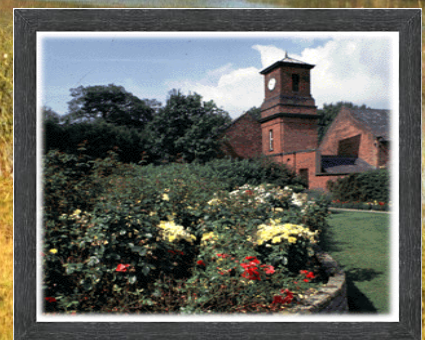
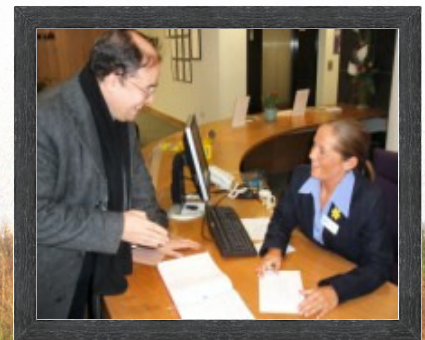


South Ribble Borough Council

STATEMENT OF ACCOUNTS

YEAR ENDING 31 MARCH 2011

**M. Nuttall BA (Hons) CPFA
Chief Executive**



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH RIBBLE BOROUGH COUNCIL

Opinion on the Authority accounting statements

I have audited the accounting statements of South Ribble Borough Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of South Ribble Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Executive, as Chief Financial Officer, is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's 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 accounting statements sufficient to give reasonable assurance that the accounting 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 Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the Foreword by the Chief Executive, to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of South Ribble Borough Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the Foreword by the Chief Executive, for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007.

Conclusion on Authority’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, South Ribble Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of South Ribble Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Fiona Blatcher
Officer of the Audit Commission

Audit Commission
Aspinall House
Aspinall Close
Middlebrook
Bolton

29 September 2011

INTRODUCTION

The Chief Executive, as the Section 151 Officer of the Council, has the statutory responsibility for the proper administration of the Authority's financial affairs, and is required to confirm that the Council's systems can be relied upon to produce an accurate statement of accounts.

The statement of assurance was reported to the Authority's Governance Committee on 28 June 2011.

ACCOUNTING CHANGES

This is the first year in which these statements have been produced in compliance with the new Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 known as The Code, which is based on International Financial Reporting Standards (IFRS). This has resulted in significant changes in the appearance and format of the statements and notes, but relatively few changes in the actual figures presented within them. As this is the first year of preparing the statements using IFRS the major statements show the balances re-stated as at 31 March 2009 in order to enable consistent comparisons to be made between last year (2009/10) and this year (2010/11). Until 2010/11 the Statement of Accounts would have been approved in draft by the Audit Committee by 30 June and then submitted to the External Auditor for inspection and auditing. The requirement is now that the Chief Finance Officer approves the Statement of Accounts in June and Governance Committee approves the Statement in September on completion of the external audit process.

The main changes in the figures are as follows:-

- the inclusion of an accrual of £0.157m for holiday entitlement outstanding at 31/3/2011.
- the reclassification of a single lease as a finance lease (negligible impact on the revenue account, but it has resulted in the deletion of a fixed asset and the introduction of a long term debtor)
- government grants and other contributions towards capital expenditure, totalling £1.186m in 2010/11 and £1.980m in 2009/10, now appear directly in the Comprehensive Income and Expenditure Statement in the year of receipt. Previously these amounts were released as income, over time, as assets were depreciated.
- Revaluation gains on investment properties, £0.442m loss in 2010/11 and £1.063m gain in 2009/10, have been posted to revenue. Previously they were posted to the Revaluation Reserve.

It is important to note that these changes do not impact on the charges to council tax payers as the regulations require compensating adjustments to be made to reserves. These are detailed in the Movement in Reserves Statement and in note 7 to the accounts.

CORE FINANCIAL STATEMENTS

The core financial statements consist of the following:-

Page 9 **Statement of Responsibilities for the Statement of Accounts** – This summarises the responsibilities of the Council and the Chief Finance Officer in relation to the Statement of Accounts.

Page 10 **Movement in Reserves Statement** – Levels of reserves, and movements therein, are indicators of the financial strength of the organisation. This statement distinguishes usable from unusable reserves. The distinction is explained in the Balance Sheet comment below.

The Movement in Reserves Statement shows the surplus or deficit arising in the year on the Provision of Service. This is the true economic cost of providing the authority's services (as detailed in the Comprehensive Income and Expenditure Statement). For the purposes of council tax setting, however, a series of statutory adjustments are then made, resulting in a line entitled "Net Increase/Decrease before transfers to Earmarked Reserves." The final line shows any such discretionary transfers to or from earmarked reserves.

Page 11 **Comprehensive Income and Expenditure Statement** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

This statement incorporates gains and losses which would have been shown in previous years in the Statement of Total Recognised Gains and Losses. The final line in the statement, "Total Comprehensive Income", reconciles to the movements in the year in Total Reserves of the Authority, as shown in the Balance Sheet.

Page 12 **The Balance Sheet** – this shows the value of the assets and liabilities recognised by the authority. The total of these, the Net Assets, is matched by the authority's reserves, as shown in the lower part of the Balance Sheet.

Reserves are categorised into "Usable", i.e. available to fund expenditure or reduce local taxation, and "Unusable". The latter includes the Revaluation Reserve (holding unrealised gains in property values), and other reserves holding amounts arising from differences between the accounting basis used in compiling the Comprehensive Income and Expenditure Statement and statutory basis prescribed for taxation purposes.

Page 13 **Cash Flow Statement** – this shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

Page 14 **Notes to the Main Financial Statements** – these add to and interpret, the individual statements.

Page 60 **Collection Fund Statement** – this is an agents statement that reflects the statutory obligation for billing authorities to record transactions relating to the collection of Council Tax and Non-Domestic Rates, and their distribution to precepting authorities, the Government, and the Council itself.

FINANCIAL PERFORMANCE IN 2010/11

General Fund - Revenue Account Summary

The Council's revenue account bears the cost of providing services and this section of the forward will include the following:-

- Compare actual spending at the year end to the budget
- Explain the main variations
- Show where the money was spent
- Show where the money came from
- Provide an overview of the Council's Treasury Management Performance

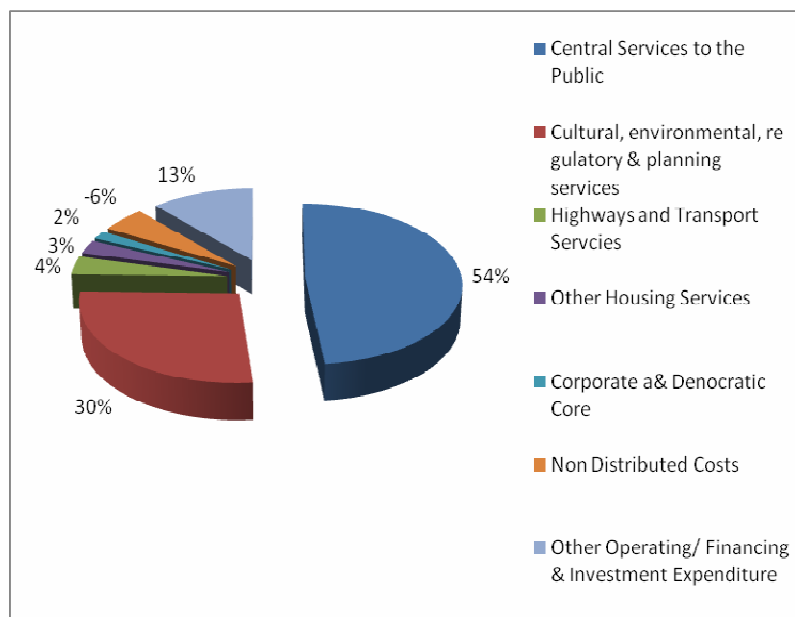
Actual Spend Compared to the Budget

At the end of 2010/11 the Council's net expenditure was £711,000 below budget after taking into account items committed in 2011/12. This was mainly attributable to one off occurrences as detailed below:

- Higher income received in respect of Housing Benefit Subsidy
- Reduced costs achieved in transport costs brought about by an effective procurement review
- Savings on employee costs as a result of vacant posts
- Additional income generated through grants, planning fees and short term interest received on investments
- Effective management of running expenses budget heads, for example, utility and repair and maintenance costs

Where the Money was Spent

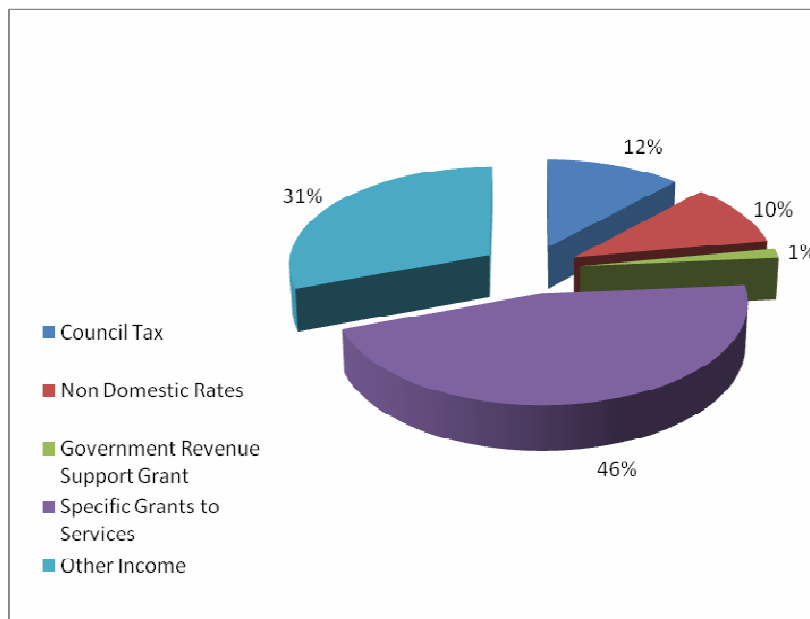
The Gross Expenditure for the Council is set out in the Comprehensive Income and Expenditure and shows the cost in year of providing services.



