. their historic cost or current value less the cumulative amounts provided for depreciation.

Net Current Realisable Costs
The cost of replacing an asset, or its nearest equivalent, that reflects its current condition.

Net Realisable Value
The open market value of an asset in its existing use less expenses incurred in realising the asset

Non-Operational Assets
Fixed assets held by the local authority but not directly occupied, used or consumed in the delivery of its services. Examples of non-operational assets include investment properties and those assets which are surplus to requirements and which are being held pending sale or redevelopment.

Operational Assets
Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs
Changes in the present value of the schemes liabilities related to employee service in prior periods arising from the introduction of, or improvement in, retirement benefits in the current period.

Precepts
The amount that the authority is required to collect from council tax payers to fund another, non tax collecting authority's expenditure. Precepts are issued by Parish Councils and the local police authority.

Prior Period Adjustments
Those material adjustments which apply to previous years, which have arisen from changes in accounting policies or from the correction of fundamental errors. Such errors would destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Prudence
The concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets whose realisation can be assessed with reasonable certainty.

Related Parties
Parties are related when one party has direct or indirect control or influence over the financial and/ or operational activities of the other. Examples include government departments, local authorities, members and chief officers.

Related Party Transaction
A related party transaction is the transfer of asset or liability or performance of service by, to or for a related party.

Remuneration
Sums (including expenses allowances and non-cash benefits subject to UK income tax) paid to or receivable by employees. They exclude employee and employer pensions contributions.

Reserves
Reserves are maintained by transferring money to and from the Income and Expenditure Account. There are generally two types of Reserve:

1.General Reserves which create a cushion against unexpected events or emergencies or to even out the effect of variations in cash flow (i.e. to avoid temporary borrowing)

2. Earmarked Reserves created to meet known or predicted liabilities (e.g. Capital Reserves, Insurance Reserves and schools balances)

Residual Value
The net realisable value of an asset at the end of its useful life

Retirement Benefits
All forms of benefits given by an employer in exchange for services rendered by employees that are payable at the completion of employment. Such benefits exclude an employer's decision to terminate employment before normal retirement and an employee accepting early retirement as these are not given in exchange for services rendered.

Revenue Expenditure funded from Capital under Statute
Expenditure that may be funded from capital resources but which does not result in an asset on the Balance Sheet. Qualifying items would be grants or expenditure on property not owned by the Council. The expenditure is charged to the Income and Expenditure Account and shown as a reconciling item in the Statement of Movement on the General Fund Balance.

SeRCOP
Service Reporting Code of Practice - A CIPFA publication which defines the way in which local authority service expenditure should be reported.

Stocks
These comprise the following :-
a) goods or other assets purchased for resale;
b) consumable stores;
c) raw materials and components purchased for incorporation into products for sale;
d) products and services in intermediate stages of completion;
e) long-term contract balances;
f) finished goods for resale.

Tangible Fixed assets
Tangible assets that yield benefits to the local authority and the services it provides for a period of time in excess of one year.

Total Cost
The total cost of a service or activity includes all costs related to the provision of that service or activity.

Useful Life
The period over which the local authority will derive benefits from the use of a fixed asset.