

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

	31/03/12 £000	31/03/11 £000
Fair Value of Employer Assets	167,226	165,562
Present value of funded liabilities	(215,719)	(197,645)
Net Underfunding in Funded Plans	(48,493)	(32,083)
Present Value of Unfunded Liabilities	(15,252)	(14,489)
Net Liability	(63,746)	(46,572)
Amount in the Balance sheet:		
Liabilities	(230,972)	(212,134)
Assets	167,226	165,562
Net Liability	(63,746)	(46,572)

Scheme History

Analysis of scheme assets and liabilities

	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000	31/03/08 £000
Fair Value of Assets in pension scheme	167,224	165,561	175,644	123,950	152,884
Present Value of Defined Benefit Obligation	(230,970)	(212,133)	(311,535)	(192,983)	(194,585)
Deficit in the Scheme	(63,746)	(46,572)	(135,891)	(69,033)	(41,701)

Amount recognised in Other Comprehensive Income and Expenditure:

	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000	31/03/08 £000
Actuarial (losses)/gains	(18,887)	68,656	(66,106)	(26,645)	8,674
Cumulative actuarial losses	(51,436)	(32,549)	(101,205)	(35,099)	(8,454)
History of experience gains and losses:					
Experience (losses) and gains on assets	(11,599)	(25,169)	40,897	(43,474)	1,693
Experience (losses) and gains on liabilities	(2,670)	62,574	(510)	(377)	(26,332)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £230.97m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £63.746m.

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.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012:

	31/03/12 %	31/03/11 %	31/03/10 %	31/03/09 %	31/03/08 %
Experience (losses) and gains on Assets	(6.94%)	(15.20%)	23.28%	(35.07%)	1.11%
Experience (losses) and gains on liabilities	1.16%	(29.50%)	0.16%	0.20%	13.53%

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council Funds liabilities have been assessed by an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2012.

	2011/12	2010/11
Long-term expected rate of return on assets in the scheme:		
Equity investments	6.2%	7.5%
Bonds	3.3%	4.9%
Property	4.4%	5.5%
Cash	3.5%	4.6%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	20.5 years	20.5 years
Women	23.0 years	23.0 years
<i>Longevity at 65 for future pensioners:</i>		
Men	23.3 years	23.3 years
Women	25.6 years	25.6 years
Inflation/Pension Increase Rate	2.5%	2.8%
Salary Increase Rate	4.8%	5.1%
Expected Return on Assets	5.6%	6.9%
Discount Rate	4.8%	5.5%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2010	50%	50%
Service post April 2010	75%	75%

NOTE 41 – CONTINGENT LIABILITIES

Equal Pay, Single Status and Job Evaluation

The Authority is the subject of 360 equal pay claims from 300 current and former employees which have been lodged at the tribunal. The Authority intends to defend these claims. Both a reserve and a provision have been established in the Authority's accounts towards the potential costs arising from Equal Pay, Single Status, Job Evaluation and Equal Pay.

The element of provision relating to equal pay claims has been calculated on the basis of the number of existing claims and the estimate of the financial liability which will arise from them. The final amount that will be payable is, however, 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. Six cases have been settled. The total amount of this liability is difficult to quantify but £0.299m remains from the sum set aside in an earmarked reserve for such repayments (£0.299m in 2010/11).

Municipal Mutual Insurance (MMI)

In January 1994 the insurer of the Council's predecessor authorities, Municipal Mutual Insurance (MMI), made a scheme of arrangement with its creditors. Under this scheme, settled claims are initially paid out in full but, if the eventual winding up of the company is likely to result in insufficient assets to meet all liabilities, a claw back clause will be triggered which could affect claims already paid since 1993 less £50,000. As at 31 March 2012 £1.3m of claims had already been paid with outstanding claims estimated at £0.1m.

The current estimated potential liability, if the whole amount was to be clawed back, is £1.3m.

MMI have indicated that due to a recent judgment on mesothelioma claims it is unlikely that they will achieve a solvent run-off. It is not currently known what percentage is likely to be clawed back. Any liability will initially be met from the insurance reserve.

NOTE 42 – 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 2012 there were 125 such properties and it was estimated that the maximum amount that might potentially be received was approximately £4.6m (£4.6m in 2010/11). 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 43 - DISCLOSURE OF 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 Authority’s potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount 31/03/12 £000	Historical Experience of default %	Adjustments for market conditions 31/03/12 %	Estimated Maximum Exposure * £000
Deposits with Banks and Financial Institutions	9,994	0	0	0
UK Nationalised / Part Nationalised Banks	5,760	0	0	0
UK Local Authorities	0	0	0	0
Trade Debtors	3,742	3.8	7.6	871

*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 Authority 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.