Where the Money Came From

The Gross Income for the Council is set out in the Comprehensive Income and Expenditure Account which funds the cost of providing services, it was received from the following sources:

- Council Tax
- Non Domestic Rates from Businesses
- Government Revenue Support Grant
- Grant Specific to Services, for example, Housing Benefits and Concessionary Travel
- Other sources of income within the Comprehensive Income and Expenditure Account



Treasury Management

The Balance Sheet and Cash Flow Statements show the turnover of cash and the final cash position as at 31 March 2011. The Council's Treasury Management Strategy 2010/11 was a key document during the year for the effective day to day management of cash resources and set out our policies with regard to investing surplus cash. The difficulties seen in the financial markets have made it essential that close regard is given to management and control of risks and therefore we have a strategy in place that limits investments to mainland British financial institutions, the UK Government and other Local Authorities in order to maximise investment income and minimise risk.

The actual average rate of return during the year was 1.13% which exceeds the target of 0.43% (London 7 day Inter-Bank Bid Rate – LIBID). The Authority did not take out any external borrowing during 2010/11.

The Council also has an investment currently frozen with regard to the collapse of the Icelandic bank Landsbanki. In April the long awaited judgement of the Icelandic courts was delivered upholding the priority status of the Authority's deposit. This is still subject to further challenge so repayments are delayed until this is resolved. The investment with Heritable Bank has already started to be repaid to the Authority with £0.305m being received in 2010/11 and the repayment period shorted by nine months to September 2012. The book value within these statements as at 31 March 2011 is £3.149m, however, it is important to note that this value is for accounting purposes only and is not the same as the actual amount that will be repaid.

Capital Spend and Financing Summary

The Council's capital programme includes income and expenditure on items such as the buying or selling of land and property, building new property and the improvement of our existing property. This section of the forward will include the following:-

- Show where capital expenditure was incurred
- Explain how this expenditure was financed

Capital Expenditure in 2010/11

| Service | Actual Capital Expenditure £'000 |
|---|---|
| Playgrounds, Recreation Areas & Open Spaces | 296 |
| Housing Grants | 763 |
| Asset Management | 333 |
| Vehicles, Plant and Equipment | 1,431 |
| Information Technology and Communications | 282 |
| Regeneration | 278 |
| S106 Highways & Public Transport enhancements | 193 |
| Leisure centre Assets | 1,003 |
| Total Capital Expenditure | 4,579 |

Capital Financing in 2010/11

| Financing | Actual Capital Financing £'000 |
|---|---|
| Deferred Purchase (Leisure Partnership) | 764 |
| Government Grants | 804 |
| Developers' Contributions | 536 |
| Fund Balances and Reserves | 761 |
| Capital receipts | 803 |
| Revenue Contributions | 70 |
| Borrowing | 633 |
| External Contributions | 208 |
| Total Capital Financing | 4,579 |

Reserves and Balances Summary

The Medium Term Financial Strategy (MTFS) proposes sets out the general fund balances for Authority with consideration given to the budgetary challenges facing the Council and the level of budgetary savings required to reach a balanced budget position over the next three years. This reserve is needed to deal with unplanned/unforeseen expenditure or losses in come. In setting the budget for future years substantial efficiency and additional income targets have been included to reach a balanced budget position. As any underachievement against target, together with one-off transitional costs arising from reviews and service restructuring, would need to be funded by the Council it is important to maintain our reserves at appropriate levels.

The Revenue Account underspend achieved of £0.711m has presented an opportunity for the Authority to make a prudent additional reserve in the sum of £0.300m to cover future one-off costs incurred in the process of delivering recurring and sustainable budgetary savings plans. After taking

into account all of the above, the level of General Fund Balances as at 31 March 2011 will be £4.048m. This is reflected in the Movement in Reserves Statement.

Pension Fund Liability

The pension fund liability is set out in detail within Note 43 of this statement. In summary the Council has a liability as at 31 March 2011 of £21.122m. This liability has been brought about as the present value of liabilities exceeds the fair value of assets. This has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. That said the statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

The Pension Fund Liability in 2010/11 has reduced from the previous year by £8.921m mainly due to the revaluation of Past Service Costs. This is as a result of the Chancellors Uk Budget Statement whereby public service pensions will now be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Price Index (RPI). It also indicates how the Pension Fund Liability changes dramatically from year to year.

Looking Ahead – The Overall Financial Position of the Authority

For a number of years local authorities have faced notable change and are now experiencing a period of significant reductions in funding and budgetary challenges as a result of the Governments 2010 Comprehensive Spending Review (CSR). The 2011/12 Medium Term Financial Strategy (MTFS) recognised this serious risk in respect of potential budgetary shortfalls and sets the Council on the path to achieve sustainable efficiency savings. The MTFS for the period 2011/12 to 2014/15 forecasts the following budget gap:-

| Year | Budget Gap £'000 | Cumulative £'000 |
|----------------|-----------------------------|-----------------------------|
| 2011/12 | 1,819 | 1,819 |
| 2012/13 | 959 | 2,778 |
| 2013/14 | 629 | 3,407 |
| 2014/15 | 511 | 3,918 |

The Authority has a successful proven track record in identifying future financial risks and subsequent budget pressures and delivering sustainable efficiency savings to address budgetary shortfalls. In this respect the Council's MTFS sets out a realistic but challenging efficiency savings plan which seeks to balance the budget position whilst minimise the impact on frontline services.

In additional to significant funding reductions the 2010 CSR limited the settlement period to a two year period. Together with the forthcoming review of Local Authority funding this has caused a degree of uncertainty with regard to medium term financial planning.

In recognition of the above financial environment and the level of sustainable efficiency savings to be achieved the Council has maintained its financial standing with regard to the level of revenue reserves. By maintaining working balances this provides protection against the Council having to make reactive changes that can significantly impact on service performance.

The current economic climate may also adversely affect the ability of tax payers to pay their Council Tax bills, however the Council has successfully maintained collection rates for both household Council Tax and business Non Domestic Rates.

| | 2009/10 | 2010/11 |
|--------------------|----------------|----------------|
| Council Tax | 97.6% | 97.6% |
| NDR | 97.3% | 97.8% |

STATEMENT OF RESPONSIBILITIES

This statement defines the responsibilities of the Council and the Responsible Financial Officer in respect of the Council's financial affairs.

The Council's Responsibilities

The Council shall:

- ◆ make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Executive.
- ◆ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ◆ approve the statement of accounts.

The Chief Executive's Responsibilities

The Chief Executive is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code)

In preparing this Statement of Accounts, He has:

- ◆ Selected suitable accounting policies and applied them consistently;
- ◆ Made judgements and estimates that are reasonable and prudent;
- ◆ Complied with the local authority Code

He has also:

- ◆ kept proper accounting records which are up to date;
- ◆ Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Further Information

Because of statutory requirements, this Statement of Accounts deals mainly with the financial aspects of the Council's activities. Further details of services provided by the various departments of the Council are to be found on the Council's Performance Out-turn Report.

Further information about the accounts is available from the Shared Financial Services Team, Civic Centre, West Paddock, Leyland, Lancashire, PR25 1DH

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at the 31 March 2011 and its Income and Expenditure for the year ended 31 March 2011.

M Nuttall BA (Hons) CPFA

Chief Executive

Date

Movement in Reserves Statement

This statement shows the movements in the year on the different reserves held by the Council, analysed between those that are “usable” (available to fund expenditure or reduce local taxation), and other reserves.

