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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

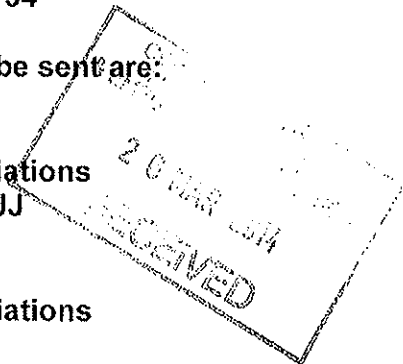
Name of Employers' Association:	East Midlands Councils
Year ended:	31 st March 2013
List No:	204E 1592E.
Head or Main Office:	Phoenix House Nottingham Road Melton Mowbray Leics LE13 0UL
Website address (if available)	www.eastmidlandscouncils.gov.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Tick as appropriate)
General Secretary:	Samantha Maher
Contact name for queries regarding the completion of this return:	Alison Neal
Telephone Number:	01664 502633
e-mail:	alison.neal@emcouncils.gov.uk

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG



East Midlands Councils – Staff in Post 31.3.2013

A Pritchard	Director of Policy & Infrastructure
A Neal	Head of Corporate Governance
C Jones	Head of Housing
P Williams	Policy Advisor
R Marriott	Research & Information Officer (1)
L Hopkins	PA (1)
B Jones	Administrative Assistant - Finance
S Young	Executive Director
L.Bushill	PA / Learning and Development assistant
L Butterfill	HR & development manager
K Lowe	Learning & Development Adviser
L Dawson	Cleaner
M Hunt	HR & development manager
S Maher	Regional employers director
S Short	HR & development manager
M Pevrill	Climate Change Officer
A Hopkinson	Climate Change assistant
D Curzon	Apprentice

RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
52				52

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
Admin Assistant	Bridget Redwood	N/A	Feb 2013

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year £000's			£000's	£000's
	INCOME			
(847)	From Members	Subscriptions and other services etc	(872)	
(8)	Investment income	Interest and dividends (gross) Bank interest (gross) Other (specify)	(5)	
(1,145)	Other income	Rents received Insurance commission Consultancy fees/Trading/Other Govt Contributions	(557)	
(232)		Publications/Seminars Income from reserves	(127)	
(2,232)	TOTAL INCOME			(1,561)
	EXPENDITURE			
	Administrative expenses			
1,086		Remuneration and expenses of staff	929	
77		Occupancy costs	69	
48		Transport Expenses	39	
31		Other Recharges	23	
949		Legal and Professional fees Supplies and Services	478	
0	Other charges	Bank charges		
17		Depreciation	2	
		Loss on Disposal of Finance Lease	0	
		Affiliation fees		
		Donations		
24		Conference and meeting fees Expenses - Members	21	
	Taxation			
2,232	TOTAL EXPENDITURE			1,561
0	Surplus/Deficit for year			0
998	Amount of fund at beginning of year			766
766	Amount of fund at end of year			639

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2	N/A	Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 3	N/A	Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 4	N/A	Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 5	N/A	Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
	Total Income		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6		N/A	Fund Account		
Name of account:			£	£	
Income	From members				
	Investment income				
	Other income (specify)				
			Total Income		
Expenditure	Administrative expenses				
	Other expenditure (specify)				
				Total Expenditure	
				Surplus (Deficit) for the year	
				Amount of fund at beginning of year	
			Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 7		N/A	Fund Account		
Name of account:			£	£	
Income	From members				
	Investment income				
	Other income (specify)				
			Total Income		
Expenditure	Administrative expenses				
	Other expenditure (specify)				
				Total Expenditure	
				Surplus (Deficit) for the year	
				Amount of fund at beginning of year	
			Amount of fund at the end of year (as Balance Sheet)		

BALANCE SHEET AS AT [31/03/13]
(see notes 19 and 20)

Previous Year £000's		£000's	£000's
12	Fixed Assets (as at page 11)		10
	Investments (as per analysis on page 13)		
0	Quoted (Market value £)	0	
0	Unquoted	0	
0	Total Investments		0
	Other Assets		
122	Sundry debtors	168	
3,034	Cash at bank and in hand	1,645	
	Stocks of goods	0	
	Others (specify)	0	
3,156	Total of other assets		1,813
3,168	TOTAL ASSETS		1,823
766	Fund (Account)	639	
(828)	Pension Reserve (Account)	(1,002)	
	Fund (Account)		
	Revaluation Reserve		
	Liabilities		
	Loans		
	Bank overdraft		
	Tax payable		
(519)	Sundry creditors	(203)	
(1,883)	Accrued expenses	(981)	
	Provisions		
(828)	Other liabilities (Net Pension Liability)	(1,002)	
(3,230)	TOTAL LIABILITIES		(2,186)
3,168	TOTAL ASSETS		1,823

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
COST OR VALUATION				
At start of period			12	12
Additions during period			0	0
Less: Disposals during period			0	0
Less: DEPRECIATION:			(2)	(2)
Total to end of period			(2)	(2)
BOOK AMOUNT at end of period			10	10
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
AS BALANCE SHEET			10	10

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
QUOTED	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	0
	*Market Value of Quoted Investments	
UNQUOTED	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	0
	*Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES	NO <input checked="" type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
INCORPORATED EMPLOYERS' ASSOCIATIONS		N/A	
Are the shares which are controlled by the association registered in the association's name		YES	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
UNINCORPORATED EMPLOYERS ASSOCIATIONS		N/A	
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	(872)	0	(872)
From Investments	(5)	0	(5)
Other Income (including increases by revaluation of assets)	(557)	0	(557)
Total Income	(1,434)	0	(1,434)
EXPENDITURE (including decreases by revaluation of assets)	1,561	0	1,561
Total Expenditure	1,561	0	1,561
Funds at beginning of year (including reserves)	766	0	766
Funds at end of year (including reserves)	639	0	639
ASSETS			
Fixed Assets			10
Investment Assets			0
Other Assets			1,813
		Total Assets	1,823
LIABILITIES		Total Liabilities	(2,186)
NET ASSETS (Total Assets less Total Liabilities)			(363)

NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

Statement of Accounts attached.