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:

	31/03/12 £000	31/03/11 £000
Less than three months	1,386	1,429
Three to six months	279	193
Six months to one year	394	360
More than one year	1,683	1,471
Total	3,742	3,453

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 16.

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 action that fixed rate funding would be drawn 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.

Price Risk – The Council does not normally invest in equity shares.

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 507k Euro (221k in 2010/11): equivalent to £422k (£194k in 2010/11).

NOTE 44 – 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 Isle of Anglesey County Council and the North Wales Police Authority 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 of 29,768.15 for 2011/12 (29,555.89 for 2010/11).

The amount for a band D property (average £1,094.41 for 2011/12, £1,054.92 in 2010/11) is multiplied by the proportion specified for the particular band and discounts and benefits applied to give the individual amount due.

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

Analysis of the net proceeds from Council Tax:	2011/12 £000	2010/11 £000
Council Tax Collectable	32,496	31,094
Less: provision for non-payment not previously accounted for	(254)	(247)
Net Proceeds from Council Tax	32,242	30,847

NOTE 45 – NATIONAL NON-DOMESTIC RATES (NNDR)

NNDR is organised on a national basis. The Welsh Government (WG) specifies an amount for the rate - 42.8p in 2011/12 as compared to 40.9p in 2010/11, 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 National Assembly for Wales (NAfW). NAfW redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population.

The NNDR income, after reliefs and provisions (including WG's Small Business Rates Relief), of £15,125,894 for 2011/12 (£12,768,842 for 2010/11) was based on rateable value at the year end of £44,193,545 (£42,591,594 for 2010/11). The average rateable value for the year was approximately £43,292,654 (£42,508,978 for 2010/11).

Analysis of the net proceeds from non-domestic rates:	2011/12 £000	2010/11 £000
Non – domestic rates collectable	15,126	12,769
Cost of collection allowance	(142)	(143)
Interest paid on overpayments	0	(70)
Provision for bad debts	(358)	(43)
Contribution to cost of charitable relief/rural rate relief	40	37
Payments into national pool	14,666	12,550
Redistribution from national pool	16,324	19,557

NOTE 46 – HERITAGE ASSETS RESTATEMENTS

HERITAGE ASSETS – Five Year Summary of Transactions

There have been no transactions in respect of Heritage Assets during the current or previous four accounting periods, other than amounts relating to the four heritage properties (see note 13 for details).

HERITAGE ASSETS – Change In Accounting Policies

For 2011/12 the Council is required to change its accounting policy for Heritage Assets and recognise them at valuation as a separate category within the Balance Sheet. The Council's Asset Register has been reviewed and the assets identified for classification as Heritage Assets are the art collections held at Oriel Ynys Môn and four heritage properties.

The relevant accounting policy is shown under Note 1 (policy reference 9) to the accounting statements above. The Council is required to apply the change retrospectively and restate the relevant figures for previous years.

The art collections were previously classed as Community Assets and shown in the Balance Sheet at their historic cost. The change requires them to now be shown at a valuation amount, unless it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements, in which case historic cost can still be used. An updated Valuation for the Art Collections was obtained during the year and the resulting value has been applied to the restated figures with effect from 1 April 2010.

Full restated figures for the Balance Sheet and supporting Notes are shown below.

