

Dogfen ir Cyhoedd

PWYLLGOR ARCHWILIO

Dydd Mawrth, 23 Medi 2014 (2.00 o'r gloch)

Gweler ynghlwm yr adroddiadau wedi'u dynodi fel rhai "I DDILYN" ar raglen y Pwyllgor Archwilio ar gyfer dydd Mawrth, 23 Medi, 2014:

3 **Y DATGANIAD CYFRIFON 2013/14 AC ADRODDIAD ISA 260** (Tudalennau 1 - 132)

- Cyflwyno'r Datganiad Cyfrifon am 2013/14. (*Mae'r fersiwn Saesneg o'r Datganiad ei hun ar gael*)
- Cyflwyno adroddiad Archwilio Allanol ynglyn â'r Archwiliad o'r Datganiadau Ariannol (Adroddiad ISA 260).

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CYNGOR SIR YNYS MÔN	
PWYLLGOR:	PWYLLGOR ARCHWILIO
DYDDIAD:	23 MEDI 2014
TEITL YR ADRODDIAD:	CYFRIFON TERFYNOL 2013/14
PWRPAS YR ADRODDIAD:	ADRODDIAD YNGHYLCH CYFLWYNO DATGANIAD CYFRIFON TERFYNOL, GAN WNEUD SYLWADAU AR Y PRIF FATERION SY'N CODI O'R ARCHWILIAD O'R CYFRIFON
ADRODDIAD GAN:	PENNAETH SWYDDOGAETH (ADNODDAU) DROS DRO
GWEITHREDU:	ARGYMELL DERBYN Y DATGANIAD

1. CEFNDIR

1.1 Cyflwynwyd cyfrifon drafft y Cyngor Sir ar gyfer 2013/14 i'w harchwilio ar 22 Gorffennaf 2014. Mae'r gwaith archwilio manwl bellach wedi ei gwblhau i raddau helaeth ac mae'r Adroddiad gan yr Archwiliwr wedi'i gyhoeddi. Mae nifer o newidiadau i'r drafft wedi eu hymgorffori yn y Cyfrifon. Ar yr amod y byddant yn cael eu cadarnhau gan y Cyngor Sir, bydd y cyfrifon yn cael eu llofnodi gan y Pennaeth Swyddogaeth (Adnoddau), Swyddog Adran 151 Dros Dro y Cyngor ac fe'u cyhoeddir ar ôl derbyn barn yr Archwiliwr.

2. ANSAWDD Y BROSES

- 2.1** Rwy'n falch o ddweud mai 2013/14 yw'r drydedd flwyddyn yn olynol y llwyddwyd i gwrdd â dyddiad cau statudol ar gyfer cwblhau'r cyfrifon archwiliedig.
- 2.2** Rwyf hefyd yn falch o gydnabod bod y gwelliannau yn y broses archwilio a nodwyd y llynedd wedi parhau a bod yr holl faterion a gododd yn ystod yr archwiliad wedi cael sylw'n brydlon ac yn foddhaol.

3. NEWIDIADAU I'R CYFRIFON

- 3.1** Mae manylion y prif newidiadau i'r cyfrifon drafft i'w gweld Adroddiad yr Archwiliwr ac felly, ni chânt eu rhestru yma eto. Efallai y bydd angen gwneud mân gywiriadau i destunau ac i sicrhau cysondeb cyn y gellir llofnodi'r cyfrifon.
- 3.2** Mae'r newidiadau sylweddol yr oedd angen eu gwneud i'r datganiadau drafft wedi eu cyfyngu'n bennaf i:
- Newidiadau i werth yr ymrwymiad o ran y Gronfa Bensiwn yn dilyn derbyn adroddiad Actiwaraid diwygiedig gan Hymans Robertson (Actiwari) ar 12 Awst 2014.
 - Newidiadau i'r Fantolen mewn perthynas â symudiadau ym mhriadau asedau sefydlog.
 - Newidiadau i lefelau'r arian wrth gefn a'r darpariaethau i adlewyrchu gofynion diwygiedig yn dilyn archwiliad, yn arbennig felly mewn perthynas â safle tirlenwi Penhesgyn lle gwnaed trosglwyddiad rhwng yr arian wrth gefn a'r ddarpariaeth i gydymffurfio gyda'r cyngor a gafwyd gan Swyddfa Archwilio Cymru o ran costau ôl-ofal y math hwn o gyfleuster.
 - Newidiadau i'r dadansoddiad yn y Datganiad Cynhwysfawr o Incwm a Gwariant i adlewyrchu gwallau cyfadfer mewn incwm a gwariant.

4. NEWIDIADAU HWYR A GWYBODAETH YCHWANEGOL

- 4.1** Mae'r Datganiad Cyfrifon yn dwyn ynghyd nifer o eitemau o wybodaeth sy'n gyfrifoldeb trydydd parti ond sy'n cael effaith ar sefyllfa ariannol y Cyngor. Rydym yn dwyn meysydd pryder i sylw'r Pwyllgor hwn. Eleni, hoffwn ddwyn sylw'r Pwyllgor at sefyllfa Cronfa Bensiwn Gwynedd. Bob blwyddyn, mae'r Cyngor yn cynnwys amcangyfrif o gyfrifoldeb pensiwn y Cyngor yn seiliedig ar ffigyrau a ddarparwyd gan actiwari a benodwyd gan Gronfa Bensiwn Gwynedd.

Mae adolygiad o'r Adroddiad Actiwaraidd mewn perthynas ag IAS 19 (buddion i weithwyr) ar gyfer Cronfa Bensiwn Buddion Diffiniedig Llywodraeth Leol wedi dwyn i sylw anghysonderau rhwng y fethodoleg o weithio allan asedau ac ymrwymiadau net yr Awdurdod rhwng y gronfa gaeedig (cyn ad-drefnu Llywodraeth Leol yn 1996) a'r gronfa gyfredol (ar ôl ad-drefnu).

Canfuwyd bod yr adroddiad actiwaraidd gwreiddiol a ddefnyddiwyd ar gyfer cwblhau'r Datganiad Cyfrifon Drafft yr Awdurdod yn cynnwys anghysonderau o ran y ddwy gronfa. O'r herwydd, cafodd asedau Cronfa Bensiwn yr Awdurdod a'r ymrwymiadau eu haddasu gan £11.6m yn y Cyfrifon Terfynol.

5. Y BROSES GYMERADWYO

- 5.1** Y Cyngor Sir sydd bellach yn gyfrifol am gymeradwyo'r cyfrifon. Y Pwyllgor Archwilio sy'n parhau i fod yn gyfrifol am sgrwtineiddio'r cyfrifon. Rwy'n argymhell felly fod y Pwyllgor Archwilio yn gofyn i'r Cyngor Sir gymeradwyo'r cyfrifon ar 23 Medi 2014.

6. ARGYMHELLIAD

- 6.1** Cynigir bod y Pwyllgor Archwilio yn argymhell i'r Cyngor Sir gadarnhau derbyn Datganiad Cyfrifon 2013/14.
- 6.2** Bod y Pwyllgor Archwilio yn cymeradwyo'r Datganiad Llywodraethu Blynyddol ac yn cyfeirio'r ddogfen at Arweinydd y Cyngor a'r Prif Weithredwr i'w llofnodi.

**RICHARD MICKLEWRIGHT
PENNAETH SWYDDOGAETH (ADNODDAU)
A SWYDDOG ADRAN 151 DROS DRO**

18 MEDI 2014

ISLE OF ANGLESEY COUNTY COUNCIL

STATEMENT OF ACCOUNTS 2013/14

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EXPLANATORY FOREWORD

1. INTRODUCTION

The following pages include the Statement of Accounts for the Isle of Anglesey County Council for the year ended 31 March 2014.

Each year the Council must prepare and publish annually a Statement of Accounts, the purpose of which is to give electors, local taxpayers, Members of the Council, employees and other interested parties clear information about the Council's finances.

The aim is to provide information on: -

- The cost of the services provided in 2013/14.
- Where the money came from.
- What we own and what we owed at the end of the financial year.

The purpose of this foreword is to provide an explanation of the Council's financial position, including the main influences affecting the accounts, and to assist in the interpretation of the accounting statements.

Within the foreword we will set out:

What the various elements of the accounts are and what each section tells you.

- Summary of the Council's financial performance during 2013/14.
- An explanation of the main external factors that have influenced the information contained in the Accounts in 2013/14.
- A summary of the key information from the accounts alongside an explanation of the reasons for any significant year on year changes.

The Statement of Accounts for 2013/14 has been prepared using best accounting practice set down by the Chartered Institute of Public Finance and Accountancy (CIPFA). The foreword provides an understandable guide to the most significant matters reported in the Accounts and an overview of the Council's overall financial position.

The Council's Accounts for 2013/14 consist of the following:-

- **Statement of Responsibilities for the Statement of Accounts** - which sets out the respective responsibilities of the Council and the Council's Acting Head of Function (Resources) who is the designated Section 151 Officer;
- **Annual Governance Statement** – comprises the systems and processes that enable the authority to monitor the achievement of its strategic objectives. This includes the system of internal control used to manage risk. It sets out the main features of this system and its effectiveness (not available at draft stage).
- **Financial Statements** – the Statement of Accounts includes four core financial statements which are: -
- **The Movement in Reserves Statement (MIRS)** – which shows the movement in the year of the different reserves held by the Council analysed between usable and unusable reserves. The surplus (or deficit) on the provision of services line shows the true economic cost of providing the Council services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves shows the position before any discretionary transfers to/from Earmarked Reserves are undertaken.

- **The Comprehensive Income and Expenditure Statement (CIES)** – which shows cost of providing services in the year using accepted accounting practices, rather than the amount to be funded from taxation and general grants in accordance with statutory regulation. Councils 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.
- **The Balance Sheet** – which sets out the financial position of the Council at 31 March 2014 as reflected in the level of balances and reserves at the Council’s disposal and the level of assets and liabilities held by the Council.
- **The Cash Flow Statement** – This summarises the cash inflows and outflows during the year, arising from transactions with third parties for revenue and capital purposes.
- **The Housing Revenue Account** is a record of revenue expenditure and income relating to the Council’s housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. The Housing Revenue account is ring-fenced from the Council’s General fund.
- **Notes to the Financial Statements** – which are intended to explain the key figures shown in the financial statements. The notes include the Statement of Accounting Policies, which supports and explains the basis of the figures in the Accounts and it sets out the significant accounting policies and estimation techniques used to prepare the Accounts.

2. STATUTORY FRAMEWORK

Regulation 7 of the Accounts and Audit (Wales) Regulations 2005 (SI 2005/368 (W.34), as amended) requires Welsh Local Authorities to prepare a Statement of Accounts in accordance with proper practices.

Regulation 25 of the Local Authorities (Capital Finance and Accounting) (Wales). Regulation 2003 (SI 2003/3239 (W.319), as amended) identifies proper practices for the preparation of the Statement of Accounts. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14 issued by CIPFA, supported by International Financial Reporting Standards (IFRS).

3. CHANGES IN ACCOUNTING TREATMENT

There are no material changes to accounting treatment required for 2013/14 and consequently only minor changes to the accounting policies in use at the Council (see note 2b).

4. SUMMARY OF THE YEAR

The Council spends money in two ways; revenue and capital. Revenue spending is on items that are used up within a year and is paid for from Council Tax, government grants, rents and other income. Capital spending generally relates to items of expenditure that will give benefits to the Council for a period of more than one year. The financing of capital expenditure is mainly from capital receipts, capital grants and contributions, or borrowing.

5. REVENUE EXPENDITURE AND INCOME 2013/14

What is Revenue Expenditure and Income?

Before the start of a financial year, the Council prepares its annual revenue budget, which reflects the expenditure and income expected to be needed during the year to provide services. Expenditure relates to running costs such as employee salaries and overheads, repair and maintenance, energy costs, rates and other costs of occupying Council buildings, the cost of running its vehicle fleet and the cost of supplies and services to support the Council's departments. Income relates to receipts from sales of goods and fees and charges from the Council's service users and grants and contributions from the Welsh Government and other external bodies.

The Council produces quarterly reports on the revenue expenditure for the Management Team and Portfolio Holders. On a quarterly basis reports on the financial and performance position are considered by the Executive Committee.

What we planned to spend and what we actually spent

The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement show our financial performance and the net expenditure to be charged against Council Tax. The Council agreed the expenditure budget for 2013-14 in February 2013. This budget has been updated in year to reflect additional funding becoming available and budgets being re-profiled into 2013-14 to result in a final revenue budget of £129m.

This was funded by the Council's Revenue Support Grant from the Welsh Assembly of £78.203m, receipts from the National Non-Domestic Rates Pool of £22.025m and Council Tax receipts of £29.983m.

a) Council Fund Services

The Council's Executive Committee received a provisional out-turn report at its meeting of 10 June 2014, which showed a net underspend of £846k against the Council's approved budget. The revised outturn position shows a net underspend of £1.217m

The underspend has been achieved by

- General restraints on spending by services in response to the forecast financial position of the Council;

However there were a series of significant budget variances across all service areas, details of which are provided in the following paragraphs:-

Lifelong Learning

Central Education

There is a net underspend of £118k. Within the Service there are a number of areas that are overspent whilst others are below budget. The significant sums are summarised as follows:-

- Pupil Transport
Cost of transport for pupils to schools and colleges was overspent by £177k and included all sectors i.e. Primary, Secondary, Special as well as Further Education establishments.
- Combined School Meals
Overspend of £172k and this was partly attributable to a greater take up of free school meals and primary schools meal income has underachieved against the budget target.

- Central Education Administration
This budget was overspent by £126k. This overspend is spread over a number of areas including supplies and services, but has also been partly offset by underspending on energy costs and over achievement of income/contributions.
- Cynnal
Overspent by £135k – this was mainly as a result of unbudgeted costs for service level agreement with Cynnal – the service included IT support, Curriculum support and administration management.
- Other Central
Performance management budget was underspent by £92k and was partly due to underspending on contract costs. The home tuition and sickness budget was also underspent by £96k, mainly due to underspend on staffing. There was also a smaller underspend on Appetite for Life of £24k.

Community Services

Social Care

The Social care overall outturn position shows a net overspend of £180k. The main variances for social care (excluding the provider unit) are as follows:-

- Services for the Elderly
This area is showing an underspend of £230k. This is partly due to vacant posts within the Service of £84k. However, the Service is also seeing a reduction in spend as a result of a strategy to move away from residential care to home care.
- Learning Disability
This area is showing an overspend of £142k. This is mainly as a result of unforeseen demand for adult placement in residential care.
- Physical Disability
These show a service underspend of £90k. This is mainly as a result of the tightened eligibility criteria for adaptations for the home.
- Mental Health
This shows an overspend of £275k and is as a result of issues relating to a combination of budget pressures relating to residential care.
- Children and Young People Service
The Service is showing a net underspend of £216k and includes underspend in Family support of £99k. Likewise, Children with Disability budget is underspent by £73k. However, there are also overspends in other parts of the budget; this includes overspending in legal costs of £32k and out of county placements of £106k.

Non HRA Housing

This Service is showing a net underspend of £248k. Within the Service there has been an additional bad debt provision posted of £53k relating to Private Sector Leasing. The Service also shows a gain of £256k relating to grant reserves monies that have been released from grant reserves. (The figure net of the bad debt and grant reserves adjustments is an under-spend of £45k).

Leisure and Culture

The Culture Services had an overall underspend of £138k, the main variances to this underspend were as follows:-

- Additional running costs at the new archives building has led to an overspend of £25k. Heritage sites were under spent by £15k due to an improved performance at South Stack. Admission fee income was ahead of budget by £21k, but additional running costs of £6k partly offset the increased income performance.
- Museums and galleries were under spent by £5k. Oriol Ynys Môn over spent by £35k due to an under achievement of income, but Beaumaris Gaol and Court generated an under spend of £10k. There was a further under spend of £32k on the museums administration budget.
- The Library Service underspent by £90k mainly due to staff vacancy savings that amount to £60k. There are further underspends on transport and supplies and services that amount to £30k.

The Leisure services showed an overall underspend of £142k, the main variances were as follows:-

- Park and Outdoor facilities services were overspent by £23k.
- Indoor sports and recreation facilities are underspent by £158k. Income generation is significantly ahead of budget, amounting to £120k. There are also underspends on premises related budgets of £33k. The historic trend of over spending on the golf course has continued, amounting to £44k.

Sustainable Development

Highways and Transportation

The Service is showing a net overspend of £191k. The main variances are as follows:-

- Works budget (Traffic, Lighting and Maintenance)
Combined overspend of £198k. This is mainly accounted for by the need to respond to additional emergency works during the winter period.
- Development Control Management
underspend by £82k. This was mainly as a result of not achieving budgeted income.
- Other
School crossing patrol was underspent by £24k. This was mainly due to a significant number of schools crossing posts remaining vacant during the year. Car park income was under budget by £36k.

Waste Management.

The total underspend was £265k. The major items were improvements in the Gas Management at Penhesgyn (£159k), and reduced waste going into landfill producing savings of £60k.

Planning

The total overspend was £211k. The major items were:-

Legal and consultancy costs were £165k over budget due to disputed planning committee decisions. The collaboration with Gwynedd Council for the policy unit was £23k over budget. Energy Island development was £46k over budget due to additional computer expenditure.

Deputy Chief Executive

- ICT -
This service is underspent by £167k. The majority of this related to the staffing budget being underspent as a result of vacancies.
- Legal and Administration -
This Service is underspent by £174k and is as a result of a combination of various service elements within the budget. Committee Services are underspent by £42k. Legal Services are underspent on staffing due to vacant solicitor post.

Housing Revenue Account

The Housing Revenue Account (HRA) identifies costs and income expended and received in respect of the Council's own housing stock. In 2013/14 the account successfully funded all operational expenditure and made capital contributions of £0.488m towards the long-term maintenance and upgrading of the stock whilst the HRA budget for the year was a surplus of £499k with an outturn surplus of £1.19m. The principal reasons were:

- i) the call on revenue contributions by the capital programme was £1.2m less than anticipated.
- ii) Rental receipts were buoyant and performed £500k better than anticipated.
- iii) However, general expenditure was £300k higher than anticipated. This was as a result of additional costs relating to a new computer system implementation.
- iv) Upgrades to lifts, fire alarms and sewage facilities costs were £200k higher than budget
- v) And revenue repairs and maintenance was higher than anticipated.

However, after taking to an adjustment required by statute to be credited to the HRA this resulted in an increase of £1.189m to the HRA balance leaving a balance of £1.671m on the HRA balance. Further information on the HRA can be found in the Supplementary Statements to the Accounts on page 85

Use of revenue reserves and balances

Council Fund

At out-turn the balance on the Council Fund at 31 March 2014 reduced by £233k from £5.910m to £5.677m. In-year movements on the Council Fund can be found in Movement in Reserves Statement on page 14

Earmarked Reserves

At 1 April 2013, the Council held earmarked reserves of £16.627m. The in year movement of £1.779m resulted in an increase to balances, which now stand at £18.406m (see Note 8 – page 44).

Schools Balances

School reserves are limited to the uses approved by the individual schools and the position varies from school to school. Seven schools had a deficit at the end of the financial year (ten at the end of the previous year) and a number of other schools are projecting deficits in future years.

During the year, net spending by schools has reduced, resulting in increased reserves balances (in total) of £0.334m, so that the total value of schools reserves at 31 March 2014 stood at £1.518m (£1.184m at 31 March 2013). Details of the breakdown of the value of the reserves by school type can be found in note 9 to the Accounts on page 45.

CAPITAL EXPENDITURE 2013/14

What is Capital Expenditure?

Capital expenditure relates to the cost of providing or enhancing assets or other spending where the benefits last beyond the financial year in question.

What we planned to spend

The Council approved a capital programme of £28.8m for 2013/14. Whilst there were no major schemes commenced during the year, there were two major projects that were completed; firstly the completion of the improvement works to the Penhesgn improvement works and, secondly the construction of the new Ysgol Y Bont Special Needs School.

What we actually spent

The Executive considered a capital out-turn report at its meeting of 9 June 2014, which showed that the Council actually spent £24.1m on capital projects in 2013/14.

Details of spending against individual project budgets are:-

Project	Budget for 2013/14 £000	Actual spend in 2013/14 £000	Variance in Year £000
Housing			
Council Houses	4,948	3,169	(1,779)
Private grants	2,721	1,573	(1,148)
Affordable Housing	513	120	(393)
Education			
Ysgol y Bont	6,368	6,707	339
21 st Century Schools - Holyhead	587	10	(577)
Flying Start	535	527	(8)
Learning in Digital Wales	590	614	24
Other	802	603	(199)
Regeneration			
Econ Dev. - Strategic Infrastructure	450	235	(215)
Econ Dev. - Coastal environmental project	80	89	9
Econ Dev. - Other	1,077	356	(721)
Property - Smallholding improvements	(1,369)	683	2,052
Property - Other	1,046	593	(453)
Penhesgyn	6	295	289
Planning - Regeneration (3 towns)	2,000	830	(1,170)
Highways - Borrowing Initiative	1,800	1,785	(15)
Highways - Regional Transport Consortia grant	663	621	(42)
Highways - Safe Routes in Communities Grants	422	438	16
Highways - Other Grants	963	585	(378)
Other			
Other Department Schemes	4,610	2,907	(1,703)
Total	28,812	22,740	(6,072)

Total capital spending of £22.74m was £6.07m less than the approved budget for the capital programme. This is lower than the previous year's outturn of £25.4m, reconciled as follows:-

There was a reduction in year on year expenditure as a result of:-

Reduced activity on some ongoing projects/schemes, including:

(a) HRA works (£5.5m less than 2012/13) mainly due to the WHQS (Welsh Housing Quality Standard) programme of works which was completed in the third quarter of 2012/13 and

(b) Others reductions were as follows:

- Minor works to schools –the budget was greater in 12/13 as new boiler was required at one of the schools. (£0.6m).
- Penhesgyn – project was mostly completed in 13/14 (£0.7m).
- Smallholdings – reduced activity as capital receipts are not at the level forecast (this is a ring fenced programme funded from sales of smallholdings) (£0.4m).
- Anglesey Coastal Environmental Projects were drawing to a close in 13/14. (£0.4m)
- (i) Other schemes – slippage on various miscellaneous. minor areas (£0.3m).

- (ii) schemes completed in 2012/13 such as the Welsh Government (WG) funded Streetscape and Environmental Works 2012/13 (£0.4m), the WG funded upgrade works to leisure centres (costing £0.8m in 2012/13) and other schemes (£0.3m).

This was countered to an extent by increased expenditure as a result of:-

- (i) the WG funded Learning in Digital Wales grant (£0.6m).
- (ii) increased activity on ongoing projects and schemes such as: private sector housing grants (£0.7m), the WG funded relocation of Ysgol y Bont (£2.4m), and other projects and schemes (£1.9m).

There were number of small cost overruns during the year, most of which funded from service revenue budgets. The two most significant schemes that exceeded the budget allocation were the relocation of Ysgol y Bont, which amounted to £0.3m, and the Penhesgyn Household Waste Recycling Centre improvement works, which were overspent by £0.3m. The overspend on the relocation of Ysgol y Bont was mainly due to the extended construction period and additional unforeseen items. The Penhesgyn overspend was partly as a result additional costs in the design phase of the project together with additional work commissioned to improve infrastructure assets relating to access roads and car parking; the overspend was funded from service reserves.

Budgeted external resources for the year

Capital Grants

The significant proportion of capital grants were claimed in full.

Capital Receipts

The actual capital receipts on a usable basis amounted to £928k. The budgeted capital receipts were estimated to bring in funds to the value of £1.6m. The shortfall was mainly as a result of HRA anticipated land sales not being achieved, however slippage in the programme compensated for this shortfall.

How the capital programme was paid for

Funding for the Capital Programme is dependent on resources from grants, from anticipated capital receipts, and on a level of borrowing close to the level assumed by the Welsh Assembly when calculating revenue support.

	Council Fund	Housing Revenue Account	Total
	£000	£000	£000
Capital Expenditure	20,936	3,169	24,105
Grants and Contributions	10,567	2,600	13,167
Revenue Contributions	0	488	488
Capital Receipts	847	81	928
Supported Borrowing	992	0	992
Unsupported Borrowing	5,985	0	5,985
Earmarked Reserves	1,180	0	1,180
Total Financing	19,571	3,169	22,740
Resources available at 31 March 2014			
Capital Expenditure Reserve	565	0	565
Leisure Improvement Reserve	196	0	196
Supported Borrowing carried forward	4,050	0	4,050
Total available	4,811	0	4,811

Capital commitments outstanding at the year-end were £2.07m (2012/13: £6.8m). Capital reserves of £0.56m and an unused approved borrowing capacity of £4.1m, have been set aside to partially meet these commitments. It is anticipated that the remaining balance of the current capital commitments and the cost of new projects that are brought forward in future years will be financed from capital grants, receipts from projected asset sales and borrowing.

MAIN INFLUENCES ON THE 2013/14 ACCOUNTS

There are a number of externally driven factors that have had a significant influence on the 2013/14 accounts and the reported financial position of the Council: Impact of the Economy on the Council's borrowing strategy and the impact of the Economy on the pensions deficit.

TREASURY MANAGEMENT STRATEGY

The Council is required to operate a balanced budget, meaning that total revenue due during the financial year must be sufficient to meet expenditure, and also that actual cash inflows must be adequate to cover cash outflows. A key part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed.

BORROWING

In line with the approved Treasury Management Strategy, the Council was in an under borrowed (internally borrowed) position at the year end, a position which commenced in 2011/12. This means that the capital borrowing needed (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as a temporary measure. This approach is prudent as investment returns were low, counterparty risk high and forecast interest rates not expected to rise sharply.

The Council was in an under-borrowed position at the start of the year (£10.3m). During the year one loan of £6.5m matured and the Council's underlying need to borrow increased by £3.8m, resulting in an under-borrowed position at the year-end of £20.6m. As a result of the continued internalisation of borrowing, the year-end borrowing was £89.58m (31 March 2013: £89.59m), with an average interest rate of 5.72% (31 March 2013: 5.53%).

Impact of the economy of the Council's borrowing strategy

The prevailing financial climate has continued to influence the Council's approach to its Treasury Management activities. The Council's strategy has been to use existing cash balances to fund capital expenditure rather than raising new long-term loans. This avoids the need to hold financial assets (cash and investments) that were not generating a significant return. The Council still has sufficient cash balances to operate effectively and could access additional funds at short notice with minimal cost should it be required.

INVESTMENTS (cash held on deposit for more than 3 Months)

The Council operated within its approved Annual Investment Strategy during the year. The investments at the year- end totalled £9.2m (31 March 2013: 13.5m).

BALANCE SHEET POSITION AT 31 MARCH 2014

During 2013/14, the Council's reserves were £152.072m an increase of £1.611m from the previous financial year. This increase was a combination of usable reserves increasing by £2.793m from £24.479m to £27.272m, whilst unusable reserves balance reduced from £125.982m to £124.800m, a decrease of £1.182m. The analysis of the balances of the unusable reserves can be found in note 11 Page 48.

The Balance Sheet also shows an increase in long term assets valuations, which amounts to a net increase of £11.477m. Likewise, there have been reductions in both current asset and current liabilities balances of £6.326m and £6.941m respectively. There also has been a material movement in long term liabilities, which have increased by £10.451m. The majority of which related to the pension reserve (as documented below). The Balance Sheet can be found on page 16.

PENSIONS

- **TEACHERS PENSION SCHEME**

Teachers employed by the Council 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 Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

- **LOCAL GOVERNMENT PENSION SCHEME**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits by participating in the Gwynedd Pension Fund administered by Gwynedd County Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Benefits will not actually be payable until employees retire but the Council has a commitment to make the payments to the Pension Fund that need to be disclosed at the time that the employees earn their future entitlement.