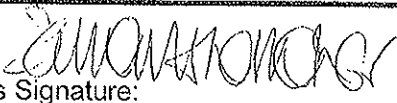
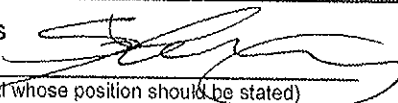
ACCOUNTING POLICIES

(see notes 37 and 38)

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

<p>Secretary's Signature: <u></u></p> <p>Name: <u>Sam Maher</u></p> <p>Date: <u>24/2/14</u></p>	<p>Chairman's Signature: <u></u> (or other officer whose position should be stated)</p> <p>Name: <u>Stuart Young</u></p> <p>Date: <u>24 February 2014</u></p>
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CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	✓	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	✓	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	✓	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	✓	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES		NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	✓	NO	

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES/~~NO~~

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:

(a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;

(b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and

(c) whether the accounts to which the report relates agree with the accounting records?

(See section 36(3) of the 1992 Act, set out in note 43)

YES/~~NO~~

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

(a) kept proper accounting records with respect to its transactions and its assets and liabilities; and

(b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.

(See section 36(4) of the 1992 Act set out in note 43)

YES/~~NO~~

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.

(See note 45)

The above responses merely reference matters set out in our attached independent auditors' report to the members of the Executive Board on the financial statements of East Midlands Councils for the year ended 31 March 2013 dated [28 FEBRUARY 2014] (the "annual financial statements auditors' report"). This report is not a substitute for reading the annual financial statements auditors' report and the financial statements to which they relate. We have not performed any additional procedures in giving this report except for agreeing that the disclosures in the return are accurately extracted from the attached annual financial statements.

The above responses and the annual financial statements auditors' report, including the opinion, are prepared for and only for the addressees as a body in accordance with the terms of our signed engagement letter and for no other purpose. We do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person who receives our annual financial statements' auditors' report unless otherwise agreed by us in writing.

AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:	PricewaterhouseCoopers LLP	
Name(s):	PRICEWATERHOUSECOOPERS LLP	
Profession(s) or Calling(s):	CHARTERED ACCOUNTANTS	
Address(es):	CORNWALL COURT 19 CORNWALL STREET BIRMINGHAM B3 2DT	
Date:	28 FEBRUARY 2014	
Contact name and telephone number:	RICHARD BACON 0121 265 5492	

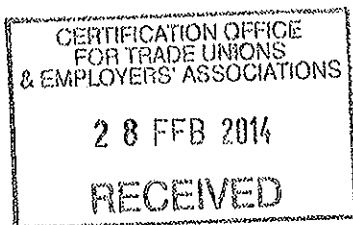
N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

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East Midlands Councils 2012/13 Financial Statements

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*East Midlands Councils
Phoenix House
Nottingham Road
Melton Mowbray
Leicestershire
LE13 0UL*



Explanatory Foreword

East Midlands Councils (EMC) is a voluntary, membership based partnership of local government. It comprises of 52 Member organisations who are representatives of the region's local authorities, fire, police and parish and town councils.

EMC's main roles and purposes are:

- A consultative forum for local government in the East Midlands.
- Represents the interest of local councils to national government and other organisations
- Acts as the designated Regional Employers Organisation and point of contact for employers and recognised trade unions in relation to local government services.
- Enables local councils to work together on key issues of common concern
- Supports the improvement and development of local councils and their workforce
- Brings together political group leaders
- Makes appointments to national and regional bodies
- Provides a reporting and governance mechanism for regional local government Partnerships e.g. Regional Improvement and Efficiency Partnership (RIEP)
- Establishes and maintains an effective relationship with the national Local Government Association (LGA)
- From April 2011 to administer a programme of regional improvement and efficiency work on behalf of the East Midlands Improvement and Efficiency Partnership (EMIEP), total £3.4m. The programme of works include Improvement, efficiency, productivity, climate change and procurement. At the end of 2012/13 a balance of £0.9m was remaining which is included as receipts in advance on the Statement of Financial Position.

Leicestershire County Council is the servicing authority and accountable body for EMC. In March 2013 Leicestershire County Council submitted notice to withdraw from these roles with effect from 31 March 2014. EMC are currently seeking new arrangements to take effect from this date.

Summary of Income and Expenditure

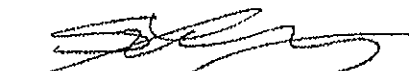
	2010/11 £000	2011/12 £000	2012/13 £000
Income	(2,738)	(2,000)	(1,434)
Transfer (from) / to Reserve	21	(232)	(127)
Expenditure	2,717	2,232	1,561
(Profit)/Loss	0	0	0

Date of Authorisation of Accounts

The accounts were authorised for issue on 25 February 2014, by the Director of Corporate Resources and the Executive Director of EMC. This was the last date when events after the Balance Sheet date have been considered.