HERITAGE ASSETS: RESTATED BALANCE SHEETS AT 1 APRIL 2010 & 31 MARCH 2011

	Balances at 31 March 2011 per SOA 2010/11 £000	Restatement Changes £000	Restated Balances at 31 March 2010/11 £000	Balances at 1 April 2010 per SOA 10/11 £000	Restatement Changes £000	Restated Balances at 1 April 2010 £000
Long Term Assets						
Property, Plant and Equipment	303,887	(1,985)	301,902	284,036	(1,829)	282,207
Heritage Assets	0	3,038	3,038	0	2,881	2,881
Investment Properties	7,874	0	7,874	7,471	0	7,471
Intangible Assets	77	0	77	161	0	161
Long Term Investments	0	0	0	1	0	1
Long Term Debtors	450	0	450	475	0	475
Total Long Term Assets	312,288	1,053	313,341	292,144	1,052	293,196
Current Assets						
Short Term Investments	25,126	0	25,126	15,741	0	15,741
Inventories	499	0	499	423	0	423
Short Term Debtors	19,530	0	19,530	25,989	0	25,989
Cash and Cash Equivalents	9,457	0	9,457	8,153	0	8,153
Assets Held For Sale	514	0	514	0	0	0
Total Current Assets	55,126	0	55,126	50,306	0	50,306
Current Liabilities						
Short Term Borrowing	(8,289)	0	(8,289)	(1,727)	0	(1,727)
Creditors	(22,363)	0	(22,363)	(21,848)	0	(21,848)
Short Term Provisions	(1,072)	0	(1,072)	(94)	0	(94)
Capital Grants Receipts in Advance	(502)	0	(502)	(667)	0	(667)
Total Current Liabilities	(32,226)	0	(32,226)	(24,336)	0	(24,336)
Long Term Liabilities						
Long Term Creditors	(3)	0	(3)	(4)	0	(4)
Provisions	(4,410)	0	(4,410)	(2,886)	0	(2,886)
Long Term Borrowing	(96,103)	0	(96,103)	(97,608)	0	(97,608)
Pension Liability	(46,572)	0	(46,572)	(135,891)	0	(135,891)
Total Long Term Liabilities	(147,088)	0	(147,088)	(236,389)	0	(236,389)
Total Assets less Liabilities	188,100	1,053	189,153	81,725	1,052	82,777
Usable Reserves	20,889	0	20,889	26,663	0	26,663
Unusable Reserves	167,211	1,053	168,264	55,062	1,052	56,114
	188,100	1,053	189,153	81,725	1,052	82,777

HERITAGE ASSETS: RESTATEMENT OF NOTE 12 PROPERTY, PLANT & EQUIPMENT (PPE)

	AS PER STATEMENT OF ACCOUNTS 1011					RESTATEMENT CHANGES				
	Land & Buildings	Community Assets	Other Categories	Total PPE	Heritage Assets	Land & Buildings	Community Assets	Other Categories	Total PPE	Heritage Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
At 1 April 2010	152,667	411	159,506	312,584	0	(1,514)	(402)	0	(1,916)	2,969
Additions	3,647	0	16,667	20,314	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	13,857	0	96	13,953	0	(274)	0	0	(274)	274
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Service	(7,971)	0	(5,578)	(13,549)	0	146	0	0	146	(146)
Derecognition - Disposals	(172)	0	(849)	(1,021)	0	0	0	0	0	0
Derecognition – other derecognition on replacement	(2,826)	0	(9,143)	(11,969)	0	0	0	0	0	0
Reclassifications & Transfers	(921)	0	969	48	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	(530)	(530)	0	0	0	0	0	0
At 31 March 2011	158,281	411	161,138	319,830	0	(1,642)	(402)	0	(2,044)	3,097
Accumulated Depreciation and Impairment										
At 1 April 2010	11,400	0	17,148	28,548	0	(89)	0	0	(89)	89
Depreciation charge	4,341	0	5,316	9,657	0	(59)	0	0	(59)	59
Depreciation written out to the Revaluation Reserve	(8,782)	0	(29)	(8,811)	0	89	0	0	89	(89)
Depreciation written out to the Surplus/deficit on the Provision of Services	(2,617)	0	(10,369)	(12,986)	0	0	0	0	0	0
Derecognition - Disposals	(1)	0	(33)	(34)	0	0	0	0	0	0
Derecognition - Other - Derecognition on replacement	(126)	0	(305)	(431)	0	0	0	0	0	0
Reclassifications & Transfers	(35)	0	35	0	0	0	0	0	0	0
At 31 March 2011	4,180	0	11,763	15,943	0	(59)	0	0	(59)	59
Net Book Value										
At 31 March 2011	154,101	411	149,375	303,887	0	(1,583)	(402)	0	(1,985)	3,038
At 1 April 2010	141,267	411	142,358	284,036	0	(1,425)	(402)	0	(1,827)	2,880