The line “surplus on provision of service” shows the true economic cost of providing the authority’s services, as detailed in the Comprehensive Income and Expenditure Statement. For the purposes of council tax setting however, a series of statutory adjustments are then made. These adjustments are shown in total below, and are also detailed in note 7.

| | General Fund £'000 | Earmarked Reserves £'000 | Capital Receipts Reserve £'000 | Capital Grants & Contributions £'000 | Total Usable Reserves £'000 | Unusable Reserves Note 24 £'000 | Total Reserves £'000 |
|--|-----------------------|-----------------------------|-----------------------------------|---|--------------------------------|---------------------------------------|-------------------------|
| Balance 31 March 2009 | (3,427) | (7,472) | (3,070) | (2,183) | (16,152) | (15,242) | (31,394) |
| <u>Movement in 2009/10</u> | | | | | | | |
| Surplus on provision of service | (243) | 0 | 0 | 0 | (243) | 0 | (243) |
| Other Comprehensive Income & Expenditure | 0 | 0 | 0 | 0 | 0 | 8,102 | 8,102 |
| Total Comprehensive Income & expenditure | (243) | 0 | 0 | 0 | (243) | 8,102 | 7,859 |
| Adjustments between accounting basis & funding basis (note 7) | (22) | 0 | 6 | (24) | (40) | 41 | 1 |
| Net change before transfers to/(from) earmarked reserves | (265) | 0 | 6 | (24) | (283) | 8,143 | 7,860 |
| Transfers to/(from) earmarked reserves | 355 | (355) | 0 | 0 | 0 | 0 | 0 |
| (Increase)/Decrease in year | 90 | (355) | 6 | (24) | (283) | 8,143 | 7,860 |
| Balance 31 March 2010 | (3,337) | (7,827) | (3,064) | (2,207) | (16,435) | (7,099) | (23,534) |
| <u>Movement in 2010/11</u> | | | | | | | |
| Surplus on provision of service | (329) | 0 | 0 | 0 | (329) | 0 | (329) |
| Other Comprehensive Income & Expenditure | 0 | 0 | 0 | 0 | 0 | (6,403) | (6,403) |
| Total Comprehensive Income & expenditure | (329) | 0 | 0 | 0 | (329) | (6,403) | (6,732) |
| Adjustments between accounting basis & funding basis under regulation (note 7) | (27) | 0 | 784 | (434) | 323 | (323) | 0 |
| Net change before transfers to/(from) earmarked reserves | (356) | 0 | 784 | (434) | (6) | (6,726) | (6,732) |
| Transfers to/(from) earmarked reserves | (355) | 355 | 0 | 0 | 0 | 0 | 0 |
| (Increase)/Decrease in year | (711) | 355 | 784 | (434) | (6) | (6,726) | (6,732) |
| Balance 31 March 2011 | (4,048) | (7,472) | (2,280) | (2,641) | (16,441) | (13,825) | (30,266) |

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This is not the amount to be funded from taxation, since authorities raise taxation to cover expenditure in accordance with regulations. The taxation position is shown in the Movement in Reserves Statement

| 2009/10 | | | | 2010/11 | | |
|-------------------|-----------------|-----------------|--|-------------------|-----------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 |
| 28,102 | (25,652) | 2,450 | Central services to the public | 29,546 | (27,247) | 2,299 |
| 14,142 | (4,996) | 9,146 | Cultural, environmental, regulatory & planning services | 16,427 | (3,521) | 12,906 |
| 2,553 | (1,404) | 1,149 | Highways and transport services. | 2,191 | (1,277) | 914 |
| 2,687 | (1,951) | 736 | Other housing services | 1,652 | (871) | 781 |
| 1,082 | (5) | 1,077 | Corporate and democratic core | 1,007 | (4) | 1,003 |
| 1,943 | (2,040) | (97) | Non distributed costs | 1,439 | (915) | 524 |
| | | | Exceptional item – past service pension liabilities (note 43d) | | (4,503) | (4,503) |
| 50,509 | (36,048) | 14,461 | Cost of Services. | 52,262 | (38,338) | 13,924 |
| 238 | 0 | 238 | Other operating expenditure (note 9) | 239 | (18) | 221 |
| 6,400 | (5,886) | 514 | Financing and investment income and expenditure (note 10) | 6,866 | (4,837) | 2,029 |
| 0 | 0 | 0 | (Surplus) or deficit of discontinued operations | 0 | 0 | 0 |
| 0 | (15,456) | (15,456) | Taxation and non-specific grant income (note 11) | 0 | (16,503) | (16,503) |
| | | (243) | (Surplus)/deficit on provision of services | | | (329) |
| | | (192) | (Surplus)/deficit on revaluation of Property, Plant and Equipment assets | | | (855) |
| | | 8,294 | Actuarial (gains)/losses on pension assets and liabilities | | | (5,548) |
| | | 8,102 | Other Comprehensive Income and Expenditure | | | (6,403) |
| | | 7,859 | Total Comprehensive Income and Expenditure | | | (6,732) |

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority.

It shows the net assets of the authority which are matched by the reserves held.

Reserves are reported in two categories. Usable reserves includes reserves available to provide services and other reserves which may only be used to fund capital expenditure or repay debt. Unusable reserves fall into two categories. The first consists of the Revaluation Reserve which holds unrealised gains and losses in asset values. The second category holds amounts resulting from the "adjustments between the accounting basis and the funding basis", as shown in the Movement in Reserves Statement

| 1 April 2009 £'000 | 31 March 2010 £'000 | | Notes | 31 March 2011 £'000 |
|-----------------------|------------------------|------------------------------------|-------|------------------------|
| 30,855 | 30,049 | Property, Plant & Equipment | 12 | 28,555 |
| 11,265 | 11,665 | Investment Property | 13 | 11,698 |
| 325 | 291 | Intangible Assets | 14 | 373 |
| 330 | 0 | Assets Held for Sale | | 0 |
| 3,353 | 0 | Long Term Investments | | 0 |
| 105 | 96 | Long Term Debtors | | 91 |
| 46,233 | 42,101 | Long Term Assets | | 40,717 |
| 3,813 | 6,860 | Short Term Investments | | 7,188 |
| 0 | 330 | Assets Held for Sale | 20 | 330 |
| 155 | 140 | Inventories | 16 | 152 |
| 3,873 | 6,922 | Short Term Debtors | 18 | 4,313 |
| 6,838 | 3,195 | Cash and Cash Equivalents | 19 | 5,174 |
| 14,679 | 17,447 | Current Assets | | 17,157 |
| 0 | (475) | Bank overdraft | | (1,241) |
| (3,691) | (4,073) | Short Term Borrowing | | 0 |
| 0 | 0 | Short Term Creditors | 21 | (3,485) |
| 0 | 0 | Provisions | 22 | 0 |
| 0 | 0 | Liabilities in Disposal Groups | | 0 |
| (3,691) | (4,548) | Current Liabilities | | (4,726) |
| 0 | 0 | Long Term Creditors | | 0 |
| 0 | 0 | Provisions | | 0 |
| (3,332) | 0 | Long Term Borrowing | | 0 |
| (1,864) | (1,423) | Other Long Term Liabilities | | (1,708) |
| (20,631) | (30,043) | Net Pension Liability | 43 | (21,090) |
| 0 | 0 | Donated Assets Account | | 0 |
| 0 | 0 | Capital Grants Receipts in Advance | | (84) |
| (25,827) | (31,466) | Long Term Liabilities | | (22,882) |
| 31,394 | 23,534 | Net Assets | | 30,266 |
| (16,152) | (16,435) | Usable Reserves | 23 | (16,441) |
| (15,242) | (7,099) | Unusable Reserves | 24 | (13,825) |
| (31,394) | (23,534) | Total Reserves | | (30,266) |

Cash Flow Statement

This shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

| 2009/10 £'000 | | 2010/11 £'000 |
|------------------|---|------------------|
| 243 | Net surplus or (deficit) on the provision of services | 329 |
| 117,015 | Adjustments to net surplus or deficit on the provision of services for non cash movements | 34,235 |
| (115,535) | Adjustments for items reported separately on the cash flow statement | (32,904) |
| 1,723 | Net cash flows from Operating Activities (Note 25) | 1,660 |
| 529 | Investing Activities (Note 26) | (1,683) |
| (5,895) | Financing Activities (Note 27) | 761 |
| (3,643) | Net increase or (decrease) in cash and cash equivalents | 738 |
| 6,838 | Cash and cash equivalents at the beginning of the reporting period | 3,195 |
| 3,195 | Cash and cash equivalents at the end of the reporting period (note 19) | 3,933 |

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

General Principles

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code). These notes explain the policies used to ensure the Council's financial position is fairly presented.

Accruals of Income and Expenditure

The Income and Costs of the Council are accounted for in the period to which they relate, regardless of when the cash is paid or received.

Cash and Cash Equivalents

Cash consists of cash in hand and deposits repayable without penalty on notice of not more than 24 hours. Cash Equivalents consist of investments which mature in less than three months. In the Cash Flow Statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

Longer term investments are not reclassified if the outstanding period falls below three months at the date of account.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with depreciation charges, revaluation and impairment losses in excess of accumulated revaluation gains, and amortisation charges in respect of intangible assets.