B D ROBERTS
DIRECTOR OF CORPORATE RESOURCES
25 FEBRUARY 2014



S YOUNG
EXECUTIVE DIRECTOR OF EMC
25 FEBRUARY 2014

**Statement of Comprehensive Income as at 31 March
2013**

2011/12 Net Exp £000		Note	2012/13		
			Gross Exp £000	Gross Income £000	Net Exp £000
	Income				
(847)	Partnership Contributions	8		(872)	
(839)	Other Government Contributions	8		(320)	
(306)	Other Income			(237)	
	Expenditure				
1,044	Staffing Expenses		916		
42	Other Indirect Staffing Expenses		13		
77	Property Expenses		69		
48	Transport Expenses		39		
973	Supplies and Services		499		
31	Other Recharges		25		
223	NET OPERATING (PROFIT)/LOSS		1,561	(1,429)	132
17	Other Operating Expenditure	6	0	0	0
(8)	Financing and Investment Income and Expenditure	7	0	(5)	(5)
232	(PROFIT)/ LOSS FOR THE YEAR				127

Statement of Financial Position as at 31 March 2013

1 April 2011 £000	31 March 2012 £000		Note	31 March 2013 £000	
14	12	NON-CURRENT ASSETS Equipment	11	10	
14	12	Total Non-Current Assets			10
255 1,248	122 3,034	CURRENT ASSETS Short Term Debtors Cash and Cash Equivalents	12	168 1,645	
1,503	3,156	Total Current Assets			1,813
(199) (311)	(519) (1,019)	CURRENT LIABILITIES Short Term Creditors Short Term Grants Receipts in Advance	13 13	(203) (981)	
(510)	(1,538)	Total Current Liabilities			(1,194)
(584) (9) 0	(828) 0 (864)	NON CURRENT LIABILITIES Net Pensions Liability Deferred Liabilities Long Term Grants Receipts in Advance	10 18	(1,002) 0 0	
(593)	(1,692)	Total Non Current Liabilities			(1,002)
414	(62)	Net Assets			(363)
998 (584)	766 (828)	FINANCED BY Revenue Reserves Pension Reserve	5 10	639 (1,002)	
414	(62)	Total Equity			(363)

Statement of Cash Flows as at 31 March 2013

2011/12			2012/13	
£000		Note	£000	£000
223	Net Operating (Profit) / Loss		132	
(3)	Depreciation		(2)	
(1,882)	Change in Creditors		1,218	
(133)	Change in Debtors		46	
(1,795)	Total movement from Net Operating Profit			1,394
(8)	Net cash flows from Operating Activities- Interest Received	7		(5)
17	Net cash flows from Investing Activities- Profit/Loss on disposal of equipment	6		0
(1,786)	Net (Increase)/Decrease in Cash and Cash Equivalents			1,389
(1,248)	Cash and Cash Equivalents at the Beginning of the Reporting Period			(3,034)
(3,034)	Cash and Cash Equivalents at the End of the Reporting Period			(1,645)

Statement of Changes in Equity as at 31 March 2013

	Earmarked Reserves £000	Total Usable Reserves £000	Note
Balance at 31 March 2011	998	998	5
Net Operating Profit/(Loss)	(223)	(223)	
Other Comprehensive Expenditure and Income	(9)	(9)	
Total Comprehensive Expenditure and Income	(232)	(232)	
Increase/ (Decrease) in Year	(232)	(232)	
Balance at 31 March 2012 carried forward	766	766	5
Net Operating Profit/(Loss)	(132)	(132)	
Other Comprehensive Expenditure and Income	5	5	
Total Comprehensive Expenditure and Income	(127)	(127)	
Increase/ (Decrease) in Year	(127)	(127)	
Balance at 31 March 2013 carried forward	639	639	5

Notes to the Accounts

1. Statement of Accounting Policies

- The accounts have been prepared on and are in compliance with the International Financial Reporting Standards basis (IFRS) issued by the International Accounting Standards Board. These Accounts are principally maintained on an historical cost basis. Previous years' accounts were included within Leicestershire County Council's Statement of Accounts as one of the many services delivered. These were on a UK GAAP basis until 2009/10 and converted to IFRS from 2010/11.
- The Accounts are maintained on an accruals basis. Thus, sums due to or amounts owing by EMC in respect of goods and services rendered but not paid for at 31 March are included in the accounts.
- The Revenue Recognition policy covers the rendering of services (excluding services directly related to construction contracts), the sale of goods (produced by the organisation for the purpose of sale or purchased for resale, although this is very minimal), interest 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 Net Operating Profit or Loss. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial.
- Non-Current Assets are accounted for in line with IAS 16, IAS 36 and IAS 38. All expenditure on the acquisition of Plant and Equipment is capitalised on an accruals basis provided that these assets yield a benefit to the organisation for a period of more than one year and is above a de-minimis limit of £1,000 for individual items. EMC doesn't own any land or buildings or any other categories of Non-Current Assets. Plant and Equipment valuation is based on depreciated historical cost and is depreciated on a straight line basis over 5 years. Additions below the de-minimus level are recognised in the Statement of Comprehensive Income as revenue expenditure.
- The Equity of the Organisation is shown as Reserves in the Balance Sheet. These are compliant with IFRS but follow the provisions of the Local Authority Accounting Code of Practice which establishes Reserves to allow the carry forward of balances to the following year. The Reserves are made up of the following:
 - Revenue Reserves which are made up of excess income and grants from previous years with no conditions for repayment outstanding. This funding can be used for all types of expenditure during future years.
 - Pension Reserve which is an unusable reserve showing the balance of the net pension liability.
- Cash and Cash Equivalents are represented by cash in hand, deposits with financial institutions repayable without penalty with a notice of 24 hours or less and investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

- Grants are accounted for in accordance with IAS 20. Revenue grants that have met any conditions attached have been credited to the appropriate service lines within the Statement of Comprehensive Income. Conditions are stipulations that specify how the funding must be utilised by the recipient otherwise the funding must be returned. Where conditions have not been met, the grants will be held as creditors on the Statement of Financial Position.