	RESTATED AMOUNTS				
	Land & Buildings £'000	Community Assets £'000	Other Categories £'000	Total PPE £'000	Heritage Assets £'000
<i>Cost or Valuation</i>					
At 1 April 2010	151,153	9	159,506	310,668	2,969
Additions	3,647	0	16,667	20,314	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	13,583	0	96	13,679	274
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Service	(7,825)	0	(5,578)	(13,403)	(146)
Derecognition - Disposals	(172)	0	(849)	(1,021)	0
Derecognition – other derecognition on replacement	(2,826)	0	(9,143)	(11,969)	0
Reclassifications & Transfers	-921	0	969	48	0
Assets reclassified (to)/from Held for Sale	0	0	(530)	(530)	0
At 31 March 2011	156,639	9	161,138	317,786	3,097
<i>Accumulated Depreciation and Impairment</i>					
At 1 April 2010	11,311	0	17,148	28,459	89
Depreciation charge	4,282	0	5,316	9,598	59
Depreciation written out to the Revaluation Reserve	(8,693)	0	(29)	(8,722)	(89)
Depreciation written out to the Surplus/deficit on the Provision of Services	(2,617)	0	(10,369)	(12,986)	0
Derecognition - Disposals	(1)	0	(33)	(34)	0
Derecognition - Other - Derecognition on replacement	(126)	0	(305)	(431)	0
Reclassifications & Transfers	(35)	0	35	0	0
At 31 March 2011	4,121	0	11,763	15,884	59
<i>Net Book Value</i>					
At 31 March 2011	152,518	9	149,375	301,902	3,038
At 1 April 2010	139,842	9	142,358	282,209	2,880

HERITAGE ASSETS: RESTATEMENT OF UNUSABLE RESERVES

	Balances at 31 March 2011 per SOA 2010/11 £000	Restatement Changes £000	Restated Balances at 31 March 2011 £000	Balances at 1 April 2010 per SOA 2010/11 £000	Restatement Changes £000	Restated Balances at 1 April 2010 £000
Unusable Reserves						
Capital Adjustment Account	185,174	0	185,174	183,549	0	183,549
Financial Instruments Adjustment Account	410	0	410	545	0	545
Revaluation Reserve	29,505	1,052	30,557	8,434	1,052	9,486
Pensions Reserve	(46,571)	0	(46,571)	(135,890)	0	(135,890)
Accumulated Absences Account	(1,306)	0	(1,306)	(1,576)	0	(1,576)
Total Unusable Reserve	167,212	1,052	168,264	55,062	1,052	56,114

Revaluation Reserve

	Balance 2010/11 per SOA 2010/11 £000	Restatement Changes £000	Restated Balance 2010/11 £000
Revaluation Reserve			
Balance at 1 April	8,434	1,052	9,486
Upward revaluation of assets	25,067	0	25,067
Downward revaluations of assets and impairment losses not charged to Surplus / Deficit on the Provision of Services	(2,302)	0	(2,302)
Difference between Fair Value Depreciation & Historical Cost Depreciation	(1,694)		(1,694)
	29,505	1,052	30,557

NOTE 47 – RESTATEMENT OF GROSS INCOME AND EXPENDITURE 2010/11

Three adjustments have been made to the 2010/11 comparative figures.

1. Following a review of the detailed workings for the 2010/11 Comprehensive Income and Expenditure Statement, the way in which movements on Earmarked Reserves are removed from the base figures (to appear as a separate line in the Movements In Reserves Statement) has been revised, resulting in a decrease in the gross amounts shown for both income and expenditure. The revised figures are shown below. There is no effect on either the net amount reported for each service or the overall Surplus/Deficit On Continuing Operations.
2. Trading Operations are now included within the relevant service lines rather than appearing under Financing and Investment Income and Expenditure. There is no impact on the Surplus/Deficit On Provision of Services and a breakdown of the different operations continues to be shown in Note 30.
3. Revenue expenditure on Investment Properties has been moved from the original service lines to Finance and Investment Income and Expenditure, bringing its treatment into line with the corresponding expenditure.

Amounts as per Statement of Accounts 2010/11	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Central services	6,408	(5,737)	671
Cultural and related services	11,584	(3,425)	8,159
Children and Educational Services	71,449	(13,697)	57,752
Highways and transport services	16,624	(4,561)	12,063
Local authority housing (HRA)	6,019	(11,891)	(5,872)
Other housing services	21,592	(19,094)	2,498
Adult Social Care	32,391	(11,720)	20,671
Planning and Development	9,355	(4,879)	4,476
Environmental Services	12,505	(2,348)	10,157
Corporate and democratic core	9,859	(3,318)	6,541
Non distributed costs	(22,885)	0	(22,885)
(Surplus)/Deficit on Continuing Operations	174,901	(80,670)	94,231
Other Operating Expenditure			21,519
Financing & Investment Income & Expenditure			7,780
Taxation & Non-Specific Grant Income			(138,484)
(Surplus)/Deficit on Provision of Service			(14,954)

