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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)

General Secretary:

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

CERTIFICATION OFFICE
FOR TRADE UNIONS
& EMPLOYERS' ASSOCIATIONS

23 JUN 2016

RECEIVED

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
45				45

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.

A Pritchard – Director of Policy & Infrastructure
 A Neal – Head of Corporate Governance
 C Jones – Policy Manager Health & Housing
 P Williams – Policy Advisor – Economy and Monitoring
 L Hopkins – Personal Assistant
 B Jones – Administrative Assistant – Finance
 S Young – Executive Director
 L Bushell – PA / Learning and Development Assistant
 L Butterfill – HR & Development Manager
 K Lowe – Learning & Development Adviser
 M Hunt – HR & Development Manager
 S Maher – Director HR and Councillor Development
 S Short – HR & Development Manager
 M Peverill – Climate Change Officer
 A Hopkinson – Climate Change Assistant
 D Curzon – Apprentice

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
R Marriott	Information & Research Assistant		31 st March 2015

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year £000's			£000's	£000's
	INCOME			
(707)	From Members	Subscriptions, levies, etc	(602)	
(4)	Investment income	Interest and dividends (gross)	(5)	
-		Bank interest (gross)	-	
-		Other (specify)	-	
-	Other income	Rents received	-	(607)
-		Insurance commission	-	
(1,371)		Consultancy fees	(397)	
-		Publications/Seminars	-	
-		Miscellaneous receipts (specify)	-	
				(397)
(2,082)		TOTAL INCOME		(1,004)
	EXPENDITURE			
	Administrative expenses			
904		Remuneration and expenses of staff	892	
80		Occupancy costs	60	
37		Transport Expenses	31	
62		Other Recharges	50	
-		Legal and Professional fees	-	
372		Supplies and Services	263	
-	Other charges	Bank charges	-	1,296
3		Depreciation	3	
-		Sums written off	-	
-		Affiliation fees	-	
-		Donations	-	
-		Conference and meeting fees	-	
19		Expenses	-	
73		Other	-	
532		Transfer to Reserves	-	
-	Taxation		-	3
		TOTAL EXPENDITURE		1,299
-		Surplus/Deficit for year		295
604		Amount of fund at beginning of year		1,136
1,136		Amount of fund at end of year		841

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 [31/03/15]

(see notes 19 and 20)

Previous Year £000's		£000's	£000's
7	Fixed Assets (as at page 11)	4	
	Investments (as per analysis on page 13)		
-	Quoted (Market value £)	-	
-	Unquoted	-	
	Total Investments		4
	Other Assets		
121	Sundry debtors	165	
1,197	Cash at bank and in hand	627	
-	Stocks of goods	-	
-	Prepayments	81	
	Total of other		873
	Assets		873
1,325		TOTAL ASSETS	877
1,136	Revenue Reserve (Account)	841	
(2,392)	Pension Reserve (Account)	(2,682)	
-	Fund (Account)	-	
-	Revaluation Reserve	-	
	Liabilities		
-	Loans	-	
-	Bank overdraft	-	
-	Tax payable	-	
(110)	Sundry creditors	(10)	
(79)	Accrued expenses	(26)	
-	Provisions	-	
(2,392)	Pension Scheme Liability	(2,682)	
(2,581)		TOTAL LIABILITIES	(2,718)
1,325		TOTAL ASSETS	877

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£000's	£000's	£000's	£000's
COST OR VALUATION				
At start of period	-	-	7	7
Additions during period	-	-	-	-
Less: Disposals during period	-	-	-	-
Less: DEPRECIATION:	-	-	(3)	(3)
Total to end of period	-	-	4	4
BOOK AMOUNT at end of period	-	-	4	4
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
AS BALANCE SHEET	-	-	4	4

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £000's
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 <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			
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	(602)	-	(602)
From Investments	(5)	-	(5)
Other Income (including increases by revaluation of assets)	(397)	-	(397)
Total Income	(1,004)	-	(1,004)
EXPENDITURE (including decreases by revaluation of assets)	1,299	-	1,299
Total Expenditure	1,299	-	1,299
Funds at beginning of year (including reserves)	1,136	-	1,136
Funds at end of year (including reserves)	841	-	841
ASSETS			
Fixed Assets			4
Investment Assets			-
Other Assets			873
		Total Assets	877
LIABILITIES		Total Liabilities	(2,718)
NET ASSETS (Total Assets less Total Liabilities)			(1,841)

leave and Time Off in Lieu earned by employees but not taken before the year-end, which employees can carry forward into the following financial year.