International Accounting Standard (IAS) 19 – Employee Benefits applies to all local authorities and relates to the Gwynedd Local Government Pension Fund administered by Gwynedd County Council.

The current economic climate also has a significant impact on the net Pensions Liability. One of the most significant changes on the Balance Sheet relates to the Council's pensions reserve which has increased from £80.034m to £91.152m, an increase £11.118m. It is important to note that the apparent deterioration in the pension position is based on actuarial valuations and does not represent an immediate call on the Council's reserves. The Council's actual payments to the Pension Fund are reviewed every three years as part of the triennial valuation of the Pension Fund. An investment strategy is then determined which aims to recover this deficit over the period as determined by the Pension Fund's Actuary (Hymans Robertson).

The Movement in Reserves Statement and the Comprehensive Income and Expenditure Statement shows the pensions benefits earned in the year, adjusted as necessary to reflect that part of the pensions costs that are not met from council taxpayers.

PROVISIONS

Total provisions held by the Council amounted to £7.598m at 1 April 2013. During the year the balance decreased by £2.290m to £5.308m, due to a utilisation of a number of corporate costs.

Details of the movements in provisions are shown in note 27 to the Accounts on page 58.

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Isle of Anglesey County Council’s responsibilities

The Isle of Anglesey County Council is required to:-

- * make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Acting Head of Function (Resources) who is the designated Section 151 Officer.
- * manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- * approve the statement of accounts.

The Section 151 Officer’s responsibilities

The Section 151 Officer is responsible for the preparation of the Council’s statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (“The Code”).

In preparing this statement of accounts, the Acting Section 151 Officer has:-

- * selected suitable accounting policies and then applied them consistently.
- * made judgements and estimates that were reasonable and prudent.
- * complied with Local Authority Code of Practice

The Section 151 Officer has also:-

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

Certificate

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Isle of Anglesey County Council at the accounting date and its income and expenditure for the year ended 31 March 2014.

Signed:

**RICHARD MICKLEWRIGHT
(ACTING) HEAD OF FUNCTION (RESOURCES) & SECTION 151 OFFICER**

Dated the 30 September 2014

MOVEMENT IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2014

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

Restated 2012/13	Council Fund	Earmarked Council Fund Reserves (Note 8)	HRA Balance (Supplementary Financial Statements)	Capital Receipts Reserve (Note 10)	Schools Balances (Note 9)	Capital Grants Unapplied (Note 14)	HRA Earmarked Reserve (Note 8)	Total Usable Reserves	Total Unusable Reserves (Note 11)	Total Reserves of the Council
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance 1 April 2012	5,796	12,882	247	0	1,252	0	0	20,177	143,419	163,596
Movement in reserves during the year										
(Deficit) on provision of services	4,788	0	(6,776)	0	0	0	0	(1,988)	0	(1,988)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(11,147)	(12,494)
Total Comprehensive Income and Expenditure	6,135	0	(6,776)	0	0	0	0	(1,988)	(11,147)	(13,135)
Adjustments between accounting basis and funding basis under regulations (note 7)	(2,013)	0	8,027	14	0	262	0	6,290	6,290	0
Net (Decrease) before Transfers to Earmarked Reserves	2,775	0	1,251	14	0	262	0	4,302	(17,437)	(13,135)
Transfers to/(from) Earmarked Reserves (note 8)	(2,661)	2,729	(1,016)	0	(68)	0	1,016	0	0	0
Increase/(Decrease) In Year	114	2,729	235	14	(68)	262	1,016	4,302	(17,437)	(13,135)
Balance 31 March 2013	5,910	15,611	482	14	1,184	262	1,016	24,479	125,982	150,461
Movement in reserves during the year										
Deficit on provision of service	(4,430)	0	(456)	0	0	0	0	(4,886)	0	(4,886)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	6,499	6,499
Total Comprehensive Income and Expenditure	(4,430)	0	(456)	0	0	0	0	(4,886)	6,499	1,613
Adjustments between accounting basis and funding basis under regulations (note 7)	6,267	0	1,688	(14)	0	(262)	0	7,679	(7,679)	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves	1,837	0	1,232	(14)	0	(262)	0	2,793	(1,180)	(1,613)
Transfers to/(from) Earmarked Reserves (note 8)	(2,070)	1,736	(43)	0	334	0	43	0	0	0
Other adjustments	0	0	0	0	0	0	0	0	(2)	(2)
Increase/(Decrease) in Year	(233)	1,736	1,189	(14)	334	(262)	43	2,793	(1,182)	1,613
Balance 31 March 2014	5,677	17,347	1,671	0	1,518	0	1,059	27,272	124,800	152,072

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR YEAR ENDED 31 MARCH 2014**

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

2013/14			2012/13 Restated			
Gross	Gross	Net		Gross	Gross	Net
£000	Income	Expenditure	Note	Expenditure		Expenditure
£000	£000	£000		£000	£000	£000
739	(341)	398	Central Services	5,684	(5,405)	279
8,170	(3,452)	4,718	Cultural and related services	8,344	(3,297)	5,047
71,884	(12,832)	59,052	Children and educational services	67,797	(13,364)	54,433
15,443	(3,970)	11,473	Highways and transport services	15,489	(4,832)	10,657
15,237	(13,484)	1,753	Council housing (HRA)	13,084	(13,116)	(32)
25,862	(23,757)	2,105	Other housing services	21,688	(20,140)	1,548
35,860	(8,421)	27,439	Adult social care	32,934	(13,587)	19,347
10,265	(4,761)	5,504	Planning and development	8,739	(3,446)	5,293
12,836	(2,524)	10,312	Environmental services	12,351	(3,045)	9,306
7,025	(1,487)	5,538	Corporate and democratic core	6,864	(1,451)	5,413
76	0	76	Non distributed costs	243	0	243
203,397	(75,029)	128,368	Deficit on Continuing Operations	193,217	(81,683)	111,534
		10,403	Other operating expenditure			20,809
		8,566	Financing and investment income and expenditure	13		7,957
		(142,451)	Taxation and non-specific grant Income	14		(138,312)
		4,886	Deficit on Provision of Services			1,988
		(12,516)	Surplus on revaluation of non current assets	11c,15 &17		(6,124)
		6,017	Re-measurement of Net Defined Liability	11d & 41		17,271
		(6,499)	Other Comprehensive Income and Expenditure			11,147
		(1,613)	Total Comprehensive Income and Expenditure			13,135

BALANCE SHEET AS AT 31 MARCH 2014

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

	Note	31 March 2014 £000	31 March 2013 £000
Property, plant and equipment	15	315,636	303,537
Heritage assets	17	3,313	3,306
Investment property	18	7,139	7,991
Intangible assets	19	379	213
Long term investments	44	0	0
Long term debtors	24	460	433
Long Term Assets		326,927	315,480
Short term investments	44	0	10,101
Assets held for sale	21	1,011	196
Inventories	23	447	545
Short term debtors	24	24,701	25,798
Cash and cash equivalents	25	6,459	2,304
Current Assets		32,618	38,944
Short term borrowing	44	(1,688)	(8,447)
Short term creditors	26	(19,395)	(18,223)
Short term Provisions	27	(2,613)	(4,184)
Capital Grants receipts in advance	37	(288)	(71)
Current Liabilities		(23,984)	(30,925)
Long term creditors	26	(59)	(0)
Long term Provisions	27	(2,695)	(3,414)
Long term borrowing	44	(89,583)	(89,590)
Other long term liabilities	41	(91,152)	(80,034)
Long Term Liabilities		(183,489)	(173,038)
Net Assets		152,072	150,461
Usable reserves	8-10	27,272	24,479
Unusable reserves	11	124,800	125,982
Total Reserves		152,072	150,461

CASH FLOW STATEMENT – FOR YEAR ENDED 31 MARCH 2014

The Cash Flow Statement shows the changes on cash and cash equivalents of the Council during the financial year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council'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 Council.

	Note	2013/14 £000	Restated 2012/13 £000
Net Deficit on the provision of services		(4,886)	(1,988)
Adjustments to net surplus or deficit on the provision of services for non- cash movements	28	23,261	21,405
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	28	(12,290)	(12,166)
Net cash flows from operating activities		6,085	7,251
Net cash flows from investing activities	29	4,604	(16,105)
Net cash flows from financing activities	30	(6,534)	(6)
Net increase in cash and cash equivalents		4,155	(8,860)
Cash and cash equivalents at the beginning of the financial year	25	2,304	11,164
Cash and cash equivalents at the end of the financial year	25	6,459	2,304

NOTES TO THE ACCOUNTS

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

This section discloses the specific accounting policies adopted by the Council for completion of the accounts.

Policy Reference	Policy Title
1	General Principles
2	Accruals of Income and Expenditure
3	Events After the Balance Sheet Date
4	Jointly Controlled Operations and Jointly Controlled Assets
5	Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
6	Value Added Tax (VAT)
7	Non- Current Assets (Property, Plant and Equipment)
8	Investment Properties
9	Intangible Assets
10	Inventories and Long Term Contracts
11	Cash and Cash Equivalents
12	Financial Instruments
13	Provisions, Contingent Liabilities and Contingent Assets
14	Reserves
15	Revenue Recognition
16	Internal Interest
17	Leases
18	Charges to Revenue for Non- Current Assets-Minimum Revenue Provision (MRP)
19	Grants Receivable
20	Revenue Expenditure Funded from Capital Under Statute (REFCUS)
21	Overheads and Support Services
22	Foreign Currency
23	Charges to Revenue for Non-Current Assets
24	Employee Benefits
25	Equal Pay, Single Status and Job Evaluation Claims
26	Exceptional Items
27	Accounting for NNDR
28	Agency Income and Expenditure

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2005 (as amended 2010), 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 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

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

All principal accounting policies have been applied consistently throughout the year.

2. 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:-

- Income and expenditure is accounted for in the year the activity it relates to takes place, not simply when cash is paid or received, i.e. on an accruals basis. This means income is recorded when it is earned not received and expenditure when it is incurred not when it is paid;
- Revenue from the sale of goods is recognised when the Council 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 Council;
- Revenue from the provision of services is recognised when the Council 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 Council;
- 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 bank deposits and payable on borrowings (including bank overdrafts) is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than necessarily 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 may not be collected.

3. 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 financial year 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 financial year – the Statement of Accounts is adjusted to reflect such events;
- are indicative of conditions that arose after the financial year – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

4. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council 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 Council 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.

5. 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 the transactions, other events and the conditions on the Council's financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) 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.

6. Value Added Tax (VAT)

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

7. Non- Current Assets (Property, Plant and Equipment)

Expenditure on the acquisition, creation or enhancement of non-current assets is capitalised on an accruals basis, provided that it will yield benefits to the Council for more than one financial year. These include intangible assets, property, plant and equipment, heritage assets and investment properties. It would not typically include assets held for sale, as they would normally be expected to be disposed of within twelve months.

The costs of these assets may include initial costs of acquisition and construction and subsequent costs to enhance or replace part of the asset. All other expenditure arising from day to day servicing of assets is recognised in the Comprehensive Income and Expenditure Statement as the costs are incurred.

Recognition

Expenditure on the acquisition, creation or enhancement of Non-Current Assets 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 Council 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 in cases where, in order to bring an asset into use, any relocation of the asset is required.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be their fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). 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 Council.

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

- Infrastructure, community assets, assets under construction and surplus assets – depreciated historical cost;
- Council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- Property, plant and equipment – 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 have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. 'Short Useful life' typically means 7 years or less, although it may be longer for specialist items of plant & equipment.

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. In practice, the Council undertakes valuations of its assets based on a five-year rolling programme. Individual items within distinct classes of asset, e.g. primary schools, smallholdings, etc are valued in a single year, in order to ensure that all assets of any one type are revalued within a short period. In the years between valuations, reference is made to the relevant indices and adjustments made to valuations if there is any indication of material change. Increases in asset values are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, revaluation gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- 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, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Valuations are currently carried out at the start of the financial year. It is therefore necessary to review the valuations at the Balance Sheet date to determine if there have been any material changes during the year to the value of the assets. This is usually due to identifiable indexation increases that affect property values. As with formal valuations increases from indexation are reflected in the Balance Sheet by debiting fixed assets and crediting the Revaluation Reserve. However as these increases do not arise from formal property valuations, then the value of the increase arrived at through indexation is reversed from the Balance Sheet when a formal revaluation of relevant assets takes place.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Examples of events and changes in circumstances that indicate impairment may have incurred include:-

- significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset;
- evidence of obsolescence or physical damage of an asset;
- a commitment by the Council to undertake a significant reorganisation; and
- a significant adverse change in the statutory or other regulatory environment in which the Council operates.

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, 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 that has impacted on the CIES, 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 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 periods of up to 75 years, as estimated by the valuer.
- vehicles, plant, furniture and equipment – straight-line allocation over 5 to 10 years.
- Infrastructure – straight-line allocation over periods of up to 45 years.

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Non-current Assets Held for Sale

These assets are actively marketed for sale and where the Council expects that sale will go through in the next twelve months. They are identified separately as the value in the Balance Sheet will be recovered principally through a sale transaction rather than future continued use; it is reclassified as an Asset Held for Sale. The asset (or disposal group) 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 previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets (or a disposal group) 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.

A 'disposal group' is a group of assets, possibly with some associated liabilities, which the Council intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any resulting loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

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

Disposals of Non-current Assets

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. This cost is subsequently transferred to the Capital Adjustment Account in the Movement in Reserves Statement.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals are set aside to reduce the need to borrow and to match debt charges funded from housing subsidy. 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 Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Council 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 non current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives to preserve the heritage of the Isle of Anglesey. Heritage Assets held by the Council include historical buildings and works of art.

Operational Heritage Assets (i.e. those that, in addition to being held for their heritage characteristics, are also used by the Council for other activities or to provide other services) are valued and accounted for as operational assets, in the same way as other assets of that general type (e.g. operational buildings). For completeness, information in respect of operational Heritage Assets, in addition to being incorporated into disclosures under the relevant operation heading(s) (e.g. Property, Plant and Equipment), is separately identified and disclosed together with those relating to other Heritage Assets.

Heritage Assets are valued on the basis that is most appropriate and relevant in respect of the individual asset or class of assets. Where it is not practicable to obtain a valuation at a cost, which is commensurate with the benefits to users of the financial statements, Heritage Assets are measured at historical cost (less any accumulated depreciation, amortisation and impairment losses). Where Heritage Assets are measured at valuation, then the carrying amount is measured with sufficient frequency to ensure that the valuations remain current, and at intervals of no greater than five years.

Where a Heritage Asset has a finite life, depreciation is provided for on the same bases as for other classes of asset (for detail see under Non-Current Assets - Property, Plant and Equipment).

Depreciation is not provided on Heritage Assets which have indefinite lives.

The carrying amount of a Heritage Asset is reviewed where there is evidence of impairment; for example, where it has suffered physical deterioration or breakage or new doubts arise as to its authenticity. Any impairment is recognised on the same basis as for other classes of asset (for detail see under 'Non-Current Assets Property, Plant and Equipment').

The Council does not currently actively seek further acquisitions of Heritage Assets, but responds to opportunities to enhance its portfolio as they arise. The art collections are housed at Oriel Ynys Môn, with maintenance work being carried out as required. Parts of the collection are on display at any one time, while access to the remainder is available by arrangement. The Heritage Properties are managed and maintained, with due regard for their heritage characteristics, as part of the Council's overall portfolio of land and buildings.

Treatment of school assets

Land and buildings of voluntary aided and foundation school are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council. The Chartered Institute of Public Finance and Accountancy (CIPFA) are currently reviewing the accounting treatment of those schools specifically in relation to whether they should be fully disclosed within the balance sheet of councils'; pending conclusion of this review the council continues with the previous practice of not including them on its balance sheet.

Capital expenditure on community schools is added to the balances for those schools. Capital expenditure on voluntary aided, controlled and foundation schools is treated as "REFCUS" (Revenue Expenditure Funded from Capital under Statute) and written off each year to the comprehensive income and expenditure statement within Education and Children's services.

Individual schools' balances at 31 March 2014 are included in the balance sheet of the Council as any unspent delegated schools budgets remain the property of the Council.

8. Investment Properties

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 balance sheet date. 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 Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are, therefore, reversed out of the Council 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.

9. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council 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 Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council'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 Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are, therefore, carried at cost less accumulated amortisation. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses, and disposal gains and losses are not permitted to have an impact on the Council Fund Balance. The gains and losses are therefore, reversed out of the Council 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.

10. Inventories and Long Term Contracts

Inventories are included in the balance sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the 'First In, First Out' (FIFO) costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Work in progress is included in the balance sheet at cost.

11. 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 highly liquid investments that mature in no more than three months 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 Council's cash management.

12. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are subsequently 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 Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest and the 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 Council Fund Balance to be spread over future years. The Council 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 Council 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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at 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 Council 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 de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. However, the Council has made a limited number of loans to employees and at less than market rates (soft loans). The Council has determined that the value of the individual loans of notional interest foregone is negligible and so has not adjusted the entries to the Income and Expenditure in respect of these soft loans.

Available for Sale Assets

Where applicable and if material, available-for-sale assets are recognised on the Balance Sheet when the Council 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 Council.

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

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – independent appraisal of company valuations.
- Fair Value – a price agreed between both parties.

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 de-recognition 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).

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council 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 Council 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 section line in the Comprehensive Income and Expenditure Statement in the year that the Council 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 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 Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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.

Material contingent liabilities are not recognised in the Balance Sheet but disclosed as a note in the accounts (Note 42).

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council 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 Council.

Material 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. (Note 43).

14. Reserves

The Council maintains a range of reserves, reflecting both the extent to which its overall assets exceed its liabilities and any restrictions either statutory or voluntary, which are placed upon the usage of these balances. The Council has discretion to set aside specific amounts as reserves where they wish to earmark available funds for future policy purposes, to cover contingencies or manage cash flow. These are summarised in the Movement in Reserves Statement.

Reserves are created by appropriating amounts out of the Council 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 Council Fund Balance in the Movement on the Reserve 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, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies and notes.

15. Revenue Recognition

The revenue recognition policy covers the sale of goods (produced by the Council for the purpose of sale or purchased for resale), the rendering of services (excluding services directly related to construction contracts), interest, royalties and dividends, non-exchange transactions (i.e. council tax) and where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria.

Revenue is recognised and measured at the fair value of the consideration receivable. However, if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments received is recognised as interest revenue in the Surplus or Deficit on Provision of Services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions i.e. revenue relating to council tax and general rates, and, therefore, these transactions are measured at their full amount receivable.

16. Internal Interest

The Council invests its cash balances in accordance with its Treasury Management and Investment Policies for periods up to 5 years and the interest is accrued and credited to the Council Fund. Interest is credited to trust funds and other third party funds based on the rate of interest earned by the Council. Some reserves receive interest by way of an appropriation calculated on the same basis.

17. Leases

Where applicable and material, leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. The Council does not hold any leases of this type and therefore the leases that the Council does hold 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. Leases have been reviewed taking into account the materiality level of both annual rentals and capital values and inclusion in the accounts are based on these levels.

The Council as lessee

i. Finance Leases

If applicable and of a material value, items of property, plant and equipment held under finance leases would be 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 Council 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).

If Property, Plant and Equipment is recognised under finance leases they would be 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 council at the end of the lease period).

The Council 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.

ii. Operating Leases

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

The Council as lessor

i. Finance Leases

If the Council 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. If applicable, at the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. The Council's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal) matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

ii. Operating Leases

Where the Council 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.

18. Charges to Revenue for Non - Current Assets - Minimum Revenue Provision (MRP)

The comprehensive income and expenditure statement is charged with the following amounts to record the real cost of holding non-current assets during the year:-

- Depreciation and Amortisation of assets used by the Service.
- Revaluation and impairment losses on assets used by the Service.
- Profit or loss on disposal of assets.

The Council is not required to raise council tax to cover these costs. However it is required to set aside an annual contribution from revenue towards its overall borrowing requirement. These costs are therefore replaced by the Minimum Revenue Provision by way of an adjusting entry in the Movement in Reserves Statements.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets are fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement. The Local Government Act 2003 requires the Council to charge the Council Fund a provision for the redemption of debt. This is then reduced by the amount of depreciation charge already made to the Comprehensive Income and Expenditure Account to leave the net MRP chargeable to the Council Fund.

The Welsh Government issued new regulations in 2008/09 requiring local authorities in Wales to make a prudent provision for MRP, including an option to provide a MRP over the life of an asset. The policy also allows MRP to be deferred until the asset is commissioned.

The Council however, continues to calculate using the capital financing requirement methodology as follows:-

- the Housing Revenue Account (HRA) provision is calculated as being 2% of the opening HRA Capital Financing Requirement (CFR).

- the Council Fund provision is based on 4% of the opening Non-HRA CFR up to 2007/08, in line with Regulations implemented under the Local Government Act 2003. Since 2007/08, MRP is based on the useful life of the asset.

An exception to this policy arises in respect of expenditure, which is subject to a capitalisation direction issued under Section 40(6) of the Local Government and Housing Act 1989. Any such expenditure will be amortised either in accordance with the above policy or over the number of years specified within the direction.

19. Grants Receivable

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

- the Council 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 that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or services potential must be returned to the transferor.

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

20. Revenue Expenditure Funded from Capital under Statute (REFCUS)

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 Council 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 Council 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. This REFCUS expenditure does form part of the Council's Capital Financing Requirement.

21. 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 Chartered Institute of Public Finance Accounting (CIPFA) Service Reporting Code of Practice 2013/14 (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 Council's status as a multi-functional, democratic organisation. However, a charge is made to the Housing Revenue Account;
- 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 the Net Expenditure on Continuing Services.

22. Foreign Currency

The Council has a number of grant aided schemes under the 'Interreg' programme where the lead body is an Irish Institution and grants are denominated in Euros. A Euro Bank account was opened to support these schemes and to limit the exposure to movements in exchange rates. The balance on this bank account at the year-end is converted at the spot exchange rate at 31 March with resulting gains or losses being recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

23. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are, therefore, replaced by the contribution in the Council 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.

Transactions in relation to investment properties are recorded against the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

24. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. 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. To prevent fluctuations from impacting on Council Tax, the year on year change in cost generated by this accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulating Absences Adjustment Account, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The Council does not award long-term employee benefits i.e. those, which are not expected to be paid or settled within 12 months of the Balance Sheet date.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Corporate and Democratic Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council 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 such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are entitled to be members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by the Department for Education;
- The Local Government Pension Scheme administered by Gwynedd Council.

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

Teachers' Pension Scheme

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

The Local Government Pension Scheme

All employees (other than teachers) and councillors, subject to certain qualifying criteria are able to join the Local Government Pension scheme. The Scheme is known as the Gwynedd Pension Fund and is administered by Gwynedd Council in accordance with the Pension Regulations 2008 on behalf of all participating employers. Under International Accounting Standard (IAS 19) the Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Gwynedd Pension Scheme attributable to the Council 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 real discount rate that is based on the indicative rate of return on UK Government bonds adjusted for an addition to the yield that reflects the extra risk involved in using AA Corporate Bond yields – known as the credit spread;

The assets of Gwynedd Pension Fund attributable to the Council 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 six components:-

- a)** 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;
- b)** 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;
- c)** Net interest on the net defined benefit liability i.e. the net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, to the net defined liability at the beginning of the period (taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments);
- ch)** Re-measurement comprising:-
 - The return on plan assets (excluding amounts already included in the net interest on net defined benefit) this is charged to the Pensions reserve as Other Comprehensive Income and Expenditure
 - The actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions reserve as other Comprehensive Income and Expenditure;
- d)** gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services to the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- dd)** contributions paid to the Gwynedd Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense;

Components (a-f) are charged to the Comprehensive Income and Expenditure Statement in year, but to avoid changes in pensions liabilities from having a disproportionate impact on Council Tax, statutory provisions exist that restrict the amount charged against the General Fund to the amount payable to the Council to the Pension Fund (f). The difference between these two values is adjusted for in the Movement in Reserves Statement. In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year not the amount calculated according to the relevant accounting standards.

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 Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Council 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 employee (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.

25. Equal Pay, Single Status and Job Evaluation Claims

The Council is the subject of equal pay, single status and job evaluation claims from current and former employees that it intends to defend. However, the Council has prudently set up both a reserve and a provision to meet the costs arising from these potential liabilities. The Statement of Accounts therefore does not currently reflect the actual value of the claims but rather an estimate of the financial liability which will arise from them.

26. Exceptional Items

Where applicable where 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 Council's financial performance.

27. Accounting for NNDR

As the Council acts as an agent in the collection of NNDR income it does not include the financial position with regard to the ratepayers and only reports the net cash position with Central Government in its Balance Sheet. The Council maintains records of NNDR arrears, impairment allowances, prepayments and overpayments in its underlying accounting records, however for final accounts purposes these balances are consolidated into a single agency account, with the figures netting down to the debtor/creditor to the national pool. The cost of collection allowance received by Anglesey Council is the billing council's income and is included in the Comprehensive Income and Expenditure Statement.

28. Agency Income and Expenditure

Under various statutory powers, a Council may agree with other local authorities, water companies and government departments to do work on their behalf. The body carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution toward administrative costs.

Anglesey has acted as an agent on behalf of:-

- Central Government - Collecting National Non-Domestic Rates (NNDR) and paying the sums collected over to Central Government less the amount retained in respect of the cost of collection allowance.

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

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies, which will be required from 1 April 2014. If these had been adopted for the financial year 2013/14 there would be no material changes as detailed below.

The Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 will introduce a number of new requirements for Councils to comply with updated reporting standards that have been adopted. The relevant changes relate to the following standards all of which will be amended for accounts produced for financial periods starting after 1 April 2014.

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures
- IAS 32 – Financial Instruments: Presentation
- IAS 1 - Annual improvements to IFRS (2009-2011 cycle). The changes will be adopted retrospectively meaning that on adoption 2013/14 information included within these accounts will be restated in the 2014/15 accounts to reflect the new reporting requirements.
- This note sets out what the changes would have been if the new standards had already been in force. The first five standards listed above relate to how group accounts are prepared and the consolidation process for reporting interests in other companies. The 2013/14 accounts are not produced on a group accounts basis as the Council's interest in such bodies are considered immaterial, the adoption of the new standards would not have impacted on this judgment.
- Those accounts will be produced in line with the new accounting standards outlined above. The amendments to IAS 1 clarify the circumstances where it is necessary to include comparative information in the accounts. Comparative information is already included within these statements in line with the revised requirements.

NOTE 2b – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED AND HAVE BEEN ADOPTED

This note sets out the position on the accounts where the new standards are in force. The only material impact relates to the way that pension and termination costs are reflected in the Council's Accounts.

- The IAS 19 requirements have changed the way in which the interest costs on the net pension liability are shown. Previously, the Financing and Investment Income line within the Comprehensive Income and Expenditure Statement was credited with an expected return on assets based on an actuary's assessment of the likely long-term returns the Pension Fund will achieve on its assets held on behalf of the Council. This is based on achieving different returns for different classes of assets (shares, bonds, property etc.). In 2012/13 the return on assets was valued at £9.424m

Following adoption of the new standard this has been replaced by a calculation of interest on assets held based on the presumption that the long-term return on assets will be calculated solely on yields from corporate bonds at the time the Accounts are prepared.

The project return on assets using the new standard for 2013/14 is £8.632m, a reduction of £0.792m over the return on assets contained within the Comprehensive Income and Expenditure Statement for 2012/13. The value of the Financing and Investment Income line would therefore reduce by £0.792m resulting in increases of the same value to the reported deficit on the provision of services and the total deficit on the Comprehensive Income and Expenditure Statement.