The Authority is not required to raise council tax to meet these charges. Instead it has to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This is achieved by means of an adjustment between the General Fund balance and the Capital Adjustment Account (in the Movement in Reserves Statement).

Contingent Assets and Liabilities

These are assets and liabilities arising from past events the existence of which will only be confirmed by future events not wholly within the Council's control. They are disclosed in notes to the accounts. See notes 44 and 45.

Exceptional Items

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement, or in the notes to the accounts, depending on their significance.

Employee Benefits

Benefits payable during employment

These are charges to the Surplus or Deficit on the Provision of Service. The charge includes an accrual for any untaken leave and holiday entitlement. This accrual does not affect council tax since it is reversed by transfer from the General Fund Balance to the Accumulating Compensated Absences Account (in the Movement in Reserves Statement).

Termination benefits

These are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date, or a decision to accept voluntary redundancy. The costs are recognised when the Council commits itself to terminate the employment of an officer or group of officers, or makes an offer to encourage voluntary redundancy. The charge is made to the relevant service line in the Comprehensive Income and Expenditure.

Post Employment Benefits

Employees are members of the Local Government Pension Scheme which provides defined benefits to members. Full details of transactions are given in Note 43.

Explanation of methodology

- The liabilities of the fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bonds)
- The assets of the fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in net pension liability is analysed into seven components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income & Expenditure Statement to the services for which employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are charged to the Comprehensive Income & Expenditure Account as part of Non Distributed Costs.
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is charged to Comprehensive Income & Expenditure Account within the Financing & Investment Income and Expenditure line
 - Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long term return. This is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Account.
 - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities, or events that reduce the expected future service or accrual of benefits of employees. These are charged to Non Distributed Costs within the comprehensive Income and Expenditure Account.
 - Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are debited to the Pension Reserve.
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

Statutory provisions require the General Fund balance to be charged with the amount payable to the pension fund, not the amount calculated according to the relevant accounting standards. This is achieved by transfers between the Pensions Reserve and the General Fund to remove the

actuarial debits and credits and replace them with amounts actually paid and those accrued at the year end. The negative balance on the Pension Reserve thus measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities thus arising are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme

Events after the Balance Sheet date

Where an event occurs after the Balance Sheet date and it provides evidence of conditions that existed at the Balance Sheet date, the amounts recognised in the Statement of Accounts is adjusted.

Where an event that occurs after the Balance Sheet date is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted. The “non adjusting event”, and an estimate of the financial effect, is however disclosed in the notes to the accounts.

Financial Liabilities

Borrowings are initially measured at fair value and carried at their amortised cost. The annual charge to the Comprehensive Income & Expenditure Statement (CI&E) is based on the carrying amount multiplied by the effective rate of interest. The amount presented in the balance sheet is the outstanding principal payable plus interest accrued at 31 March.

Gains or losses on premature redemption are charged to the Comprehensive Income & Expenditure Statement unless they are the result of a restructure in which case they are added to the amortised cost and charged over the life of the modified loan. However, Regulations require discounts to be amortised over the shorter of the life of the original loan or ten years. Greater discretion applies to premia, they can be amortised over the life of the original or replacement loan, or a shorter period. A transfer is done from the General Fund Balance to the Financial Instruments Adjustment Account to give effect to these regulations.

Financial Assets

Loans and receivables

These are initially measured at fair value and carried at amortised cost. The annual credit to the Financing and Investment income line in the Comprehensive Income and Expenditure Statement is based on the carrying amount multiplied by the effective rate of interest. The amount presented in the balance sheet is the outstanding principal receivable plus interest accrued at 31 March.

Where assets are identified as impaired because of a likelihood from a past event that payments will not be received, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Government Grants and Other Contributions

Government grants and other contributions for both revenue and capital purposes are accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with. If compliance has not been achieved, cash received is held on the Balance Sheet as a Long Term Creditor.

The postings in the Comprehensive Income and Expenditure account relating to capital grants and contributions are reversed out of the General Fund balance in the Movement in Reserves Statement. If the monies have not been used they are credited to the Grants Unapplied Reserve. If they have been applied to fund capital expenditure they are credited to the Capital Adjustment Account.

Intangible assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences), is capitalised at cost if it will bring benefits to the Council for more than one financial year. Internally generated assets are capitalised where it is demonstrable that the Council will generate future economic benefits.

The cost is amortised over the economic life to reflect the pattern of consumption. The charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

The postings in the Comprehensive Income and Expenditure Statement are reversed from the General Fund balance in the Movement in Reserves Statement and charged to the Capital Adjustment Account.

Inventories and long term contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of the works and services received under the contract during the financial year.

Investment Properties

Investment properties are those held solely to earn rentals or for capital appreciation.

They are measured initially at cost and subsequently at fair value. They are not depreciated but are re-valued annually. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Gains and losses on revaluation and disposal are not permitted by statute to impact on the council tax. A reversal is therefore done between the General Fund Balance and the Capital Adjustment Account (or, in the case of sale proceeds exceeding £10,000 to the Capital Receipts Reserve).

Income and expenditure from investment properties are charged to the Financing and Investment income line in the Comprehensive Income and Expenditure Statement.

Leasing

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

If the lease covers both land and buildings, then the land and building elements are considered separately for classification.

Assets that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as lessee

Finance leases

An asset held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the inception of the lease (or the present value of the minimum lease payments, if lower). The asset is matched by a liability, being the obligation to the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are split between a finance charge, charged to the Comprehensive Income and Expenditure Statement, and the principal element, applied to write down the lease liability.

Assets held under a finance lease will be subject to depreciation and revaluation in the same way as any other asset.

Operating leases

Rentals are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the asset.

The Authority as lessor

Finance leases

Where the Authority grants a finance lease over an asset, it is written out of the Balance Sheet and charged to the "gain or loss on disposals" line in Other Operating Expenses in the Comprehensive Income and Expenditure Statement. The Authority's net investment in the lease is credited to the same line, matched by a Long Term Debtor in the balance Sheet.

Lease rental receipts are split between finance income (credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement), and the principal element applied to write down the Long Term Debtor.

Operating leases

Where the Authority grant an operating lease over an asset it remains on the Balance Sheet, and the income is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

See note 40.

Overheads

The Best Value Accounting Code of Practice (BVACOP) requires that all Central Support and Administrative costs, with the exception of those mentioned below, be allocated to services.

The exceptions are:

- The costs of Democratic Representation and Management
- A narrow range of costs defined as Corporate management
- Non Distributed costs. These consist of certain costs relating to retirement benefits (past service, curtailment and settlement costs), and costs associated with unused IT facilities and surplus assets.

Prior Period Adjustments, Changes in Accounting Policies, and Estimates and Errors

Changes in estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practice or if the change provides more reliable or relevant information about the effect of transactions on the Council's financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts from prior periods.

Material errors will also require a prior period adjustment.

Property Plant and Equipment (PPE)

All expenditure on the acquisition, creation, or enhancement of fixed assets is capitalised on an accruals basis in the accounts provided it exceeds the 'de minimis' threshold of £5,000 and provides benefits to the Council for a period of more than one year.

Assets are initially held at cost and then re-valued. Valuations are provided by qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS. Property assets are re-valued, at a minimum, every 5 years.

Measurement

PPE is accounted for in accordance with IAS 16. As adapted for the public sector this provides that:

- Infrastructure, Community Assets, Assets under Construction, and equipment, are measured at historical cost.
- All other assets are measured at fair value. In respect of specialised assets, if there is an absence of market based evidence of value, fair value will be assessed using the depreciated replacement cost approach.

A gain on revaluation is credited to the Revaluation Reserve unless it reverses a previous loss charged to the Comprehensive Income and Expenditure Statement, in which case the gain shall be credited to that account. A fall in value will be charged firstly against any balance held in the Revaluation Reserve. If this is insufficient or non-existent, the charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

Depreciation

Non current assets held for sale are not depreciated.

Other property is depreciated over its useful life on a straight line basis. Depreciation is based on the closing value of assets. Components are separately depreciated if

- The total value of the host asset (excluding land) exceeds £500k and
- The value of the component exceeds 20% of the asset value (excluding land)

Depreciation periods are as follows:

| | years |
|---|--------------|
| Property (excluding components separately identified) | 5-70 |
| Property components - mechanical | 25 |
| Portable office facilities | 10-15 |
| Vehicles | 3-10 |
| IT equipment | 3-5 |
| Other equipment | 5-15 |

Revaluation gains are also depreciated by transfer of the difference between the current valuation depreciation charge and the historic cost depreciation charge, from the Revaluation Reserve to the Capital Adjustment Account.

Impairment

All assets are reviewed annually for impairment. Impairment losses are charged against revaluations held in the Revaluation Reserve. If these are inadequate the loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

If an impairment loss is subsequently reversed, the reversal, up to the amount of the original loss adjusted for depreciation, is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

Disposal and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately and carried at the lower of this amount and fair value less costs to sell. If assets subsequently fail to meet the criteria to be classified as Assets Held for Sale, they revert to their Non Current Asset classification, and are re-valued at their original value adjusted for any depreciation, impairment or revaluation that would have applied.

