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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:

Website address (if available)

Has the address changed during the year to which the return relates? Yes No (Tick as appropriate)

Chief Executive:

Contact name for queries regarding the completion of this return:

Telephone Number:

e-mail:

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



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
50				50

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
Host CEO	Mark Barrow	Helen Riley	1 June 2011

**West Midlands Councils
Schedule of Officers
As at 31 March 2012**

Chairman

Cllr Philip Atkins

Chief Executive

M Barrow (Host CEO until 31 May 2011)

H Riley (Host CEO from 1 June 2011)

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year			£	£
	INCOME			
1,279,081	From Members	Subscriptions, levies, etc		763,852
-	Investment income	Interest and dividends (gross)		-
8,909		Bank interest (gross)		13,895
-		Other (specify)		-
-	Other income	Rents received		-
-		Insurance commission		-
326,941		Consultancy fees		227,361
-		Publications/Seminars		-
906,569		Miscellaneous receipts (specify)		197,181
		- See schedule		
2,521,500	TOTAL INCOME			1,202,289
	EXPENDITURE			
	Administrative expenses			
(856,385)		Remuneration and expenses of staff		(727,978)
(385,951)		Occupancy costs		(342,867)
(34,331)		Printing, Stationery, Post		(30,025)
-		Telephones		-
(179,722)		Legal and Professional fees		(129,489)
-		Miscellaneous (specify)		
5,000		- FRS17 pension adjustment		1,155,000
(4,855)		- Training course fees		-
-		- Travel & subsistence		-
-	Other charges	Bank charges		-
(14,846)		Depreciation		(18,263)
-		Sums written off		-
(164,390)		Affiliation fees		(3,390)
-		Donations		-
(4,737)		Conference and meeting fees		(1,792)
-		Expenses		-
-		Miscellaneous (specify)		
(89,424)		- See schedule		(26,757)
	Taxation			
(1,729,641)	TOTAL EXPENDITURE			(125,561)
791,859	Surplus/Deficit for year			1,076,728
(243,740)	Exceptional costs			(157,359)
2,683,000	Actuarial surplus / (deficit) – FRS17			(886,000)
(355,000)	Other finance costs – FRS17			(106,000)

(7,522,176)	Amount of funds at beginning of the year	(4,646,057)
(4,646,057)	Amount of funds at the end of the year	(4,718,688)

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2		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		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		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		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		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		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 March 2012

(see notes 19 and 20)

Previous Year		£	£
33,711	Fixed Assets (as at page 11)		15,448
	Investments (as per analysis on page 13)		
	Quoted (Market value £)		
	Unquoted		
	Total Investments		
	Other Assets		
405,946	Sundry debtors		366,460
1,483,139	Cash at bank and in hand		1,192,325
	Stocks of goods		
	Others (specify)		
	Total of other assets		1,558,785
1,889,085			
1,922,796		TOTAL ASSETS	1,574,233
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Revaluation Reserve	
	Liabilities		
(5,466,000)	Pension liability		(5,249,000)
	Bank overdraft		
	Tax payable		
(125,102)	Sundry creditors		(31,539)
(57,252)	Accrued expenses		(32,370)
(98,942)	Trade creditors		(210,789)
(821,557)	Income in advance		(769,223)
(6,568,853)		TOTAL LIABILITIES	(6,292,921)
(4,646,057)		TOTAL ASSETS	(4,718,688)

FIXED ASSETS ACCOUNT

(see note 21)

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

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)	
	*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)	
	*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
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
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			
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	763,852		
From Investments	13,895		
Other Income (including increases by revaluation of assets)	424,542		
Total Income	1,202,289		
EXPENDITURE (including decreases by revaluation of assets)			
Total Expenditure	1,274,920		
Funds at beginning of year (including reserves)	(4,646,057)		
Funds at end of year (including reserves)	(4,718,688)		
ASSETS			
Fixed Assets			15,448
Investment Assets			
Other Assets			1,558,785
		Total Assets	1,574,233
LIABILITIES		Total Liabilities	(6,292,921)
NET ASSETS (Total Assets less Total Liabilities)			(4,718,688)