▪ **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by EMC to terminate an officer's employment before normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are charged to the Statement of Comprehensive Income against staffing expenses.

▪ **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the scheme attributable to EMC are included in the Balance Sheet on an actuarial basis using the 'projected unit method'. This is based on an assessment of future payments that will be made in relation to retirement benefits earned to date by employees and assumptions about mortality rates and employee turnover. Liabilities are discounted to their value at current prices using a the following discount rate:

Entity	Discount Rate %
Nottingham City Council	3.3
Leicestershire County Council	3.2

The assets of the fund are shown in the Balance Sheet at fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unlisted securities – current bid price
- Property – market value

The actuarial valuations are obtained triennially and are updated at each balance sheet date. The amount charged to the operating surplus is the current service costs and gains and losses on settlements and curtailments. They are included as part of staffing expenses. Past service costs are recognised immediately in the Statement of Financial Activities. The expected return on assets and the interest cost are shown as part of the financing and investment income and expenditure. Actuarial gains and losses are recognised immediately in other comprehensive income and expenditure.

▪ **The Local Government Pension Scheme**

The organisation has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to award.

- 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 Standard that have been issued but not yet adopted

There are currently no new relevant account standards that affect the disclosure of EMC's financial statements.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the financial statements are:

- These financial statements 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.

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

The financial statements contain 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

Appendix 1

Notes to the Accounts

1. Statement of Accounting Policies

- The financial statements have been prepared on and are in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. These financial statements are principally maintained on an historical cost basis.
- The financial statements 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 financial statements.
- 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.

The cash and cash equivalents figure is not held separately by EMC as their cash balances are held within the local authorities Bank Account. Due to this the cash and cash equivalents figure is formulated using the cash flow statement.

- 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.
 - **Benefits Payable During Employment**
Short term benefits are those due to be settled wholly within 12 months of the year end They include; wages, salaries, paid annual leave, paid sick leave and non-monetary benefits (e.g. cars) and are recognised as an expense for services in the year the employees render services to the organisation. An accrual is made for the cost of holiday entitlements, outstanding flexi

AUDITOR'S REPORT (continued)


The following Emphasis of matter was included within the opinion section of our report

“Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the cash and cash equivalents figure which is not held separately by EMC as their cash balances are held within the local authorities' bank account. Due to this the cash and cash equivalents figure is formulated using the cash flow statement. In view of the significance of this we consider that it should be drawn to your attention but our opinion is not qualified in this respect. “

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 2015 dated 11 March 2016 (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.

Signature(s) of auditor or auditors:		
Name(s):	ROGERS SPENCER	
Profession(s) or Calling(s):	CHARTERED CERTIFIED ACCOUNTANTS	
Address(es):	NEVSTEAD HOUSE PELHAM ROAD NOTTINGHAM NG5 1AP	
Date:	23 MAY 2016	
Contact name and telephone number:	MELVIN BAILEY 0115 9608412	

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

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. Please see the Emphasis of matter.

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)

ACCOUNTING POLICIES

(see notes 37 and 38)

Please see appendix 1 for details.

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u> Name: <u>SAMANTHA MAHER</u> Date: <u>9TH MAY 2016</u>	Chairman's Signature: <u></u> Executive Director <small>(or other official whose position should be stated)</small> Name: <u>Stuart Yang</u> Date: <u>9TH May 2016</u>
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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	

NOTES TO THE ACCOUNTS

(see note 36)

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

Please see appendix 1 for details.

determined with certainty, actual results could be materially different from the assumptions and estimates.

The item in the Statement of Financial Position as at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

Pension Liability: 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 Council with expert advice about the assumptions to be applied, although ultimate responsibility for forming these assumptions remains with the Council.
The carrying value of the Pension Liability at 31 March 2015 is £2,682k.