On disposal the carrying amount of an asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal. Receipts exceeding £10,000 from disposal are credited to the same line. Any revaluation gains accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Capital Charges and Council Tax

The postings in the Comprehensive Income and Expenditure Statement in respect of depreciation, impairment, disposal and revaluation are reversed in the Movement in Reserves Statement to avoid impacting on council tax. Capital Receipts exceeding £10,000 are reversed to the Capital Receipts Reserve. Other reversals are to the Capital Adjustment Account.

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing is uncertain. Provisions are charged to the appropriate revenue account, Expenditure, when incurred, is charged direct to the provision.

Reserves

Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from the reserve is incurred, it is charged to the relevant service in the Comprehensive Income and Expenditure Statement, and the reserve is appropriated back into the General Fund Balance through the Movement in Reserves Statement.

Revenue Expenditure Funded From Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provision but does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement.

If the Authority has determined to use capital resources to meet the cost (as opposed to funding from revenue) a transfer is done in the Movement in Reserves Statement, from the General Fund Balance to the Capital Adjustment Account, so that there is no impact on the council tax.

Value Added Tax

VAT is included in the accounts only to the extent that it is irrecoverable.

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

Financial Reporting Standard 30 relates to Heritage Assets (i.e. assets held principally for their contribution to knowledge and culture). This standard will not apply to Local Authority accounts until 2011/12.

The assets held by the Authority that come within this classification consist of artefacts held at the museum. They are held in the balance sheet at 31 March 2011 at a nil value. They have been valued for insurance purposes at £30,000.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Council has assumed that its investment in the failed Icelandic bank Landsbanki will retain priority status and, consequentially that 95% will be recovered. The risk is quantified in note 46.

4 ASSUMPTIONS ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains figures estimated on the basis of historical experience, current trends and other relevant factors. The following table notes items for which there is a significant risk of material future adjustment:

| Item | Uncertainty | Effect if actual results differ |
|--------------------|---|---|
| Pensions liability | The estimated liabilities depend on a number of complex judgements. These include future retirement ages, mortality rates, salary increases, returns on investments and discount rates. A firm of consulting actuaries is engaged to provide advice on these assumptions. The wider review of the pension arrangements for Local Authority employees currently under consideration adds to the uncertainty. | The accounts show a pension liability of £21m. The effect of changes in the assumptions are: - additional year of life £1.8m - 0.1% salary inflation £0.3m - 0.1% on discount rate (£1.2m) Every 3 years the fund is comprehensively revalued which leads to increases in the Council's contributions. These will rise by 1.5% over the next three years. |
| Debtors | The most significant debtor issue for the Council is its responsibility for collecting £81m in business rates and council tax. It is however acting solely as agent of the government (for business rates) and mainly as agent (for major preceptors) for council tax. The major recovery risk resulting from shortfalls in collection falls to these bodies. Note 18 shows that sundry debtors total £2.5m against which a bad debt provision of £0.5m has been made. The major risk area lies with £1m of recent invoices for which no provision has been made. Housing benefit recoveries arising in 2010/11 totalling £0.292m against which a 20% provision has been made. These debts are recovered from ongoing benefit. The current economic climate increases the risk of bad debts. | A provision of 10% against recent debtors would cost £0.1m. |

5 MATERIAL ITEMS OF INCOME AND EXPENSE

All material items have been disclosed in the statement or in the notes to the accounts.

6 EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date to report.

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

The surplus or deficit on the provision of service is subject to adjustment in order to calculate the amount to be met from taxation. This statement details those adjustments and agrees to the Movement in Reserves Statement.

| | 2010/11 | | | |
|---|-------------------------------|-----------------------------------|-------------------------|----------------------------------|
| | General Fund Balance £'000 | Capital Receipts Account £,000 | Capital Grants £'000 | Total Unusable Reserves £'000 |
| Adjustments involving the Capital Adjustment Account (CAA) | | | | |
| <u>Reversal of debits and credits to the Comprehensive Income and Expenditure account (CI&E)</u> | | | | |
| Charges for depreciation of non current assets | (1,573) | | | 1,573 |
| Charges for impairment of non current assets | (3,659) | | | 3,659 |
| Revaluation losses on Property, Plant and Equipment | | | | |
| Movements in the market value of Investment Property | (442) | | | 442 |
| Amortisation of intangible assets | (150) | | | 150 |
| Revenue expenditure funded from capital under statute | (987) | | | 987 |
| Non-current assets charged to CI&E on disposal | | | | |
| <u>Insertion of items not posted to CI&E</u> | | | | |
| Statutory and voluntary provision for the repayment of debt | 544 | | | (544) |
| Capital expenditure charged against the General Fund Balance | 830 | | | (830) |
| Adjustments involving Capital Grants Unapplied | | | | |
| Capital grants and contributions unapplied credited to CI&E | 1982 | | (1,982) | |
| Grants applied to fund capital expenditure transferred to CAA | | | 1,548 | (1,548) |
| Adjustments involving the Capital Receipts Reserve | | | | |
| Capital receipts credited to CI&E on non current asset disposals | 17 | (18) | | 1 |
| Capital receipts used to finance new capital expenditure | | 803 | | (803) |
| Capital receipts credited to CI&E to finance the payment to the Government's capital receipt pool | (1) | 1 | | |
| Transfer from Deferred Capital Receipts | | (2) | | 2 |
| Adjustments involving Financial Instruments Adjustment A/c | | | | |
| Difference between finance costs in CI&E and those chargeable in accordance with statutory regulation | (2) | | | 2 |
| Adjustments involving the Pensions Reserve | | | | |
| Reversal of pension charges made in CI&E | 1,829 | | | (1,829) |
| Employer's contributions and payments made to pensioners | 1,576 | | | (1,576) |
| Adjustments involving the Collection Fund Adjustment A/c | | | | |
| Difference between credit to CI&E and precepted amount | 33 | | | (33) |
| Adjustments involving the Accumulated Absences A/c | | | | |
| Difference between remuneration charged to CI&E and that chargeable per statutory requirement | (24) | | | 24 |
| TOTAL ADJUSTMENTS | (27) | 784 | (434) | (323) |

| 2009/10 Comparative figures | 2009/10 | | | |
|---|--------------|------------------|----------------|-------------------------|
| | General Fund | Capital Receipts | Capital Grants | Total Unusable Reserves |
| | £'000 | £,000 | £'000 | £'000 |
| Adjustments involving the Capital Adjustment Account (CAA) | | | | |
| <u>Reversal of debits and credits to CI&E</u> | | | | |
| Charges for depreciation of non current assets | (1,570) | | | 1,570 |
| Charges for impairment of non current assets | 0 | | | 0 |
| Revaluation losses on Property, Plant and Equipment | (474) | | | 474 |
| Movements in the market value of Investment Property | 1,063 | | | (1,063) |
| Amortisation of intangible assets | (150) | | | 150 |
| Revenue expenditure funded from capital under statute | (1,764) | | 1,757 | 7 |
| Non-current assets charged to CI&E on disposal | | | | |
| <u>Insertion of items not posted to the CI&E</u> | | | | |
| Statutory & voluntary provision for the repayment of debt | 552 | | | (552) |
| Capital expenditure charged against the General Fund Balance | 261 | | | (261) |
| Adjustments primarily involving Capital Grants Unapplied | | | | |
| Capital grants and contributions unapplied credited to CI&E | 1,980 | | (1,980) | |
| Grants applied to fund capital expenditure transferred to CAA | | | 199 | (199) |
| Adjustments primarily involving the Capital Receipts Reserve | | | | |
| Capital receipts credited to CI&E on non current asset disposals | | | | |
| Capital receipts used to finance new capital expenditure | | 7 | | (7) |
| Capital receipts credited to CI&E to finance the payment to the Government's capital receipt pool | | | | |
| Transfer from Deferred Capital Receipts | | (1) | | 1 |
| Adjustments involving Financial Instruments Adjustment A/c | | | | |
| Difference between finance costs in CI&E and those chargeable in accordance with statutory regulation | 1,162 | | | (1,162) |
| Adjustments involving the Pensions Reserve | | | | |
| Reversal of pension charges made in the CI&E | (2,660) | | | 2,660 |
| Employer's contributions and payments made to pensioners | 1,542 | | | (1,542) |
| Adjustments involving the Collection Fund Adjustment A/c | | | | |
| Difference between credit to CI&E and precepted amount | 27 | | | (27) |
| Adjustments involving the Accumulated Absences A/c | | | | |
| Difference between remuneration charged to the CI&E and that chargeable per statutory requirement | 9 | | | (9) |
| TOTAL ADJUSTMENTS | (22) | 6 | (24) | 40 |