Employee Benefits are accounted for in accordance with IAS 19.

- **Short Term Benefits**

Outstanding annual leave, flexi leave and Time Off in Lieu carried forward by employees is accounted as an accrual to represent the cost of when the leave is earned rather than when it is actually exercised. The accrual is charged to the Statement of Comprehensive Income within Staffing Expenses.

- **Termination Benefits**

Redundancy and termination costs are recognised immediately in the Statement of Comprehensive Income. A liability and an expense is recognised when EMC is demonstrably committed to a detailed formal plan without realistic possibility of withdrawal.

- **Pension Schemes**

Employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. This is a funded scheme with employees and employers paying contributions into the fund calculated at a level intended to balance liabilities with investment assets.

In accordance with IAS 19, quoted securities held as assets in the defined benefit pension scheme are valued at bid price.

Note: The Local Government Pension Scheme is administered by Leicestershire County Council and the Pension Fund accounts are included within their Statement of Accounts which can be found at http://www.leics.gov.uk/index/your_council/budget/statement_of_accounts.htm

- VAT incorporated in the income and expenditure account is limited to irrecoverable sums.
- Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

2. **Accounting Standards that have been issued but not yet adopted**

International Financial Reporting Standards requires EMC to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued by 1 January 2013 but not yet adopted by the Code for the relevant year. The following changes have not yet been implemented:

- IAS 19 Employee Benefits (amended). Applicable to accounting periods starting on or after 1 January 2013. The key change affecting local government pension scheme employers relates to the expected return on assets. Advance credit for anticipated outperformance of return seeking assets (such as equities) will no

longer be permitted. The expected return on assets is currently credited to the Statement of Comprehensive Income (SoCI), however, from 2013 this is effectively replaced with an equivalent figure calculated using the discount rate (as opposed to that calculated using the expected return on assets assumption). For 2012/13 this would result in a £9k increase in expenditure charged to the SoCI.

- IAS 1 Presentation of Financial Statements (amended). The changes are presentational only and will not impact on any of the reported amounts in the SoCI.

3. *Critical Judgements in Applying Accounting Policies*

In applying the accounting policies set out in Note 1, the organisation has had to make certain judgements about complex transactions or those involving uncertainty about future events.

EMC's accounts presented in these statements are an extract of balances from the accounts of Leicestershire County Council who are the accountable body for EMC. As a result two areas of the accounts have been estimated from the amounts shown in the accounts of Leicestershire County Council. The critical judgements made in the Statement of Accounts are:

- Pensions Deficit. EMC participates in the Local Government Pension Scheme (LGPS) for employees, administered locally by Leicestershire County Council – this is a funded defined benefit final salary scheme. EMC staff are incorporated into the LGPS as Leicestershire County Council employees. As a result it is not possible to ascertain a separate EMC actuarial position for the net pension deficit. An estimate has instead been included in the accounts based on a pro rata of the total Leicestershire LGPS position based on EMC membership numbers. Annual actuarial gains/losses have not been charged/credited as expenditure/income to EMC but were held centrally within Leicestershire County Council's accounts.
- The Cash and Cash Equivalents figure included within the Balance Sheet is not held separately by EMC as their cash balances are held within Leicestershire County Council's Bank Account. Due to this, the Cash and Cash Equivalents figure is a balancing figure for the Balance Sheet as all other items within the Balance Sheet have been calculated.
- These accounts have been prepared on the basis that EMC is a going concern for the foreseeable future based on the level of reserves currently held and the commitment of membership authorities to make annual contributions for at least the following 2 financial years.

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

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

The item in the Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. An independent firm of consulting actuaries is engaged to provide the County Council with expert advice about the assumptions to be applied, although ultimate responsibility for forming these assumptions remain with the County Council.</p> <p>The carrying value of the Pension Liability at 31 March 2013 is £1.002m</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £0.265m. A one year increase in member life expectancy compared with the assumption used would increase the liabilities by £81,000.</p> <p>However, the assumptions interact in complex ways. During 2012/13, the pension fund actuaries advised that the net pensions liability had decreased by £0.114m as a result of estimates being corrected as a result of experience and increased by £0.173m attributable to updating of the assumptions.</p>
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5. Reserves

	Balance at 31 March 2011 £000	Transfers		Balance at 31 March 2012 £000	Transfers		Balance at 31 March 2013 £000
		From Revenue £000	To £000		From Revenue £000	To £000	
General Reserve	998	285	(517)	766	189	(316)	639
TOTAL	998	285	(517)	766	189	(316)	639

6. Other Operating Expenditure

	2010/11 £000	2011/12 £000	2012/13 £000
Profit/Loss on disposal of finance lease	0	17	0
Total	0	17	0

7. Financing and Investment Income and Expenditure

	2010/11 £000	2011/12 £000	2012/13 £000
Finance Lease Interest Payable	6	0	0
Interest receivable and similar income	(4)	(8)	(5)
Total	2	(8)	(5)