5. Reserves

	Revenue Reserve £000	Pension Reserve £000	Total £000
Balance at 31 March 13	604	(1,606)	(1,002)
Transfers from Revenue	878	-	878
Transfer to Revenue	(346)	(786)	(1,132)
Balance at 31 March 14	1,136	(2,392)	(1,256)
Transfers from Revenue	-	-	-
Transfer to Revenue	(295)	(290)	(585)
Balance at 31 March 15	841	(2,682)	(1,841)

6. Financing and Investment Income and Expenditure

	2013/14 £000	2014/15 £000
Pension interest cost and expected return on pension assets	73	27
Interest Receivable and Similar Income	(4)	(5)
Total	69	22

7. Partnership and Government Income

	2013/14 £000	2014/15 £000
Leicestershire County Council	19	13
Daventry District Council	11	6
Derby City Council	18	16
Derbyshire County Council	53	54
Leicester City Council	24	23
Lincolnshire County Council	26	27
Northamptonshire County Council	49	41
Nottingham City Council	105	40
Nottinghamshire County Council	32	13
Rutland County Council	17	18
Amber Valley Borough Council	7	6
Ashfield District Council	12	11
Bassetlaw District Council	9	9
Erewash Borough Council	7	8
Harborough District Council	20	11
Hinckley & Bosworth Borough Council	9	7
Kettering Borough Council	47	41
Melton Borough Council	14	11
Total Other Partnership Contributions	228	247
Total Partnership Contributions	707	602

RIEP	971	-
Home Office	105	105
DEFRA	4	3
Dept of Health	19	-
DCLG	113	107
Environmental Agency	56	67
Disability Benefit Consortium	-	77
Total Other Government Contributions	56	-
Total Government Contributions	1,324	359
Total	2,031	961

8. Partnership and Government Payments

	2013/14 £000	2014/15 £000
Daventry District Council	3	-
Derby City Council	48	-
Gedling Borough Council	13	26
Leicestershire County Council	-	1
Melton Borough Council	60	1
Nottingham City Council	2	-
Nottinghamshire County Council	-	66
Rushcliffe Borough Council	-	1
Total Other Partnership and Government Payments	36	4
Total	162	99

9. Pensions – Revenue Costs

a) Local Government Pension Scheme

EMC participates in the Local Government Pension Scheme (LGPS) for employees, administered locally by Nottingham City Council (NCC) and Leicestershire County Council (LCC). 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.

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 commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. EMC recognises the cost of retirement benefits when they are earned by employees, rather than when the benefits are eventually paid as pensions.

The table below summarises the membership data as the 31 March 2015:

Member Data Summary	Number	Salaries / Pensions £000	Average Age
Actives	18	651	43
Deferred pensioners	-	-	-
Pensioners	-	-	-

The Statement of Financial Position shows a pension deficit of £2,682k as assessed on an IAS 19 basis.

The position as at 31 March 2015 has deteriorated since last year principally because financial assumptions as at 31 March 2015 are less favourable than they were at 31 March 2014.

The total expenditure recognised in the Statement of Comprehensive Income is as follows:

	2013/14 £000	LCC Revenue Costs £000	2014/15 NCC Revenue Costs £000	Total £000
Current Service Cost	(73)	-	(50)	(132)
Total Operating Charge	(73)	-	(50)	(132)
Return on Pension Assets	(169)	(167)	(71)	(238)
Interest Cost on Pension Liabilities	242	159	106	265
Net Pension Finance Costs	73	(8)	35	27
Total Expenditure Recognised in the Statement of Comprehensive Income	0	(8)	(15)	(23)

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

The present value of defined benefit obligations at 31 March are as follows:

	2013/14 £000	LCC Revenue Costs £000	2014/15 NCC Revenue Costs £000	Total £000
As at 1 April	5,339	6,289	-	6,289
Obligation Created	-	-	2,378	2,378
Current Service Cost	131	-	132	132
Interest Cost	242	159	106	265
Employee Contributions	43	-	50	50
Actuarial Gain / (Loss)	631	245	563	808
Benefits Paid	(97)	(99)	-	(99)
Past Service Costs	-	-	-	-
Curtailments and Settlements	-	(2,561)	-	(2,561)
As at 31 March	6,289	4,035	3,229	7,264