However, interest costs on the net pension liability form part of the statutory adjustments to the Accounts and therefore there is no impact to the level of balances held by the Council Fund or to the balance sheet.

- The other change resulting from the introduction of IAS 19 relates to the point at which the Council recognises termination benefits. Under the new standard, recognition takes place when the Council cannot withdraw an offer. This generally matches the current recognition practices at the Council so there will be no material changes arising from the implementation of this standard.

NOTE 3 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Council will continue in operational existence for the foreseeable future.
- The Council has determined that a number of assets which are used for social or economic development purposes are not solely held for income generation or capital appreciation purposes and therefore do not meet the definition of investment properties. As a consequence these assets are shown as Non-Current Assets - Property, Plant and Equipment within the Balance Sheet.
- In accordance with current guidance regarding the treatment of certain types of school, only the value of the land for voluntary controlled schools is included in the Balance Sheet. As the Council does not own these types of school and does not have access to them for valuation purposes, the value of the buildings is excluded from the Balance Sheet. In addition to this, Voluntary Aided and Foundation Schools, neither the value of land nor the buildings are included on the Balance Sheet.
- Capital and grants are reviewed regularly to assess if the terms and conditions attached to the respective grants have been met. If the terms and conditions have been met they will be recognised within the Comprehensive Income and Expenditure Statement in the year. If not, they will be carried within the balance sheet within creditors until such time as either the terms and conditions associated with the grant are met or the grant is repaid to the grant provider should the terms and conditions not be met. This treatment can result in material balances being carried in the balance sheet as deferred income in the year.
- The group boundaries have been reviewed using the criteria outlined in the relevant accounting standards and Code of Practice, the council has not identified any companies or organisations that would require it to complete group accounts.
- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

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

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

The following items in the Council's Balance Sheet at 31 March 2014 may be considered to be most vulnerable for estimating error in the forthcoming financial year:-

Non- Current Assets - Property, Plant and Equipment – Assets are depreciated over useful lives in accordance with standard accounting practices. Any difference between the depreciation applied and actual deterioration to assets will naturally reflect in future spending patterns. Information relating to Property, Plant and Equipment is contained in Note 15 on page 53.

The accounting policy for the depreciation of Property, Plant and Equipment (page 21) identifies that:-

'Where an item of Property, Plant and Equipment (Non-Current Asset) has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.'

Applying this in practice requires two judgements to be made, to establish:-

- the proportion of the cost of an asset which is considered to represent a significant part of the asset, and
- the cost threshold, below which the separate calculation of depreciation on part of an asset would not have a significant effect on the amount of depreciation as a whole.

The Council has set these figures at 20% of the total cost of the asset and £2m respectively. As is stated above in respect of depreciation in general, physical deterioration of the individual parts of an asset may, over time, lead to spending patterns which have not been fully reflected in the levels of depreciation previously provided for.

Council Housing - The Council's Housing stock is valued under a standard methodology, part of which requires the application of an adjustment factor to allow for the difference between rents and yields on private sector and social housing. There is currently no published adjustment factor for Wales, and so the Council has selected the most comparable of the English regions and applied the published factor for that, which was 31%. Should a specific factor be published, either for Wales as a whole, or on a regional basis, then this will be applied. Each 1% of any resulting change would increase or decrease the reported value of the stock by approximately £3.4m.

Provisions –The Council has made provision for a series of uncertainties, which could result in significant costs in later years. These principally relate to equal pay, after-care costs for the Penhesgyn landfill site, prospective termination benefits for staff leaving the Council and possible liabilities arising from insurance liabilities. Full details are contained in Note 27. A change in the anticipated value of settlements for legal claims by 10% would increase or decrease the expected value of the liability by approximately £0.4m.

Pensions Liability – The Pension Liability position as contained within the accounts is based on a number of complex assessments and judgments relating to discount rates, projected salary increases, changes in retirement ages, mortality rates and expected returns on pension assets. A firm of consulting actuaries is engaged by the administering Council to provide expert advice on the assumptions to be applied. Further details are contained in Note 41.

Doubtful Debts Impairment/Allowance – As at the 31 of March 2014 the council had a short-term debtor balance of £29.3m. A review of arrears balance suggested that impairment for doubtful debts of £5.6m was appropriate. Any differences between the impairment level applied and the actual arrears position will naturally reflect in future spending patterns. Doubtful Debts impairments are contained within the figures for Short Term Debtors contained in Note 24 on page 59.

4 b PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments have been made to the Council's 2012/13 published financial statements in relation to the following:

Reclassification and Adjustments

Within the accounts there are a number of items that have been reclassified in 2012/13 comparator data. Where this occurs an appropriate narrative has been documented within the notes to the accounts. The notes are as follows

i) Reclassification between Inventory and Heritage Assets (Note 23, Note 17 and Balance Sheet)

Stock to the value of £64k which was previously classified as stock has been identified as Heritage Assets in 2013/14. For previous year's comparable data has been amended to reflect this adjustment within the narrative note.

ii) Review of short and long term provisions (Note 27 and Balance Sheet)

The analysis between short and long term provision has been adjusted to reflect the likely call on the provisions and this year's analysis has been amended to reflect this adjustment.

iii) IAS 19 Change to Accounting Standard (Note 41, CIES, MIRS and Balance Sheet)

There have been several significant changes in relation to the international accounting standard IAS 19 Employee Benefits. This has resulted in changes to accounting treatment for financial years starting on or after 1 January 2013. There is no impact on the net asset value on the Balance Sheet however; the main changes are as follows:

Expected Return on Assets

This is in relation to the return on Pension Scheme assets such as those held by the Gwynedd Pension Fund. Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using expected return on assets assumptions).

Asset Disclosures

IAS 19 requires a much more detailed breakdown of the pension fund assets. The values of the assets, broken down into different classes that distinguish between the nature and risk now need to be disclosed. A further breakdown is also needed showing those assets which have a quoted market price and those which do not. The disclosure included in the Council's 2012/13 published financial statements only showed the main categories of equities, bonds, property and cash as required. As a result of the change some of these categories are split further.

Disclosure Presentation

In order to be consistent with the new requirements of IAS 19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012/13.

The impact of the above changes are shown in the tables below, where disclosures have been restated in line with the adjustments, the 2012/13 column is headed as "Restated"

Adjustment to the Comprehensive Income and Expenditure account 2012/13	Net Expenditure £000	IAS 19 Pension Restatement £000	Restated £000
Deficit on Continuing Operations	111,534		111,534
Other operating expenditure	20,809		20,809
Financing and investment income and expenditure	6,610	1,347	7,957
Taxation and non-specific grant Income	(138,312)		(138,312)
Deficit on Provision of Services	641	1,347	1,988
(Surplus) on revaluation of non current assets	(6,124)		(6,124)
Actuarial Losses on pension assets / liabilities	18,618	(1,347)	17,271
Other Comprehensive Income and Expenditure	12,494	(1,317)	12,494
Total Comprehensive Income and Expenditure	13,135	0	13,135

Adjustment to Movement in Reserves Statement	Council Fund Balance £000	Earmarked Council Fund Reserves (Note 8) £000	HRA Balance (Supplementary Financial Statements) £000	Capital Receipts Reserve (Note 10) £000	School Balances (Note 9) £000	Capital Grants Unapplied (Note 14) £000	HRA Earmarked Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves of the Council £000
Balance 1 April 2012										
Movement in reserves during the year										
(Deficit) on provision of services	(1,347)	0	0	0	0	0	0	(1,347)	0	(1,347)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	1,347	1,347
Total Comprehensive Income and Expenditure	(1,347)	0	0	0	0	0	0	(1,347)	1,347	0
Adjustments between accounting basis and funding basis under regulations (note 7)	1,347	0	0	0	0	0	0	1,347	(1,347)	0

Adjustment to Movement in Reserves Statement	Council Fund Balance £000	Earmarked Council Fund Reserves (Note 8) £000	HRA Balance (Supplementary Financial Statements) £000	Capital Receipts Reserve (Note 10) £000	School Balances (Note 9) £000	Capital Grants Unapplied (Note 14) £000	HRA Earmarked Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves of the Council £000
Balance 1 April 2012	5,796	12,882	247	0	1,252	0	0	20,177	143,419	163,596
Movement in reserves during the year										
(Deficit) on provision of services	4,788		(6,776)	0	0	0	0	(1,988)	0	(1,988)
Other Comprehensive Income and Expenditure	0		0	0	0	0	0	0	(11,147)	(11,147)
Total Comprehensive Income and Expenditure	4,788	0	(6,776)	0	0	0	0	(1,988)	(11,147)	(13,135)
Adjustments between accounting basis and funding basis under regulations (note 7)	(2,013)	0	8,027	14	0	262	0	6,290	(6,290)	0
Net (Decrease) before Transfers to Earmarked Reserves	2,775	0	1,251	14	0	262	0	4,302	(17,437)	(13,136)
Transfers to/(from) Earmarked Reserves (note 8)	(2,661)	2,729	(1,106)	0	68	0	1,016	0	0	0
Increase/(Decrease) in year	114	2,729		14	68	262	1,016	4,302	(17,437)	(13,135)
Balance 31 March 2013	5,910	15,611	482	14	1,184	262	1,016	24,479	125,982	150,461

Restated Cashflow	2012/13 £,000	adjustment £000	2012/13 £000
Net Surplus/(Deficit) on the provision of services	(641)	(1,347)	(1,988)
Adjustments to net surplus or deficit on the provision of services for non- cash movements	20,058	1,347	21,405
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(12,166)	0	(12,166)
Net cash flows from operating activities	7,251		7,251
Net cash flows from investing activities	(16,105)	0	(16,105)
Net cash flows from financing activities	(6)	0	(6)
Net increase in cash and cash equivalents	(8,860)	0	(8,860)
Cash and cash equivalents at the beginning of the financial year	11,164	0	11,164
Cash and cash equivalents at the end of the financial year	2,304	0	2,304

NOTE 5 – MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material items of income or expenditure that have not been disclosed elsewhere in the accounts.

NOTE 6 – EVENTS AFTER BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Council's Section 151 Officer on 26 September 2014.

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 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTE 7 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2013/14	Council Fund Balance	Usable Reserves			Movement in Unusable Reserves
		Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
Charges for depreciation impairment and amortisation of non current assets	10,294	5,664	0	0	(15,958)
Revaluation losses on Property, Plant and Equipment	1,377	0	0	0	(1,377)
Movements in the market value of Investment Properties	6	0	0	0	(6)
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(8,373)	(2,600)	0	(262)	11,235
Unapplied capital grants used in financing					0
Revenue expenditure funded from capital under statute	2,385	0	0	0	(2,385)
Carrying amount of non current assets sold	400	331	0	0	(731)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
Minimum Revenue Provision For Capital Funding	(3,402)	(1,017)	0	0	4,419
Capital expenditure charged against the Council Fund and HRA balances	(479)	(489)	0	0	968
<u>Adjustments involving the Capital Receipts Reserve:</u>					
Proceeds From Sale of Non Current Assets	(787)	(222)	1,009	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(928)	0	928
Other Capital Receipts	(46)	0	46	0	0
Capital Receipts Reserve set aside to repay debt	0	0	(141)	0	141
<u>Adjustments involving the Financial Instruments Adjustment Account:</u>					
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	104	14	0	0	(118)
<u>Adjustments involving the Pensions Reserve:</u>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	13,556	195	0	0	(13,751)
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,455)	(195)	0	0	8,650
<u>Adjustment involving Unequal Pay Back Adjustment Account</u>					
Amounts charged to CIES that are difference from cost of settlements chargeable in year in accordance with statutory requirements	(497)	0	0	0	497
<u>Adjustment involving the Accumulating Compensated Absences Adjustment Account</u>					
Adjustments in relation to Short-term compensated absences	184	7	0	0	(191)
Total Adjustments	6,267	1,688	(14)	(262)	(7,679)

2012/13 Restated	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and amortisation of non current assets	(7,626)	(5,324)	0	0	12,950
Revaluation losses / (gains) on Property, Plant and Equipment	(1,031)	0	0	0	1,031
Movements in the market value of Investment Properties	(91)	0	0	0	91
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	8,780	2,600	0	(262)	(11,118)
Revenue expenditure funded from capital under statute	(2,197)	0	0	0	2,197
Carrying amount of non current assets sold	(2,972)	(8,184)	0	0	11,156
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Minimum Revenue Provision For Capital Funding	3,523	782	0	0	(4,305)
Capital expenditure charged against the Council Fund and HRA balances	1,209	2,000	0	0	(3,209)
Adjustments involving the Capital Receipts Reserve:					
Proceeds From Sale of Non Current Assets	929	119	(1,048)	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	959	0	(959)
Other Capital Receipts	14	0	(14)	0	0
Capital Receipts Reserve set aside to repay debt	0	0	89	0	(89)
Adjustments involving the Financial Instruments Adjustment Account:					
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(104)	(31)	0	0	135
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	(7,419)	0	0	0	7,419
Employer's pensions contributions and direct payments to pensioners payable in the year	8,402	0	0	0	(8,402)
Adjustment involving the Accumulating Compensated Absences Adjustment Account					
Adjustments in relation to Short-term compensated absences	596	11	0	0	(607)
Total Adjustments	2,013	(8,027)	(14)	(262)	6,290

NOTE 8 – EARMARKED RESERVES

	Balance as at 01 April 2012	Transfers In 2012/13	Transfers Out 2012/13	Balance as at 31 March 2013	Transfers In 2013/14	Transfers Out 2013/14	Balance as at 31 March 2014
	£000	£000	£000	£000	£000	£000	£000
Capital Expenditure	1,000	1,209	(1,209)	1,000	904	(1,339)	565
Penhesgyn Waste Landfill Site Reserve	886	0	(886)	0	2,000	0	2,000
Service Reserves	1,507	1,540	(1,156)	1,891	0	(268)	1,623
Restricted Services	1,781	4,037	(754)	5,064	1,996	(754)	6,306
Equal Pay, Single Status and Job Evaluation	1,966	701	0	2,667	0	(311)	2,356
Recycling	1,473	302	(986)	789	108	(667)	230
Performance Management Reserve	1,054	412	(26)	1,440	0	0	1,440
Major Repairs Reserve (HRA)	0	860	0	860	0	0	860
Insurance Fund	2,529	0	(178)	2,351	184	0	2,535
Other	686	0	(121)	565	11	(85)	491
Total	12,882	9,061	(5,316)	16,627	5,203	(3,424)	18,406

Purpose of Earmarked Revenue Reserves

Capital Expenditure - to fund capital expenditure in future years. This has been created to ensure committed capital expenditure, including expenditure, which has slipped from previous years, is fully financed.

Penhesgyn Waste Landfill Site Reserve – this reserve has been set up to fund remodelling work relating to groundwork relating to the landfill site.

Service Reserves - under the Council’s Financial Procedure Rules over and under-spending is carried forward as earmarked reserves to the level set by the Executive.

Restricted Service Reserves - earmarked budgets within service areas, which remain unspent at year-end.

Equal Pay, Single Status and Job Evaluation - As a result of the 'Single Status' agreement, the Council, in common with most other local authorities, is required to introduce a new pay and grading system with effect from 1 April 2007. The extent to which this may involve an obligation to back pay is uncertain. Negotiations are proceeding on a revised pay and grading structure. A sum has been set aside in the Job Evaluation reserve towards the overall cost of the exercise, including the administrative costs, the cost of new pay scales, any pay protection and any back pay. Although the individual elements cannot be estimated with certainty, the Council is of the view that the sums set aside are adequate.

Recycling - landfill cost savings created by diverting waste to recycling. The reserve will be utilised towards recycling initiatives.

Performance Management Reserve - amounts earmarked towards performance improvement measures from the Outcome Agreement Grant.

Major Repairs Reserve – amounts set aside from HRA balances to fund capital spending on council housing.

Insurance Fund - The Council runs an internal insurance account, which pays for self-insured losses, and which receives ‘premiums’ from service accounts. The known losses at year-end are provided for. This reserve is the surplus on the internal insurance account plus interest on balances and is intended to cover claims, which have been incurred but have not been reported.

Other - This balance comprises the aggregation of the balances of 7 individual reserves, which individually hold balances of less than £0.5m, which are not considered to be material amounts.

NOTE 9 – SCHOOLS BALANCES

These balances are reserved for each school’s use in pursuance of its educational objectives.

	Balance 01 April 2012	Addition / (Reduction) for 2012/13	Balance 31 March 2013	Addition / (Reduction) for 2013/14	Balance 31 March 2014
	£000	£000	£000	£000	£000
Community and Voluntary Primary Schools	666	180	846	189	1,035
Community Secondary Schools	384	(224)	160	149	309
Community Special School	90	(62)	28	(23)	5
Foundation Primary School	112	38	150	19	169
	1,252	(68)	1,184	334	1,518

At 31 March 2014 all schools had balances in surplus apart from 5 primary schools (8 as at 31 March 2013) and 2 secondary schools (2 as at 31 March 2013), which had a combined deficit of £0.864m (£0.994m as at 31 March 2013). Copies of the Section 52 Statements which each Council is required to prepare after the end of each financial year under Section 52(2) of the School Standards and Framework Act 1998, can be obtained from the Finance Department.

NOTE 10 – CAPITAL RECEIPTS RESERVE

These are cash receipts from the sale of Council assets, which have not yet been used to finance capital expenditure. From April 2004, all receipts are usable, although some of the HRA receipts are set-aside on a voluntary basis to repay debt, in order to match the subsidy on the HRA. The amounts set aside were transferred to the Capital Adjustment Account.

	2013/14 £000	2012/13 £000
Balance 1 April	14	0
Capital Receipts in year (net of reduction for administration costs)	1,055	1,062
	1,069	1,062
Less:		
Receipts set aside to repay debt	(141)	(89)
Capital Receipts used for financing	(928)	(959)
Balance 31 March	0	14

NOTE 11 – UNUSABLE RESERVES

	31 March 2014 £000	31 March 2013 £000
a) Capital Adjustment Account	170,542	172,400
b) Financial Instruments Adjustment Account	22	140
c) Revaluation Reserve	48,083	36,477
d) Pensions Reserve	(91,152)	(80,034)
e) Unequal Pay Reserve	(1,438)	(1,935)
f) Accumulating Compensated Absences Adjustment Account	(1,257)	(1,066)
Total Unusable Reserves	124,800	125,982

a) 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 costs such as depreciation, impairment losses and amortisations that are charged to the Comprehensive Income and Expenditure Statement and postings from the Revaluation Reserve to convert fair value figures to historic cost.

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 on page 43 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2013/14		2012/13	
	£000	£000	£000	£000
Balance at 1 April		172,400		179,315
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and amortisation of non-current assets	(15,958)		(12,950)	
Revaluation losses on Property, Plant and Equipment	(1,377)		(1,031)	
Revenue expenditure funded from capital under statute	(2,385)		(2,197)	
Amounts of non-current assets written off on disposal or sale (including Impairment) as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(731)		(11,156)	
		(20,451)		(27,334)
Adjusting amounts written out of the Revaluation Reserve		910		830
Net written out amount of the cost of non-current assets consumed in the year		(19,541)		(26,504)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	928		959	
Application of grants to capital financing from the Capital Grants unapplied account	0		0	
Capital Receipts Reserve set aside to repay debt	141		89	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	11,235		11,118	
Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	4,419		4,305	
Capital expenditure charged against the Council Fund and HRA balances	966		3,209	
		17,689		19,680
Movements in the market value of Investment Properties charged to the Comprehensive Income and Expenditure Statement		(6)		(91)
Balance at 31 March		170,542		172,400

b) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Council Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2014 will be charged to the Council Fund over the next 5 years.

	2013/14	2012/13
	£000	£000
Balance at 1 April	140	275
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(118)	(135)
Balance at 31 March	22	140

c) Revaluation Reserve

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

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.

	2013/14 £000	2012/13 £000
Balance at 1 April	36,477	31,184
Revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	12,516	6,123
Difference between fair value depreciation and historical cost depreciation	(813)	(830)
Revaluation balances on assets scrapped or disposed of	(97)	0
Balance at 31 March	48,083	36,477

d) 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 Council 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 Council makes employer's contributions to pension funds, or eventually pay 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 Council 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.

	2013/14 £000	2012/13 restated £000
Balance at 1 April	(80,034)	(63,746)
Re-measurement of net defined liability	(6,017)	(17,271)
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(13,751)	(7,419)
Employers pension contribution and direct payment to pensioners payable in the year	8,650	8,402
Balance at 31 March	(91,152)	(80,034)

e) Unequal Pay Reserve

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Council provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants.

	2013/14 £000	2012/13 £000
Balance at 1 April	(1,935)	(1,935)
Increase in provision for back pay in relation to Equal Pay cases	(1,438)	0
Cash settlements paid in the year	1,935	0
Balance at 31 March	(1,438)	(1,935)

f) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the Council 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 Council Fund Balance is neutralised by transfers to or from the Account.

	2013/14 £000	2012/13 £000
Settlement or cancellation of accrual made at the end of the preceding year	1,066	1,673
Amounts accrued at the end of the current year	(1,257)	(1,066)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(191)	607

NOTE 12 – OTHER OPERATING EXPENDITURE

	2013/14 £000	2012/13 £000
Police Council and Community Council Precepts (See below)	7,564	7,323
(Surplus) / Losses on the disposal of non-current assets (Including De-recognition)	(366)	10,109
Levies	3,218	3,391
Other	(13)	(14)
Total	10,403	20,809

Precepts

	2013/14 £000	2012/13 £000
Precept paid to North Wales Police	6,618	6,406
Precept paid to Community Councils	946	917
Total	7,564	7,323

NOTE 13 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2013/14 £000	restated 2012/13 £000
Interest payable and similar charges	5,274	5,316
Net interest on the defined liability	3,678	3,016
Interest receivable and similar income	(201)	(284)
Income and expenditure in relation to investment properties and changes in their fair value	(185)	(91)
Total	8,566	7,957

Income, Expenditure and changes in Fair Value of Investment Properties

	2013/14 £000	2012/13 £000
Income/Expenditure from Investment Properties:		
Income including rental income	(798)	(698)
Expenditure	606	516
Net income from investment properties	(192)	(182)
Deficit on sale of Investment Properties:		
Proceeds from sale	(50)	(350)
Carrying amount of investment properties sold	51	350
(Surplus)/Deficit on sale of Investment Properties:	1	0
Changes in Fair Value of Investment Properties	6	91
Total	(185)	(91)

NOTE 14 - TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income

	2013/14 £000	2012/13 £000
Council Tax Income	29,983	33,872
Non Domestic Rates Redistribution	22,025	18,787
Central Government Grants	79,470	74,273
Capital Grants Applied to fund Capital Expenditure	10,973	11,118
Capital Grant Unapplied Houses into Homes	0	262
Total Taxation and Non-Specific Grant Income	142,451	138,312

Central Government Grants

	2013/14 £000	2012/13 £000
Revenue Support Grant	73,036	73,544
Council Tax Support Grant	5,166	
Other	1,268	729
Total	79,470	74,273

NOTE 15 – NON CURRENT ASSETS -PROPERTY, PLANT AND EQUIPMENT- (PPE)

Current Year

	Property, Plant and Equipment								Total £000
	Council Dwellings	Land and Buildings	Infrast- ructure Assets	Vehicles, Plant and Equipment	Community Assets	PPE Under Constr- uction	Surplus Assets		
	£000	£000	£000	£000	£000	£000	£000	£000	
Cost or Valuation									
At 1 April 2013	98,494	161,375	62,113	7,834	9	4,562	2,359	336,746	
Additions (Note 20)	2,969	2,779	3,621	1,437	0	6,717	0	17,523	
Revaluation inc. / (decr.) to (Rev. Reserve)	0	11,765	44	0	0	0	0	11,809	
Revaluation inc / (decrease) to Surplus / Deficit on the Prov. of Services	0	(1,921)	0	0	0	0	0	(1,921)	
Derecognition - Disposals	(230)	(206)	0	(16)	0	0	(117)	(569)	
Reclassifications & Transfers	0	12,063	0	0	0	(11,269)	0	794	
Reclassified to Held for Sale Assets	0	(128)	0	0	0	0	(979)	(1,107)	
Balance as at 31 March 2014	101,233	185,727	65,778	9,255	9	10	1,263	363,275	
Depreciation and Impairment									
At 1 April 2013	8,937	9,129	10,748	4,271	0	0	124	33,209	
Adjustment between cost/ depreciation	0	0	(2)	(2)	0	0	()	(4)	
Depreciation Charge	2,565	5,011	2,290	719	0	0	59	10,644	
Depreciation written out to Revaluation Reserve.	0	(683)	(24)	0	0	0	0	(707)	
Depreciation written out to Surplus or Deficit on the Provision of Services.	0	(544)	0	0	0	0	0	(544)	
Impairment losses/referrals to Surplus or Deficit on the Provision of Services	2,969	2,253	0	0	0	0	0	5,222	
Derecognition – Disposals	(30)	(24)	0	(16)	0	0	(30)	(100)	
Reclassifications to held for Sale Assets	0	(15)	0	0	0	0	(66)	(81)	
Balance as at 31 March 2014	14,441	15,127	13,012	4,972	0	0	87	47,639	
Net Book Value									
Balance as at 31 March 2014	86,792	170,600	52,766	4,283	9	10	1,176	315,636	
Balance as at 31 March 2013	89,557	152,246	51,365	3,563	9	4,562	2,235	303,537	

2012/13

	Council Dwellings	Land and Infrastructure Buildings	Property, Plant and Equipment Vehicles, Plant and Equipment	Community Assets	PPE Under Construction	Surplus Assets	TOTAL PPE	
	£000	£000	£000	£000	£000	£000	£000	
Cost or Valuation								
At 1 April 2012	98,557	157,994	54,186	7,067	9	2,660	2,030	322,503
Additions (Note 20)	8,751	3,661	4,969	775	0	4,860	0	23,016
Revaluation increase / (decrease) to Revaluation Reserve	0	4,033	0	0	0	0	127	4,160
Revaluation increase / (decrease) to Surplus or Deficit on the Provision of Services	0	(1,224)	0	0	0	0	0	(1,224)
Derecognition - Disposals	(63)	(92)	0	(8)	0	0	0	(163)
Derecognition - Other	(8,751)	(2,779)	0	0	0	0	0	(11,530)
Reclassifications & Transfers	0	(218)	2,958	0	0	(2,958)	218	0
Reclassified to Held for Sale	0	0	0	0	0	0	(16)	(16)
Balance as at 31 March 2013	98,494	161,375	62,113	7,834	9	4,562	2,359	336,746
Depreciation and Impairment								
At 1 April 2012	4,373	6,435	8,582	3,578	0	0	91	23,059
Depreciation Charge	2,660	4,751	2,166	701	0	0	60	10,338
Depreciation written out to Revaluation Reserve	0	(1,608)	0	0	0	0	(26)	(1,634)
Depreciation written out to Surplus or Deficit on the Provision of Services	0	(200)	0	0	0	0	(1)	(201)
	2,534	0	0	0	0	0	0	2,534
Derecognition - Disposals	(6)	(11)	0	(8)	0	0	0	(25)
Derecognition - Other	(624)	(238)	0	0	0	0	0	(862)
Reclassifications and Transfers	0	0	0	0	0	0	0	0
Balance as at 31 March 2013	8,937	9,129	10,748	4,271	0	0	124	33,209
Net Book Value								
Balance as at 31 March 2013	89,557	152,246	51,365	3,563	9	4,562	2,235	303,537
Balance as at 31 March 2012	94,184	151,559	45,604	3,489	9	2,660	1,939	299,444

Details of depreciation and revaluation methodologies are shown in the Accounting Policies Number 7.