8. Partnership and Government Income

	2010/11 £000	2011/12 £000	2012/13 £000
Leicestershire County Council	10	10	37
Derby City Council	317	304	94
Derbyshire County Council	87	13	42
Leicester City Council	48	57	22
Lincolnshire County Council	19	23	12
Northamptonshire County Council	41	15	91
Nottingham City Council	20	13	36
Nottinghamshire County Council	15	12	61
Rutland County Council	10	14	11
Amber Valley Borough Council	22	27	29
Ashfield District Council	20	19	15
Bassettlaw District Council	58	8	8
Erewash Borough Council	21	9	8
Harborough District Council	10	9	34
Hinckley & Bosworth Borough Council	12	7	20
Kettering Borough Council	43	38	53
Melton Borough Council	45	10	11
Gateshead Council		5	40
Total Other Partnership Contributions	352	254	248
Total Partnership Contributions	1,150	847	872
RIEP	203	164	84
Home Office	48	195	75
DEFRA	78	45	0
Dept of Health	20	105	0
DCLG	928	0	0
Improvement & Development Agency	0	131	8
Environmental Agency	0	0	79
UK Border Agency	0	0	30
NHS Nottingham City	35	62	0
Total Other Government Contributions	46	137	44
Total Government Contributions	1,358	839	320
Total	2,508	1,686	1,192

9. *Partnership and Government Payments*

	2010/11 £000	2011/12 £000	2012/13 £000
Borough Council of Wellingborough	25	0	0
Daventry District Council	44	0	0
Derby City Council	50	0	18
East Lindsey District Council	75	0	0
Erewash Borough Council	66	0	0
Gedling Borough Council	22	0	11
Mansfield District Council	25	0	0
Melton Borough Council	107	58	59
Nottingham City Council	0	155	0
Total Other Partnership and Government Payments	92	5	27
Total	506	218	115

10. *Pensions- Revenue Costs*

a) *Local Government Pension Scheme – A defined benefit scheme*

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

EMC participates in the Local Government Pension Scheme (LGPS) for employees, administered locally by Leicestershire County Council – this is a funded defined benefit final salary scheme, meaning that EMC and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

EMC recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

The Statement of Financial Position shows a pension fund deficit of £1m as assessed on an IAS 19 basis. As EMC staff are incorporated into the LGPS as Leicestershire County Council employees it is not possible to ascertain EMC's actual Pension deficit. The deficit shown is a pro rata of the total Leicestershire LGPS position based on EMC membership numbers.

The balance sheet position as at 31st March 2013 has deteriorated since last year principally because financial assumptions as at 31st March 2013 are less favourable than they were at 31st March 2012. The main reason is a reduction in the discount rate used to value pension fund benefits due to a fall in bond yields. All else being equal this serves to increase the value of the liabilities and have a negative impact on

the IAS 19 position. This was somewhat mitigated by investment returns being higher than expected which has had a positive impact on the actual value of the County Council's pension assets. Overall the notional net EMC liability on the fund has increased to £1m (31 March 2012, £0.83m). The total Leicestershire fund liability is £497.6m (31 March 2012, £438.8m). The forecast current service cost for 2013/14 on the pro rata basis is estimated to be £66k.

b) Pension Assets and Liabilities in Relation to Post Employment Benefits

EMC's share of the total Leicestershire LGPS liabilities (present value) and assets (fair value) are shown below:

	2011/12 £000	2012/13 £000
Liabilities		
<i>As at 1 April</i>	(1,985)	(2,301)
Movement in Year	(336)	(403)
As at 31 March	(2,301)	(2,704)
Assets		
<i>As at 1 April</i>	1,381	1,473
Movement in Year	92	229
As at 31 March	1,473	1,702

The present value of the overall liabilities of the LGPS for Leicestershire County Council at 31 March is as follows:

	2010/11 £000	2011/12 £000	2012/13 £000
<i>As at 1 April</i>	(1,427.6)	(1,110.6)	(1,219.1)
Current service cost	(37.7)	(32.1)	(28.8)
Interest Cost	(72.5)	(60.8)	(56.3)
Contributions by scheme participants	(12.8)	(11.8)	(9.8)
Actuarial (Losses) / Gains	236.2	(62.8)	(142.1)
Benefits paid	82.8	47.1	45.8
Past service costs	122.4	0.0	(0.3)
Entity combinations	0.0	0.0	0.0
(Losses) / Gains on curtailments	(1.6)	(3.1)	(2.7)
(Losses) / Gains on settlements	0.0	15.0	70.2
As at 31 March	(1,110.6)	(1,219.1)	(1,343.1)

The fair value of the overall LGPS assets for Leicestershire County Council at 31 March is as follows:

	2010/11 £000	2011/12 £000	2012/13 £000
<i>As at 1 April</i>	773.3	780.5	780.3
Expected rate of return	55.3	55.3	41.2
Actuarial Gains / (Losses)	(16.1)	(51.6)	56.3
Employer contributions	35.2	34.8	30.8
Contributions by scheme participants	12.6	11.8	9.8
Benefits paid	(82.8)	(47.1)	(45.8)
Contributions in respect of unfunded benefits	3.0	3.2	3.2
(Losses) / Gains on settlements	0.0	(6.7)	(30.3)
As at 31 March	780.5	780.3	845.5

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The County Council's Pension fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council fund being based on the latest full valuation of the Pension Fund as at 31st March 2010.