The fair value of EMC's share of scheme assets is as follows:

	2013/14 £000	LCC Revenue Costs £000	2014/15 NCC Revenue Costs £000	Total £000
As at 1 April	3,733	3,897	-	3,897
Asset Creation	-	-	1,548	1,548
Expected return on Assets	169	167	179	346
Actuarial Gain / (Loss)	(155)	279	-	279
Employer Contributions	204	78	77	155
Employee Contributions	43	-	50	50
Benefits Paid	(97)	(99)	-	(99)
Curtailments and Settlements	-	(1,592)	-	(1,592)
As at March	3,897	2,730	1,852	4,582

Local Government Pension Scheme assets comprised of:

	2013/14		2014/15 (LCC & NCC Combined)	
	£000	% of total assets	£000	% of total assets
Equities	3,141	81%	3,344	73%
Property	364	9%	475	10%
Other Bonds	256	7%	365	8%
Gilts	48	1%	208	5%
Cash	88	2%	117	3%
Inflation-linked pooled fund	-	0%	52	1%
As at 31 March	3,897	100%	4,582	100%

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 Pension Fund liabilities have been assessed by independent firms of actuaries. Estimates for the EMC fund are based on the latest full valuation of the Pension Fund as at 31 March 2015.

The principal assumptions used by the actuary have been:

	31 March 2014	31 March 2015	
		LCC Assumptions	NCC Assumptions
Mortality Assumption (in years):			
Longevity at 65 for Current Pensioners:			
Men	22.2	22.2	22.1
Women	24.2	24.3	25.2
Longevity at 65 for Future Pensioners			
Men	24.3	24.2	24.2
Women	26.6	26.6	27.6
Rate of Increases in Salaries	4.6%	4.3%	4.2%
Rate of Increase in Pensions / Inflation	2.8%	2.4%	2.4%
Rate for Discounting Scheme Liabilities	4.3%	3.2%	3.3%

The sensitivity analysis below focuses on four assumption – discount rate, salary increases, inflation (which is used to determine pension increases and deferred revaluation) and mortality.

	LCC Analysis	Sensitivity	NCC Sensitivity Analysis
	Increase in Obligation	in Total	Increase in Total Obligation
0.1% decrease in Real Discount Rate	77		91
1 year increase in life expectancy	121		113
0.1% increase in the Salary Rate	-		25
0.1% increase in Pension Rate	77		67

The impact of a change, either from increase to decrease or vice versa, would be as above but with the values being reversed.

Pension Fund Risk Management Strategy:

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. the promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's required cash flows.

These investment risks are managed as part of the overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Management Board and is monitored annually or more frequently if required.

Impact on Cash Flows:

Following the change of servicing authority on 1 April 2014, all active members were transferred from Leicestershire Local Government Pension Scheme (LGPS) to the Nottinghamshire LGPS from this date.

EMC have a strategy to pay off the net pension fund deficit over a 10 year period.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, The Local Government Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The organisation anticipates making a £75k contribution to reduce the pension deficit in addition to the standard employers pension contributions.

10. Equipment

	Long Term Assets £000
Net Book Value as at 31 March 2013	10
Depreciation / Amortisation	(3)
Net Book Value as at 31 March 2014	7
Depreciation / Amortisation	(3)
Net Book Value as at 31 March 2015	4

11. Current Assets

Short Term Debtors

	31 March 2014 £000	31 March 2015 £000
Partnership Contributions	66	85
Other Government Bodies	38	61
Other Entities and Individuals	17	19
Total	121	165

Prepayments

	31 March 2014 £000	31 March 2015 £000
Partnership Contributions	-	81
Total	-	81

Cash and Cash Equivalents

	31 March 2014 £000	31 March 2015 £000
Cash	1,197	627

12. Short Term Creditors

	31 March 2014			31 March 2015		
	Creditors £000	Receipts in Advance £000	Total £000	Creditors £000	Receipts in Advance £000	Total £000
Partnership Organisations	16	79	95	0	0	0
Other Government Bodies	36	0	36	0	0	0
Other Entities and Individuals	58	0	58	10	26	36
Total	110	79	189	10	26	36

13. Transactions with Related Parties

Detailed of partnership contributions and other Government grants received are shown in Note 7. The employers' contribution paid to the Pension Fund is shown in Note 9.