The status for accounting purposes of the assets of voluntary controlled & voluntary aided schools is currently under review. Pending the outcome of this, the following position has been adopted:

- Voluntary Controlled Schools: the land has been included on the Balance Sheet but not the buildings;
- Voluntary Aided Schools: neither the land nor the buildings are included in the Balance Sheet;
- Additionally, neither the land nor the buildings of Caergeiliog Foundation School are included on the balance sheet, as these assets vest with the trustees of the school.

Revaluations

The Council has £315.636m recognised as Property, Plant and Equipment on its Balance Sheet as at 31 March 2014. The Council has now adopted a 5-year rolling programme for the valuation of its land and property. The programme is constructed in such a way as to ensure that entire classes of assets within its land and property portfolio (e.g. primary schools, small holdings, car parks) are revalued in a single year. The valuations are undertaken by the Council's in-house valuation team who are members of the Royal Institute of Chartered Surveyors (RICS). Non-property assets have not been revalued as the Council has judged that the carrying value of these assets is approximate to fair value, given their relatively short useful economic lives and the relative value of these assets.

All land and property assets of the Council were however valued as at 31 March 2011, prior to the implementation of the on-going 5-year rolling programme.

NOTE 16 - SIGNIFICANT CAPITAL COMMITMENTS

At 31 March 2014, the Council had two significant construction contracts in progress giving rise to a significant capital commitment for financial year 2014/15 as follows (2013/14: £6.8m):

Contract	Commitment £000
Anglesey Business Centre	1,005
Planned Maintenance Contract	1,066
Total	2,071

NOTE 17 – HERITAGE ASSETS

2013/14

	Art Collections: Oriel Ynys Môn £000	Heritage Land & Buildings £000	Total Heritage Assets £000
Cost or Valuation			
At 1 April 2013	1,776	1,644	3,420
Additions	64	0	64
At 31 March 2014	1,840	1,644	3,484
Accumulated Depreciation and Impairment			
At 1 April 2013	0	114	114
Depreciation Charge	0	57	57
At 31 March 2014	0	171	171
Net Book Value			
At 31 March 2014	1,840	1,473	3,313
At 31 March 2013	1,776	1,530	3,306

2012/13

	Art Collections: Oriel Ynys Môn £000	Heritage Land & Buildings £000	Total Heritage Assets £000
Cost or Valuation			
At 1 April 2012	1,454	1,644	3,098
Revaluation taken to the Revaluation Reserve	330	0	330
Revaluation taken to the Surplus/Deficit on the Provision of Service	(8)	0	(8)
At 31 March 2013	1,776	1,644	3,420
Accumulated Depreciation and Impairment			
At 1 April 2012	0	58	58
Depreciation Charge	0	56	56
At 31 March 2013	0	114	114
Net Book Value			
At 31 March 2013	1,776	1,530	3,306
At 31 March 2012	1,454	1,586	3,040

Revaluation of Heritage Assets

A number of Land & Buildings assets have been identified as meeting the definition of Heritage Assets. At 31 March 2014, there were four such assets (unchanged from 31 March 2013):

Beaumaris Gaol
Beaumaris Courthouse
Mill, Melin Llynnon
Pilot Cottages, Ynys Llanddwyn

Revaluation of these assets follows the Council's standard revaluation procedures for land and property. The last revaluation for these properties was carried out as at 1 April 2011.

A valuation for the Art Collections was obtained during the previous year and the resulting value was reflected in the 2012/13 Accounts. The last valuation is based on a representative sample of the collections. The valuation was carried out by Bonhams of London, a firm of international art auctioneers and valuers. There are no material changes in the Art Collection portfolio in the year.

Five-Year Summary of Transactions

There have been no transactions in respect of heritage assets during the current or previous four accounting periods that require disclosure other than amounts disclosed in the tables that precede this note.

NOTE 18 – INVESTMENT PROPERTIES

Income/Expenditure from Investment Properties:	2013/14 £000	2012/13 £000
Rental income from investment property	(798)	(698)
Direct operating expenses arising from investment property	606	516
'Net Gain included in Financing and Investment Income in the Comprehensive Income and Expenditure Statement'	(192)	(182)

	2013/14 £000	2012/13 £000
Balance at start of the year	7,991	8,379
Additions:		
- Subsequent expenditure	0	53
Disposals	(51)	(350)
Net losses from fair value adjustments	(6)	(91)
Transfers:		
-(to)/from Property, Plant and Equipment	(795)	0
Balance at end of the year	7,139	7,991

There are no investment properties held under an Operating or Finance Lease. There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or carry out repairs, maintenance or enhancement to existing investment properties.

NOTE 19 – INTANGIBLE ASSETS

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £34k charged to revenue in 2013/14 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

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 Council. The useful lives assigned to the major software suites used by the Council are five years.

The Movement in Intangible Assets for the Year is as Follows:-

	2013/14 £000	2012/13 £000
Balance at start of year:		
Gross carrying amounts	868	708
Accumulated amortisation	(655)	(634)
Net carrying amount at start of year	213	74
Additions	200	160
Amortisation for the financial year	(34)	(21)
Net carrying amount at end of year	379	213
Comprising:		
Gross carrying amounts	1,068	868
Accumulated amortisation	(689)	(655)
Net carrying amount at end of year	379	213

NOTE 20 - CAPITAL EXPENDITURE AND 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically that has yet to be financed.

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

	2013/14 £000	2012/13 £000
Opening Capital Financing Requirement	106,408	100,660
Capital Invested in Year		
Property, Plant and Equipment	17,523	23,016
Investment Properties	0	53
Intangible Assets	200	160
Other	0	2
Revenue Expenditure Funded from Capital Under Statute	5,017	2,197
Total	22,740	25,428
Source of Finance		
Capital Receipts and Reserves	(928)	(959)
Government Grants and Contributions	(11,235)	(11,118)
Revenue Provisions	(1,668)	(3,209)
REFCUS Grants	(1,932)	
Minimum Revenue Provision and Set Aside	(4,560)	(4,394)
Total	(20,323)	(19,680)
Net Increase/(Decrease) in Capital Financing Requirement	2,417	5,748
Closing Capital Financing Requirement	108,825	106,408
Explanation of movement in year		
Increase in underlying need to borrow supported by Government assistance	992	2,937
Increase in underlying need to borrow unsupported by Government assistance	5,985	7,205
Minimum Revenue Provision and Voluntary Set Aside	(4,560)	(4,394)
Net Increase in Capital Financing Requirement	2,417	5,748

NOTE 21 – ASSETS HELD FOR SALE

	Current		Non-Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Balance outstanding at start of year	196	180	0	0
Assets newly classified as held for sale:				
Transferred from Property, Plant & Equipment during the year	1,026	16	0	0
Cost of Assets Sold	(211)	0	0	0
Balance outstanding at year-end	1,011	196	0	0

NOTE 22 – LEASES

Operating Leases

The Council has leased 32 properties at 31 March 2014 for its homelessness function (71 properties at 31 March 2013) and the lease rentals for the year totalled £0.261m (£0.382m 2012/13). These properties have break clauses at twelve months. This was due to a deliberate policy to return empty leased properties to their owners rather than pay rental on an empty property during the year.

The Council also holds certain items of plant and equipment under operating leases or rental agreements within schools and other council departments. The charge to revenue for these items is £0.189m in 2013/14 (£0.25m 2012/13).

NOTE 23 – INVENTORIES

In undertaking its work the Council holds reserves of inventories together with amounts of uncompleted work (work in progress). The figure shown in the Balance Sheet may be subdivided as follows:-

	31 March 2014	31 March 2013
	£000	£000
Work In Progress	84	108
Central Stores – Building supplies	133	129
Gofal Môn - Social Services supplies	87	125
Other – Stationery and other consumables, fuel and goods held for resale	143	183
Total	447	545

Note: The inventory balance in 2013/14 has been reduced by £64k to reflect the movement from Inventory to Heritage Assets. For comparability purposes the total stock inventory would have shown a balance of £481k as at March 2013.

NOTE 24 - DEBTORS

	Long Term Debtors	Long Term Debtors	Short Term Debtors	Short Term Debtors
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Government Departments	0	0	9,868	10,070
NNDR and Council Tax	0	0	4,539	4,942
Other Local Authorities	0	0	2,150	980
Rents	0	0	535	400
Public Corporations and Trading Funds	0	0	22	22
Employee car loans	269	242	178	184
Health Service /Public bodies	0	0	1,553	1,541
VAT	0	0	1,382	1,945
Prepayments	0	0	575	743
Trade debtors	97	97	1,311	450
Other	94	94	2,588	4,521
Total	460	433	24,701	25,798

The above debtors' figures are net of bad debt provisions totalling £5.602m (£4.403m 2012/13), which can be analysed as follows:

	31 March 2014	31 March 2013	Movement in Year
	£000	£000	£000
Council Tax	1,328	1,128	200
NNDR	708	622	86
Rents	428	458	(30)
Trade Debtors	3,138	2,195	943
Total	5,602	4,403	1,199

NOTE 25 - CASH AND CASH EQUIVALENTS

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

	31 March 2014	31 March 2013
	£000	£000
Cash and Bank balances	11,498	5,834
Bank Overdraft	(5,039)	(3,530)
Total	6,459	2,304

Note, bank overdrafts are shown separately from cash and cash equivalents where they are not an integral part of a Council's cash management.

NOTE 26 – CREDITORS

Short Term Creditors

	31 March 2014	31 March 2013
	£000	£000
Government Departments	4,174	4,542
Other Authorities	256	1,263
Public corporations and trading funds	148	589
Bodies External to Central Government	124	150
Trust Balances	877	1,074
HRA	0	0
Remuneration due to employees	0	327
Accumulated Absences	1,257	1,066
Receipts in advance	1,398	592
Trade creditors	638	6,163
Other	10,523	2,457
Total Short Term Creditors	19,395	18,223

Long Term Creditors

	31 March 2014	31 March 2013
	£000	£000
Other creditors falling due after more than one year	59	0
Total Long Term Creditors	59	0

NOTE 27 - PROVISIONS

2013/14

	Balance at 1 April 2013 £000	Increase in Provisions during year £000	Utilised during year £000	Balance at 31 March 2014 £000
Insurance Claims Provision	456	374	229	601
Penhesgyn Waste Site	2,669	0	0	2,669
Termination Benefits	247	0	102	145
MMI Scheme of Arrangement	40	0	40	0
Other	4,186	1,438	3,731	1,893
	7,598	1,812	4,102	5,308
Current Provisions	4,184	1,812	3,383*	2,613
Long Term Provisions	3,414	0	(719)*	2,695
	7,598	1,812	4,102	5,308

Reclassification Note: There has been an in-year reclassification between current provision and long term provision as documented in the table above.

2012/13

	Balance at 1 April 2012 £000	Increase in Provisions during year £000	Utilised during year £000	Balance at 31 March 2013 £000
Insurance Claims Provision	253	539	336	456
Penhesgyn Waste Site	1,894	775	0	2,669
Termination Benefits	326	116	195	247
Other	0	40	0	40
	3,965	221	0	4,186
	6,438	1,691	531	7,598
Current Provisions	4,296	83	195	4,184
Long Term Provisions	2,142	1,608	336	3,414
	6,438	1,691	531	7,598

Purpose of Main Provisions

Insurance Claims Provision

The Council's external insurance policies have excesses deductible amounts which mean that the first part of any loss or claim under these policies is self insured and protected by means of a stop-loss. The Council's general and education properties are not externally insured against the following perils: escape of water from any tank or pipe, flood, impact, theft, accidental damage, subsidence, ground heave, landslip. With the exception of theft and accidental damage, losses resulting from these perils are normally funded from the insurance reserve. The balance on the insurance provision is the expected liability for the self-insured element of known claims, which had not been settled at year-end.

Penhesgyn Waste Site

The provision has been provided for the aftercare of the areas of the site formerly used for landfill. There is no defined timescale for this work to be completed.

Termination Benefits

The provision is to meet known future liabilities arising from staff reductions following the restructure of Council departments. Benefits are currently being paid either in the year in which the termination is agreed or by payments in instalments to Gwynedd Pension Fund. All benefits are expected to be paid in full over the next four years.

Municipal Mutual Insurance (MMI)

The Council has now utilised last year's provision balance during the year.

Other - This provision has been provided for a number of legal claims made against the Council, which are currently on going.

NOTE 28 – ANALYSIS OF ADJUSTMENTS TO DEFICIT ON THE PROVISION OF SERVICES

	2013/14 £000	restated 2012/13 £000
Adjustment to surplus or deficit on the Provision of Services for non cash movements		
Depreciation	15,923	12,928
Depreciation written out to the surplus or deficit on the provision of services, impairment and downward revaluations (and non-sale derecognitions)	1,377	1,031
Amortisation	35	21
Decrease in Inventories	98	130
(Increase) in Debtors	(102)	(3,839)
Increase in impairments for Bad Debts	1,199	421
Increase / (Decrease) in Creditors	1,183	(710)
Transactions within the CIES relating to retirement benefits	5,101	(984)
Carrying amount of non-current assets sold	731	11,156
Contributions to Provisions	(2,290)	1,160
Movement in value of investment properties- Impairment and downward revaluations (and non-sale derecognitions)	6	91
	23,261	21,405
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of Property, Plant and Equipment, investment property assets held for sale	(1,055)	(1,048)
Capital grants included in "Taxation and non-specific grant income"	(11,235)	(11,118)
Total	(12,290)	(12,166)

NOTE 29 – CASH FLOW FROM INVESTING ACTIVITIES

	2013/14 £000	2012/13 £000
Purchase of property, plant and equipment, heritage assets, investment property and intangible assets	(17,787)	(23,229)
Short Term Investments (not considered to be cash equivalents)	10,101	(5,042)
Proceeds from the sale of property, plant and equipment, investment property and assets held for sale	1,055	1,048
Capital Grants and Contributions Received	11,235	11,118
Net Cash flows from Investing Activities	4,604	(16,105)

NOTE 30 – CASH FLOW FROM FINANCING ACTIVITIES

	2013/14 £000	2012/13 £000
Cash Receipts from Short and Long Term Borrowing	(27)	0
Repayment of Short and Long Term Borrowing	0	(6)
Other payments	(6,507)	
Net Cash flows from Financing Activities	(6,534)	(6)

Cash flow for operating activities include the following amounts relating to Interest

	2013/14 £000	2012/13 £000
Interest Received	(215)	(267)
Interest Paid	5,533	5,316

NOTE 31 – AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on some support services is budgeted for centrally and not charged to Departments.

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

Amounts Reported For Resource Allocation Decisions

2013/14 – Directorate Analysis

	Education & Lifelong Learning	Community Services	Sustainable Development	Deputy Chief Executive	Corporate and Democratic Core	Housing Revenue Account	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, Charges and Other Service Income	(10,698)	(13,224)	(9,828)	(1,846)	0	(22,602)	(58,198)
Government Grants	(9,140)	(6,080)	(6,930)	(19,883)	0	0	(42,033)
Total Income	(19,838)	(19,304)	(16,758)	(21,729)	0	(22,602)	(100,231)
Employee expenses	46,208	19,625	11,437	6,622	0	2,398	86,290
Other Service Expenditure	21,241	33,554	25,476	19,740	7,942	12,017	119,970
Support Service Expenditure	1,137	1,456	815	1	0	1,197	4,606
Total Expenditure	68,586	54,635	37,728	26,363	7,942	15,612	210,866
Net Expenditure	48,748	35,331	20,970	4,634	7,942	(6,990)	110,635

2012/13 – Directorate Analysis

	Education & Lifelong Learning	Community Services	Sustainable Development	Deputy Chief Executive	Corporate and Democratic Core	Housing Revenue Account	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, Charges and Other Service Income	(12,014)	(16,204)	(10,169)	(1,023)	(1,581)	(17,696)	(58,687)
Government Grants	(10,618)	(6,271)	(6,616)	(24,515)	0	(410)	(48,430)
Total Income	(22,632)	(22,475)	(16,785)	(25,538)	(1,581)	(18,106)	(107,117)
Employee expenses	46,032	13,200	11,174	6,597	940	1,336	79,279
Other Service Expenditure	14,728	40,238	25,166	26,879	5,337	12,845	125,193
Support Service Expenditure	2,469	44	879	0	0	1,373	4,765
Total Expenditure	63,229	53,482	37,219	33,476	6,277	15,554	209,237
Net Expenditure	40,597	31,007	20,434	7,938	4,696	(2,552)	102,120

Reconciliation of the Directorate Analysis to the amounts in the Comprehensive Income and Expenditure Statement

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

	2013/14 £000	2012/13 £000
Net expenditure in the Directorate analysis	110,635	102,120
Net expenditure of services and support services not included in the analysis	23,119	19,141
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	0	1,813
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(5386)	(11,540)
Net Expenditure in the Comprehensive Income and Expenditure Statement	128,368	111,534

Reconciliation of the Directorate Analysis to the Deficit on the provision of services within the Comprehensive Income and Expenditure Account

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

2013/14

	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Allocation of recharged	Amounts not included in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(58,198)	(9,802)	0	(33,240)	0	15,156	1,932	(60,130)
Surplus or deficit on associates and joint ventures	0	0	0		0		0	0
Interest and investment income	0	0	0		0		0	0
Income from council tax	0	0	0		0		(30,213)	(30,213)
Government grants and contributions	(42,033)	9,802	0		0	52,096	(112,468)	(154,501)
Total Income	(100,231)	0	0	(33,240)	0	67,252	(144,612)	(244,843)
Employee expenses	86,290	1,605	0		0	87,895	0	87,895
Other service expenses	119,970	447	0	(28,634)	(5,386)	91,783	336	115,367
Support Service recharges	4,606	0	0	(4,606)	0	00	3,515	8,121
Depreciation, amortisation and impairment and other capital charges	0	15,942	0		0	15,942	(185)	15,757
Interest Payments	0		0		0	0	5,274	5,274
Precepts & Levies	0	0	0		0	0	10,782	0
Payment to Housing Capital Receipts Pool	0	0	0		0	0	0	0
Gain or Loss on Disposal of Fixed Assets	0	0	0		0	0	(366)	0
Total expenditure	210,866	17,994	0	(33,240)	(5,386)	223,474	26,255	214,790
Surplus or deficit on the provision of services	110,635	17,994	0		(5,386)	128,368	(123,482)	4,886

2012/13

	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(58,687)	0	(698)	0	(57,989)	(698)	(58,687)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	(358)	(358)
Income from council tax	0	0	0	0	0	(33,872)	(33,872)
Government grants and contributions	(48,430)	0	(98)	0	(48,332)	(104,440)	(152,772)
Total Income	(107,117)	0	(796)	0	(106,321)	(139,368)	(245,689)
Employee expenses	79,279	(397)	(2,100)	(1,669)	75,113	1,669	76,782
Other service expenses	125,193	6,883	92	(9,721)	122,447	515	122,962
Support Service recharges	4,765	(108)	0	0	4,657	0	4,657
Depreciation, amortisation and impairment and other capital charges	0	12,763	3,006	(150)	15,619	90	15,709
Interest Payments	0	0	19	0	19	5,392	5,411
Precepts & Levies	0	0	0	0	0	10,713	10,713
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0	0
Total expenditure	0	0	0	0	0	10,096	10,096
	209,237	19,141	1,017	(11,540)	217,855	28,475	246,330
Surplus or deficit on the provision of services	102,120	19,141	1,813	(11,540)	111,534	(110,893)	641

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NOTE 32 – SIGNIFICANT TRADING OPERATIONS

Trading operations are those, which the Council carries out, in a competitive environment. Last year the Council operated one trading operation, which was Môn Care Services.

However, due to reorganisation of the operational function, there is no longer a formal Client / Contractor arrangement. Care packages are fixed irrespective whether this is in-house or a third party provider. The provider of the care package is predominately based on the client preference and as a result, Mon Care is not operating on a competitive environment. Mon Care's budget has been re-cast to remove any internal recharge / profit element and as a consequence is no longer regarded as a Trading Operation.

NOTE 33 - MEMBERS' ALLOWANCES

A total of £0.681m (£0.668m in 2012/13) was paid in respect of allowances to Council Members during the year as follows:

	2013/14 £000	2012/13 £000
Basic and Special responsibility allowances	557	560
Chairman and Deputy Chairman's Allowance	8	12
Pension Costs	62	45
National Insurance Costs	39	34
Travel Costs	12	16
Miscellaneous	3	1
Total	681	668

NOTE 34 – OFFICERS' REMUNERATION

The following table provides details of remuneration paid to senior employees who are employed on a permanent basis and whose annual salaries and other benefits exceed £0.06m per annum. Senior employees whose remuneration exceeds £0.150m per annum are also named individually to comply with statutory requirements.

2013/14

	Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for loss of Office £000	Pension Contribution £000	Total £000
Chief Executive (Richard Parry Jones) *	153	2	0	32	187
Deputy Chief Executive	114	0	0	26	140
Director (Lifelong Learning)	99	2	0	22	123
Director (Sustainable Development)	99	1	0	22	122
Head of Function (Resources)	80	1	0	18	99
Director (Community)	99	0	0	22	121
Head Of Function – Legal & Administration	72	1	0	16	89
Head of Human Resources	61	0	0	14	75
Head of Service (Housing)	60	1	0	14	75
Total	837	8	0	186	1,031

* Note: Within the Chief Executive's salaries fees and allowances payment includes Returning Officer payment of £12,000.

Comparative figures for 2012/13 are shown in the following table

	Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for loss of Office £000	Pension Contribution £000	Total £000
Chief Executive (Richard Parry Jones)	141	2	0	31	174
Deputy Chief Executive – Appointed 02/07/2013	85	0	0	19	104
Director (Lifelong Learning) – Appointed 02/07/2013	74	1	0	16	91
Director (Sustainable Development)	98	2	0	22	122
Head of Function (Resources) – Appointed 07/01/2013	19	0	0	4	23
Director (Community) – Appointed 28/08/2013	59	0	0	13	72
Head Of Function – Legal & Administration	72	0	0	16	88
Total	548	5	0	121	674

Senior Employees' Remuneration

The number of employees, whose remuneration paid in 2013/14, excluding pension contributions but including severance pay:

	Including Severance Pay 2013/14 Number of Employees	Including Severance Pay 2012/13 Number of Employees	Excluding Severance Pay 2013/14 Number of Employees	Excluding Severance Pay 2012/13 Number of Employees
£60,000 to £65,000	5	1	5	1
£65,001 to £70,000	2	0	2	0
£70,001 to £75,000	1	0	1	0
£75,001 to £80,000	1	0	1	0
£80,001 to £85,000	1	1	1	0
£85,001 to £90,000	0	1	0	0
£90,001 to £95,000	0	0	0	0
£95,001 to £100,000	2	0	2	0
£100,001 to £105,000	1	0	1	0
£105,001 to £110,000	0	0	0	0
£110,001 to £115,000	1	0	1	0
£140,001 to £145,000	1	0	1	0
Total	16	3	15	1

NOTE 35 - TERMINATION PAYMENTS

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

Exit package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14 £000	2012/13 £000
£0 - £20,000	17	14	2	2	19	16	143	67
£20,001 - £40,000	0	5	1	4	1	9	23	258
£40,001 - £60,000	0	1	0	3	0	4	0	182
£60,001 - £80,000	0	1	0	1	0	2	0	134
£80,001 - £100,000	0	0	1	0	1	0	90	0
£200,000 - £250,000	0	1	0	0	0	1	0	244
Total	17	22	4	10	21	32	256	885

This amount is included in the total cost of £1.429m charged to the Comprehensive Income and expenditure account for 2013/14. The difference is the cost of a further 66 employees leaving during 2014 /15.

NOTE 36 – EXTERNAL AUDIT FEES

The Council has incurred the following costs relating to external audit and inspection:

	2013/14 £000	2012/13 £000
Fees payable to Wales Audit Office with regard to external audit services carried out by the appointed auditor for the year	193	155
Fees payable to the Wales Audit Office in respect of statutory inspections	169	170
Fees payable to PricewaterhouseCoopers LLP for the certification of grant claims and returns for the year	145	143
Fees payable to Wales Audit Office in respect of other services	0	4
Fees payable to PricewaterhouseCoopers LLP for other work as appointed auditor	8	0
Total	515	472

NOTE 37 – GRANTS INCOME

The Council Credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14:

	Note	2013/14 £000	2012/13 £000
Credited to Taxation and Non Specific Grant Income			
Council Tax Reduction Support Grant	14	5,166	n/a
Revenue Support Grant (Non-ring-fenced Government Grants)	14	73,036	73,544
Capital Grants and Contributions (Capital Grants and Contributions)	14	8,373	8,518
Grant - Major Repairs Allowance (Capital Grants and Contributions)	14	2,600	2,600
Other (Non-ringfenced Government Grants)	14	1,268	729
		90,443	85,391
Credited to Services			
Grants:			
Council Tax Benefit Granted		0	5,218
Post 16 Grant (Education)		3,205	3,383
Foundation Phase Grants (Education)		2,385	2,255
Concessionary Fares Grant		734	664
Housing Benefit Subsidy		18,794	18,459
Supporting People Grant (SPG & SPRG)		3,052	2,859
Sustainable Waste Management		1,722	1,715
		29,892	34,553
Other Grants:			
Central Services		121	0
Cultural and Related Services		467	612
Children and Education Services		3,614	4,305
Highways and Transport Services		1,190	2,451
Other Housing Services		455	801
Adult Social Care Grants		1,217	1,353
Planning and Development		3,868	2,400
Environmental Services		412	132
Corporate and Democratic Core		798	819
Trading Operations		0	117
		12,142	12,990
Contributions:			
		9,802	9,285
Total		142,279	142,219

Capital Grants Received in Advance

	2013/14 £000	2012/13 £000
Opening balance	71	144
Add: new capital grants received in advance (condition of use not met)	11,285	9,953
Capital Grants Repaid	0	(75)
Less: amounts released to the Comprehensive Income and Expenditure Account (conditions met)	(11,068)	(9,951)
Closing Balance	288	71

NOTE 38 – RELATED PARTIES

The Council appoints members to certain public, charitable and voluntary bodies. During 2013/14, a total of £4.407m was paid in grants for the purchase of services from these bodies (£4.861m 2012/13). The Council has assessed the materiality of individual transactions arising through related parties and the following disclosures are concerned with transactions between the Council and the related party that have a value in excess of £0.02m:

The Council is a member of the Welsh Local Government Association, to which subscriptions of £69,000 was paid in 2013/14 (£0.069m 2012/13).

Members have declared interests in contracts, or in organisations, which may have dealings with the Council, in the Statutory Register of Members' Interests. A total of £0.240m was paid by the Council in 2013/14 in relation to these interests (£0.783m 2012/13).

- Councillor F M Hughes – Husband a director of Huws Gray builders' merchant, and the value of payments made to the company in 2013/14 was £0.166m.
- Councillor G Winston Roberts O.B.E. – payments of £0.047m to Parys Training, which is owned by Councillor Winston Roberts.

This declaration relates to Councillors who were acting in their capacity as elected Members of the Authority irrespective of whether this related to part, or all of the financial year. The value of the payments made relate to full year costs.

The Welsh Government sets the national priorities, strategic context and overall level of funding for services. The Councils have the responsibility to deliver these services on a local level within the national context. This relationship means the Welsh Assembly exercises a significant influence over the Council. Note 14 provide information on the funding relationship which exists between the Council and the Welsh Assembly.

Betsi Cadwalader University Health Board, through common control by central Government, is a related party to the Council. Payments made by the Council for 2013/14 to BCUHB amounted to £1.020m, and no further amounts were owed at year-end. Receipts taken in by the Council from BCUHB came to £2.174m with £0.895m due from our related party at year-end.