The principal assumptions used by the actuary have been:

	31 March 2011	31 March 2012	31 March 2013
Long-term expected rate of return on assets:			
Equity investments	7.5%	6.2%	4.5%
Bonds	4.9%	3.9%	4.5%
Property	5.5%	4.4%	4.5%
Cash	4.6%	3.5%	4.5%
Mortality assumptions (in years):			
Longevity at 65 for current pensioners:			
▪ Men	20.9	20.9	20.9
▪ Women	23.3	23.3	23.3
Longevity at 65 for future pensioners:			
▪ Men	23.3	23.3	23.3
▪ Women	25.6	25.6	25.6
Rate of inflation	2.8%	2.5%	2.8%
Rate of increases in salaries	5.1%	4.8%	5.1%
Rate of increase in pensions	2.8%	2.5%	2.8%
Rate for discounting scheme liabilities	5.5%	4.8%	4.5%
Proportion of employees opting to commute part of their annual pension to a retirement lump sum:			
Pre April 2008 Service	50.0%	50.0%	50.0%
Post April 2008 Service	75.0%	75.0%	75.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2011	31 March 2012	31 March 2013
Equity investments	82%	65%	65%
Bonds	7%	16%	26%
Property	11%	11%	9%
Cash	0%	8%	0%

c) *History of experience gains and losses*

These are events that have not coincided with actuarial assumptions. Experience gains and losses, are a component of the annual actuarial gain or loss calculated by the actuary.

The experienced gains/losses identified as movements on the Pensions Reserve for the last five years are analysed into the following categories, measured as a percentage of assets or liabilities.

	2008/09 %	2009/10 %	2010/11 %	2011/12 %	2012/13 %
Difference between the expected and actual return on asset	(46.5)	22.0	(2.1)	(6.6)	7.0
Experience gains and (losses) on liabilities	0.1	(0.1)	4.0	(1.4)	0.0

11. *Plant and Equipment*

	Plant Furniture & Equipment £000
Net book value as at 31 March 2011	14
Additions	12
Derecognition-Disposals Impairment	(14)
Book value as at 31 March 2012	12
Depreciation / Amortisation	0
Less: Writing down leased assets	0
Net book value as at 31 March 2012	12
Additions	0
Derecognition-Disposals Impairment	0
Book value as at 31 March 2013	12
Depreciation / Amortisation	(2)
Less: Writing down leased assets	0
Net book value as at 31 March 2013	10

12. Short-Term Debtors

Short – Term Debtors	31 March 2011 £000	31 March 2012 £000	31 March 2013 £000
Partnership Contributions	112	99	143
Other Government Bodies	103	5	20
NHS Bodies	0	9	0
Other Entities and Individuals	40	9	5
Total	255	122	168

13. Short-Term Creditors

Short – Term Creditors	31 March 2011			31 March 2012			31 March 2013		
	Creditors	Receipts in Advance	Total	Creditors	Receipts in Advance	Total	Creditors	Receipts in Advance	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Partnership Organisations	56	203	259	87	125	212	80	76	156
Other Government Bodies	64	108	172	84	885	969	99	876	975
NHS Bodies	0	0	0	0	9	9	0	10	10
Other Entities and Individuals	79	0	79	348	0	348	24	19	43
Total	199	311	510	519	1,019	1,538	203	981	1,184

14. Related Party Transactions

Details of partnership contributions and other Government grants received are shown in Note 8. The employers' contribution paid to the Pension Fund is shown in Note 10.

EMC is required to disclose material transactions with related parties, bodies or individuals that have the potential to exert control, or be controlled or influenced by EMC.

Governance

- EMC is a member-led partnership representing local government in the East Midlands.
- The full membership of EMC meets twice a year.
- The Management Group provides political leadership and advice to the organisation and is responsible for financial and non-financial performance, risk and audit matters.
- The Executive Board is the strategic decision making body of East Midlands Councils on issues of interest and relevance to Local Authorities at the regional level.

Central Government

Significant sources of income including programme and project funding comes from Central Government Bodies.

Local Government

A significant proportion of funds EMC receives comes from its membership contributions. Although no one contribution is a significant proportion of overall funding, the total funding from Local Government is a significant amount.

Leicestershire County Council is the servicing authority and accountable body for EMC and includes the relevant expenditure and income within their Statement of Accounts. In March 2013 Leicestershire County Council submitted notice to withdraw from being the servicing authority and accountable body with effect from 31 March 2014.

Members

The executive board and management group of EMC has control over the organisation's financial and operating policies. The total of members' allowances paid in 2012/13 is £21k (2011/12 £24k, 2010/11 £70k).

During 2012/13 EMC made payments to member authorities who are represented on the executive board totalling £22k.

There are other members who represent their authority at full EMC meetings. The total payments to all membership authorities during 2012/13 are shown in note 9, £0.1m (2011/12, £0.2m, 2010/11, £0.5m).

In all instances, the payments were made with proper consideration of declarations of interest. Details of all these transactions are recorded in the *Register of Members' Interest*, which is available for public inspection from East Midlands Councils.

Officers

There were no interests declared by senior officers of EMC.

15. Officers' Remuneration

The Director of EMC controls the major activities of the Organisation. Details of the Director's Remuneration are shown below:

Post Holder Information (Post Title)	Salary £000	Compensation for Loss of Office £000	Benefits in Kind £000	Remuneration Excluding Employers Pension Contribution £000	Employers' Pension Contributions £000	Remuneration Including Employers Pension Contribution £000
2012/13						
Director	89	0	1	90	18	108
Total						
2011/12						
Director (N1)	96	0	1	97	17	114
Total						

N1 – During 2011/12, the Director was seconded to the LGA on a full time basis. A reimbursement of £99k was received.

