

## Critical Judgements in Applying Accounting Policy

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision and we believe we will remain a going concern into the future.
- The Authority has the right to appoint the majority of delegates on the board of the Swimming Bath Trust and as management agents has control over the financial and operating policies of the pool. Also, the Council deficit funds the operations of the pool. It has been determined that the Authority has control of the Trust and should be treated as a subsidiary. However, due to the value of the leisure centre being revalued to nil the Council have decided not to prepare group accounts on the basis of immateriality.
- The Council's former insurers Municipal Mutual Insurance Limited ceased trading in 1992 and the Council became a party to the scheme of administration for liabilities outstanding at that time. Previously the administrators advised that the assets would at least match the liabilities and a solvent run off of the scheme could be expected. However the directors of MMI 'triggered' MMI's Scheme of Arrangement under section 425 of the Companies Act 1985 on 13 November 2012 and Ernst and Young LLP became responsible for the management of the MMI's business, affairs and assets in accordance with the terms of the Scheme. The claw back scheme to which Tewkesbury is subject provides for a maximum liability of £159,699. Ernst and Young suggested an initial levy rate of 15% to achieve a solvent run off and this (£23,954) was paid over in January 2014. We have provided for an additional 10% in long term provisions as we have not had any confirmation that this would be the final payment.
- The level of provision for business rate appeals under the business rate retention scheme has been calculated using historic appeals information. Those on the list at 31st March 2015 with a code of grounds where we have statistical information relating to the success and outcome of past appeals have been calculated using the average success rate and rateable value lost. The appeals relating to Virgin Media are treated separately as these are unique cases that were heard as part of a special programme. The hearing relating to the 2005 assessment resulted in a reduction in rateable value of 40% and so we have used that basis for establishing a provision for the outstanding 2010 Virgin Media appeals.
- IAS 19 disclosures include information on the assets that make up the Local Government Pension Scheme for the Council as required under 6.4.3.42 (8) of the Code of Practice. We have taken the decision to disclose, in summary, the categories that the Pension Fund have invested in. The Council does not directly influence the activities of the Fund and as the fund assets do not impact on the revenue account it is our decision that the disclosure is sufficient in line with section 6.4.3.42 (2) of the Code of Practice. Should further information be required on the categories of pension assets and the decision making on the strategy for investment then we would direct the query to the Pension Fund administrators.