There are a number of organisations which are independent from the council, but have an impact on its service areas. In order that the council can maintain effective partnerships with a number of these organisations, representatives of the council, usually elected Councillors, sit on the various committees and forums that are responsible for them. A list of the outside bodies and the Council's representation can be found in Appendix 1.

INTERESTS IN COMPANIES

The Council has a 50% interest in one company (Cwmnir Cynnal Cyf) and the other member is Gwynedd Council:-

Cwmni Cynnal Cyf

This company was established jointly by Ynys Môn and Gwynedd Councils on local government reorganisation. It provides education support services under contract to maintained schools and to the local education authorities and schools inspection services to Estyn. The income of the company can only be applied towards the promotion of its objectives. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to one pound.

The company accounts for 2012/13 show a net income of £0.286m (£0.516m in 2011/12). The turnover for 2012/13 was £5.766m (£5.910m 2011/12). The company's published accounts show net assets of £1.395m as at 31 March 2013 (net assets £0.415m 2011/12).

Copies of the financial statements are available from Cwmni Cynnal Cyf, Plas Llanwnda, Caernarfon, Gwynedd. The auditor's report on the accounts for the financial year ended 31 March 2013 is not qualified.

The Council has interests in the following companies as follows:-

Welsh Joint Education Committee - WJEC CBAC Limited

The Council is a member of WJEC CBAC Limited, a charitable company whose members are the 22 Welsh unitary authorities and whose objectives are to provide examination services and to provide and promote other educational and cultural services. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to one pound.

During 2013/14 the Council paid £0.160m (£0.36m 2012/13) for purchase of services from the company.

The Company accounts for 2012/13 (that is to year ending 30 September) show a net positive movement in funds of £3.06m (net positive movement in funds of £3.98m 2011/12). The turnover for 2012/13 was £39.90m (£40.67m 2011/12) and net assets totalled £22.53m as at 30 September 2013 (£19.47m as at 30 September 2012).

Copies of the company's accounts can be obtained from WJEC CBAC Limited, 245 Western Avenue, Llandaff, Cardiff, CF5 2YX. The auditor's report for the financial year ended 30 September 2013 is not qualified.

Menter Môn Cyfyngedig

The Council is a member of Menter Môn Cyf, and was one out of a total of 3 members at 31 March 2014. The company's objectives are to promote economic growth in rural Anglesey. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to one pound.

During 2013/14 the Council made payments of £0.870m to the company in support of the activities (£0.360m 2012/13).

The company accounts for the financial year ended 31 December 2012 shows net income after tax of £0.053m (net income of £0.068m 2011). The turnover for 2012 was £5.436m (£5.526m 2011) and net assets totalled £1.013m as at 31 December 2012 (£1.049m 2011).

Copies of the company's accounts can be obtained from Menter Môn, Llys Goferydd, Bryn Cefni Industrial Estate, Llangefni, Ynys Môn. The auditor's report on the accounts for the financial year ended 31 December 2012 is not qualified.

Caergeiliog Foundation School

Balances for current assets and liabilities controlled by Caergeiliog Foundation School are included in these accounts, and so the school's reserves as stated in this balance sheet, represents only the net current assets. The school also has non-current assets that are stated on the school's balance sheet at £0.667m (£0.674m at 31 March 2013) on a combination of valuation and historical cost, less depreciation. The non-current assets are vested in the school's Governing Body and are not consolidated in this Council's balance sheet.

NOTE 39 - TRUST FUNDS

The Council acts as trustee for a number of trust funds. Their accounts are available from the Finance Department. Besides the legacies left for purposes such as prize funds at schools and comforts and improvements in Social Services establishments, the Council is also responsible for the following Trust funds:

The Isle of Anglesey Charitable Trust (Reg. No. 1000818)

The Council is the sole trustee of the Isle of Anglesey Charitable Trust which was established to administer investments purchased from monies received from Shell U.K. Limited when the company ceased operating an oil terminal on Anglesey. The objectives of the Charitable Trust are to provide amenities and facilities for the general public benefit of persons resident in the Isle of Anglesey. This is achieved by contributing towards spending on public services and by making grants to charitable and voluntary organisations.

In 2013/14 the Council received £0.215m (£0.230m 2012/13) towards the running costs of Oriel Ynys Môn.

Welsh Church Fund

The investments of this fund are currently being administered by Gwynedd Council on behalf of the successor authorities of Gwynedd County Council although there are plans to transfer them to this Council. The scheme for the administration of the fund provides that the income is to be applied to charitable purposes - educational, recreational and social - at the discretion of the Council.

Anglesey Further Education Trust Fund (Reg. No. 525254)

75% of net income from the David Hughes Charity Estate forms part of the Anglesey Further Educational Trust Fund of which the Council is Trustee. The income is used for specified educational purposes. The other 25% is paid to the "David Hughes Charity for the Poor", which is not administered by the Council.

On 31 March 2014 the balances of these Trust funds (at market value of the assets) are:-

Pre Audited Statement Summaries	2013/14 Income £000	2013/14 Expenditure £000	2013/14 Assets £000	2013/14 Liabilities £000
Isle of Anglesey Charitable Trust (*)	1,176	438	20,816	1,941
Welsh Church Fund (**)	15	19	815	14
Anglesey Further Education Trust Fund (***)	85	160	1,764	0

Restated - Audited Statements	2012/13 Income £000	2012/13 Expenditure £000	2012/13 Assets £000	2012/13 Liabilities £000
Isle of Anglesey Charitable Trust (*)	2,202	342	19,640	1,504
Welsh Church Fund (**)	16	18	536	11
Anglesey Further Education Trust Fund (***)	81	88	1,838	0

(*) 2012/13 figures restated to reflect the final accounts

(**) Council Portion Only

(***) Prior year figures subject to Audit

The total value of the other funds including investments at market value is £0.236m as at 31 March 2014 (£0.213m as at 31 March 2013).

NOTE 40 – TEACHERS PENSION SCHEME

Teachers employed by the Council 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 Council 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 Council is not able to identify its share of underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is, therefore, accounted for on the same basis as a defined contribution scheme.

In 2013/14, the Council paid £2.99m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.17% of pensionable pay (£3.1m and 14.2% 2012/13). In addition, payments relating to enhancements for early retirement etc. made on a pay-as-you-go basis amounted to £NIL (£0.006m 2012/13). There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefits basis and detailed in Note 41 below.

NOTE 41 – LOCAL GOVERNMENT DEFINED BENEFIT PENSION SCHEME

Retirement Benefits

Participation in the Local Government Pension Scheme

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

The Council participates in the Gwynedd Pension Fund administered by Gwynedd County Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

a) Transactions Relating to Post –Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when the employees earn them rather than when they are eventually paid as pensions. However the charge made against Council Tax is based on the cash payable in the year, so the real cost of post employment / retirement benefits is reversed of the General Fund through the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the general Fund Balance through the Movement in Reserves Statement during the year:

	2013/14 £000	2012/13 restated £000
Service cost comprising:		
Current service cost	9,996	4,160
Gains and losses on settlements or curtailments	76	243
Total Service cost	10,072	4,403
Financing and Investment Income and Expenditure		
Interest cost on defined benefit obligation	12,275	11,093
Interest Income on scheme Assets	(8,596)	(8,077)
Total Post employment benefits charged to the Surplus or deficit on Provision of Service	13,751	7,419
Return on Plan Assets (excluding amounts included in net interest expense)	489	(13,296)
Actuarial losses arising on changes in demographic assumptions	5,528	30,544
Actuarial gain and losses arising on changes in financial assumptions	0	0
Other	0	23
Total re-measurement of net defined benefit liability comprising	6,017	17,271
Total Post employment benefits charged to the Comprehensive Income and Expenditure	19,768	24,690
Reversal of net charges made for retirement benefits in accordance with the code	5,101	(983)
Actual amount charged against the Council Fund balance for pensions in the year:		
Employers' contributions payable to scheme	8,650	8,402
Total Post employment benefits charged to the Surplus or deficit on provision of Services	13,751	7,419

b) Pension Assets and Liabilities recognised in the Balance Sheet

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP and independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2014.

Amounts included in the Balances sheet arising from the Authority's obligation in respect of its defined benefit plan is as follows:	31 March 2014 £000	restated 31 March 2013 £000
Present Value of Scheme Assets	199,636	190,773
Present Value of Scheme Liabilities	(290,788)	(270,807)
Net liability arising from defined obligation	(91,152)	(80,034)

c) Reconciliation of Present Value of the Scheme liabilities

	2013/14 £000	2012/13 restated £000
Balance as at 1 April	270,807	230,971
Current service cost	9,996	4,160
Interest cost	12,274	11,092
Contributions from scheme participants	2,058	2,057
Re-measurement (gain) and losses		
Actuarial losses arising from changes in demographic assumptions	5,529	30,544
Actuarial losses arising from other	0	23
Past service costs	0	0
Losses on curtailments	76	243
Liabilities assumed in a business combination	0	0
Liabilities extinguished on settlement	0	0
Estimated unfunded benefits paid	(1,042)	(1,031)
Estimated benefits paid	(8,910)	(7,252)
Balance as at 31 March	290,788	270,807

Reconciliation of present value of the scheme assets:

	2013/14 £000	2012/13 restated £000
Opening Fair Value of Scheme Plan Assets as at 1 April	190,773	167,224
Interest Income	8,596	8,077
Return on planned assets (excl. net interest expense)	(489)	13,296
Contributions by members	2,058	2,057
Contributions by employer	7,608	7,371
Contributions in respect of unfunded benefits	1,042	1,031
Unfunded benefits paid	(1,042)	(1,031)
Benefits paid	(8,910)	(7,252)
Balance as at 31 March	199,636	190,773

d) Fair Value of Plan Assets

The Council's Pension Scheme assets comprise:

	2013/14 Prices Quoted in Active Markets £000	2013/14 Prices not quoted in Active Markets £000	2012/13 Prices Quoted in Active Markets £000	2012/13 Prices not quoted in Active Markets £000
Cash and cash equivalents	4,864		4,219	
Equity investment (by industry type)				
Consumer	3,737		2,269	
Financial Institutions	1,668		3,205	
Energy and utilities	4,779		5,786	
Health and care	8,847		9,619	
Information technology	5,570		2,989	
Other	9,107		9,190	
Private Equity investments		9,554		9,392
Equities	44,780	58,485	4,247	58,706
Bonds		29,673	38,500	25,212
Infrastructure		881		
<u>Real Estate</u>				
UK Property		17,181		16,361
Overseas property		510		588
Derivatives				
Inflation				490
Total Value – All Assets	83,352	116,284	80,024	110,749
Total Value of Active and Non Active Assets		199,636		190,773

Major categories of plan assets as percentage of total plan assets

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

	31 March 2014	31 March 2013
Cash and cash equivalents	2%	2%
Equity investment (by industry type)		
Consumer	2%	1%
Energy and utilities	2%	3%
Financial institutions	1%	2%
Health and care	4%	5%
Information technology	3%	2%
Other	5%	5%
Equity investments	5%	5%
Investment Funds and Unit Trust		
Equities	52%	33%
Bonds	15%	33%
Infrastructure	<1%	<1%
Real Estate		
Property	9%	9%
Overseas property	<1%	<1%
Total	100%	100%

e) Scheme History

Analysis of scheme assets and liabilities

	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000	31 March 2010 £000
Fair Value of Assets in pension scheme	199,636	190,773	167,224	165,562	175,644
Present Value of Defined Benefit Obligation	(290,788)	(270,807)	(230,971)	(212,134)	(311,535)
Deficit in the Scheme	(91,152)	(80,034)	(63,747)	(46,572)	(135,891)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The present value of defined benefit obligations of £290.8m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £91.1m.

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

f) The Significant Assumptions used by the actuary have been:

	2013/14	2012/13
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	22.0 years	20.5 years
Women	24.0 years	23.0 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.4 years	23.3 years
Women	26.6 years	25.6 years
Inflation/Pension Increase Rate	2.8%	2.8%
Salary Increase Rate	4.6%	5.1%
Expected Return on Assets	4.3%	4.5%
Rate for discounting scheme liabilities	4.3%	4.5%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2008	50.0%	50.0%
Service post April 2008	75.0%	75.0%

g) Sensitivity Analysis

The sensitivity analysis is based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous years. The sensitivities regarding the principle assumptions used to measure the schemes liabilities are set out below:

Change in assumptions as at 31 March 2014	Approximate% increase to employer	Approximate Monetary Amount £'000
0.5% decrease in real discount rate	10%	30,160
1 year increase in members life expectancy	3%	8,724
0.5% increase in the salary increase rate	4%	10,652
0.5% increase in pension increase rate	7%	18,926

h) Impact on the Authority's Cash Flows

The objective of the scheme is to keep employers' contributions at as a constant rate as possible. The Council has a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013.

Under the Act the LGPS in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or Service after 31 March 2015 for other main existing public service pension schemes in England and Wales) The Act provides for schemes regulation to be made with in a common framework, to establish new career average re-valued earnings schemes to pay pensions and other benefits.

The liabilities show underlying commitments that the council has in the long run to pay post employment (retirement) benefits. The net liability of £91.52m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

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

i) Estimated contributions to be paid to Gwynedd Pension Fund in 2014/15

The Council anticipates paying £7.5m contribution to the scheme in 2014 /15. The weighted average duration of the defined benefit obligation for scheme members is 17.9 years.

The amount outstanding to Gwynedd County Council in respect of the LGPS contributions for 2013/14 as at 31 March is £0.796m and is included in the short term creditors' disclosure note.

NOTE 42 – CONTINGENT LIABILITIES

Equal Pay, Single Status and Job Evaluation

The Council is the subject of a number of equal pay claims from current and former employees that have been lodged with the Council. The Council intends to defend these claims. However, the final amount that will be payable is uncertain both because of possible variations in settlement amounts for current claims and because of the possibility that some further claims may yet be lodged.

Section 117 Mental Health Act 1983

Following judgements confirmed at the House of Lords and a recent report by the Local Government Ombudsman on test cases elsewhere, there was no power to charge for services provided under Section 117 of the Mental Health Act 1983 and the Council is liable to repay any such charges. Whilst a number of cases have been settled, the total potential liability is difficult to quantify whilst there is a sum set aside in an earmarked reserve for such repayments, it is unclear at this stage to total liability.

Beumaris Pier

Beumaris Pier has been renovated as part of the Coastal Environment Project. Although the renovation has been completed, there are on-going discussions over the contract value of the works carried out under the contract. This may result in the Council being required to pay an additional sum under the works contract but the value of this sum cannot be assessed with any certainty at this time.

NOTE 43 – CONTINGENT ASSETS

The Council retains a number of legal charges over privately owned residential properties, where it provided support to the buyers under schemes for assisted home purchase, with the Council being entitled to a share of proceeds on the sale of the properties. At 31 March 2014 there were 143 such properties and it was estimated that the maximum amount that might potentially be received was approximately £9.4m (£9.4m 2012/13). However, the actual amount that will be received will vary, dependent upon both the selling prices of individual properties and the nature of any other legal charges against them which may take precedence over the Council's. The timing of any receipts is dependent upon the occurrence of sales.

NOTE 44 – FINANCIAL INSTRUMENTS

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

	Long Term		31 March 2014 £000	Current 31 March 2013 £000
	31 March 2014 £000	31 March 2013 £000		
Investments				
Loans and receivables	0	0	0	10,101
Cash balances				
Bank deposits	0	0	11,498	5,834
Total cash and investments	0	0	11,498	15,935
Debtors				
Loans and Receivables	460	433	8,337	8,098
Total Debtors	460	433	8,337	8,098
Borrowings				
Financial Liabilities at Amortised Cost	89,583	89,590	6,850	11,977
Total Borrowings	89,583	89,590	6,850	11,977
Creditors				
Financial Liabilities at Amortised Cost	0	0	12,567	11,563
Total Creditors	0	0	12,567	11,563

Debtors and creditors within this table exclude transactions with government departments, the notional accrual of the value of accumulated absences due to staff, and income and payments arising from taxation, which also means that transactions involving council tax and business rates are also excluded.

Income, Expense, Gains and Losses

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

	2013/14			2012/13		
	Financial Liabilities measured at cost less accumulated amortisation	Financial Assets Loans and receivables	Total	Financial Liabilities measured at cost less accumulated amortisation	Financial Assets Loans and receivables	Total
	£000	£000	£000	£000	Restated £000	£000
Interest expense	5,274	0	5,274	5,316	0	5,316
Total expense in Surplus or Deficit on the Provision of Services	5,274	0	5,274	5,316	0	5,316
Interest income	0	(185)	(185)	0	(284)	(284)
Total income in Surplus or Deficit on the Provision of Services	0	(185)	(185)	0	(284)	(284)
Net gain/(loss) for the year	5,274	(185)	5,089	5,316	(284)	5,032

Fair Values of Assets and Liabilities

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

- Estimated ranges of interest rates at 31 March 2014 of 2.18% to 4.32% for loans from the Public Works Loans Board (PWLB) based on new lending rates for equivalent loans at that date;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value;
- The fair value of short-term debtors and creditors is deemed to be equivalent to their carrying amount at the Balance Sheet date.

Analysis of Loans by Maturity:

2013/14

	2013/14 Outstanding Principal £000	2013/14 Accrued Interest £000	2013/14 Cost less accumulated amortisation £000
>25 years	60,514	0	60,514
15-25 years	2,187	0	2,187
10-15 years	2,638	0	2,638
5-10 years	13,707	0	13,707
2-5 years	10,529	0	10,529
1-2 years	8	0	8
Total Long Term Borrowing	89,583	0	89,583
Total Short Term Borrowing (< 1 year)	7	1,681	1,688

2012/13

	2012/13 Outstanding Principal £000	2012/13 Accrued Interest £000	2012/13 Cost less accumulated amortisation £000
>25 years	60,515	0	60,515
15-25 years	2,213	0	2,213
10-15 years	4,482	0	4,482
5-10 years	16,848	0	16,848
2-5 years	5,526	0	5,526
1-2 years	6	0	6
Total Long Term Borrowing	89,590	0	89,590
Total Short Term Borrowing (< 1 year)	6,507	1,940	8,447

The fair values calculated are as follows:-

	31 March 2014		31 March 2013	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	94,629	115,177	99,627	126,953
Long term creditors	59	59	4	4

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay, if the lender requested, or agreed to, early repayment of loans.

	31 March 2014		31 March 2013	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	11,958	12,015	16,368	16,482

The fair value of the assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2014) attributable to the commitment to receive interest above current market rates.

NOTE 45 - THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council'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 Council.

Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.

Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The overall management of significant risks arising from Financial Instruments is supported by the Council's Treasury Management Strategy Statement and Annual Investment Strategy which is approved by Full Council.

Credit Risk

Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers (debtors on the Balance Sheet).

Deposits are not made with banks and financial institutions unless, having been rated independently, they have attained a minimum credit rating or level of government guarantee, and credit limits are set for each counterparty. The Council has set a number of limits based on credit quality for different types of institutions, different periods and amounts and has a policy of not lending more than £10m to any one institution other than the UK government. It monitors credit ratings regularly and is alerted to changes by its Treasury Management consultants. Appropriate action is taken following any changes in accordance with the Annual Investment Strategy. An Annual Treasury Report is produced to report on investment activity.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last two decades.

	Amount 31 March 2014	Historical Experience of default	Estimated Maximum Exposure *
	£000	%	£000
Banks and financial institutions (Non National)	2,546	0	0
UK Nationalised / Part Nationalised Banks	8,952	0	0
UK Local Authorities	0	0	0
Trade Debtors under 1 year	3,146	10	315
Trade Debtors between 1-2 years	435	20	87
Trade Debtors between 2-6 years	837	30-70	419
Trade Debtors 6+ years	138	100	138
Total Trade Debtors	4,556		959

*Estimated Maximum Exposure to Default and Uncollectability

All deposits outstanding at year end were originally made for less than one year.

There were no breaches of credit limits during the financial year and there were no breaches of the counterparty criteria. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. The current credit crisis has raised the overall possibility of default and the Council has adopted stricter credit criteria for investment counterparties within its overall policy.

Trade debtors shown in this section relate to debts to be collected only through the Council's sundry debtors system. The debtors figures shown in note 24 to the Statement refer to the full amount due to the Council from all sources, including government grants, council tax and business rates, which are collected separately from sundry debtors.

The Council does not generally allow credit for customers; it has prescribed collection procedures for amounts owed by its customers and appropriate provisions are made for potential bad debts. In some circumstances, the Council obtains a legal charge on property to cover deferred debts such as self-funding of residential care.

The Council's trade debtors can be analysed by age as follows:-

	31 March 2014 £000	31 March 2013 £000
Less than six months	2,617	2,453
Six months to one year	529	416
More than one year	1,410	1,566
Total	4,556	4,435

The Council also has a number of longer term debtors including car loans to employees and residual mortgages from a closed scheme offering home loans to tenants and to members of the public. The car loans are considered to be low risk due to the ability to deduct repayments of car loans from employees' salaries, reciprocal arrangements with other local authorities for any staff transferring with outstanding car loans, insurance for loans unpaid due to death in service and normal debt recovery procedures for any employees who leave local government employment. The mortgages are low risk due to the first charge held by the Council on mortgaged properties.

Liquidity Risk

Liquidity Risk is low as the Council had no difficulty in the past in obtaining finance and has ready access to the Public Works Loans Board (PWLB) as lender of last resort. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. However, there is a risk that the Council will need to renew a significant proportion of its borrowings at a time of unfavourable interest rates. The practice is to ensure that not more than 30% of loans are repayable within any three year period and to continuously assess the market rates and forecasts in order to replace maturing loans or reschedule existing loans at the most beneficial time. To assist in achieving this, the Council uses external treasury management advisors. The maturity analysis of outstanding loans is shown at note 44 on page 76.

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

Market Risk

Interest Rate Risk – The Council faces potential 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 Council. For example, 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 Comprehensive Income and Expenditure Account would rise;
- borrowings at fixed rates – the fair value of the borrowings liabilities would fall;
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Comprehensive Income and Expenditure Account would rise;
- Investments at fixed rates – the fair value of the assets would fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or 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 effect the Council Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Council policy is to borrow mainly at fixed rates from the PWLB, thus obtaining certainty as to interest payable over the period of the loans. The Council, supported by its treasury advisors, continually monitors the prevailing interest rates and the market forecasts. If there was a significant risk of a sharp rise in long and short term rates, then the portfolio position would be re-appraised with the likely outcome being that fixed rate funding would be drawn down whilst interest rates were still relatively cheap. If there was a significant risk of a sharp fall in long and short-term rates then long term borrowings would be postponed, and any appropriate rescheduling from fixed rate funding into short rate funding would be undertaken.

All of the Council's current and long-term borrowing is held at fixed rates. The effect of a 1% increase in interest rates would therefore only affect interest received on its current investments. If interest rates had been 1% higher, with all other variables remaining constant, the financial effects would have been:-

Interest Rate Risk	2013/14 £000	2012/13 £000
Increase in interest payable on current variable rate borrowings	0	0
Increase in interest payable on long-term variable rate borrowing	0	0
Increase in interest receivable on current variable rate investments	231	285
Share of overall impact paid to the Housing Revenue Account	10	8
Net impact on the Comprehensive Income and Expenditure Account	241	293

Foreign Exchange Risk – The Council has a number of relatively small grant aided schemes under the ‘Interreg’ programme where the lead body is an Irish Institution and grants are denominated in Euro. A Euro Bank account was opened to support these schemes and to limit the exposure to movements in exchange rates. The balance on this account at year-end was 1.323m Euro (1.219m Euro in 2012/13): equivalent to £1.093m (£1.035m in 2012/13).

NOTE 46 - JOINT COMMITTEES

The Council and Gwynedd Council are parties to joint committees as follows:-

- Joint Planning Committee
- Special Educational Needs Joint Committee

The Council and the Council’s of Gwynedd, Conwy, Flintshire Wrexham and Denbighshire are parties to joint committee relating to GwE (Gwasanaeth Effeithiolrwydd a Gwella Ysgolion Rhanbarthol’) (Regional School Effectiveness and Improvement Service’).

Gwynedd Council is responsible for the operation of the three joint committees and the year-end balances are reflected in their balance sheet, details of which are shown in the following table:

	Joint Committee - GwE		Joint Planning Committee		Special Educational Needs Joint committee	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Short-term debtors	1,041	0	45	107	311	189
Short-term creditors	(440)	0	(45)	(107)	(34)	(24)
Net Assets	601	0	0	0	277	165

NOTE 47 – HOUSES INTO HOMES

The six North Wales councils act as agents of the Welsh Government in providing recyclable loans under the Houses into Homes Scheme, for the repair of properties which have been long-term vacant with the aim of bringing them back into use. Flintshire County Council is the lead/banker authority for the North Wales region and is responsible for administering the fund. Total income of £2.333m was received from the Welsh Government during 2013/14 with payments against this sum amounting to £2.060m of which £160k was allocated to this Council. In 2012/13 £1.847m was received from the Welsh Government of which £0.301m was allocated to this Council.

NOTE 48 – COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the Council and the North Wales Police for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax base for 2013/14 was £29,662.00 (£29,856.38 2012/13).

The amount for a band D property in 2013/14, £1,194.14 (£1,139.68 2012/13) is multiplied by the proportion specified for the particular band to give the amount due by band. Individual amounts due are calculated by applying discounts and benefits to the amount due by band.

Council Tax bills were based on the following multipliers for bands A to I:

Band	A	B	C	D	E	F	G	H	I
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9

The Council's Council Tax Base is calculated as follows:

Band	A*	A	B	C	D	E	F	G	H	I	Total
Total Dwellings	15	3,901	5,885	5,866	6,517	4,923	2,320	974	141	42	30,584
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
Band "D" Equivalent	8.06	2,600.67	4,576.83	5,214.44	6,516.50	6,017.00	3,350.39	1,623.33	284.50	98.00	30,289.72

Band D equivalent as above	30,289.72
Collection Rate	97.50%
Revised Band D equivalent	29,532.48
MOD Properties – Band D equivalent	129.52
Council Tax Base for 2013/14	29,662.00

In 2013/14 The Welsh Assembly Government introduced the Council Tax reduction Scheme To replace the Council Tax benefit scheme. This was partly funded by Council Tax Support grant of £5.166m (see note 14).

Analysis of the net proceeds from Council Tax:	2013/14 £000	2012/13 £000
Gross Council Tax	35,739	33,939
Less Council Tax Reduction awarded to residences	(5,394)	0
Council Tax collectable	30,345	33,939
Less: provision for non-payment not previously accounted for	(362)	(67)
Net Proceeds from Council Tax	29,983	33,872

NOTE 49 – NATIONAL NON-DOMESTIC RATES (NNDR)

NNDR is organised on a national basis. The Welsh Government specifies an amount for the rate – 46.2p in 2013/14 (45.2p 2012/13), and local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government. The Welsh Government then redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

NNDR income, after reliefs and provisions (including Small Business Rates Relief provided by the Welsh Government), totalled £9.651m for 2013/14 (£14.606m 2012/13) and was based on rateable value at the year-end of £38.727m (£40.292m 2012/13). During 2013/14 NNDR income was considerably reduced due to:-

- a significant reduction in the rateable value of a large energy hereditament that also saw a backdating of the reduction over previous years; and
- a significant award of part occupancy relief to a large industrial plant which is now only partly occupied

The average rateable value for the year was £39.103m (£41.793m 2012/13).