16. Leases

a) Amounts Paid to Lessors

There were no finance lease rentals paid to lessors in 2012/13 (2011/12 nil, 2010/11 £11k). Lease rentals paid to lessors during the year in respect of operating leases for vehicles and equipment totalled £28k for the lease of office accommodation at Melton (2011/12 £28k, 2010/11 £23k). There are no contingent rents included within any of the leases held by the Authority.

b) Leased Assets

EMC has a liability to make payments for the following leases during 2013/14 and beyond and the comparators in 2011/12 for 2012/13 and beyond are as follows:

	2010/11				2011/12	2012/13
	Finance Lease Principal (NPV) £000	Finance Cost £000	Finance Leases Total £000	Operating Leases £000	Operating Leases £000	Operating Leases £000
Lease Payments due:						
Within 1 year	4	7	11	28	28	28
2 to 5 years	5	18	23	56	28	0
Over 5 years	0	0	0	0	0	0
Total	9	25	34	84	56	28

Finance Leased Assets had a carrying value within Property, Plant and Equipment of £14k as at 31 March 2011 but were sold for £17k in 2011/12.

17. Segmental Analysis

The figures included within the Statement of Comprehensive Income are basically the figures used to report to the RIEP Board with only 2 minor financial accounting adjustments for depreciation and for the apportionment of the IAS 19 movement between the actuarial current service cost and the actual employer contributions made in year.

18. Financial Instruments

The debtors, creditors, finance lease liabilities and cash are disclosed in the Statement of Financial Position and consist of the following categories of financial instrument:

	Long Term	Current	Long Term	Current	Long Term	Current
	31 March 2011 £000	31 March 2011 £000	31 March 2012 £000	31 March 2012 £000	31 March 2013 £000	31 March 2013 £000
Total Debtors	0	255	0	122	0	168
Total Financial Liabilities carried at contract amount	0	510	864	1,538	0	1,184
Total Finance Lease Liabilities	9	0	0	0	0	0
Total Cash and Cash Equivalents	0	1,248	0	3,034	0	1,645

Gains and Losses recognised in the Statement of Comprehensive Income:

	2010/11		2011/12		2012/13	
	At Amortised Cost £000	At Fair Value £000	At Amortised Cost £000	At Fair Value £000	At Amortised Cost £000	At Fair Value £000
Financial Liabilities						
Interest Paid	6	0	0	0	0	0

	2010/11		2011/12		2012/13	
	Receivables £000	At Fair Value £000	Receivables £000	At Fair Value £000	Receivables £000	At Fair Value £000
Financial Assets						
Interest Received	4	0	8	0	5	0

Fair Value of Assets and Liabilities carried at amortised cost

EMC doesn't hold and financial liabilities or assets in the form of borrowings or investments, therefore, the financial liabilities and assets included within the Balance Sheet are held at amortised cost.

19. *Nature and Extent of Risks Arising from Financial Instruments*

As explained in Note 3, the Cash & Cash Equivalents of EMC are not held separately and are part of the County Council's bank account and cash management. The County Council's activities expose it to a variety of financial risks:

- (i) Credit risk – the possibility that other parties might fail to pay amounts due to the County Council
- (ii) Liquidity risk – the possibility that the County Council might not have funds available to meet its commitments to make payments
- (iii) Market risk – the possibility that financial loss might arise for the County Council as a result of changes in such measures as interest rates and stock market movements

The County Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Corporate Resources department, under policies approved by the County Council in the Annual Treasury Management Strategy. The County Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

(i) *Credit risk*

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the County Council's customers.

This risk is minimised through the Annual Investment Strategy. The County Council considers credit ratings assigned by both Fitch and Moody's and will only lend to institutions which have extremely high ratings with both of the agencies and are also domiciled in a country which has the highest possible sovereign government rating, with the exception of the UK. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Banking groups that are at least one third owned by the UK Government and maintain a support rating of '1' on the Fitch ratings can be included on the list of acceptable counterparties for an amount of £40m for up to 1 year, as long as their short-term ratings do not fall below F1 (Fitch) and P-2 (Moody's), and their long-term ratings are maintained at least at A (Fitch) and A-2 (Moody's).

Maximum limits for funds on loan and maturity dates exists for each acceptable counterparty and vary according to the credit rating, with a maximum limit of £50m for UK and £10m for overseas institutions. At the year end all of the County Council's investments were held in UK domiciled institutions.

Customers are not assessed for credit risk other than for tenancy agreements and major contracts.