Adjustment 1	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Central services	(548)	548	0
Cultural and related services	(50)	50	0
Children and Educational Services	(421)	(421)	0
Highways and transport services	(370)	370	0
Local authority housing (HRA)	(9)	9	0
Other housing services	(332)	332	0
Adult Social Care	(1,149)	1,149	0
Planning and Development	(979)	979	0
Environmental Services	358	(358)	0
Corporate and democratic core	(1,645)	1,645	0
Non distributed costs	0	0	0
(Surplus)/Deficit on Continuing Operations	(5,145)	5,145	0
Other Operating Expenditure			0
Financing & Investment Income & Expenditure			0
Taxation & Non-Specific Grant Income			0
(Surplus)/Deficit on Provision of Service			0

Adjustment 2	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Central services	0	0	0
Cultural and related services	0	0	0
Children and Educational Services	640	(633)	7
Highways and transport services	0	0	0
Local authority housing (HRA)	0	0	0
Other housing services	(142)	(2)	(144)
Adult Social Care	2,350	(1,149)	1,201
Planning and Development	0	0	0
Environmental Services	0	0	0
Corporate and democratic core	0	0	0
Non distributed costs	0	0	0
(Surplus)/Deficit on Continuing Operations	2,848	(1,784)	1,064
Other Operating Expenditure			0
Financing & Investment Income & Expenditure			(1,064)
Taxation & Non-Specific Grant Income			0
(Surplus)/Deficit on Provision of Service			0

Adjustment 3	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Central services	0	0	0
Cultural and related services	0	0	0
Children and Educational Services	0	0	0
Highways and transport services	(192)	0	(192)
Local authority housing (HRA)	0	0	0
Other housing services	0	0	0
Adult Social Care	0	0	0
Planning and Development	(147)	0	(147)
Environmental Services	(43)	0	(43)
Corporate and democratic core	0	0	0
Non distributed costs	0	0	0
(Surplus)/Deficit on Continuing Operations	(382)	0	(382)
Other Operating Expenditure			0
Financing & Investment Income & Expenditure			382
Taxation & Non-Specific Grant Income			0
(Surplus)/Deficit on Provision of Service			0

Revised Amounts	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Central services	5,860	(5,189)	671
Cultural and related services	11,534	(3,375)	8,159
Children and Educational Services	71,668	(13,909)	57,759
Highways and transport services	16,062	(4,191)	11,871
Local authority housing (HRA)	6,010	(11,882)	(5,872)
Other housing services	21,118	(18,764)	2,354
Adult Social Care	33,592	(11,720)	21,872
Planning and Development	8,229	(3,900)	4,329
Environmental Services	12,820	(2,706)	10,114
Corporate and democratic core	8,214	(1,673)	6,541
Non distributed costs	(22,885)	0	(22,885)
(Surplus)/Deficit on Continuing Operations	172,222	(77,309)	94,913
Other Operating Expenditure			21,519
Financing & Investment Income & Expenditure			7,098
Taxation & Non-Specific Grant Income			(138,484)
(Surplus)/Deficit on Provision of Service			(14,954)

HOUSING REVENUE ACCOUNT

Income and Expenditure Statement for the year ending 31st March 2012

	2011/12 £000	2010/11 £000
Income		
Gross Rent Income:		
-Dwelling rents	(11,769)	(11,226)
-Non Dwelling rents	(180)	(196)
-Charges for facilities and services	(19)	(21)
-Contributions towards expenditure	(452)	(443)
Other	(6)	(5)
Total Income	(12,426)	(11,891)
Expenditure		
Repairs and Maintenance	3,292	4,679
Supervision and Management:		
-General	1,424	1,195
-Special	452	382
Rents, Rates and Taxes	108	110
Housing Revenue Account Subsidy payable	2,122	2,140
Depreciation and Impairment of Non Current Assets	2,760	(2,549)
Debt Management Costs	15	10
Allowance for Bad Debts	63	54
Total Expenditure	10,236	6,021
Net Cost of HRA Services	(2,190)	(5,870)
Accumulated absences accrual movement	20	(2)
Net Cost of HRA Services per Comprehensive Income and Expenditure Statement	(2,170)	(5,872)
HRA Services Share of Corporate and Democratic Core	53	53
Net Cost of HRA Services	(2,117)	(5,819)
Loss on sale of HRA Non Current Assets	8,567	8,630
Interest Payable and Similar Charges	1,133	967
HRA Investment Income	(3)	(20)
Capital grants and contributions receivable	(2,623)	(2,640)
Deficit for Year on HRA Services	4,957	1,118