8 TRANSFERS TO/FROM EARMARKED RESERVES

| | Balance | Transfers | | Balance | Transfers | | Balance |
|-------------------------------|--------------------------|--------------|--------------|---------------------------|-------------|----------------|---------------------------|
| | 1 April 2009 £'000 | In £'000 | Out £'000 | 31 March 2010 £'000 | In £'000 | Out £'000 | 31 March 2011 £'000 |
| Area Committee | 53 | | (32) | 21 | | (7) | 14 |
| Asset Management | 2,099 | 400 | (81) | 2,418 | 250 | (465) | 2,203 |
| Borough Council Elections | 60 | 30 | | 90 | 30 | | 120 |
| Housing Needs Survey | 17 | | (12) | 5 | 8 | | 13 |
| ICT Strategy Reserve | 1,484 | 200 | (134) | 1,550 | 150 | (231) | 1,469 |
| Local Development Framework | 152 | 60 | | 212 | 20 | | 232 |
| Performance Reward Grant | 0 | 239 | | 239 | | (58) | 181 |
| Public Open Space | 2,066 | 37 | (155) | 1,948 | 96 | (155) | 1,889 |
| Single Status/Equal pay | 782 | | (157) | 625 | | (102) | 523 |
| Vehicle and Plant replacement | 76 | 40 | (4) | 112 | | | 112 |
| Leisure sites maintenance | 92 | 0 | 0 | 92 | 69 | | 161 |
| Pension Fund | 38 | 0 | (30) | 8 | | (8) | 0 |
| Other | 553 | 223 | (269) | 507 | 170 | (122) | 555 |
| Total | 7,472 | 1,229 | (874) | 7,827 | 793 | (1,148) | 7,472 |

9 OTHER OPERATING EXPENDITURE

| 2009/10 £'000 | | 2010/11 £'000 |
|------------------|--|------------------|
| 238 | Parish council precepts | 238 |
| 0 | Payments to the Governments Capital Receipt Pool | 1 |
| 0 | Gains and losses on the disposal of non current assets | (18) |
| 238 | Total | 221 |

10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

| 2009/10 £'000 | | 2010/11 £'000 |
|------------------|---|------------------|
| 342 | Interest payable and similar charges | 215 |
| 1,714 | Pensions interest cost net of expected return on pension assets | 1,270 |
| (613) | Interest receivable and similar income | (368) |
| (1,647) | Income and Expenditure in relation to investment properties and changes in their fair value | 442 |
| 718 | losses on trading accounts (note 30) | 470 |
| 0 | Other investment income | 0 |
| 514 | Total | 2,029 |

11 TAXATION AND NON SPECIFIC GRANT INCOMES

| 2009/10 £'000 | | 2010/11 £'000 |
|------------------|-----------------------------------|------------------|
| (7,719) | Council tax income | (7,783) |
| (6,091) | Non domestic rates | (6,579) |
| (1,423) | Non ring fenced government grants | (955) |
| (223) | Capital grants and contributions | (1,186) |
| (15,456) | Total | (16,503) |

12 PROPERTY PLANT AND EQUIPMENT

| | Other land & Buildings £'000 | Vehicles Plant Furniture & Equipment £'000 | Infra- structure £'000 | Community Assets £'000 | Surplus Assets £'000 | Total £'000 |
|---|------------------------------------|--|------------------------------|------------------------------|----------------------------|-----------------|
| <u>Cost or valuation</u> | | | | | | |
| At 1 April 2010 | 28,943 | 8,964 | 0 | 17 | 0 | 37,924 |
| Additions | 1,190 | 2,170 | | | | 3,360 |
| Revaluations recognised in Revaluation Reserve (RR) | 555 | | | | | 555 |
| Revaluations recognised in CI&E | (1,705) | | | | | (1,705) |
| De-recognition - disposals | (3) | (337) | | | | (340) |
| De-recognition - other | | | | | | |
| Assets reclassified | (475) | | | | | (475) |
| Other movements | | | | | | |
| At 31 March 2011 | 28,505 | 10,797 | | 17 | | 39,319 |
| <u>Depreciation and Impairment</u> | | | | | | |
| At 1 April 2010 | (2,790) | (5,085) | | | | (7,875) |
| Depreciation charge | (591) | (982) | | | | (1,573) |
| Depreciation written out of RR | 1,164 | | | | | 1,164 |
| Depreciation written out of CI&E | 452 | | | | | 452 |
| Impairment losses recognised in RR | (864) | | | | | (864) |
| Impairment losses recognised in CI&E | (2,406) | | | | | (2,406) |
| De-recognition - disposals | 1 | 337 | | | | 338 |
| De-recognition - other | | | | | | |
| Other movements | | | | | | |
| At 31 March 2011 | (5,034) | (5,730) | | | | (10,764) |
| <u>Net Book Value</u> | | | | | | |
| At 31 March 2010 | 26,153 | 3,879 | 0 | 17 | 0 | 30,049 |
| At 31 March 2011 | 23,471 | 5,067 | | 17 | | 28,555 |

| Comparative movements in 2009/10 | Other land & Buildings | Vehicles Plant Furniture & Equipment | Infra-structure | Community Assets | Surplus Assets | Total |
|---|------------------------|--------------------------------------|-----------------|------------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| <u>Cost or valuation</u> | | | | | | |
| At 1 April 2009 | 28,495 | 8,779 | 0 | 265 | 0 | 37,539 |
| Additions | 182 | 203 | | | | 385 |
| Revaluations recognised in the Revaluation Reserve (RR) | 95 | | | 17 | | 112 |
| Revaluations recognised in CI&E | (388) | | | (86) | | (474) |
| De-recognition - disposals | | (18) | | | | (18) |
| De-recognition - other | | | | | | |
| Assets reclassified | 661 | | | | | 661 |
| Other movements | (102) | | | (179) | | (281) |
| At 31 March 2010 | 28,943 | 8,964 | 0 | 17 | 0 | 37,924 |
| <u>Depreciation and Impairment</u> | | | | | | |
| At 1 April 2009 | (2,372) | (4,133) | 0 | (179) | 0 | (6,684) |
| Depreciation charge | (600) | (970) | | | | (1,570) |
| Depreciation written out of RR | 80 | | | | | 80 |
| Depreciation written out of CI&E | | | | | | |
| Impairment losses recognised in RR | | | | | | |
| Impairment losses recognised in CI&E | | | | | | |
| De-recognition - disposals | | 18 | | | | 18 |
| De-recognition - other | | | | | | |
| Other movements | 102 | | | 179 | | 281 |
| At 31 March 2010 | (2,790) | (5,085) | 0 | 0 | 0 | (7,875) |

Fixed Assets Valuations

During 2010/11 the valuations were carried out by K.J. Property Consultancy and the Council's Estates Surveyor R. Handscombe FRICS. The basis of valuation is set out in the Statement of Accounting Policies.

| | Other land & Buildings | Vehicles Plant Furniture & Equipment | Infra-structure | Community Assets | Surplus Assets | Total |
|-----------------------------------|------------------------|--------------------------------------|-----------------|------------------|----------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Carried at historical cost | 711 | 10,797 | 0 | 0 | 0 | 11,508 |
| Valued at fair value as at: | | | | | | |
| 31 March 2011 | 22,032 | 0 | 0 | 0 | 0 | 22,032 |
| 31 March 2010 | 298 | 0 | 0 | 0 | 0 | 298 |
| 31 March 2009 | 1,510 | 0 | 0 | 0 | 0 | 1,510 |
| 31 March 2008 | 45 | 0 | 0 | 15 | 0 | 60 |
| 31 March 2007 | 3,833 | 0 | 0 | 2 | 0 | 3,835 |
| 31 March 2006 | 76 | 0 | 0 | 0 | 0 | 76 |
| Total cost or valuation | 28,505 | 10,797 | 0 | 17 | 0 | 39,319 |

13 INVESTMENT PROPERTIES

Details of rental income and operational expenditure are given in note 30.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or its right to receipt of income or the proceeds of disposal.

The assets are comprehensively re-valued every five years, and annually reviewed for any indications that changes in yields or void levels warrant a review of fair values.

The following table summarises the movement in the fair value of investment properties over the year.

| | 2010/11 | 2009/10 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Fair Value 1 April | 11,665 | 11,265 |
| Additions – Subsequent expenditure | 0 | 0 |
| Disposals | 0 | 0 |
| Net gains/(losses) from fair value adjustments | (442) | 1,063 |
| Transfers (to)/from Property Plant and Equipment | 475 | (661) |
| Other changes | 0 | (2) |
| TOTAL | 11,698 | 11,665 |

14 INTANGIBLE ASSETS

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The following periods have been used in amortising the Authority's significant intangible assets.

| Asset Description | Amortisation Period |
|----------------------------|---------------------|
| Benefit fraud case system | 5 years |
| Document management System | 5 years |
| IT work programme | 5 years |
| Customer Contact Centre | 5 years |

Amortisation is on a straight line basis. In 2010/11 the amortisation charge of £0.150m was charged principally to Finance £0.020m, IT £0.068m and Revenues/Cashiers £0.044m. These cost centres are absorbed as overheads across all services. It is not possible therefore to simply indicate the amount charged to each heading in the Comprehensive Income and Expenditure Account.