NOTES TO THE ACCOUNTS

(see note 36)

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

2	Tangible fixed assets	Expenditure on s/t leasehold property	Office equipment	Total
	Cost	£	£	£
	At 31 March 2011	52,533	225,440	277,973
	Disposals	-	(500)	(500)
	At 31 March 2012	52,533	224,940	277,473
	Depreciation			
	At 31 March 2011	52,533	191,729	244,262
	Charge for the year	-	18,263	18,263
	Disposals	-	(500)	(500)
	At 31 March 2012	52,533	209,492	262,025
	Net book value			
	31 March 2012	-	15,448	15,448
	31 March 2011	-	33,711	33,711

3 Special project monies held on account

	01/04/11 ££	Income £	Expenditure £	Transfers £	31/03/12 £
People & Leadership Projects	600,233	385,213	(332,181)	-	653,265
ESF Co-financing	23,727	66,056	(42,920)	(46,863)*	-
EU Connects	(23,276)	256,949	(295,871)	-	(62,198)
OPEN	2,085	-	-	(2,085)*	-
W2WM	9,037	-	(1,087)	(7,950)+	-
Gloucester Coaching	-	18,000	(3,906)	-	14,094
Epaycheck	-	145,000	(39,142)	-	105,858
National contract Point	-	22,794	(13,969)	(8,825)*	-
LSC – Reg Planning Grp	8,298	-	(8,298)	-	-
European Structural Funds	10,935	-	-	-	10,935
Transport Policy Forum	18,086	-	-	(18,086)#	-
RPC Development	3,676	-	-	-	3,676
Corporate Training Plan	23,140	-	(1,618)	-	21,522
Sandwell RHA	40,476	-	-	(40,476)#	-
CEPOG Housing	30,000	-	-	(30,000)#	-
Housing Event	15,697	-	-	(15,697)#	-
RHE Strategy Fund	9,291	-	-	(9,291)#	-
	771,405	894,012	(738,992)	(179,273)	747,152

3 Special project monies held on account – continued

* Overhead contributions from projects released to project management fees
 + Related party activity released to WMSMP
 # Redundant project funds released to project income

WMC currently holds on account a number of balances that were transferred from the Regional Assembly prior to liquidation, to support future work around the areas of transport and housing. WMC now has no statutory role or otherwise for housing or transport, and analysis of funding sources indicates that it is unlikely that there would be any third party call on these balances. Therefore these amounts totalling £113,550 are released to general revenue on the basis that if a claim should arise, then WMC (and its constituent authorities in membership at 31 March 2012) accepts responsibility for settlement.

4 Revenue Reserve

£

At 31 March 2011 – deficit	(4,646,057)
Surplus for the year	813,369
Actuarial loss for the year (WMPF) – page 6	(895,000)
Actuarial gain for the year (SPF) – page 6	9,000

At 31 March 2012 - deficit	(4,718,688)
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Analysed as:

2012

2011

£

£

General reserve	60,312	204,943
Designated Reserves		
<i>WMC reserves</i>		
Property cost reserve	305,000	215,000
Redundancy reserve (WMSMP)	45,000	200,000
<i>WMIÉ reserves</i>		
WMIÉ liability reserve	<u>20,000</u>	<u>200,000</u>
	530,312	819,943
Pension reserve – liability (WMPF)	(5,265,000)	(5,466,000)
Pension reserve – asset (SPF)	<u>16,000</u>	<u>-</u>
	(4,718,688)	(4,646,057)

5 Employee loans recoverable

2012

2011

£

£

Recoverable within one year	<u>1,500</u>	<u>-</u>
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6 Exceptional items

Included within the Revenue Account are the following exceptional items:

	2012 £	2011 £
Redundancy costs (net)	86,566	885,155
Release of duplicate payments (below)	(35,146)	-
CLG funding	-	(474,469)
Surplus CLG projects funding	-	(55,044)
Funding released from special projects (Note 3)	(113,550)	(25,990)
Write-off of WMiE debt (Note 9d)	219,489	-
Transfer of WMRA assets (Note 9)	<u>-</u>	<u>(85,912)</u>
	<u>157,359</u>	<u>243,740</u>

Release of duplicate payments

WMC has committed significant time over the last 2 years to trying to identify a number of old payments that were not allocated to outstanding debts; these were referenced in the audit of 2010 and 2011. The WMC Head of Finance believes that every reasonable effort has been made to identify and return duplicated funds but that there still remains a number of balances for which it has not been possible to identify the original source (due to age) or for which having identified the source it has still not been possible to return the payment.

It is therefore proposed that at the 2011-12 year end these sums be released into the revenue account as an exceptional item as it is unlikely WMC will be able to progress this any further. It is unlikely that any organisation will now make a claim against this balance but if a claim should arise then WMC (and its constituent authorities in membership at 31 March 2012) accepts responsibility for settlement.

7 Financial commitments

(a) Rentals payable on non-cancellable operating leases in force at the end of the year were as follows:

	2012		2011	
	Property	Other	Property	Other
	£	£	£	£
Leases expiring <12 months	-	-	-	920
Leases expiring in 12-60 months	<u>200,010</u>	<u>39,818</u>	<u>200,010</u>	<u>40,076</u>

(b) WMiE/WMEC is a special interest group of WMC and therefore the Full Council is guaranteeing all financial commitments in respect of the Brussels Office. At 31 March 2012, WMiE had annual lease commitments in respect of office equipment of £634 (2011: £683) for leases which expire in under 12 months and £5,943 (2011: £6,397) for leases which expire in 12-60 months. WMiE also had an annual commitment of £88,691 for property leases which expire in under 12 months (2011: £158,760 - 12-60 months).

8 Pension scheme – Local Government Pension Scheme

The Full Council operates a defined benefit pension scheme in the UK for all qualifying employees.

In June 2012 WMC ceased to be an employing body when it completed a TUPE transfer of its staff to Staffordshire County Council who now acts as host employer. WMC therefore now has a liability to the WMPF for past pension liabilities and to the SPF for ongoing pension commitments.

The funding of the scheme is assessed in accordance with advice received from independent actuaries.

The scheme is subject to a triennial actuarial review with the most recent one having been at 31 March 2010. This valuation has been updated to 31 March 2012 for the purposes of the disclosures given below.

8(a) West Midlands Pension Fund

An actuarial valuation as at 1 June 2012 is currently underway in relation to the WMPF with a view to the actuary providing calculations and valuations which will form the basis of a planned buy-out and settlement of the liability as at 1 June 2012. This work is currently on-going and it should be noted that the actuarial valuation included within these accounts is as at 31 March 2012 and whilst it may be indicative of the value as at 1 June 2012, actuarial assumptions in drawing up a settlement figure may be different to those assumptions on which the 31 March 2012 valuation is based.

As a result of the recent update to the triennial actuarial review, the employer contribution rate has increased to 29.7% with effect from 1 April 2011.

	At year end 31/03/2012 £'000	At year end 31/03/2011 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(16,505)	(16,985)
Fair value of plan assets	<u>11,240</u>	<u>11,519</u>
Funded status	(5,265)	(5,486)
Net amount recognised as a liability	<u>(5,265)</u>	<u>(5,486)</u>
Components of pension cost		
Current service cost	30	452
Interest cost	870	1,019
Expected return on assets	(762)	(664)
Past service cost	-	341
Effect of settlements or curtailments	<u>(1,180)</u>	<u>(798)</u>
Total pension cost recognised in the revenue account	(1,042)	350
Actuarial (gains)/losses immediately recognised	895	(2,683)
Total pension cost recognised in the STRGL	<u>895</u>	<u>(2,683)</u>
Actual return on plan assets	<u>302</u>	<u>1,688</u>