HOUSING REVENUE ACCOUNT

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

	2011/12 £000	2010/11 £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	(28)	(25)
Depreciation and Impairment of Non Current Assets	(2,760)	2,549
Accumulated absences accrual	(20)	2
(Loss) on sale of HRA Non Current Assets (including derecognition)	(8,567)	(8,630)
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	(11,375)	(6,104)
Transfer to or from reserves	2,623	2,640
HRA Minimum Revenue Provision	603	520
Employer's contributions payable to the Gwynedd Pension Fund and retirement benefits payable direct to pensioners	0	111
Capital expenditure funded by the HRA	3,200	3,948
	6,426	7,219
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(4,949)	1,115

Note to the Statements of Movements on the HRA balance

	2011/12 £000	2010/11 £000
Deficit for Year on HRA services	4,957	1,118
Net additional amount required by statute to be debited/(credited) to the HRA	(4,949)	1,115
Decrease in HRA Balance	8	2,233
HRA Account Balance B/Fwd	(255)	(2,488)
HRA Account Balance C/Fwd	(247)	(255)

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 authority housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is “ringfenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the Council Fund) are limited to special circumstances.

NOTE 2 – HOUSING STOCK

The number of dwellings in the Authority’s housing stock, as at 31 March 2012, totalled 3,807 properties. The dwellings are made up as follows:

	31/03/12	31/03/11
Council Owned Stock		
Houses	2,035	2,037
Bungalows	1,044	1,044
Flats	721	721
Bedsits	7	7
Total Council Owned	3,807	3,809

NOTE 3 – HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

	2011/12 £000	2010/11 £000
Capital investment		
Operational assets	9,237	9,143
	9,237	9,143
Sources of funding		
Supported Borrowing	0	(1,000)
Unsupported borrowing	(3,358)	(1,389)
Capital Receipts	(56)	(166)
Government grants and other contributions	(2,623)	(2,640)
Direct Revenue Financing	(3,200)	(3,948)
Total	(9,237)	(9,143)

The Major Repairs Allowance of £2.6m was used in full during the year.

NOTE 4 – CAPITAL RECEIPTS FROM DISPOSAL OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE HOUSING REVENUE ACCOUNT

	2011/12 No. of Sales	2011/12 £000	2010/11 No. of Sales	2010/11 £000
Council dwellings				
Right to Buy	2	131	5	263
Discounts repaid		22		8
Other Receipts				
Land sales	2	17	6	98
Other property sales		3		1
Mortgage Property		<u>173</u>		<u>370</u>
Less set aside		<u>117</u>		<u>(204)</u>
		56		166

NOTE 5 – RENT ARREARS AND BAD AND DOUBTFUL DEBTS

Rent arrears at 31 March 2012 stood at £649,144 (£605,840 as at 31 March 2011). This excludes prepayments of £100,703 at 31 March 2012 (£94,136 as at 31 March 2011).

Allowance has been made in the Balance Sheet for bad and doubtful debts. These stood at £419,573 against rents and £538,162 in total against rent payers (£503,503 and £560,503 in 2010/11).

NOTE 6 – DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

	2011/12 £000	2011/12 £000	2011/11 £000	2010/11 £000	2010/11 £000	2010/11 £000
	Impairments	Depreciation	Total	Impairments	Depreciation	Total
Land	0	0	0	1,054	0	1,054
Dwellings	0	2,630	2,630	(6,144)	2,635	(3,509)
Other Property - Operational Assets	0	130	130	(224)	130	(94)
	0	2,760	2,760	(5,314)	2,765	(2,549)

NOTE 7 – 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 pensions liabilities with investment assets.

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

	2011/12 £000	2010/11 £000
HRA Income and Expenditure Account		
Current Service Cost	(115)	(111)
Employer Contributions actually paid	115	111
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.

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.

Independent auditor's report to the Members of the Isle of Anglesey County Council

I have audited the accounting statements and related notes of:

- Isle of Anglesey County Council

for the year ended 31 March 2012 under the Public Audit (Wales) Act 2004.

The Isle of Anglesey County Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 based on International Financial Reporting Standards (IFRS).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 4, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Isle of Anglesey County Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the Isle of Anglesey County Council

In my opinion, the accounting statements and related notes:

- give a true and fair view of the financial position of the Isle of Anglesey County Council as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Annual Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Isle of Anglesey County Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

**ANTHONY BARRETT
CARDIFF
28 SEPTEMBER 2012**