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 consists of 7 members including the four political group leaders of EMC plus the Chair and the Vice-Chairs of East Midlands Councils/Executive Board. 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 EMC 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 the funds received by EMC are from membership contributions. Although no one contribution is a significant proportion of overall funding, the total funding from Local Government is a significant amount.

Until 31 March 2014, Leicestershire County Council acted as the servicing authority and accountable body for EMC, thus including the relevant expenditure and income within their Statement of Accounts. In March 2013 Leicestershire County Council formally submitted notice to withdraw from being the servicing authority and accountable body with effect from 1 April 2014. Nottingham City Council has subsequently been appointed to this role and will take on the responsibility of accountable body for EMC from this date forward.

Membership

The Executive Board of EMC meets quarterly and is comprised of 14 local council leaders. The four political group leaders and chairs of Improvement and Transformation Board and Regional Employers Board also attend.

Each member council is invited to nominate one representative to EMC 'by right'. Additional EMC member places are allocated through the political groups, the numbers of which are determined on the basis of political balance.

Transactions between EMC and the Authorities represented by local leaders are detailed below:

	Income £000	Expenditure £000	Debtor £000	Creditor £000
Daventry District Council	6	-	-	-
Derby City Council	16	-	1	-
Derbyshire County Council	54	-	17	-
Derbyshire Dales District Council	6	-	-	-
Charnwood Borough Council	8	-	2	-
Leicestershire County Council	13	1	-	-
Lincolnshire County Council	27	-	-	-
Mansfield District Council	12	-	4	-
Northamptonshire County Council	41	-	2	-
Nottingham City Council	40	-	-	-
Nottinghamshire County Council	13	66	2	-

Rushcliffe Borough Council	11	1	5	-
Rutland County Council	18	-	-	-
South Kesteven District Council	8	-	1	-
Total	273	68	34	-

The Executive Board operates control over the organisation's financial and operating policies. The total of members' allowances paid in 2014/15 is £24k (2013/14: £19k).

There are other members who represent their authority at full EMC meetings. The total payments to all membership authorities during 2014/15 are shown in note 8.

Officers

There were no interests declared by senior officers of EMC.

14. Officers' Remuneration

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

Post Title	2013/14 £000	2014/15 £000
Executive Director		
Salary	89	89
Benefits in Kind	1	7
Pension Contributions	17	18
Total	107	107

15. Segmental Analysis

The figures included within the Statement of Comprehensive Income include two minor financial accounting adjustments. These relate to depreciation (£3k) and for the appointment of the IAS19 movement between the actuarial current service cost and the actuarial employer contributions made in year.

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the organisation's affairs as at 31 March 2015 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the cash and cash equivalents figure which is not held separately by EMC as their cash balances are held within the local authorities' bank account. Due to this the cash and cash equivalents figure is formulated using the cash flow statement. In view of the significance of this we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

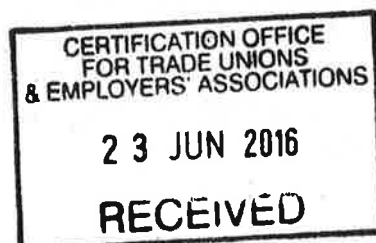
What we have audited

The non-statutory financial statements (the "financial statements"), which are prepared by East Midlands Councils, comprise;

- the Statement of Financial Position as at 31 March 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include the accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the Executive Director of East Midlands Councils and The Strategic Director of Nottingham City Council have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.



What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the organisation's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Executive Director of East Midlands Councils and The Strategic Director of Nottingham City Council; and
- the overall presentation of the financial statements.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Responsibilities for the Statement of Financial Statements, the Executive Director of East Midlands Councils and The Strategic Director of Nottingham City Council are 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 ISAs (UK & 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 organisation's directors, the Executive Director of East Midlands Councils and The Strategic Director of Nottingham City Council, as a body for Requirements under Trade Union and Labour Relations (Consolidation) Act 1992 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.



Rogers Spencer
Newstead House
Pelham Road
Nottingham
NG5 1AP

11 March 2016