8(a) West Midland Pension Fund - continued

	At year end 31/03/2012 £'000	At year end 31/03/2011 £'000
Change in benefit obligations		
Benefit obligations at beginning of year	16,985	17,987
Current service cost	30	452
Interest cost	870	1,019
Member contributions	13	174
Past service cost	-	341
Actuarial (gains)/losses	435	(1,659)
Curtailments	(1,180)	(798)
Benefits paid	<u>(648)</u>	<u>(531)</u>
Benefit obligation at end of year	<u>16,505</u>	<u>16,985</u>
Change in plan assets		
Fair value of assets at beginning of year	11,519	9,483
Expected return on assets	762	664
Actuarial gain/(losses)	(460)	1,024
Employer contribution	54	705
Member contributions	13	174
Benefits paid	<u>(648)</u>	<u>(531)</u>
Fair value of assets at end of year	<u>11,240</u>	<u>11,519</u>

Plan assets

The weighted asset allocation at the year end was as follows:

Asset category	Expected rate of Return	Plan assets at 31/03/2012	Expected rate of return	Plan assets of 31/03/2011
Equities/absolute return	7.00%	7,711	7.50%	8,017
Government bonds	3.50%	1,101	4.40%	1,129
Other bonds	5.05%	877	5.40%	818
Property/infrastructure	6.40%	1,405	6.50%	1,313
Other	0.50%	146	0.50%	242
	6.35%	11,240	6.79%	11,519

Weighted average assumptions used to determine benefit obligations at:

	31/03/2012	31/03/2011
Discount rate	5.05%	5.50%
Rate of salary increase	n/a	4.75%
Rate of pension increase	2.60%	3.00%
CPI inflation assumption	2.60%	3.00%
Further life expectancies from age 65:		
<i>Retiring today</i>		
Males	21.9	21.3
Females	24.9	24.2
<i>Retiring in 20 years</i>		
Males	23.7	22.8
Females	25.9	25.8

8(a) West Midlands Pension Fund - continued

Weighted average assumptions to determine net pension cost for year ended:

	31/03/2012	31/03/2011
Discount rate	5.50%	5.65%
Expected Return on Assets	6.79%	6.88%
Rate of salary increase	4.75%	5.35%
Rate of pension increase	3.00%	3.60%
Inflation assumption (CPI 2012, RPI 2011)	3.00%	3.60%

Further life expectancies from age 65:

Retiring today

Males	21.3	21.7
Females	24.2	24.9

Retiring in 20 years

Males	22.8	23.5
Females	25.8	26.8

Five Year History

	31/03/2012	31/03/2011	31/03/2010	31/03/2009	31/03/2008
Benefit obligation at end of year	16,505	16,985	17,987	11,549	13,522
Fair value of plan asset at end of year	11,240	11,519	9,483	6,558	7,800
Surplus/(deficit)	(5,265)	(5,466)	(8,504)	(4,991)	(5,722)
Difference between actual and expected scheme returns					
Amount (£'000)	(460)	1,024	1,720	(2,038)	(156)
Percentage of scheme assets	-4.1%	8.9%	18.1%	-31.1%	-2.0%
Experience gains and (loses) on scheme liabilities					
Amount (£'000)	0	(211)	0	0	(888)
Percentage of scheme assets	0.0%	-1.2%	0.0%	0.0%	-6.6%
Total amount recognised in statement of total recognised gains and (losses)					
Amount (£'000)	(895)	2,683	(3,248)	1,088	(1,682)
Percentage of scheme liabilities	-5.4%	15.8%	-18.1%	9.4%	-12.4%

Contributions

Employer contributions are expected to be made into the Fund in the year to 31 March 2013 but are currently unknown.