Analysis of the net proceeds from non-domestic rates:	2013/14	2012/13
	£000	£000
Non – domestic rates collectable	9,651	14,606
Cost of collection allowance	(142)	(143)
Interest paid on overpayments	0	1
Provision for bad debts	(181)	(133)
Contribution to cost of charitable relief/rural rate relief	55	68
Payments into national pool	9,383	14,399
Redistribution from national pool	22,025	18,787

**SUPPLEMENTARY FINANCIAL STATEMENT
HOUSING REVENUE ACCOUNT**

Income and Expenditure Statement for the year ending 31 March 2014

	2013/14 £000	2012/13 £000
Income		
Gross Rent Income:		
-Dwelling rents	(13,022)	(12,413)
-Non Dwelling rents	(198)	(184)
-Charges for facilities and services	(54)	(20)
-Contributions towards expenditure	(63)	(428)
Other	(147)	(71)
Total Income	(13,484)	(13,116)
Expenditure		
Repairs and Maintenance	4,577	3,331
Supervision and Management:		
-General	2,100	1,753
-Special	805	634
Rents, Rates and Taxes	72	104
Housing Revenue Account Subsidy payable	1,696	1,888
Depreciation and Impairment of Non Current Assets	5,664	5,324
Debt Management Costs	15	15
Allowance for Bad Debts	245	46
Total Expenditure	15,174	13,095
Net Cost of HRA Services	1,690	(21)
Accumulated absences accrual movement	7	(11)
Net Cost of HRA Services per Comprehensive Income and Expenditure Statement	1,697	(32)
HRA Services Share of Corporate and Democratic Core	56	55
Net Cost of HRA Services	1,753	23
Loss on sale of HRA Non Current Assets	109	8,065
Interest Payable and Similar Charges	1,202	1,296
HRA Investment Income	(8)	(8)
Capital grants and contributions receivable	(2,600)	(2,600)
Deficit for Year on HRA Services	456	6,776

Statement of Movements on the HRA Balance

Items included in the HRA Income and Expenditure Account but excluded from the movements on HRA Balance for the year

	2013/14 £000	2012/13 £000
Difference between amounts charged to income and expenditure for Amortisation of premiums and discounts determined in accordance with the Code and the charge for the year in accordance with statute	(13)	(31)
Depreciation and Impairment of Non Current Assets	(5,664)	(5,324)
Accumulated absences accrual	(7)	11
Loss on sale of HRA Non Current Assets (including derecognition)	(109)	(8,065)
Net charges made for retirement benefits in accordance with IAS 19	0	0
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year	(5,793)	(13,409)
Transfer to) reserves	2,643	3,616
HRA Minimum Revenue Provision	1,017	782
Employer's contributions payable to the Gwynedd Pension Fund and retirement benefits payable direct to pensioners	0	0
Capital expenditure funded by the HRA	488	2,000
	4,148	6,398
Net additional amount required by statute to be r credited to the HRA Balance for the year	(1,645)	(7,011)

Note to the Statement of Movement on the HRA balance

	2013/14 £000	2012/13 £000
Deficit for Year on HRA services	456	6,776
Net additional amount required by statute to be credited to the HRA	(1,645)	(7,011)
Increase in HRA Balance	(1,189)	(235)
HRA Account Balance B/Fwd	(482)	(247)
HRA Account Balance C/Fwd	(1,671)	(482)

NOTES TO THE HOUSING REVENUE ACCOUNT

NOTE 1 – HOUSING REVENUE ACCOUNT

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

NOTE 2 – HOUSING STOCK

During 2013/14, the Council sold 3 dwellings under the Right-to-Buy Scheme (see note 5). The number of dwellings in the Council’s housing stock, as at 31 March 2014, totalled 3,802 properties. With the split by type of dwelling made up as follows:

	31 March 2014	31 March 2013
Council Owned Stock		
Houses	2,030	2,033
Bungalows	1,044	1,044
Flats	721	721
Bedsits	7	7
Total Council Owned	3,802	3,805

NOTE 3 – HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

	2013/14 £000	2012/13 £000
Capital investment		
Houses	3,169	8,751
	3,169	8,751
Sources of funding		
Unsupported borrowing	0	(4,121)
Capital Receipts	(81)	(30)
Government grants and other contributions	(2,600)	(2,600)
Direct Revenue Financing	(488)	(2,000)
Total	(3,169)	(8,751)

The Major Repairs Allowance for 2013/14 of £2.6m was used in full during the year (£2.6m 2012/13).

NOTE 4 – DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

	2013/14 Impairments £000	2013/14 Depreciation £000	2013/14 Total £000	2012/13 Impairments £000	2012/13 Depreciation £000	2012/13 Total £000
Land	0	0	0	0	0	0
Dwellings	2,969	2,565	5,534	2,534	2,660	5,194
Other Property - Operational Assets	0	130	130	0	130	130
	2,969	2,695	5,664	2,534	2,790	5,324

NOTE 5 – CAPITAL RECEIPTS FROM DISPOSAL OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE HOUSING REVENUE ACCOUNT

	2013/14 No. of Sales	2013/14 £000	2012/13 No. of Sales	2012/13 £000
Council dwellings				
Right to Buy	3	189	2	126
Discounts repaid		0		0
Other Receipts				
Land sales	0	0	0	0
Other property sales				
Mortgage Property		33		0
		222		126
Less set aside		(141)		(8)
		81		118

NOTE 6 – HOUSING SUBSIDY

In 2013/14, the Council paid housing subsidy to the Welsh Government of £1.696m (£1.888m 2012/13)

NOTE 7 – RENT ARREARS AND BAD AND DOUBTFUL DEBTS

Rent arrears at 31 March 2014 stood at £0.759m (£0.757m as at 31 March 2013). This excludes prepayments of £0.174m at 31 March 2014 (£0.135m as at 31 March 2013).

Allowance has been made in the Balance Sheet for bad and doubtful debts. These stood at £0.428m against rents (£0.458m in 2012/13).

NOTE 8 – PENSION COSTS

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

The Council participates in the Local Government Pension Scheme administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year:

HRA Income and Expenditure Account	2013/14 £000	2012/13 £000
Current Service Cost	(195)	(169)
Employer Contributions actually paid	195	169
Contribution to Pension Reserve	0	0

It has not been possible to determine how much of the pension interest costs and expected return on assets per the actuarial report relate to the Housing Revenue Account, so these have been fully allocated to the Council Fund.

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS

Third Party Organisations	Stakeholder representation
Age Concern Gwynedd and Anglesey	Jim Evans
Anglesey Access Group	Robert G Parry OBE
Anglesey CAB	Robert Llewelyn Jones
Anglesey Community Health Council	Ann Griffith & Jeffrey M Evans
Area of Outstanding Natural Beauty Joint Advisory Committee (Ynys Môn)	Lewis Davies, Richard A Dew, Derlwyn Rees Hughes, Victor Hughes & J Arwel Roberts
Betsi Cadwaladr Stakeholder Reference Group	Kenneth P Hughes
Carers' Champion	Llinos Medi Huws
Court of Governors University of Wales, Bangor	Ieuan Williams
Cwmni CYNNAL AGM	Alwyn Rowlands
Cwmni Fran Wen	R Meirion Jones
Cymdeithas Tai Eryri	Kenneth P Hughes
CYNNAL Management Committee	R Meirion Jones & Ieuan Williams
Gofal a Thrwsio Môn Management Committee	Kenneth P Hughes & Alun Wyn Mummery
Grwp Llandrillo/Menai	Ieuan Williams
Gwynedd and Anglesey Youth Justices Service	Ieuan Williams
Gwynedd Liaison Committee (Superannuation Fund)	Hywel Eifion Jones
Gwasanaeth Effeithiolrwydd a Gwella Ysgolion Rhanbarthol (GwE)	Ieuan Williams
Horizon Nuclear Project Liaison Group	John Griffith, Kenneth P Hughes, William Thomas Hughes, Llinos Medi Huws, Aled Morris Jones, Richard Owain Jones & Dafydd Rhys Thomas
Joint Council for Wales	John Griffith
Joint Local Service Board (Anglesey and Gwynedd)	Ieuan Williams
Leader for Adult's Safeguarding	Kenneth P Hughes
Medrwn Môn	Ieuan Williams
Member Board of the Consortium of Local Authorities in Wales (CLAW)	Richard A Dew & Kenneth P Hughes
Menai Strait Fishery Order Management Association	NONE
Menter Môn	Aled Morris Jones
North and Mid Wales Trunk Road Joint Committee	Richard A Dew & Victor Hughes
North Wales Economic Forum	Aled Morris Jones & Ieuan Williams
North Wales Fire and Rescue Authority	Lewis Davies, Jim Evans & Jeffrey M Evans
North Wales Fire and Rescue Authority Audit Committee	Jim Evans
North Wales Fire and Rescue Authority Executive Panel	Lewis Davies & Jeffrey M Evans
North Wales Housing Association	Kenneth P Hughes
North Wales Police and Crime Panel	William Thomas Hughes
North Wales Regional Waste Plan Review Steering Group	J Arwel Roberts
North Wales Residual Waste Treatment Joint	Richard A Dew & J Arwel Roberts

Committee	
North Wales Tourism Partnership	Aled Morris Jones
Special Educational Needs Joint Committee	Gwilym O Jones (Chair person) Trefor Lloyd Hughes Llinos Huws R Meirion Jones R Llewelyn Jones Derlwyn Hughes

Third Party organisations	Stakeholder
North Wales Valuation Tribunal – Joint Appointing Panel	Hywel Eifion Jones
Older People's Champion	Robert Llewelyn Jones
Owen Lloyd Penrhoslligwy Educational Trust	Derlwyn Rees Hughes
Pensions Committee (Gwynedd Council)	Hywel Eifion Jones
Regional School Effectiveness and Improvement Service Joint Committee	Ieuan Williams
Regional Technical Statement (Members Forum)	J Arwel Roberts
TAITH Joint Committee	Richard A Dew & Robert G Parry
TALNET (Joint Bibliographic Society)	Richard A Dew & Vaughan Hughes
Voluntary Sector Liaison Committee	Jim Evans, Kenneth P Hughes, Alun Wyn Mummery, Alwyn Rowlands & Ieuan Williams
Welsh Joint Education Committee	Ieuan Williams
Welsh Local Government Association	J Arwel Roberts & Ieuan Williams
Wylfa Site Stakeholder Group	John Griffith, Kenneth P Hughes, William Thomas Hughes, Llinos Medi Huws, Aled Morris Jones, Richard Owain Jones & Alwyn Rowlands

GLOSSARY

ACCOUNTING PERIOD

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

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

ASSET

An item having value to the Council in monetary terms. Assets are categorised as either current or non current:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and inventories);
- A non current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible (e.g. a community centre), or intangible, (e.g. computer software licences).

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the financial year.

BUDGET

The forecast of net revenue and capital expenditure over the financial year.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a non current asset, which will be used in providing services beyond the current financial year, or expenditure which adds to, and not merely maintains, the value of an existing non current asset.

CAPITAL FINANCING

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

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPTS

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

COMMUNITY ASSETS

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

CONSISTENCY

The concept that the accounting treatment of like items within a financial year and from one year to the next are the same.

CONTINGENT ASSET

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

CONTINGENT LIABILITY

A contingent liability is either:

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

CORPORATE AND DEMOCRATIC CORE

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

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the financial year but for which payment has not been made by the end of that financial year.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current year.

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the financial year, but for which payment has not been received by the end of that financial year.

DEFINED BENEFIT PENSION SCHEME

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

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non current assets during the financial year, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

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

EVENTS AFTER THE BALANCE SHEET DATE

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

EXPECTED RETURN ON PENSION ASSETS

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

EXTRAORDINARY ITEMS

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

FAIR VALUE

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

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a non current asset to the lessee.

GOING CONCERN

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

GOVERNMENT GRANTS

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

HERITAGE ASSETS

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

HOUSING BENEFITS

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

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the Council Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

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

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSETS

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

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the financial year of the present value of the scheme liabilities because the benefits are one financial year closer to settlement.

INVENTORIES

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and work in progress.

INVESTMENTS (PENSION FUND)

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

INTEREST RECEIVABLE OR PAYABLE

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at cost less accumulated amortisation, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

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

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

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

MATERIALITY

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

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NEGATIVE SUBSIDY

The Housing Revenue Account Subsidy calculation shows that the Council's assumed income exceeds expenditure giving rise to a "negative subsidy". In this case the Council must pay an amount equivalent to the deficit, from its Housing Revenue Account to the Welsh Assembly Government.

NET BOOK VALUE

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

NET DEBT

The Council's borrowings less cash and liquid resources.

NET WORTH

The Council's value of total assets less total liabilities.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NATIONAL NON-DOMESTIC RATES (NNDR)

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

NON-OPERATIONAL ASSETS

Non current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the non current asset remains with the lessor.

OPERATIONAL ASSETS

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

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior financial years arising in the current financial year as a result of the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

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

PRECEPT

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

PRIOR YEAR ADJUSTMENT

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

PROVISION

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

PUBLIC WORKS LOANS BOARD (PWLB)

A Central Government Agency which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE

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

RELATED PARTIES

There is a detailed definition of related parties in IAS 24. For the Council's purposes, related parties are deemed to include Central Government, Local Authorities and Other bodies, either precepting or levying demands on the Council. Related Parties can also include subsidiary and associated companies, joint venture and joint venture parties and particularly members and chief officers of the Council.

When considering who is a related party, regard is also taken of transactions involving members of the close family or household of any individual listed.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

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

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

RESIDUAL VALUE

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

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

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

REVENUE SUPPORT GRANT

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

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

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

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a non current asset.

WORK IN PROGRESS (WIP)

The cost of work performed on an uncompleted project at the Balance Sheet date.

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Adroddiad ar yr Archwiliad o Ddatganiadau Ariannol

Cyngor Sir Ynys Môn

Blwyddyn archwilio: 2013/2014

Cyhoeddwyd: Medi 2014

Cyfeirnod y ddogfen: C14216

Diben y ddogfen hon

Mae'r ddogfen hon ar ffurf ddrafft a ddarperir yn gyfrinachol. Dim ond er mwyn cadarnhau cywirdeb a chyflawnder y wybodaeth a geir ynddi a cheisio barn ar y casgliadau y daethpwyd iddynt y'i darperir.

Trafod y ddogfen cyn ei chyhoeddi

Mae'r ddogfen hon a'r hawlfraint ynddi yn eiddo i Archwilydd Cyffredinol Cymru a/neu'r Archwilydd Penodedig ac erys felly. Mae'n cynnwys gwybodaeth a gafwyd o dan swyddogaethau statudol i gyflawni swyddogaethau statudol yn unig ac fe'i paratowyd fel sail i ddogfen swyddogol a allai gael ei chyflwyno neu ei chyhoeddi maes o law. Gall hefyd gynnwys gwybodaeth y gallai ei datgelu heb awdurdod fod yn drosedd o dan adran 54 o Ddeddf Archwilio Cyhoeddus (Cymru) 2004. Ac eithrio fel y caniateir yn benodol o dan y gyfraith, ni ellir atgynhyrchu'r ddogfen nac unrhyw ran o'i chynnwys, na'i storio mewn system adalw na'i throsglwyddo mewn unrhyw ffurf na thrwy unrhyw fodd, na'i datgelu i unrhyw un ac eithrio'r sawl a'i derbyniodd yn wreiddiol heb ganiatâd ysgrifenedig y Cyfarwyddwr Ymgysylltu perthnasol ymlaen llaw. Mae'n rhaid ei diogelu bob amser i'w hatal rhag cael ei chyhoeddi neu i atal defnydd amhriodol arall o'i chynnwys. Gallai ei defnyddio

Statws yr adroddiad

Paratowyd y ddogfen hon at ddefnydd mewnol Cyngor Sir Ynys Môn fel rhan o'r gwaith a gyflawnir yn unol â swyddogaethau statudol, y Cod Ymarfer Archwilio a'r Datganiad o Gyfrifoldebau a gyhoeddwyd gan Archwilydd Cyffredinol Cymru.

Nid oes unrhyw gyfrifoldeb ar Swyddfa Archwilio Cymru (yr Archwilydd Cyffredinol a'i staff) na'r archwilydd penodedig, lle y bo'n gymwys, mewn perthynas ag unrhyw aelod, cyfarwyddwr, swyddog na chyflogai arall yn unigol, nac i unrhyw drydydd parti.

Os gwneir cais am wybodaeth y gallai'r ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000. Mae Cod adran 45 yn nodi'r arfer a ddisgwylir gan awdurdodau cyhoeddus wrth ymdrin â cheisiadau, yn cynnwys ymgynghori â thrydydd partïon perthnasol. Mewn perthynas â'r ddogfen hon, mae Archwilydd Cyffredinol Cymru (a, lle y bo'n gymwys, ei archwilydd penodedig) yn drydydd parti perthnasol. Dylid anfon unrhyw ymholiadau ynglŷn â datgelu neu aildefnyddio'r ddogfen hon i Swyddfa Archwilio Cymru yn infoofficer@wao.gov.uk.

Lluniwyd y ddogfen hon gan PricewaterhouseCoopers LLP ar ran yr Archwilydd Penodedig, Anthony Barrett. Roedd y tîm a gyflawnodd y gwaith yn cynnwys Lynn Pamment, Joe Hargreaves a Martin George o PricewaterhouseCoopers LLP.

Cynnwys

Mae Anthony Barrett, fel yr Archwilydd Penodedig, yn bwriadu cyhoeddi adroddiad archwilio diamod ar eich datganiadau ariannol. Mae rhai materion y mae angen eich hysbysu amdanynt cyn eu cymeradwyo.

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Adroddiad cryno

Cyflwyniad

1. Mae Anthony Barrett, yn rhinwedd ei swydd fel yr Archwilydd Penodedig, yn gyfrifol am roi barn ynghylch pa un a yw'r datganiadau ariannol yn rhoi darlun cywir a theg o sefyllfa ariannol Cyngor Sir Ynys Môn ar 31 Mawrth 2014 a'i incwm a'i wariant ar gyfer y flwyddyn a ddaeth i ben bryd hynny. PricewaterhouseCoopers LLP sy'n gyfrifol am archwilio'r datganiadau ariannol.
2. Nid ydym yn ceisio cael sicrwydd llwyr bod y datganiadau ariannol wedi'u datgan yn gywir, ond rydym yn mabwysiadu'r cysyniad o berthnasedd. Wrth gynllunio a chynnal yr archwiliad, rydym yn ceisio nodi camddatganiadau perthnasol yn eich datganiadau ariannol, hynny yw, y rhai hynny a allai gamarwain rhywun sy'n darllen y cyfrifon.
3. Y lefel feintiol a ddefnyddiwn i farnu bod camddatganiadau o'r fath yn berthnasol i Gyngor Sir Ynys Môn yw £2,343,000 . Gall materion ansoddol penodol megis gofynion cyfreithiol a rheoliadol a sensitifrwydd gwleidyddol hefyd bennu p'un a fernir bod eitem yn berthnasol ai peidio.
4. Mae Safon Archwilio Ryngwladol (ISA) 260 yn ei gwneud yn ofynnol i ni gofnodi rhai materion sy'n deillio o'r archwiliad o'r datganiadau ariannol i'r sawl sy'n gyfrifol am lywodraethu corff mewn da bryd i gymryd camau priodol.
5. Mae'r adroddiad hwn yn nodi'r materion i'w hystyried sy'n deillio o'r archwiliad o ddatganiadau ariannol Cyngor Sir Ynys Môn ar gyfer 2013-14, y mae angen cyflwyno adroddiad arnynt o dan ISA 260.

Statws yr archwiliad

6. Cawsom y datganiadau ariannol drafft ar gyfer y flwyddyn a ddaeth i ben 31 Mawrth 2014 ar 30 Mehefin 2014 ac ar adeg cyflwyno'r adroddiad hwn roedd y canlynol heb eu cwblhau:
 - Cadarnhau'r addasiadau i brisiadau asedau
 - Gwaith ar ddarpariaeth ar gyfer hawliadau Cyflog Cyfartal ychwanegol
 - Asesu cynnydd mewn perthynas â Gwerthuso Swyddi
 - Llythyr cadarnhau manylion banc gan RBS
 - Gwaith ar drafodion partïon cysylltiedig
 - Gwaith ar y dadansoddiad segmentaidd
 - Gwaith ar ddatganiad llif arian parod
 - Gweithdrefnau cwblhau ac adolygu'r datganiadau ariannol terfynol

Byddwn yn rhoi'r wybodaeth ddiweddaraf i'r Pwyllgor Cyfrifon ar hynt y materion hyn ar lafar ar 23 Medi 2014.

7. Rydym yn cyflwyno adroddiad i chi ar y materion mwyaf arwyddocaol sy'n deillio o'r archwiliad, y credwn y dylech eu hystyried cyn cymeradwyo'r datganiadau ariannol.

Mae'r tîm archwilio eisoes wedi trafod y materion hyn gyda'r swyddog a.151 dros dro, Richard Micklewright.

Adroddiad archwilio arfaethedig

8. Bwriad yr Archwilydd Penodedig yw cyhoeddi adroddiad archwilio diamod ar y datganiadau ariannol unwaith y byddwch wedi rhoi Llythyr Sylwadau i ni yn seiliedig ar yr hyn a nodir yn Atodiad 1.
9. Nodir yr adroddiad archwilio arfaethedig yn Atodiad 2.

Materion sylweddol sy'n deillio o'r archwiliad

Camddatganiadau nas cywirwyd

10. Nodwn isod y camddatganiadau a nodwyd gennym yn y datganiadau ariannol, a drafodwyd gyda'r rheolwyr ond sy'n parhau heb eu cywiro, a gofynnwn iddynt gael eu cywiro. Os byddwch yn penderfynu peidio â chywiro'r camddatganiadau hyn, gofynnwn i chi roi'r rhesymau dros beidio â'u cywiro.

Gwall wrth Gyfrifo dibrisiant

DR Cost dibrisiant	£102,000
CR Dibrisiant cronodig	£102,000

Bu gwall o £633 mewn eitem o ddibrisiant a brofwyd, gan allosod y ffigur hwnnw i wall amcanestynedig o £102,000. Digwyddodd y gwall am fod yr oes economaidd ddefnyddiol a gymhwyswyd at ased o fewn y cyfrifiad dibrisio yn anghywir.

Blaendaliadau

DR Cost Gwasanaethau	£174,000
CR Blaendaliadau	£174,000

Bu gwall o £174,000 o achos blaendaliadau a gafwyd eu dwyn ymlaen o 2012/13 ond heb wedi'u gwrthdroi yn briodol ar ddechrau 2013/14.

Camddatganiadau a gywirwyd

11. Mae yna gamddatganiadau a gywirwyd gan y rheolwyr, ond yr ystyriwn y dylid tynnu eich sylw atynt gan eu bod yn berthnasol i'ch cyfrifoldebau mewn perthynas â'r broses o gyflwyno adroddiadau ariannol. Fe'u nodir gydag esboniadau yn Atodiad 3.

Risgiau archwilio sylweddol

12. Yn ein Strategaeth Archwilio Ariannol, gwnaethom nodi gwybodaeth am y risgiau archwilio sylweddol ac uwch a nodwyd yn ystod y broses o gynllunio'r archwiliad. Mae'r tabl isod yn nodi canlyniad ein gweithdrefnau archwilio mewn perthynas â'r risgiau hynny:

Risgiau sylweddol

Risgiau	Camau a gymerwyd
Risgiau sy'n ymwneud â'r amgylchedd rheoli	
<p>Rheolwyr yn anwybyddu rheolaethau Mewn unrhyw sefydliad, gall rheolwyr fod mewn sefyllfa i anwybyddu'r rheolaethau ariannol sydd ar waith gennych. Gall y fath achos o dorri'r rheolaethau arwain at gamddatganiad perthnasol.</p>	<ul style="list-style-type: none">• Gwnaethom ddeall a gwerthuso prosesau a gweithdrefnau rheoli mewnol fel rhan o'n gwaith cynllunio. Gwnaethom adolygu a phrofi priodoldeb sampl o'r dyddlyfrau a broseswyd â llaw yn ystod y flwyddyn.• Edrychwyd yn ofalus ar unrhyw amcangyfrifon a wnaed gan y rheolwyr ac ystyriwyd a oedd unrhyw duedd yn perthyn iddynt.• Gwnaethom ddeall y rhesymeg fusnes dros drafodion sylweddol yr ymddengys nad ydynt yn fusnes arferol.• Mae ein gweithdrefnau archwilio hefyd yn cynnwys elfen anrhagweladwy sy'n amrywio o flwyddyn i flwyddyn. <p>Nid ydym wedi nodi unrhyw gamddatganiadau o ganlyniad i'n profion hyd yma.</p>

Risgiau

Cydnabod refeniw a gwariant

Mae risg y gallai'r Cyngor fabwysiadu polisïau cyfrifyddu neu drin trafodion incwm a gwariant mewn ffordd sy'n arwain at gamddatganiad perthnasol yn y Datganiad Cynhwysfawr o Incwm a Gwariant.

Rydym wedi nodi dwy risg yn benodol. Mae a wnelo'r gyntaf ag arian grant refeniw anghylchol, am ei bod yn bosibl na chaiff refeniw ei gydnabod yn unol â thelerau ac amodau ei broses ariannu pan fwriedir i'r grantiau hyn gael eu defnyddio ar gyfer rhaglenni penodol neu ddibenion untro.

Mae a wnelo'r ail â gwariant sy'n ymwneud â chostau nad ydynt yn gostau cyflogres a all gael eu cydnabod yn anghyflawn, yn anghywir neu yn y cyfnod cyfrifyddu anghywir.

Camau a gymerwyd

Rydym wedi gwneud y canlynol:

- gwerthuso rheolaethau allweddol er mwyn cadarnhau ein dealltwriaeth o gynllun y rheolaeth;
- profi cysoniadau allweddol.
- profi incwm grant refeniw anghylchol er mwyn cadarnhau bod gan y Cyngor yr hawl i'w gynnwys yn ei ddatganiadau ariannol
- profi gwariant nad yw'n gysylltiedig â'r gyflogres er mwyn sicrhau ei fod wedi'i gynnwys yn briodol yn y cyfrifon.
- profi bod trafodion a ddigwyddodd tua diwedd y flwyddyn wedi'u dosbarthu'n briodol yn y flwyddyn ariannol yr oeddent yn berthnasol iddi.

Rydym wedi ystyried y polisïau cyfrifyddu a fabwysiadwyd gan y Gymdeithas ac wedi cynnal y lefel briodol o brofion ar incwm a gwariant er mwyn canfod unrhyw gamddatganiad perthnasol.

Rydym hefyd wedi ystyried y gwaith a wnaed gennym mewn perthynas â'r risg y gallai rheolwyr anwybyddu rheolaethau (gweler uchod). Ni nodwyd unrhyw gamddatganiadau o ganlyniad i'n gwaith.