The movements on Intangible Asset balances during the year are as follows:

| | 2010/11 | 2009/10 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Cost at start of year | 952 | 836 |
| Derecognised in year | (460) | |
| Additions in year | 232 | 116 |
| Gross cost at end of year | 724 | 952 |
| Accumulated amortisation at start of year | (661) | (511) |
| Derecognised in year | 460 | |
| Amortised in year | (150) | (150) |
| Accumulated amortisation | (351) | (661) |
| Net Carrying amount at the year end | 373 | 291 |

There are no significant contractual commitments, and no individual intangible assets the amortisation of which is materially significant to the Council.

15 FINANCIAL INSTRUMENTS

15a Categories of Financial Instrument

The following categories of Financial Instruments are carried in the Balance Sheet:

| | Long Term | | | Current | | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
| <u>Investments</u> | | | | | | |
| Loans and receivables | 0 | 0 | 3,353 | 7,188 | 6,860 | 3,813 |
| <u>Debtors</u> | | | | | | |
| Loans and receivables | 91 | 96 | 105 | 4,294 | 6,922 | 3,873 |
| <u>Borrowings</u> | | | | | | |
| Financial liabilities at amortised cost | 0 | 0 | (3,332) | 0 | (475) | 0 |
| <u>Other Long Term Liabilities</u> | | | | | | |
| Finance lease liabilities | (1,708) | (1,423) | (1,864) | 0 | 0 | 0 |
| <u>Creditors</u> | | | | | | |
| Financial liabilities carried at contract amount | 0 | 0 | 0 | (3,466) | (4,073) | (3,691) |

There has been no reclassification of assets and no pledges of collateral have been made in the periods reported in these statements.

15b Income, Expense, Gains and Losses

The amounts charged in the Comprehensive Income and Expenditure Account are as follows:

| | 2010/11 | | | 2009/10 | | |
|--|--|---|----------------|--|---|----------------|
| | Financial Liabilities at Amortised Cost £'000 | Financial Assets Loans & Receivables £'000 | Total £'000 | Financial Liabilities at Amortised Cost £'000 | Financial Assets Loans & Receivables £'000 | Total £'000 |
| Interest expenses | 157 | 0 | 157 | 185 | 0 | 185 |
| Impairment | 0 | 57 | 57 | 0 | 223 | 223 |
| Total Expense | 157 | 57 | 214 | 185 | 223 | 408 |
| Interest income | 0 | (161) | (161) | 0 | (258) | (258) |
| Interest income accrued on impaired assets | 0 | (206) | (206) | 0 | (278) | (278) |
| Total income | 0 | (367) | (367) | 0 | (536) | (536) |
| Net (gain)/loss for the year | | | (153) | | | (128) |

15c Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables, and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- any borrowings or investments with a remaining life exceeding twelve months are discounted at the rates applying to equivalent transactions at the Balance Sheet date.
- where an instrument will mature in the next twelve months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values of long term financial assets and liabilities are as follows:

| | 31 March 2011 | | 31 March 2010 | | 31 March 2009 | |
|------------------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| | Carrying Amount £'000 | Fair Value £'000 | Carrying Amount £'000 | Fair Value £'000 | Carrying Amount £'000 | Fair Value £'000 |
| Financial Liabilities | | | | | | |
| Finance Lease | 1,708 | 1,725 | 1,423 | 1,460 | 1,864 | 1,895 |

| | 31 March 2011 | | 31 March 2010 | | 31 March 2009 | |
|-------------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| | Carrying Amount £'000 | Fair Value £'000 | Carrying Amount £'000 | Fair Value £'000 | Carrying Amount £'000 | Fair Value £'000 |
| Financial Assets | | | | | | |
| Long Term Debtors | 91 | 91 | 96 | 96 | 105 | 105 |

16 INVENTORIES

| | 2010/11 | | | 2009/10 | | |
|----------------------------|-------------------|-----------------------|------------|-------------------|-----------------------|------------|
| | Consumable stores | Maintenance materials | Total | Consumable stores | Maintenance materials | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April | 104 | 36 | 140 | 111 | 44 | 155 |
| Purchases | 423 | 207 | 630 | 405 | 162 | 567 |
| Issued in year | (410) | (206) | (616) | (408) | (170) | (578) |
| Written off in year | 0 | (2) | (2) | (4) | 0 | (4) |
| Balance at year end | 117 | 35 | 152 | 104 | 36 | 140 |

17 CONSTRUCTION CONTRACTS

The Council is not involved as a contractor in any construction contracts.

18 SHORT TERM DEBTORS

| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
|---------------------------------------|------------------------|------------------------|------------------------|
| Central government bodies | 1,447 | 3,114 | 843 |
| Other local authorities | 851 | 1,496 | 1,118 |
| NHS bodies | 0 | 0 | 0 |
| Public corporations and trading funds | 0 | 0 | 0 |
| Other entities and individuals | 2,569 | 2,875 | 2,326 |
| Net carrying amount at the year end | 4,867 | 7,485 | 4,287 |
| Less provision for bad debts | (554) | (563) | (414) |
| TOTAL DEBTORS | 4,313 | 6,922 | 3,873 |

19 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
|--|------------------------|------------------------|------------------------|
| Cash held by the Authority | 0 | 5 | 0 |
| Bank current and call accounts | 5,174 | 3,190 | 3,155 |
| Short term deposits | 0 | 0 | 3,683 |
| Total cash and cash equivalents | 5,174 | 3,195 | 6,838 |

20 ASSETS HELD FOR SALE

| | Current | | Non Current | |
|--|------------------|------------------|------------------|------------------|
| | 2010/11 £'000 | 2009/10 £'000 | 2010/11 £'000 | 2009/10 £'000 |
| Balance outstanding at the start of the year | 330 | 0 | 0 | 330 |
| Assets sold | 0 | 0 | 0 | 0 |
| Transfers from non-current to current | 0 | 330 | 0 | (330) |
| Balance outstanding at year end | 330 | 330 | 0 | 0 |

21 SHORT TERM CREDITORS

| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
|--|---------------------------|---------------------------|---------------------------|
| Central government bodies | (632) | (621) | (1,466) |
| Other local authorities | (766) | (1,402) | (662) |
| NHS bodies | 0 | 0 | 0 |
| Public corporations and trading funds | 0 | 0 | 0 |
| Other entities and individuals | (2,087) | (2,050) | (1,563) |
| Net carrying amount at the year end | (3,485) | (4,073) | (3,691) |

22 PROVISIONS

There are no provisions at 31 March 2010 or at 31 March 2011.

23 USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and referred to in note 24.

24 UNUSABLE RESERVES

| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
|--|---------------------------|---------------------------|---------------------------|
| Revaluation Reserve | (1,292) | (490) | (405) |
| Capital Adjustment Account | (33,738) | (36,771) | (36,783) |
| Financial Instruments Adjustment Account | (21) | (23) | 1,139 |
| Deferred Capital Receipts Reserve | (25) | (27) | (28) |
| Pensions Reserve | 21,090 | 30,043 | 20,631 |
| Collection Fund Adjustment Account | 4 | 37 | 64 |
| Accumulated Absences Account | 157 | 132 | 141 |
| Total Unusable Reserves | (13,825) | (7,099) | (15,241) |

24a Revaluation Reserve

The Revaluation Reserve holds the gains arising from increases in the valuation of Property, Plant and Equipment. The balance is reduced by any subsequent reductions in value, by impairment, by depreciation, and by disposal.

The Reserve holds only gains accumulated since 1 April 2007. Gains prior to that date were consolidated in the Capital Adjustment Account.

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| Balance at 1 April | (490) | (405) |
| Upward revaluation of assets | (855) | (192) |
| Downward revaluation & impairment not charged to the Comprehensive Income and Expenditure Account | 17 | 93 |
| Difference between fair value and historic cost depreciation | 36 | 14 |
| Accumulated gains on assets de-recognised | 0 | 0 |
| Balance at 31 March | (1,292) | (490) |

24b Capital Adjustment Account

This account contains the following:

- Sums set aside to finance capital expenditure
- Accumulated gains and losses on Investment Properties
- Revaluation gains on Property, Plant and Equipment accumulating prior to 1 April 2007
- The difference between the charges required by accounting practice for the amortisation of assets (depreciation and impairment) and the de-recognition of assets, and the capital charges required by statute.