8(b) Staffordshire Pension Fund

As detailed in the Report of the Full Council, on 1 June 2012 a TUPE transfer of staff took place and Staffordshire County Council became the sponsoring employer. WMC therefore now has a liability to the WMPF for past pension liabilities and to the SPF for ongoing pension commitments.

	At year end 31/03/2012 £'000	At year end 31/03/2011 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(190)	-
Fair value of plan assets	<u>206</u>	<u>-</u>
Funded status	<u>16</u>	<u>-</u>
Net amount recognised as an asset	<u>16</u>	<u>-</u>
Components of pension cost		
Current service cost	140	-
Interest cost	4	-
Expected return on assets	(6)	-
Past service cost	-	-
Effect of settlements or curtailments	<u>-</u>	<u>-</u>
Total pension cost recognised in the revenue account	<u>138</u>	<u>-</u>
Actuarial (gains)/losses immediately recognised	<u>(9)</u>	<u>-</u>
Total pension cost recognised in the STRGL	<u>(9)</u>	<u>-</u>
Actual return on plan assets	<u>4</u>	<u>-</u>

8b **Staffordshire Pension Fund - continued**

	At year end 31/03/2012 £'000	At year end 31/03/2011 £'000
Change in benefit obligations		
Benefit obligations at beginning of year	-	-
Current service cost	140	-
Interest cost	4	-
Member contributions	58	-
Actuarial (gains)/losses	<u>(12)</u>	<u>-</u>
Benefit obligation at end of year	<u>190</u>	<u>-</u>
Change in plan assets		
Fair value of assets at beginning of year	-	-
Expected return on assets	6	-
Actuarial gain/(losses)	(3)	-
Employer contribution	145	-
Member contributions	<u>58</u>	<u>-</u>
Fair value of assets at end of year	<u>206</u>	<u>-</u>

Plan assets

The split of investments by category and expected rate of return at the year end are as follows:

Asset category	Expected rate of Return	Plan assets at 31/03/2012	Expected rate of return	Plan assets of 01/06/2011
Equities	6.20%	150	7.30%	-
Bonds	3.30%	27	4.30%	-
Property	4.40%	19	5.40%	-
Cash	3.50%	10	4.50%	-

Weighted average assumptions used to determine benefit obligations at:

	31/03/2012	01/06/2011
Discount rate	4.80%	5.30%
Rate of salary increase	4.80%*	5.00%**
Rate of pension increase	2.50%	2.70%
Expected return on assets	5.70%	6.70%

*Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to the long term assumption shown thereafter.

**Salary increases are assumed to be 1% p.a. until 31 March 2012 reverting to the long term assumption shown thereafter.

Life expectancy is based on the Fund's VitaCurves with improvements from 2007 in line with the Medium Cohort and a 1% p.a. underpin. Based on these assumptions the average future life expectancies at age 65 are summarized below:

	31/03/2012	01/06/2011
<i>Retiring today</i>		
Males	21.2	-
Females	23.4	-
<i>Retiring in 20 years</i>		
Males	23.3	-
Females	25.6	-

8b Staffordshire Pension Fund - continued

Life expectancies for the prior year end are based on the Fund's VitaCurves. The allowance for future life expectancies are shown below:

Period ended	Prospective Pensioners	Pensioners
31 March 2011	<i>Year of birth, medium cohort and 1% p.a. minimum improvements from 2007</i>	<i>Year of birth, medium cohort and 1% p.a. minimum improvements from 2007</i>

Please note that the mortality assumptions used at the date the Employer joined the Fund and the accounting period end are identical.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008.

Contributions

Employer contributions of approximately £161,000 are expected to be made into the Fund in the year to 31 March 2013.