The credit criteria in respect of financial assets held by the County Council are as detailed below:

Matrix for UK Banks and Building Societies

Maximum Sum Outstanding	£50m	£40m	£25m
Maximum Loan Period	3 years	3 years	2 years
Minimum Fitch Support Rating	1	1	1
Must at least match all of the following:			
Fitch Short Term Rating	F1+	F1+	F1+
Moody's Short Term Rating	P-1	P-1	P-1
Fitch Long Term Rating	AA	AA-	AA-
Moody's Long Term Rating	Aa2	Aa3	Aa3
Fitch Viability Rating	a+	a+	a
Moody's Financial Strength Rating	C+	C+	C

Matrix for Overseas Banks

Maximum Sum Outstanding	£10m	£5m
Maximum Loan Period	1 year	1 year
Minimum Fitch Sovereign Rating	AAA	AAA
Minimum Fitch Support Rating	1	1
Must at least match all of the following:		
Fitch Short Term Rating	F1+	F1+
Moody's Short Term Rating	P-1	P-1
Fitch Long Term Rating	AA+	AA
Moody's Long Term Rating	Aa1	Aa2
Fitch Viability Rating	aa-	aa-
Moody's Financial Strength Rating	B	B

Maximum Country exposure: AAA sovereign rating = £15m

Money Market Funds

AAA-rated only

Maximum amount in any single fund = £25m

Maximum amount in all Money Market Funds = £125m

Debt Management Office (DMO) (Executive Agency of HM Treasury)

No restriction on loan amounts or periods. In the event that the maximum loan length is extended beyond the current 6 month period, no loan will have a maturity above 12 months.

Exposure to Credit Risk

The County Council's maximum exposure to credit risk in relation to its investments in banks and building societies is 100% of its investments, but this cannot be assessed generally as the risk of any institution failing to make interest payments or repay the

principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the County Council's deposits, but there was no evidence at 31 March 2013 that this was likely to crystallise.

EMC does not generally allow credit for customers. Credit limits are not generally imposed on customers and clients of EMC's services.

The sales ledger debt is £160k (2011/12 £114k, 2010/11 £248k). The sales ledger debt due but not impaired amount can be analysed by age as follows:

	2010/11 £000	2011/12 £000	2012/13 £000
Less than three months	233	113	159
Three to six months	15	1	1
Six months to one year	0	0	0
More than one year	0	0	0
Total	248	114	160

In respect of the above sales ledger debt, EMC have made no provision for doubtful debts due to experience of no write-offs occurring.

(ii) Liquidity risk

The County Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the County Council has ready access to borrowings from the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. EMC has no outstanding borrowing, thus there is no direct liquidity risk to EMC.

(iii) Market risk

Interest rate risk

The County Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. For EMC it's only relevant to consider the impact on investments. Movements in interest rates have a complex impact on the County Council. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of services will rise
- Investments at fixed rates – the fair value of the assets will fall

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse charges to be accommodated.

According to this assessment strategy, at 31 March 2013, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	N/A
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	N/A
Impact on Net Operating Profit or Loss	0
Decrease in fair value of fixed rate investment assets	0
Impact on Financing and Investment Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the provision of Services or Other Comprehensive Income and Expenditure)	N/A

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

EMC does not hold any equity shares, thus there is no price risk to EMC.

Foreign exchange risk

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

20. *Income and Expenditure from 2010/11*

Due to this Statement of Accounts being the first time the Organisation has been required to produce them, a third Statement of Comprehensive Income is shown within this note to give the third year comparative information as required to be audited to fulfil their obligation as a designated Regional Employers Organisation.

	Note	2010/11		
		Gross Exp £000	Gross Income £000	Net Exp £000
Income				
Partnership Contributions	8		(1,150)	
Other Government Contributions	8		(1,358)	
Other Income			(226)	
Expenditure				
Staffing Expenses		1,386		
Other Indirect Staffing Expenses		123		
Property Expenses		117		
Transport Expenses		53		
Supplies and Services		980		
Other Recharges		52		
NET OPERATING (PROFIT)/LOSS		2,711	(2,734)	(23)
Other Operating Expenditure	6	0	0	0
Financing and Investment Income and Expenditure	7	6	(4)	2
(PROFIT)/ LOSS FOR THE YEAR				(21)

Statement of Responsibilities for the Statement of Accounts

THE DIRECTORS' RESPONSIBILITIES

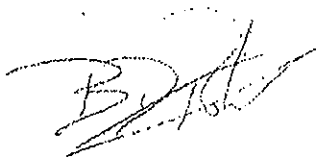
The Directors are responsible for the preparation of the Organisation's Statement of Accounts in accordance with International Accounting Standards (IAS) Regulation and in compliance with International Financial Reporting Standards (IFRS) and are required to prepare the financial statements giving a true and fair view of the profit or loss of the Organisation for the given period.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Organisation's transactions and disclose with reasonable accuracy the financial position of the Organisation included within the Statement of Accounts.

In preparing this Statement of Accounts, the Directors have:

- Selected suitable accounting policies and then applied them consistently,
- Made judgements and estimates that were reasonable and prudent,
- Complied with IFRS,
- Kept proper accounting records which were up to date,
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts has been prepared in accordance with IFRS and presents a true and fair view of the financial position of East Midlands Councils and its income and expenditure for the year ended 31 March 2013.



B D ROBERTS
DIRECTOR OF CORPORATE RESOURCES
25 FEBRUARY 2014



S YOUNG
EXECUTIVE DIRECTOR OF EMC
25 FEBRUARY 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EXECUTIVE BOARD OF EAST MIDLANDS COUNCILS

We have audited the non-statutory financial statements of East Midlands Councils for the year ended 31 March 2013 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in the preparation of these non-statutory financial statements is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of the directors and auditors

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Responsible Financial Officer is responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the non-statutory financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members for management purposes in accordance with our engagement letter dated 14 October 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Scope of the audit of the non-statutory financial statements

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory financial statements sufficient to give reasonable assurance that the non-statutory financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the organisation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the non-statutory financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited non-statutory financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory financial statements

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 March 2013 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

PricewaterhouseCoopers LLP

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Date: 28 FEBRUARY 2014