Risgiau uwch

Risgiau	Camau a gymerwyd
Risgiau sy'n ymwneud â datganiadau ariannol	
<p>Eiddo, offer a chyfarpar</p> <p>Mae'n ofynnol i'r Cyngor sicrhau bod ei eiddo, ei offer a'i gyfarpar a ddelir ar y Fantolen yn cael eu prisio'n ddigon rheolaidd er mwyn sicrhau nad yw'r swm cario yn sylweddol wahanol i werth teg yr asedau hyn ar ddiwedd y flwyddyn.</p> <p>Nodwyd yn flaenorol addasiadau archwilio ynghylch asedau na chawsant eu prisio'n ffurfiol yn ystod y flwyddyn nad ydynt wedi'u haddasu ar sail amherthnasedd. Mae risg y gallai unrhyw addasiadau o'r fath a gynigir yn y dyfodol fod yn berthnasol.</p>	<p>Gwnaethom ystyried dull y Cyngor o asesu a chyfiawnhau'r prisiad o'i eiddo, offer a chyfarpar ar 31 Mawrth 2014 ac ystyried pa un a oedd yn ddigonol ac yn briodol. Gwnaethom ofyn i'n harbenigwyr prisio mewnol ystyried cadernid tybiaethau ac amcangyfrifon allweddol rheolwyr.</p> <p>O ganlyniad i'n gwaith, gwnaed rhai diwygiadau i'r datganiadau ariannol (gweler isod ac atodiad 3).</p>
<p>Rhwymedigaeth pensiynau</p> <p>Ar hyn o bryd mae gan y Cyngor rwymedigaeth net berthnasol o ran ei rwymedigaethau pensiwn ar y fantolen.</p> <p>Nodwyd gwallau yn nata'r cyfrifiad a oedd yn sail i'r ffigur ar gyfer y rhwymedigaeth pensiwn net yng nghyfrifon y Cyngor yn 2012/13 o ganlyniad i fethiant y Cyngor i ddarparu digon o wybodaeth, yn amserol, am symudiadau cyflogeion a newidiadau mewn rolau i gynllun pensiwn Cyngor Gwynedd.</p>	<p>Gwnaethom asesu dull y Cyngor o asesu ei rwymedigaeth pensiwn net ar 31 Mawrth 2014 a phrofi cywirdeb a chyflawnder data sylfaenol y cyfrifiad a ddarparwyd i'r cynllun pensiwn.</p> <p>O ganlyniad i'n gwaith, gwnaethom nodi nifer o anghysondebau yn nata'r cyfrifiad a oedd yn sail i'r rhwymedigaeth pensiwn net. Mae ein gwaith yn mynd rhagddo yn y maes hwn a gall arwain at ddiwygiadau i'r datganiadau ariannol (gweler isod). Nododd y Cyngor hefyd wall yn adroddiad yr actiwari, ac ailgyflwynodd yr actiwari ei adroddiad yn sgil hynny, gan addasu'r rhwymedigaeth pensiwn o £11.6m (gweler atodiad 3).</p>

Risgiau

Darpariaeth cyflog cyfartal a Gwerthuso Swyddi

Ar hyn o bryd mae gan y Cyngor ddarpariaeth berthnasol ar ei fantolen o ran nifer o hawliadau Cyflog Cyfartal y mae wedi cyfrifo y bydd angen iddo, o bosibl, eu setlo. Nid ydym yn ymwybodol bod unrhyw gynigion wedi'u cyflwyno eto i hawlwr.

At hynny, mae'r Cyngor wrthi'n cynnal adolygiad o gyflogau a graddau fel rhan o'i ymarfer Gwerthuso Swyddi. Yn seiliedig ar y graddau y gallai rhwymedigaeth godi i ôl-ddyddio unrhyw wahaniaethau cyflog a thalu iawndal i staff, mae'n bosibl y bydd angen i'r Cyngor wneud darpariaeth bellach ar gyfer hyn.

Camau a gymerwyd

Gwnaethom asesu effaith cynigion i hawlwr ar gyfer Cyflog Cyfartal a wnaed gan y Cyngor ar ei ddarpariaeth yn ogystal â nodi hawliadau eraill a wnaed yn ystod y cyfnod cyfamserol.

Gwnaethom nodi camddatganiadau o ganlyniad i'n gwaith yn y maes hwn (gweler isod ac atodiad 3).

Gwnaethom asesu cynnydd y Cyngor wrth gynnal yr adolygiad o gyflogau a graddau a pha un a oedd angen rhwymedigaeth o ganlyniad i hyn.

Mae ein gwaith yn mynd rhagddo yn y maes hwn a gall arwain at ddiwygiadau i'r datganiadau ariannol (gweler isod).

Risgiau eraill

13. Gwnaethom hefyd nodi dwy risg arall y dylid rhoi sylw iddynt wrth ystyried y risgiau archwilio sylweddol ac uwch a nodwyd uchod.

Risgiau

Paratoi cyfrifon: Cafodd anawsterau o ran llenwi swyddi'n barhaol yn y Tîm Cyllid effaith andwyol ar broses llunio cyfrifon y Cyngor yn 2009/10 a 2010/11. Llwyddodd staff interim profiadol i gwblhau'r gwaith erbyn y terfynau amser yn 2011/12 a 2012/13. Fodd bynnag, mae dau aelod o staff interim profiadol a oedd yn cyflawni rolau cyfrifyddu allweddol wedi gadael y Cyngor. Mae'n hanfodol bod y Cyngor yn sicrhau bod adnoddau digonol a phriodol yn cael eu neilltuo i lunio'r cyfrifon statudol yn unol â'r amserlenni gofynnol.

Camau a gymerwyd

Gwnaethom weithio'n agos gyda'r rheolwyr er mwyn monitro'r cynnydd a wnaed wrth baratoi a llunio cyfrifon 2013/14. Llwyddodd y staff i gydymffurfio â'r terfynau amser perthnasol.

Mae gennym bryderon o hyd ynghylch y ddibyniaeth ar staff dros dro o fewn y tîm cyllid ac rydym wedi nodi hyn isod.

Risgiau	Camau a gymerwyd
<p>Rhoi system cyfriflyfr cyffredinol newydd (Civica) ar waith: Rhoddwyd system cyfriflyfr cyffredinol newydd ar waith ar 1 Ebrill 2013. Bydd cywirdeb a chyflawnder datganiadau ariannol 2013/14 yn dibynnu ar y system newydd yn cael ei rhoi ar waith yn effeithiol a balansau terfynol ar gyfer y flwyddyn flaenorol yn cael eu cario ymlaen yn gywir ac yn gyflawn.</p>	<p>Gwnaethom gynnal gwaith er mwyn cadarnhau bod y balansau terfynol ar gyfer y flwyddyn flaenorol wedi'u cario ymlaen yn gywir ac ni nodwyd unrhyw gamddatganiadau.</p> <p>Nodwn fod Archwilwyr Mewnol y Cyngor wedi hysbysu'r Pwyllgor Archwilio am faterion yn ymwneud â gweithredu Civica, yn enwedig mewn perthynas â nodi taliadau dyblyg a wnaed, a rhoi hawliau estynedig i staff y Cyngor godi neu gymeradwyo anfonebau er mwyn clirio ôl-groniadau blaenorol. Nid ydym wedi ailadrodd eu canfyddiadau yn yr adroddiad hwn. Nodwn ein bod wedi gwneud gwaith pellach i asesu a oedd yr hawliau mynediad hyn wedi'u defnyddio'n briodol.</p> <p>Ni nodwyd unrhyw faterion o ganlyniad i'n gwaith.</p>

Amcangyfrifon arwyddocaol

- Yn ystod ein harchwiliad ymgwymerwyd â gweithdrefnau penodol mewn perthynas â meysydd sy'n destun risg o ran amcangyfrif.

Prisiadau asedau sefydlog

- Ailbrisiodd y Cyngor gyfran o'i bortffolio asedau sefydlog fel ag yr oedd ar 31 Mawrth 2014 yn unol â'i bolisi cyfrifyddu i ailbrisio asedau bob pum mlynedd. Canolbwyntiodd ein harchwiliad ar gadernid y cyfrifiadau a wnaed gan brisiwr mewnol cymwysedig y Cyngor a'r rhagdybiaethau a ddefnyddiwyd yn y prisiad.
- Ar gyfer yr asedau a ailbrisiwyd yn ffurfiol gan y Cyngor, nodwyd camddatganiad o £55k yng ngwerth Eiddo Buddsoddi yn seiliedig ar wall yn y fethodoleg a ddefnyddiwyd yn ei gyfrifiad. Nodwn fod gwall tebyg wedi codi yn y flwyddyn flaenorol.
- Nodwyd camddatganiad ychwanegol o ganlyniad i asesiad gan brisiwr y Cyngor nad oedd nifer o asedau wedi'u dosbarthu'n Eiddo Buddsoddi mwyach. Dilëwyd y rhain o werth asedau Eiddo Buddsoddi'r Cyngor, ond ni chawsant eu hychwanegu at categorïau eraill o asedau sefydlog yn dilyn hynny. Y gostyngiad net mewn eiddo buddsoddi oedd £429k a bu cynnydd o £794k mewn perthynas ag eiddo, offer a chyfarpar.
- Mewn blynyddoedd blaenorol, mae'r Cyngor wedi cynnal ymarfer mynegeio er mwyn canfod pa un a yw gwerth y categorïau sylweddol hynny o dir ac eiddo nas prisiwyd yn ffurfiol yn ystod y flwyddyn hyd at 31 Mawrth 2014 wedi'u cam-ddatgan mewn ffordd berthnasol. Nid oedd ymarfer o'r fath wedi'i gynnal gan y Cyngor pan roddwyd y Datganiadau drafft o Gyfrifon i'r tîm archwilio.

-
19. Gwnaethom herio'r Cyngor i ddarparu tystiolaeth nad oedd gwerth y categorïau sylweddol hynny o dir ac eiddo nas prisiwyd yn ffurfiol yn ystod y flwyddyn wedi'u cam-ddatgan mewn ffordd berthnasol. O ganlyniad, cynhaliodd priswyr y Cyngor ailbrisiadau ffurfiol o'r mwyafrif o'u hasedau tir ac eiddo. Arweiniodd hyn at gynnydd mewn gwerth asedau sefydlog o £7.3m o ganlyniad i ailbrisiadau ffurfiol. Diwygiwyd hyn yn y datganiadau ariannol.
 20. At hynny, o ganlyniad i'r ymarfer ailbrizio, nodwyd nad oedd rhan o'r eiddo yn Ysgol David Hughes wedi'i throsglwyddo i system cofrestr asedau bresennol y Cyngor pan gafodd ei chyflwyno, gan olygu bod gwerth yr ysgol wedi'i danddatgan tua £2.8m. Diwygiwyd hyn yn y datganiadau ariannol.
 21. Yn ystod y flwyddyn flaenorol nodwyd bod y Cyngor yn defnyddio dull Beacon o brizio ei stoc tai cyngor, sy'n cynnwys dewis nifer o eiddo 'beacon' sy'n nodweddiadol o gategorïau neu haenau gwahanol o dai cymdeithasol, eu priso, ac yna gymhwyso'r gwerth hwn at bob haen yn ei thro.
 22. Er mwyn adlewyrchu'r gwahaniaeth rhwng tai preifat a thai cymdeithasol (fel anheddau cyngor) lle mae gan denantiaid lawer mwy o hawliau, mae dull Beacon yn defnyddio ffactor addasu.
 23. Ar adeg y prisiad ffurfiol diwethaf, nid oedd data ar gael ar y ffactorau addasu ar gyfer Cymru, felly dewisodd y Cyngor ranbarth cymharol (Swydd Efrog a Humberside) a chymhwysodd y ffactor addasu hwn, sef 31%.
 24. Cyhoeddwyd papur ymchwil gan DVS (arbenigwyr priso yn y sector cyhoeddus) ym mis Ebrill 2011 a nododd wybodaeth ddangosol am ffactorau addasu ar gyfer rhanbarthau Cymru, a'r ffactor a roddwyd ar gyfer Gogledd a Gogledd-ddwyrain Cymru oedd 39%. Fodd bynnag, nid yw'r papur hwn wedi'i gynnwys mewn unrhyw ganllawiau ffurfiol hyd yma.
 25. Byddai newid o 1% yn y ffactor addasu a gymhwyswyd yn cael effaith berthnasol ar werth anheddau cyngor. Felly ystyriodd y Cyngor yn ofalus pa ffactor addasu y dylid ei gymhwyso, gan ddod i'r casgliad na fu'r papur ymchwil yn destun ymgynghori a dilysu digonol i allu dibynnu arno fel sail ar gyfer gwneud newid mor sylweddol yn ei ddatganiad o gyfrifon. Felly, mae wedi cadw'r ffactor addasu presennol, sef 31% ond mae wedi tynnu sylw darllenwyr at y papur ymchwil yn ei ddatganiad o gyfrifon gan nodi y gallai arwain at newid sylweddol yng ngwerth anheddau'r cyngor yn y dyfodol o tua £3m fesul 1% o wahaniaeth. Rydym o'r farn bod hyn yn rhesymol.

Rhwymedigaethau cyflog cyfartal

26. Yn 1997, llofnododd cyflogwyr llywodraeth leol a'r undebau llafur 'Gytundeb Statws Sengl'. Fel rhan o ddeddfwriaeth cyflog cyfartal, rhoddodd y cytundeb rwymedigaeth ar awdurdodau i gynnal adolygiadau cyflog cyfartal ac i gyflwyno strwythurau cyflog anwahaniaethol, gan fynd i'r afael â'r ffaith bod cyflogeion llywodraeth leol yn cael eu cyflogi ar delerau ac amodau gwahanol.
27. Mae'r Cyngor wedi cael hawliadau cyflog cyfartal yn ystod y blynnyddoedd diwethaf a chafodd ragor o hawliadau yn ystod 2013/14. Mae'r rheolwyr wedi asesu amlygiad

posibl y Cyngor i hawliadau er mwyn amcangyfrif y rhwymedigaeth mewn perthynas â'r hawliadau cyfreithiol hyn.

28. Yn ystod 2013/14, cafodd nifer o'r hawliadau hyn eu setlo gan y Cyngor a chafodd taliadau iawndal eu gwneud. Cronnwyd taliadau iawndal a wnaed ar ôl diwedd y flwyddyn. Cyfanswm y taliadau iawndal a'r croniadau a wnaed oedd £3.3m.
29. Ni ddilëwyd gwerth taliadau iawndal na chroniadau o'r balans ar gyfer y ddarpariaeth bresennol yn y cyfrifon drafft. Mae hyn bellach wedi'i gywiro.
30. Roedd gan y Cyngor hefyd gronfa wrth gefn ar gyfer Ôl-groniadau Cyflog Anghyfartal gwerth £1.9m a sefydlwyd yn 2011/12 er mwyn gohirio effaith darparu ar gyfer hawliadau Cyflog Cyfartal ar Gronfa'r Cyngor hyd nes y câi'r hawliadau eu setlo. Ni ryddhaodd y Cyngor y gronfa wrth gefn er mwyn effeithio ar Gronfa'r Cyngor pan gafodd yr hawliadau eu setlo yn ystod 2013/14, felly cynigiwyd addasiad i'r perwyl hwn. Bwriad y Cyfarwyddyd Cyfalafu a roddwyd gan Lywodraeth Cymru oedd lliniaru'r addasiad £1.9m hwn yn unig, yn hytrach na'r £3.3m yr oedd y Cyngor wedi rhoi cyfrif amdano, felly gwnaed addasiad pellach er mwyn dwygio ar gyfer hyn.
31. Ar ôl gwneud taliadau iawndal, cafodd y Cyngor tua 200 o hawliadau Cyflog Cyfartal pellach. Ni ddarparwyd ar gyfer yr hawliadau hyn yn y Datganiad o Gyfrifon drafft. Gwnaethom herio'r rheolwyr ynglŷn â hyn, a gwnaethant gytuno i ddarparu ar gyfer y 200 o hawliadau ychwanegol a gafwyd (gweler atodiad 3) gwerth £1.9m.
32. Rydym wedi cynnal profion trylwyr ar y cyfrifiadau a wnaed gan y rheolwyr ac wedi trafod yr amcangyfrif gyda'r swyddog a151. Mae ein gwaith mewn perthynas â dyfarniadau allweddol o fewn cyfrifiad y ddarpariaeth yn mynd rhagddo a byddwn yn rhoi'r wybodaeth ddiweddaraf i'r pwyllgor archwilio am ganlyniad y gwaith hwn yn y cyfarfod ar 23 Medi 2014.

Gwerthuso swyddi

33. Mae'r Cyngor wrthi'n cynnal ei ymarfer Gwerthuso Swyddi, ond nid yw eto wedi gallu rhoi asesiad manwl o'i rwymedigaethau posibl sy'n deillio o'r gofyniad i gyflwyno system cyflogau a graddau newydd yn weithredol o 1 Ebrill 2007.
34. Mae sgoriau Gwerthuso Swyddi sy'n gysylltiedig â swyddi wedi cael eu rhoi i Benaethiaid Gwasanaeth y Cyngor, sydd wedi ymateb i nifer o gwestiynau y mae'r Cyngor yn mynd i'r afael â hwy ar hyn o bryd. Nid yw sgoriau Gwerthuso Swyddi wedi cael eu rhoi i aelodau unigol o staff eto, nac wedi eu cysylltu â system cyflog a graddio newydd.
35. Mae'n bosibl y bydd yn rhaid i'r Cyngor gydnabod rhwymedigaeth berthnasol mewn perthynas â'r ymarfer hwn. Mae ganddo gronfa wrth gefn o £2.4m a neilltuwyd i ariannu'r costau a ragwelir. Gan nad yw'r Cyngor wedi cynnig system cyflogau a graddau newydd eto ac nad yw wedi cyfrifo maint unrhyw rwymedigaethau posibl i dalu ôl-gyflog, ni wnaed unrhyw ddarpariaeth mewn perthynas â'r ymarfer gwerthuso swyddi er bod rhwymedigaeth wrth gefn wedi'i ddatgelu.

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- 36.** Ar adeg ysgrifennu'r adroddiad hwn, mae'r Cyngor yn rhan o drafodaethau sy'n mynd rhagddynt â'r undebau llafur i fodelu strwythur cyflogau a graddau newydd. Byddwn yn parhau i fonitro cynnydd yn y maes hwn.

Darpariaeth gwastraff

- 37.** Mae'r Cyngor wedi cadw darpariaeth o £2.7m yn y datganiad o gyfrifon mewn perthynas â chostau ôl-ofal ar ran o safle gwastraff Penhesgyn a gapiwyd. Mae prisiad y ddarpariaeth hon yn deillio o asesiad amgylcheddol arbenigol a gynhaliwyd yn 2008 ac asesiad y Cyngor yn seiliedig ar gostau ôl-ofal parhaus. Mae'r asesiad yn rhagamcanu costau ôl-ofal dros gyfnod o 30 mlynedd ar gyfer y safle cyfan. Mae'r costau hyn, sef costau refeniw, yn rhai gofynnol o dan ddeddfwriaeth amgylcheddol ac felly darperir ar eu cyfer yn gywir.
- 38.** Rydym wedi cynnal rhywfaint o waith dadansoddi sensitifrwydd, disgowntio yn seiliedig ar y costau a nodwyd yn yr asesiad amgylcheddol arbenigol a'r rheini a brofwyd gan y Cyngor dros y blynyddoedd diwethaf, gan gymhwyso nifer o ragdybiaethau o ran cyfradd ddisgowntio a chwyddiant er mwyn rhoi amrywiaeth o werthoedd posibl o ran darpariaeth. Rydym yn fodlon bod darpariaeth y Cyngor yn dod o fewn amrediad rhesymol o amcangyfrifon sy'n seiliedig ar fodel wedi'i ddisgowntio.

Pensiynau

- 39.** Mae gan y Cyngor rwymedigaeth pensiwn net o ganlyniad i'w rwymedigaethau i aelodau o'r cynllun pensiwn presennol, ac mewn perthynas â chyfran y Cyngor o rwymedigaethau cynllun pensiwn blaenorol Cyngor Sir Gwynedd. Rhoddir gwybodaeth am y rhwymedigaethau hyn i'r Cyngor gan ei actiwariaid, Hymans Robertson, mewn dau adroddiad ar wahân. Fodd bynnag, rhoddodd Hymans Robertson wybodaeth anghywir i'r Cyngor i gychwyn. Nodwyd hyn gan y Cyngor yn dilyn hynny, a chafwyd gwybodaeth newydd gan Hymans Robertson gan arwain at ostyngiad o £11.6m yn rhwymedigaeth pensiwn y Cyngor a cholled actiwaraidd cysylltiedig. Addaswyd hyn yn y Datganiad o Gyfrifon.
- 40.** Yn ystod archwiliad 2012/13, ar ôl profi cywirdeb a chyflawnder data aelodaeth a ddarparwyd i'r cynllun pensiwn, nodwyd bod y data aelodaeth a ddefnyddiwyd gan yr actwari yn anghywir, gan arwain at ddiwygiad o £2m i rwymedigaeth pensiwn net y Cyngor. Yn ystod y flwyddyn gyfredol, rydym wedi cynnal rhagor o brofion ar y data aelodaeth a ddefnyddiwyd gan yr actiwari ac wedi nodi nifer o wahaniaethau o gymharu â'r data a ddelir gan y Cyngor mewn perthynas â dyddiad dechrau cyflogaeth a chyflogau pensiynadwy cyflogeion.
- 41.** Os yw'r data a ddelir gan y Cyngor a'r hyn a ddefnyddir gan yr actiwari'n wahanol iawn, mae'n bosibl bydd yn rhaid i'r Cyngor wneud addasiad perthnasol mewn perthynas â'i rwymedigaethau pensiwn. Mae ein gwaith yn mynd rhagddo yn y maes hwn a byddwn yn rhoi'r wybodaeth ddiweddaraf ar lafar i'r Pwyllgor Archwilio ar 23 Medi 2014.

Materion sylweddol eraill sy'n deillio o'r archwiliad

42. Fel rhan o'r archwiliad, rydym yn ystyried nifer o faterion ansoddol a meintiol sy'n berthnasol i'r cyfrifon ac yn cyflwyno adroddiad i chi ar unrhyw faterion sylweddol sy'n codi. Roedd rhai materion yn codi yn y meysydd hyn eleni:

- **Nid oes gennym unrhyw bryderon ynglŷn ag agweddau ansoddol ar eich arferion cyfrifyddu ac adrodd ariannol.** Cafwyd gennym fod y wybodaeth a ddarparwyd yn berthnasol, yn ddibynadwy, yn gymaradwy ac yn hawdd ei deall. Daethom i'r casgliad bod y polisiau a'r amcangyfrifon cyfrifyddu yn briodol a bod datganiadau'r datganiadau ariannol yn ddiuedd, yn deg ac yn glir.
- **Ni ddaethom ar draws unrhyw anawsterau sylweddol yn ystod yr archwiliad.** Cawsom wybodaeth mewn modd amserol a defnyddiol ac ni chyfyngwyd ar ein gwaith.
- **Ni wnaethom drafod na gohebu â rheolwyr am unrhyw faterion sylweddol y mae angen i ni eich hysbysu amdanynt.**
- **Mae un mater arall sy'n arwyddocaol i'r gwaith o oruchwylio'r broses adrodd ariannol y mae angen i ni eich hysbysu amdano.**

Mae'r ddibyniaeth ar staff dros dro ar gyfer nifer o swyddi allweddol yn nhîm cyllid y Cyngor wedi parhau. Mae hyn wedi parhau i roi pwysau ar y tîm cyllid i lunio fersiwn ddrafft derfynol o'r Datganiad o Gyfrifon sy'n cydymffurfio â Chod CIPFA mewn pryd ar gyfer y pwyllgor archwilio. Mae'n hanfodol bod trefniadau yn cael eu rhoi ar waith cyn gynted â phosibl er mwyn sicrhau bod gan y tîm cyllid ddigon o adnoddau medrus, priodol yn y dyfodol.

Nodwyd dau wall perthnasol yn ystod ein gwaith maes archwilio a nifer o wallau amherthnasol pellach (gweler Atodiad 3). Gallai'r materion hyn fod wedi cael eu nodi drwy adolygiad manylach wrth baratoi'r cyfrifon.

Ni nodwyd unrhyw wendidau perthnasol eraill yn y rheolaethau ond rydym wedi nodi sawl maes lle gellid gwella rheolaethau. Caiff y rheolwyr eu hysbysu am y rhain ar wahân.

- **Ni nodwyd unrhyw wendidau perthnasol yn eich rheolaethau mewnol.**
- Fel nodir uchod, mae'r Archwilwyr Mewnol y Cyngor wedi hysbysu'r Pwyllgor Archwilio am faterion yn ymwneud â gweithredu Civica, yn enwedig mewn perthynas â nodi taliadau dyblyg a wnaed, a rhoi hawliau estynedig i staff y Cyngor godi neu gymeradwyo anfonebau er mwyn clirio ôl-groniadau blaenorol.

Nodom hefyd gwendidau yn y llwybr archwilio yn sgil defnyddwyr yn postio dyddlyfrau â llaw i fewn i'r cyfrifylfr. Ni nododd ein profion unrhyw faterion dadleuol mewn trafodion perthnasol

a ymgymrwyd tra bo'r hawliau mynediad estynedig wedi'u caniatáu, fodd bynnag, rydym yn ystyried bod yr amgylchedd rheoli wedi gwanhau yn ystod y cyfnod hwn.

Nodwyd ein gwaith maes, fod cais twyllodrus i newid manylion banc un o gyflenwyr y Cyngor wedi dod i law ac wedi'i weithredu yn ystod y flwyddyn.

Gwnaed taliad o tua £0.3m i'r manylion banc anghywir fel rhan o fusnes arferol y Cyngor. Fodd bynnag, ataliwyd y trafodyn gan fancwyr y Cyngor a hysbyswyd y Cyngor amdano. Cysylltodd y Cyngor â'r cyflenwr yn dilyn hynny a gadarnhaodd nad oedd wedi gwneud unrhyw gais i ddiwygio ei fanylion banc. Deallwn fod Archwilwyr Mewnol y Cyngor bellach yn ymchwilio i'r mater.

- **Nid oes unrhyw faterion eraill y mae'n ofynnol iddynt, yn ôl safonau archwilio, gael eu cyfleu i'r sawl sy'n gyfrifol am lywodraethu.**

Annibyniaeth a gwrthrychedd

43. Fel rhan o'r broses derfynol, mae'n ofynnol i ni roi sylwadau i chi ynghylch ein hannibyniaeth.
44. Mae PwC yn darparu gwasanaethau ardystio grantiau i'r Cyngor, ar ran Archwilydd Cyffredinol Cymru, a chodir taliadau blynyddol o tua £160,000 am hynny.
45. Rydym wedi cydymffurfio â safonau moesegol ac yn ein barn broffesiynol, rydym yn annibynnol ac ni chaiff ein gwrthrychedd ei beryglu. Nid oes unrhyw gydbberthnasau rhwng Swyddfa Archwilio Cymru a Chyngor Sir Ynys Môn sy'n effeithio ar ein gwrthrychedd na'n hannibyniaeth yn ein barn ni.

Materion eraill

46. Yn ein cynllun archwilio a gyflwynwyd i chi ym mis Ebrill, nodwyd ein perthnasedd cyffredinol arfaethedig a ddefnyddiwyd gennym wrth gynllunio'r strategaeth archwilio cyffredinol, yn seiliedig ar Ddatganiad o Gyfrifon 2012/13. Gwnaethom amrywio ein perthnasedd i £2.3m yn seiliedig ar Ddatganiad o Gyfrifon drafft 2013/14 a dderbyniwyd gan y tîm archwilio ym mis Gorffennaf.

Atodiad 1

Llythyr Sylwadau Terfynol

[Pennawd llythyr y corff a archwilir]

Archwilydd Penodedig
Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd
CF11 9LJ

[Dyddiad]

Sylwadau yn ymwneud â datganiadau ariannol 2013/14

Cyflwynir y llythyr hwn mewn perthynas â'ch archwiliad o ddatganiadau ariannol (gan gynnwys y rhan honno o'r Adroddiad Cydnabyddiaeth a archwilir) Cyngor Sir Ynys Môn ar gyfer y flwyddyn a ddaeth i ben 31/03/2014 er mwyn mynegi barn ar ba mor wir a theg ydynt a pha un a ydynt wedi'u paratoi'n briodol.

Rydym yn cadarnhau hyd eithaf ein gwybodaeth a'n cred, ar ôl cynnal ymchwiliadau a oedd yn ddigonol yn ein barn ni, y gallwn wneud y sylwadau canlynol i chi.