9 Related party transactions

- (a) West Midlands Councils (WMC) has a special interest group, West Midlands in Europe (WMIIE) incorporating West Midlands European Centre (WMEC) which is an integral part of the European Service. WMC seconds staff and provides financial management, human resources and other support service to Brussels at no charge.
- (b) Birmingham City Council (BCC), as a member of WMC, has entered into an agreement with WMC whereby the Council is the legal leaseholder of a property in Brussels occupied by WMIIE.
- (c) The Borough Council of Sandwell (SMBC), as a member of WMC, has entered into an agreement with WMC whereby SMBC is the legal leaseholder of the WMC property in Britain.
- (d) During the year WMC waived debts of £219,489 (2011: £Nil) due to be paid by WMIIE as disclosed in note 6. This sum was in respect of cash loans (£79,891) and UK salaries (£139,598) and is waived on the basis that WMIIE is unlikely to be able to repay this amount and WMC is responsible for all financial commitments of WMIIE.

10 Contingent asset note

As at the balance sheet date, West Midlands Councils is the employer body for its own staff who belong to the West Midlands Pension Fund. As West Midlands Councils is the employer body, it meets the full liability of the West Midlands Pension Fund deficit in its financial statements.

The Full Council made a decision for West Midlands Councils to cease being an employing body and it was agreed to transfer its remaining staff to a Host Employer; Staffordshire County Council. This TUPE transfer of staff took place on 1 June 2011. The Full Council is in the process of agreeing settlement to West Midlands Pension Fund in respect of its past pension liabilities. The Full Council is responsible for all liabilities held by Staffordshire County Council in relation to WMC staff.

West Midlands Councils
Schedule of Miscellaneous Receipts and Expenditure
As at 31 March 2012

<i>Receipts</i>	2012	2011
	£	£
Training revenue	9,976	7,065
Corporate income	45,021	58,022
Service level agreements and management fees	134,553	365,854
CLG work programme	-	474,469
Other Income	<u>7,631</u>	<u>1,159</u>
	<u>197,181</u>	<u>906,569</u>

Expenditure

Office equipment	24,690	42,898
Other costs & work programmes	3,222	42,508
Corporate costs	-	6,000
Bad debts	(1,000)	(1,035)
Profit on sale of fixed assets	<u>(155)</u>	<u>(947)</u>
	<u>26,757</u>	<u>89,424</u>

Exceptional

Redundancy costs	86,566	885,155
Release of duplicate payments	(35,146)	-
Project income	(113,550)	(25,990)
Write-off of WMiE debt	219,489	-
Redundancy funding	<u>-</u>	<u>(615,425)</u>
	<u>157,359</u>	<u>243,740</u>

ACCOUNTING POLICIES

(see notes 37 and 38)

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The main accounting policies are as follows:

(a) Going Concern

In 2010-11 following significant consideration of the future of the organisation, the Full Council agreed to retain a smaller, more focused and cost effective organisation, and as such a revised constitution was agreed at the AGM in July 2011 that still requires a full 12 month financial year notice period for members wishing to exit.

Birmingham City Council served notice to terminate membership at 31 March 2012 and a statement of termination liability will be prepared for payment. One other termination notice has been served from East Staffordshire Borough Council which is effective 31 March 2014. However, a draft break even budget has been prepared for 2013-14 on the basis of 31 authorities remaining in membership and the relocation of the Secretariat to more cost effective premises; on this basis WMC is still considered to be a going concern.

(b) Fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided at rates designed to write off the costs, less estimated residual values of the assets over their expected useful lives. The bases adopted are as follows:

Expenditure on leasehold property - straight line over the term of the lease
Expenditure on office furniture and equipment - straight line over 10 years
Expenditure on computer equipment- straight line over 3 years

As per the Report of the Full Council it is the intention that WMC will relocate to smaller premises at the end of 2012-13. As a result a decision was made this year to accelerate the depreciation rate so that the accounts truly reflect the estimated residual value of all assets over their expected useful lives of 2 years.

(c) Operating leases

Rentals charged on operating leases relating to property and office equipment are written off to the Revenue Account over the period of the lease.