Sylwadau rheolwyr

Cyfrifoldebau

Rydym wedi cyflawni ein cyfrifoldebau am baratoi'r datganiadau ariannol yn unol â gofynion deddfwriaethol a'r Cod Ymarfer ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2013/14 yn seiliedig ar y Safonau Adrodd Ariannol Rhyngwladol; yn benodol, mae'r datganiadau ariannol yn rhoi darlun cywir a theg yn unol â hynny.

Rydym yn cydnabod ein cyfrifoldeb am gynllunio, gweithredu, cynnal ac adolygu trefniadau rheolaeth fewnol er mwyn atal a chanfod twyll a gwallau.

Gwybodaeth a roddwyd

Rydym wedi rhoi'r canlynol i chi:

- Mynediad llawn i'r canlynol:
 - yr holl wybodaeth rydym yn ymwybodol ohoni sy'n berthnasol i'r broses o baratoi'r datganiadau ariannol megis llyfrau cyfrifon a dogfennaeth ategol, cofnodion cyfarfodydd a materion eraill;
 - gwybodaeth ychwanegol y gwnaethoch ofyn amdani gennym at ddiben yr archwiliad; a

- mynediad anghyfyngedig i staff yr oedd yn angenrheidiol i chi gael tystiolaeth archwilio ganddynt, yn eich barn chi.
- Canlyniadau ein hasesiad o'r risg y gall y datganiadau ariannol fod wedi eu cam-ddatgan mewn modd perthnasol o ganlyniad i dwyll.
- Ein gwybodaeth am dwyll neu dwyll a amheuir yr ydym yn ymwybodol ohono ac sy'n effeithio ar Gyngor Sir Ynys Môn ac yn ymwneud â:
 - rheolwyr;
 - cyflogeion sydd â rolau pwysig yng nghyd-destun rheolaeth fewnol; neu
 - eraill lle gallai'r twyll gael effaith berthnasol ar y datganiadau ariannol.
- Ein gwybodaeth am unrhyw honiadau o dwyll, neu dwyll a amheuir, sy'n effeithio ar y datganiadau ariannol a roddwyd i ni gan gyflogeion, cyn-gyflogeion, rheoleiddwyr neu eraill.
- Ein gwybodaeth am bob achos hysbys neu achos a amheuir o ddiffyg cydymffurfio â deddfau a rheoliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol.
- Manylion yr holl bartïon cysylltiedig a'r holl gydberthnasau a thrafodion partïon cysylltiedig rydym yn ymwybodol ohonynt.

Sylwadau ar y datganiad ariannol

Cofnodwyd pob trafodyn, ased a rhwymedigaeth yn y cofnodion cyfrifyddu ac fe'u hadlewyrchir yn y datganiadau ariannol.

Mae'r rhagdybiaethau arwyddocaol a ddefnyddiwyd i wneud amcangyfrifon cyfrifyddu, gan gynnwys y rheini a fesurwyd ar werth teg, yn rhesymol.

Cyfrifwyd yn briodol am gydberthnasau a thrafodion partïon cysylltiedig ac fe'u datgelwyd yn briodol. Rydym yn cadarnhau bod yr atodiad i'r llythyr hwn yn cynnwys rhestr gyflawn o bartïon cysylltiedig y Cyngor. Datgelwyd pob achos o drosglwyddo adnoddau, gwasanaethau a rhwymedigaethau rhwng y Cyngor a'r partïon hyn i chi, ni waeth pa un a chodwyd tâl am hynny ai peidio. Nid ydym yn ymwybodol o unrhyw bartïon cysylltiedig eraill, na thrafodion rhwng partïon cysylltiedig a ddatgelwyd.

Rydym yn cadarnhau ein bod wedi nodi pob rheolwr allweddol i chi, fel y diffinnir gan IAS 24, ac wedi cynnwys eu cydnabyddiaeth yn y datgeliadau o gydnabyddiaeth rheolwyr allweddol.

Ar sail y cynnydd a wnaed hyd yma, ar hyn o bryd ni allwn asesu ein rhwymedigaethau posibl o ran ôl-gyflog mewn perthynas â'r ymarfer Gwerthuso Swyddi.

Mae'r ddarpariaeth 'Arall' (a gynhwysir mewn perthynas â hawliadau Cyflog Cyfartal) yn seiliedig ar ein hamcangyfrif gorau o'r rhwymedigaethau posibl sy'n deillio o setlo'r hawliadau hyn, ac ystyriwyd pob hawliad a datblygiad o dan gyfraith achosion gymwys yr ydym yn ymwybodol ohoni. Rydym yn cadarnhau bod y Cyngor yn bwriadu ceisio setlo'r hawliadau hyn y tu allan i driwlynlys ac mai dim ond i'r hawlwyd hynny sydd â hawliad dilys ym marn y Cyngor y caiff setliadau eu cynnig, ac mae wedi gwneud darpariaeth yn y datganiadau o gyfrifon ar eu cyfer yn unol â hynny.

Rydym yn cadarnhau ein bod yn fodlon bod y ffigurau a roddwyd mewn perthynas ag Asedau Sefydlog ac Eiddo Buddsoddi yn y Datganiadau o Gyfrifon yn cynrychioli ein hamcangyfrif gorau o werth yr asedau hynny a bod y dulliau prisio a ddefnyddiwyd yn briodol.

Mae'r rhagdybiaethau sylfaenol a'r data ar aelodaeth a ddefnyddiwyd ym mhrisiad actiwaraidd y cynllun pensiwn yn briodol i Gyngor Sir Ynys Môn.

Addaswyd ar gyfer pob digwyddiad neu datgelwyd pob digwyddiad a ddigwyddodd ar ôl y dyddiad adrodd y mae angen ei addasu neu ei ddatgelu.

Datgelwyd pob achos gwirioneddol neu bosibl hysbys o ymglyfreitha a hawliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol i'r archwilydd, a chyfrifwyd amdanynt a'u datgelu yn unol â'r fframwaith cyflwyno adroddiadau ariannol perthnasol.

Nid oes unrhyw gamddatganiadau perthnasol, gan gynnwys hepgoriadau, yn y datganiadau ariannol. Mae effeithiau'r camddatganiadau nas cywirwyd a nodwyd yn ystod yr archwiliad yn amherthnasol, yn unigol a chyda'i gilydd, i'r datganiadau ariannol cyfan. Ceir crynodeb o'r eitemau hyn isod:

Gwall wrth Gyfrifo dibrisiant

DR Cost dibrisiant £102,000

CR Dibrisiant cronodig £102,000

Bu gwall o £633 mewn eitem o ddibrisiant a brofwyd, gan allosod y ffigur hwnnw i wall amcanestynedig o £102,000. Digwyddodd y gwall am fod yr oes economaidd ddefnyddiol a gymhwyswyd at ased o fewn y cyfrifiad dibrisio yn anghywir.

Blaendaliadau

DR Cost Gwasanaethau £174,000

CR Blaendaliadau £174,000

Bu gwall o £174,000 o achos blaendaliadau a gafwyd eu dwyn ymlaen o 2012/13 ond heb wedi'u gwrthdroi yn briodol ar ddechrau 2013/14.

Mae'r Cyngor yn fodlon bod y gwallau yn y flwyddyn flaenorol wedi'u nodi a'u meintioli'n gywir.

Nid oes gan y Cyngor unrhyw gynlluniau na bwriadau a allai newid gwerth cario a lle y bo'n gymwys fesuriadau neu ddsbarthiadau gwerth teg asedau a rhwymedigaethau a adlewyrchir yn y datganiadau ariannol mewn ffordd berthnasol.

Mae gan y Cyngor hawl foddhaol i'r holl asedau ac nid oes unrhyw hawlrywmau na llyffetheiriau ar asedau'r awdurdod, ac eithrio'r rhai a ddatgelir yn y datganiadau ariannol.

Rydym yn cadarnhau ein bod wedi cynnal adolygiadau priodol o leihad mewn gwerth, gan gynnwys asesu pryd y dylid cynnal adolygiadau o'r fath, os nad ydynt yn orfodol. Rydym yn cadarnhau ein bod wedi defnyddio'r tybiaethau priodol gyda'r adolygiadau hynny. Adolygwyd buddsoddiadau'r Cyngor mewn perthynas â lleihad mewn gwerth ac adlewyrchir unrhyw leihad mewn gwerth o'r fath yn y datganiadau ariannol yn unol â hynny.

Mae'r Cyngor yn fodlon nad yw'r tâl dibrisiant yn y cyfrifon wedi'i gam-ddatgan mewn ffordd berthnasol o ganlyniad i'w ddull o gydranoli.

Lle rydym wedi pennu gwerthoedd teg ar gyfer offerynnau ariannol, rydym yn cadarnhau bod y technegau prisio, y mewnbynnau i'r technegau hynny a'r tybiaethau a wnaed yn briodol ac yn adlewyrchu amodau'r farchnad ar ddyddiad y fantolen, a'u bod yn unol â'r amgylchedd busnes rydym yn gweithredu ynddo.

Mae'r Cyngor wedi cofnodi neu ddatgelu, fel y bo'n briodol, bob rhwymedigaeth, gwirioneddol ac wrth gefn, ac wedi datgelu yn y datganiadau ariannol bob gwarant a

roddwyd gennym i drydydd partiön, gan gynnwys gwarantau ar lafar a wnaed gan yr awdurdod ar ran cyswllt, aelod, swyddog neu unrhyw drydydd parti arall.

Mae'r holl fuddiannau ymdeol sylweddol y mae'r Cyngor yn ymrwymedig i'w darparu, gan gynnwys unrhyw drefniadau sy'n statudol, yn gytundebol neu'n ymhlyg yng ngweithrediadau'r awdurdod, pryd bynnag y byddant yn codi, pa un a gânt eu hariannu neu eu cymeradwyo ai peidio, wedi'u nodi a chyfrif priodol wedi'u rhoi amdanynt a/neu eu bod wedi'u datgelu. Rydym yn cadarnhau ein bod wedi rhoi gwybod i chi am unrhyw gynlluniau buddiannau cyflogeion y mae cyflogeion y Cyngor yn rhan ohonynt.

Gwnaed darpariaeth lawn ar gyfer yr holl rwymedigaethau ar ddyddiad y fantolen gan gynnwys gwarantau, ymrwymadau (yn enwedig mewn perthynas â chynlluniau dileu swyddi) a chynlluniau wrth gefn lle y disgwylir i'r eitemau arwain at golled sylweddol. Mae'r cyfryw eitemau eraill, lle nad oes angen darpariaeth yn fy marn i, wedi'u datgelu'n briodol yn y datganiadau ariannol.

Rydym yn cadarnhau, hyd eithaf ein gwybodaeth a'n cred, yn unol â gofynion IAS 37 (Darpariaethau, Rhwymedigaethau Wrth Gefn ac Asedau Wrth Gefn), bod datganiadau ariannol yr Awdurdod yn cynnwys amcangyfrif rhesymol o'r rhwymedigaethau posibl sy'n ddyledus sy'n deillio o'r hawliadau cyflog cyfartal a ddygwyd yn erbyn y Cyngor.

Mae'r holl drefniadau cytundebol (gan gynnwys llythyrau sy'n egluro neu'n addasu telerau cytundebau) y mae'r Cyngor wedi ymrwymo iddynt wedi'u hadlewyrchu'n gywir yn y cofnodion cyfrifyddu neu, lle maent yn berthnasol (neu gallent fod yn berthnasol) i'r datganiadau ariannol, wedi'u datgelu i chi.

Rydym wedi cydymffurfio â gofynion trethiant pob gwlad rydym yn gweithredu ynddi ac wedi dwyn i gyfrif bob rhwymedigaeth am drethiant sy'n ddyledus i'r awdurdodau treth perthnasol p'un a yw'n ymwneud â threth gorfforaeth, unrhyw dreth uniongyrchol arall neu unrhyw drethi anuniongyrchol. Nid ydym yn ymwybodol o unrhyw ddiffyg cydymffurfio a fyddai'n esgor ar rwymedigaethau ychwanegol ar ffurf cosb neu log ac rydym wedi datgelu'n llawn unrhyw ymholiadau neu ymchwiliadau gan yr Awdurdod Refeniw rydym yn ymwybodol ohonynt neu sy'n mynd rhagddynt.

Wrth reoli materion treth y Cyngor, rydym wedi ystyried unrhyw ddarpariaethau arbennig megis prisio trosglwyddiadau, capio dyledion, datgelu achosion o osgoi treth a deddfwriaeth reoledig cwmnïau tramor fel y'u cymhwysir mewn awdurdodaethau treth gwahanol.

Sylwadau gan y Pwyllgor Archwilio

Cydnabyddwn fod y sylwadau a wnaed gan y rheolwyr, uchod, wedi eu trafod â ni.

Cydnabyddwn ein cyfrifoldeb am baratoi datganiadau ariannol cywir a theg yn unol â'r fframwaith cyflwyno adroddiadau ariannol perthnasol. Cymeradwywyd y datganiadau ariannol gan y Cyngor ar 26 Medi 2014.

Llofnodwyd gan:

[Swyddog sy'n llofnodi ar ran rheolwyr]

Dyddiad:

Llofnodwyd gan:

[Swyddog neu Aelod sy'n llofnodi ar ran y rhai sy'n gyfrifol am lywodraethu (cyfarwyddwr yn unig yn achos cwmnïau)]

Dyddiad:

Related parties

Welsh Government

Welsh Government has significant influence over the general operations of the Authority in respect of providing the statutory framework within which the Authority operates, providing the majority of funding in the form of revenue and capital grants, revenue support grant and NNDR. Further details regarding grant income received and due can be found in Note 37 to the Accounts, whilst details of revenue support grant received and NNDR Pool transactions are summarised in Note 14 to the Accounts.

Precepting bodies

These are set out in Note 12 to the Accounts.

Members

Members of the council have direct control over the Authority's financial and operating policies. The total of members allowances paid in 2013/2014 is shown in Note 33 to the Accounts.

Members have declared interests in contracts, or in organisations, which may have dealings with the Council, in the Statutory Register of Members' Interests. Details of transactions with these entities are disclosed in Note 38 to the accounts.

Chief Officers

Details of chief officers' emoluments are provided in Note 34 to the accounts.

Pension Contributions

Employer's contributions are made to the Teachers' Pension Agency and the Gwynedd Pension Fund in respect of the Authority's employees. Further details of amounts involved are given in Notes 40 and 41 to the Accounts.

Menter Môn Cyfyngedig

The Council is a member of Menter Môn Cyf, and was one out of a total of 3 members at 31 March 2014.

Cwmni Cynnal Cyf

This company was established jointly by Ynys Môn and Gwynedd Councils on local government reorganisation. It provides education support services under contract to maintained schools and to the local education authorities and schools inspection services to Estyn.

Cwmni Gwastraff Môn-Arfon Cyf

Cwmni Gwastraff Môn-Arfon Cyf is a Local Council Waste Disposal Company established jointly by predecessors of the Anglesey and Gwynedd Councils in 1994. The two Councils decided to close the company down during 2007/08 and to undertake the work in-house. The relevant operational assets and liabilities and the staff were transferred to the Council in January 2008.

Other Bodies

The Authority is a member of the Welsh Joint Education Committee - WJEC CBAC Limited and the Welsh Local Government Association (WLGA).

The Council also acts as trustee for a number of trust funds, including the Isle of Anglesey Charitable Trust, Welsh Church Fund and Anglesey Further Education Trust. Details of transactions with these entities are disclosed in Note 38 and 39 to the accounts.

Atodiad 2

Adroddiad archwilio arfaethedig yr Archwilydd Penodedig i Gyngor Sir Ynys Môn

Adroddiad yr archwilydd annibynnol i Aelodau Cyngor Sir Ynys Môn

Rwyf wedi archwilio datganiadau cyfrifyddu Cyngor Sir Ynys Môn a'r nodiadau cysylltiedig ar gyfer y flwyddyn a ddaeth i ben 31/03/2014 o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004.

Mae datganiadau cyfrifyddu Cyngor Sir Ynys Môn yn cynnwys y Datganiad Symudiadau mewn Cronfeydd wrth Gefn, y Datganiad Incwm a Gwariant Cynhwysfawr, y Fantolen, y Datganiad Llif Arian Parod, y Datganiad Symud ar Falans y Cyfrif Refeniw Tai a Datganiad Incwm a Gwariant y Cyfrif Refeniw Tai.

Y fframwaith adrodd ariannol a gymhwyswyd wrth eu paratoi yw'r gyfraith berthnasol a'r Cod Ymarfer ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2013-14 yn seiliedig ar y Safonau Adrodd Ariannol Rhyngwladol (IFRS).

Priod gyfrifoldebau'r swyddog ariannol cyfrifol a'r archwilydd annibynnol

Fel yr esbonnir yn fanylach yn y Datganiad o Gyfrifoldebau ar gyfer y Datganiad o Gyfrifon, mae'r swyddog ariannol cyfrifol yn gyfrifol am baratoi'r datganiad o gyfrifon, sy'n rhoi darlun cywir a theg.

Fy nghyfrifoldeb i yw archwilio'r datganiadau cyfrifyddu a'r nodiadau cysylltiedig yn unol â'r gyfraith berthnasol a'r Safonau Archwilio Rhyngwladol (y DU ac Iwerddon). Mae'r safonau hynny yn ei gwneud yn ofynnol i mi gydymffurfio â Safonau Moesegol y Bwrdd Arferion Archwilio ar gyfer Archwilwyr.

Cwmpas yr archwiliad o'r datganiadau cyfrifyddu

Mae a wnelo archwiliad â chael tystiolaeth am y symiau a'r datgeliadau yn y datganiadau cyfrifyddu a'r nodiadau cysylltiedig i roi sicrwydd rhesymol nad oes unrhyw gamddatganiadau perthnasol yn y datganiadau cyfrifyddu na'r nodiadau cysylltiedig, boed hynny drwy dwyll neu wall. Mae hyn yn cynnwys asesu'r canlynol: pa un a yw'r polisïau cyfrifyddu yn briodol i amgylchiadau Cyngor Sir Ynys Môn a pha un a ydynt wedi'u cymhwyso'n gyson a'u datgelu'n ddigonol; rhesymoldeb amcangyfrifon cyfrifyddu arwyddocaol a wnaed gan y swyddog ariannol cyfrifol a chyflwyniad cyffredinol y datganiadau cyfrifyddu a'r nodiadau cysylltiedig.

Yn ogystal, darllenaf yr holl wybodaeth ariannol ac anariannol yn y Rhagair Esboniadol er mwyn nodi anghysondebau perthnasol â'r datganiadau cyfrifyddu a'r nodiadau cysylltiedig archwiliedig. Os dof yn ymwybodol o unrhyw gamddatganiadau neu anghysondebau perthnasol amlwg, ystyriaf y goblygiadau i'm hadroddiad.

Barn ar ddatganiadau cyfrifyddu Cyngor Sir Ynys Môn

Yn fy marn i, mae'r datganiadau cyfrifyddu a'r nodiadau cysylltiedig:

- yn rhoi darlun cywir a theg o sefyllfa ariannol Cyngor Sir Ynys Môn ar 31/03/2014 a'i incwm a'i wariant ar gyfer y flwyddyn a ddaeth i ben bryd hynny; ac
- wedi'u paratoi'n briodol yn unol â'r Cod Ymarfer ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2013-14.

Barn ar faterion eraill

Yn fy marn i, mae'r wybodaeth a gynhwysir yn y Rhagair Esboniadol ar gyfer y flwyddyn ariannol y paratowyd y datganiadau cyfrifyddu a'r nodiadau cysylltiedig ar ei chyfer yn gyson â'r datganiadau cyfrifyddu a'r nodiadau cysylltiedig.

Materion y cyflwynaf adroddiad arnynt drwy eithriad

Nid oes gennyf unrhyw beth i gyflwyno adroddiad arno o ran y Datganiad Llywodraethu y cyflwynaf adroddiad i chi yn ei gylch os na fydd, yn fy marn i, yn adlewyrchu cydymffurfiaeth â 'Delivering Good Governance in Local Government: Framework' a gyhoeddwyd gan CIPFA/SOLACE ym mis Mehefin 2007, neu os yw'r datganiad yn gamarweiniol neu'n anghyson â gwybodaeth arall yr wyf yn ymwybodol ohoni o'm harchwiliad.

O ran y Datganiad Llywodraethu, cyflwynaf adroddiad i chi os na fydd, yn fy marn i, yn adlewyrchu cydymffurfiaeth â 'Delivering Good Governance in Local Government: Framework' a gyhoeddwyd gan CIPFA/SOLACE ym mis Mehefin 2007, neu os yw'r datganiad yn gamarweiniol neu'n anghyson â gwybodaeth arall yr wyf yn ymwybodol ohoni o'm harchwiliad.

Tystysgrif cwblhau'r archwiliad

Ardystiaf fy mod wedi cwblhau'r archwiliad o gyfrifon Cyngor Sir Ynys Môn yn unol â gofynion Deddf Archwilio Cyhoeddus (Cymru) 2004 a'r Cod Ymarfer Archwilio a gyhoeddwyd gan Archwilydd Cyffredinol Cymru.

[Archwilydd Penodedig

Cyfeiriad

Dyddiad]

Atodiad 3

Crynodeb o'r cywiriadau a wnaed i'r datganiadau ariannol drafft y dylid tynnu sylw'r Pwyllgor Archwilio atynt

Yn ystod ein harchwiliad, gwnaethom nodi'r camddatganiadau canlynol a gywirwyd gan y rheolwyr, ond yr ystyriwn y dylid tynnu eich sylw atynt gan eu bod yn berthnasol i'ch cyfrifoldebau mewn perthynas â'r broses o gyflwyno adroddiadau ariannol.

	Natur y cywiriad	Datganiad Incwm a Gwariant Cynhwysfawr Dr	Datganiad Incwm a Gwariant Cynhwysfawr Cr	BS Dr	BS Cr
		£'000	£'000	£'000	£'000
1	<p>DR Darpariaethau CR Croniadau CR Gwariant Cost Gwasanaethau DR Cronfa Gyffredinol (MiRS) CR CAA (MiRS)</p> <p>Cafodd nifer o rwymedigaethau mewn perthynas â hawliadau cyflog cyfartal a wnaed yn erbyn y Cyngor eu setlo yn ystod blwyddyn ariannol 2013/14. Gwnaed darpariaeth ar gyfer unrhyw setliadau a ddeilliodd o'r hawliadau hyn yn y cyfrifon mewn blynyddoedd blaenorol, fodd bynnag, ni ddangoswyd y taliadau yn glir yn erbyn y ddarpariaeth bresennol fel y dylid bod wedi ei wneud ac roedd y modd yr ymdriniwyd â'r taliadau a wnaed yn amhriodol.</p>	3,731	431 3,300	3,300	3,300
2	<p>DR Darpariaethau CR Gwariant Cost Gwasanaethau</p> <p>Gwnaed darpariaeth gan y rheolwyr ar gyfer gosod cwlfert newydd yn lle un a oedd wedi'i ddifrodi'n rhannol ar safle tirlenwi Penhesgyn. Fodd bynnag, gan y byddai unrhyw waith adnewyddu yn cael ei gyfalafu fel ased seilwaith, nid oes unrhyw ofyniad i wneud darpariaeth o'r fath yn y datganiadau ariannol. Mae'r</p>		2,000	2,000	

	Cyngor wedi sefydlu cronfa wrth gefn a glustnodwyd ar gyfer y balans hwn.				
3	DR Cronfa gyffredinol CR Cronfa cyflog anghyfartal wrth gefn DR Cyfrif Addasu Cyfalaf CR Cronfa gyffredinol Sefydlwyd cronfa cyflog anghyfartal wrth gefn gan y Cyngor yn 2011/12 er mwyn ei alluogi i ohirio effaith darparu ar gyfer hawliadau Cyflog Cyfartal yn erbyn y Cyngor ar y gronfa gyffredinol hyd nes y câi'r hawliadau eu setlo Gan fod nifer o hawliadau sy'n fwy na'r gwerth hwn wedi'u setlo bellach, dylai'r gronfa cyflog anghyfartal wrth gefn fod wedi'i gwrthdroi. Dylid lleddfu effaith hyn ar y gronfa gyffredinol drwy gymhwyso Cyfarwyddyd Cyfalafu'r Awdurdod			1,935 1,935	1,935 1,935
4	DR Gwariant Cost Gwasanaethau CR Darpariaethau DR Cyfrif Addasu Cyfalaf CR Cronfa Gyffredinol Ar ôl setlo nifer o rwymedigaethau mewn perthynas â hawliadau cyflog cyfartal a wnaed yn erbyn y Cyngor yn ystod blwyddyn ariannol 2013/14, cafwyd hawliadau ychwanegol nas darparwyd ar eu cyfer eto. Mae'r addasiad yn adlewyrchu'r rhwymedigaeth a amcangyfrifwyd gan gynghorydd adnoddau dynol y Cyngor ac a awgrymwyd gan gwmsler cyfreithiol.	1,438		1,438	1,438 1,438
5	DR Cyfrifon derbyniadwy CR Cyfrifon taladwy Mae'r Cyngor wedi cofnodi nifer o gyfrifon grant derbyniadwy a balansau taladwy yn yr un cyfrif yn y cyfriflyfr cyffredinol, gan arwain at gyflwyniadau net yn y datganiadau ariannol drafft. Ni ddylid cyflwyno symiau fel cyfanswm net, ond fel cyfrifon derbyniadwy a balansau taladwy ar wahân.			1,337	1,337
6	DR Eiddo, offer a chyfarpar CR Eiddo deallusol CR Colled ar ailbrisio eiddo		365	794	429

	deallusol Nodwyd gwall yn y broses brisio ar gyfer eiddo deallusol, gan arwain at leihad mewn gwerth eiddo buddsoddi a throsglwyddo i eiddo, offer a chyfarpar.				
7	DR Incwm Cost Gwasanaethau CR Gwariant Cost Gwasanaethau Sef cywiro'r datganiadau cyfrifyddu ar gyfer cost ac incwm Treth Gyngor a gofnodwyd yn anghywir yn y Datganiad Incwm a Gwariant Cynhwysfawr.	5,083	5,083		
8	DR Cronfa Ailbrisio Wrth Gefn CR Eiddo, offer a chyfarpar Sef dileu'r cynnydd ailbrisio a gydnabuwyd mewn perthynas ag elfen Ased Cymunedol Ynys Llanddwyn fel gwerth a gynhwyswyd eisoes mewn Asedau Treftadaeth ac felly a gafodd ei gyfrif ddwywaith			147	147
9	DR Rhwymedigaeth Pensiwn CR Colled Actiwaraid Sef addasu'r rhwymedigaeth pensiwn net ar ôl dileu'r cyfrif dwbl mewn perthynas â chyfran Cyngor Sir Ynys Môn o'r rhwymedigaethau a ariannwyd gan Gronfa Bensiwn Gwynedd sydd wedi cau.		11,607	11,607	
10	DR Incwm Gros CR Gwariant Gros Sef dileu taliadau a ailgodwyd yn fewnol nad oeddent wedi'u codio'n briodol i godau taliadau a ailgodir yn fewnol.	1,346	1,346		
11	DR Arian parod ac arian cywerth CR Credydwyr Sef aiddosbarthiad o sieciau a godwyd yn ddyblyg yn 2013/14 ond eu canslo yn 2014/15.			122	122
12	DR Eiddo, offer a chyfarpar CR Cronfa Ailbrisio Wrth Gefn Sef y cynydd yn y gwerthoedd tir ac adeiladau, a chydabod y ganolfan hamdden yn Ysgol David Hughes yn sgil yr ymarfer ailbrisio diweddarach.			10,083	10,083
	Cyfanswm	11,612	24,132	34,712	22,192

Nid oes unrhyw effaith net ar Gronfa'r Cyngor o ran yr hyn a gyflwynwyd yn y Datganiad o Gyfrifon drafft.

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