(d) Pension costs and liabilities

The amount charged to the Revenue Account as part of staff costs in respect of the defined benefit pension scheme comprises current and past service costs. The interest costs and the expected returns on scheme assets are shown as other finance costs within the Revenue Account. Actuarial gains and losses are recognised within the Statement of Total Recognised Gains and Losses.

Pension assets are measured at fair value and pension liabilities are measured on an actuarial basis using the projected unit basis. Full actuarial valuations are obtained on a triennial basis and updated at each balance sheet date in the intervening years. The defined benefit asset or liability is presented separately on the balance sheet.

In 2011-12 WMC ceased to act as an employing body and executed a TUPE transfer of staff to Staffordshire County Council. WMC therefore now has a liability to the West Midlands Pension Fund "WMPF" for past pension liabilities and to the Staffordshire Pension Fund "SPF" for ongoing pension commitments.

(e) Foreign currency

Transactions in foreign currencies are translated into sterling at the rate applicable on the date of the transaction. Assets held in foreign currencies are translated at the rate applicable at the end of the year.

(f) **Special projects**

In seeking to meet its objectives, WMC manages various projects. The income and expenditure relating to these projects is not reflected within these accounts other than the financial contributions made by or to the Full Council from these projects.

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u>Helen Riley</u>	Chairman's Signature: <u>Philip Atkins</u> (or other official whose position should be stated)
Name: HELEN RILEY	Name: CLLR PHILIP ATKINS
Date: 11 th October 2012	Date: 11 th October 2012

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

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

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

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)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST MIDLANDS COUNCILS

We have audited the financial statements of West Midlands Councils for the year ended 31 March 2012 set out on pages 4 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Full Council and the auditors

As explained more fully in the Statement of Full Council responsibilities set out on page 1, the Full Council is responsible for the preparation of the 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 financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

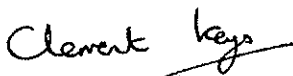
In our opinion the financial statements:

- give a true and fair view of the state of West Midlands Councils' affairs as at 31 March 2012 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- a satisfactory system of control over transactions has not been maintained throughout the year; or
- we have not received all the information and explanations we require for our audit.



39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

CLEMENT KEYS
Chartered Accountants
Statutory Auditors

Date: 13 September 2012

Signature(s) of auditor or auditors:	<i>Clement Keys</i>	
Name(s):	Simon Atkins FCA	
Profession(s) or Calling(s):	Audit Partner	
Address(es):	No. 8 Calthorpe Road Edgbaston Birmingham B15 1QT	
Date:	13 September 2012	
Contact name and telephone number:	0121 456 4456	

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

EVERY EMPLOYERS' ASSOCIATION IS REQUIRED BY LAW TO COMPLETE THIS RETURN. THE REFUSAL OR WILFUL NEGLECT TO PERFORM THIS DUTY IS A CRIMINAL OFFENCE.

THERE IS NO LEGAL REQUIREMENT FOR THIS RETURN TO BE "APPROVED" BY THE GOVERNING BODY OF THE ASSOCIATION BEFORE SUBMISSION TO THE CERTIFICATION OFFICE

GUIDANCE ON COMPLETION

GENERAL

1. Unless the Employers' Association has been authorised to make its annual return to another date, this return must be made to 31 December and sent to the Certification Officer as soon as possible, **and at any event before 1 June.**
2. The accounts must, in accordance with the Act, give a true and fair view of the matters to which they relate.
3. The accounts and balance sheet in the annual return of an association working through branches (i.e. not a federation of autonomous bodies) should include the transactions, assets and liabilities of all the branches.
4. Any negative values should be clearly indicated by placing the entry in brackets.
5. Where the space in any account of analysis is insufficient a separate sheet of paper should be attached to the appropriate page to provide the additional space.
6. The summary sheet on page 11 **must** be completed.