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| Balance at 1 April | (36,771) | (36,783) |
| <u>Adjustments between accounting and regulatory funding bases (see note 7)</u> | | |
| Items relating to capital charges | | |
| Charges for depreciation of non current assets | 1,573 | 1,570 |
| Charges for impairment of non current assets | 3,659 | 474 |
| Amortisation of intangible assets | 150 | 150 |
| Revenue expenditure funded from capital under statute | 987 | 7 |
| Net cost disposal of assets | 1 | 0 |
| Movements in the market value of Investment Properties | 442 | (1,063) |
| Capital financing applied in the year | | |
| Capital receipts used to finance new capital expenditure | (803) | (7) |
| Capital expenditure charged to the General Fund Balance | (830) | (261) |
| Statutory & voluntary provision for the repayment of debt | (544) | (552) |
| Grants used in the year to fund capital expenditure | (1,548) | (199) |
| <u>Adjustments with the Revaluation Reserve (see note 24a)</u> | | |
| Downward revaluation & impairment not charged to CI&E | (17) | (93) |
| Difference between fair value and historic cost depreciation | (36) | (14) |
| Balance at 31 March | (33,738) | (36,771) |

24c Financial Instruments Adjustment Account

This account contains postings arising from the difference between the requirements of accounting practice and statute in respect of certain financial instruments.

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| Balance at 1 April | (23) | 1,139 |
| Impairment charges, deferred in 2008/9, charged against the General Fund Balance | 0 | (1,139) |
| Premia on early debt redemption – amortisation deferred as per statutory requirement | (5) | 48 |
| Discounts on early debt redemption – amortisation deferred as per statutory requirement | 7 | (71) |
| Balance at 31 March | (21) | (23) |

24d Deferred Capital Receipts Reserve

This account shows the sums recognised on the disposal of non-current assets but for which cash settlement has yet to take place

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| Balance at 1 April | (27) | (28) |
| Transfer to Capital Receipts Reserve on receipt of cash | 2 | 1 |
| Balance at 31 March | (25) | (27) |

24e Pensions Reserve

This account contains postings arising from the difference between the requirements of accounting practice and statute in respect of pensions.

The costs of benefits are charged to the Comprehensive Income and Expenditure Account when they are earned rather than when they are paid. Statutory arrangements however require that benefits be financed only when the Authority makes contributions to the pension fund. The debit balance on the Pension Reserve therefore shows that benefits earned by employees exceeds the payments made by the authority to fund them.

Statutory arrangements require that adequate funding will ultimately be set aside.

| | 2010/11 £'000 | 2009/10 £'000 |
|--|------------------|------------------|
| Balance at 1 April | 30,043 | 20,631 |
| Actuarial losses/(gains) on pension assets and liabilities. | (5,548) | 8,294 |
| Reversal of charges posted to the Comprehensive Income & Expenditure Account. | (1,829) | 2,660 |
| Employers contributions and direct payments to pensioners payable in the year. | (1,576) | (1,542) |
| Balance at 31 March | 21,090 | 30,043 |

24f Collection Fund Adjustment Account

Council tax income is recognised in the Comprehensive Income and Expenditure as it becomes due from individual payers of the charge. Statute requires however that the Council recognises the estimated amount determined when the council tax charge for the year was fixed. The difference is shown in this account.

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| Balance at 1 April | 37 | 64 |
| Amount by which council tax income credited to the Comprehensive Income & Expenditure account exceeded the amount required by statute | (33) | (27) |
| Balance at 31 March | 4 | 37 |

24g Accumulated Absences Account

The cost of compensated absences (e.g. leave entitlement) not taken by employees during the year of account, is charged to the Comprehensive Income and Expenditure Account. Statutory arrangements require however that the impact on the General Fund Balance is neutralised by transfers to or from this account.

| | 2010/11 £'000 | 2009/10 £'000 |
|--|------------------|------------------|
| Balance at 1 April | 132 | 141 |
| Reduction in provision transferred to General Fund Balance | 25 | (9) |
| Balance at 31 March | 157 | 132 |

25 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

| | 2010/11 £'000 | 2009/10 £'000 |
|-------------------|------------------|------------------|
| Interest received | 676 | 76 |
| Interest paid | (215) | (206) |
| Net | 461 | (130) |

26 CASH FLOW STATEMENT – INVESTING ACTIVITIES

The following items have been included within investing activities in the cash flow statement:

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| Purchase of property, plant & equipment, investment property & intangible assets. | (3,060) | (2,223) |
| Purchase of short and long term investments. | (31,597) | (114,158) |
| Proceeds from the sale of assets. | 19 | 102 |
| Proceeds from short and long term investments. | 30,905 | 114,844 |
| Other receipts relating to investing activity (government grants) | 2,050 | 1,964 |
| Total cash flows from investing activities | (1,683) | 529 |

27 CASH FLOW STATEMENT – FINANCING ACTIVITIES

The following have been included within financing activities in the cash flow statement:

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| Cash paid to reduce lease liabilities. | (479) | (481) |
| Repayments of borrowings. | (472) | (2,836) |
| Change in indebtedness relating to NNDR(due from Government) and Council Tax (due from Precepting authorities). | 1,712 | (2,578) |
| Total cash flows from financing activities | 761 | (5,895) |

28 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS (SEGMENTS)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- They exclude capital charges (depreciation, impairment and revaluation losses)
- Retirement benefits are included on the basis of cash flows rather than current service costs
- Expenditure on some support services is budgeted for centrally

The income and expenditure of the Authority's principal directorates recorded in the budget reports for the year is as follows:

| DIRECTORATE INCOME & EXPENDITURE 2010/2011 | Chief Executives | Corporate Governance | Customer Contact & Business Improvement | Planning & Housing | Regeneration & Healthy Communities | Shared Services | Neighbourhoods | Total Directorate |
|--|------------------|----------------------|---|--------------------|------------------------------------|-----------------|----------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fees & Charges & Other Service Income | (52) | (314) | (297) | (1,917) | (938) | (234) | (2,802) | (6,554) |
| Government Grants | | (34) | (27,002) | (36) | | | (59) | (27,131) |
| Total Income | (52) | (348) | (27,299) | (1,953) | (938) | (234) | (2,861) | (33,685) |
| Employee Expenses | 847 | 882 | 2,203 | 1,416 | 2,133 | 510 | 2,370 | 10,361 |
| Other Service Expns. | 94 | 193 | 27,921 | 1,132 | 1,492 | 770 | 4,649 | 36,251 |
| Expenditure | 941 | 1,075 | 30,124 | 2,548 | 3,625 | 1,280 | 7,019 | 46,612 |
| Net Expenditure | 889 | 727 | 2,825 | 595 | 2,687 | 1,046 | 4,158 | 12,927 |

| DIRECTORATE INCOME & EXPENDITURE 2009/2010 | Chief Executives | Corporate Governance | Customer Contact & Business Improvement | Planning & Housing | Regeneration & Healthy Communities | Shared Financial Services | Neighbourhoods | Total Directorate |
|---|------------------|----------------------|---|--------------------|------------------------------------|---------------------------|----------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fees & Charges & Other Service Income | (295) | (355) | (282) | (2,283) | (1,221) | (207) | (3,140) | (7,783) |
| Government Grants | | | (25,754) | (408) | | | (98) | (26,260) |
| Total Income | (295) | (355) | (26,036) | (2,691) | (1,221) | (207) | (3,238) | (34,043) |
| Employee Expenses | 862 | 887 | 2,042 | 1,430 | 2,208 | 482 | 2,335 | 10,246 |
| Other Service Expenses | 111 | 250 | 26,956 | 1,425 | 1,837 | 734 | 4,882 | 36,195 |
| Expenditure | 973 | 1,137 | 28,998 | 2,855 | 4,045 | 1,216 | 7,217 | 46,441 |
| Net Expenditure | 678 | 782 | 2,962 | 164 | 2,824 | 1,009 | 3,979 | 12,398 |

RECONCILIATION OF DIRECTORATE INCOME & EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT 2010/2011

| | 2010/2011 £'000 | 2009/2010 £'000 |
|--|--------------------|--------------------|
| Net Expenditure in Directorate Analysis | 12,927 | 12,398 |
| Net Expenditure of services and support services not included in the Analysis | (4,832) | (1,324) |
| Amounts in the Comprehensive Income & Expenditure Statement not reported to management in the Analysis | 8,079 | 4,139 |
| | 16,174 | 15,213 |
| Amounts included in the Analysis not included in the Comprehensive Income & Expenditure Statement | 0 | 0 |
| Cost of Services in Comprehensive Income & Expenditure Statement | 16,174 | 15,213 |

| RECONCILIATION TO SUBJECTIVE ANALYSIS 2010/2011 | Director Analysis | Services & Support Services not in Analysis | Amounts not reported to management for decision making | Amounts not included in I & E | Allocation of Recharges | Cost of Services | Corporate Amounts | Total |
|--|--------------------------|--|---|--|--------------------------------|-------------------------|--------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fees, charges & other service income. | (6,554) | | | | (15,579) | (22,175) | (1,186) | (23,361) |
| Interest and investment income. | | | (3,501) | | | (3,501) | | (3,501) |
| Income from council tax. | | | | | | 0 | (7,783) | (7,783) |
| Government grants and contributions. | (27,131) | (987) | (42) | | | (28,118) | (7,534) | (35,652) |
| Total Income | (33,685) | (987) | (3,543) | 0 | (15,579) | (53,794) | (16,503) | (70,297) |
| Employee expenses. | 10,361 | (4,043) | (25) | | | 6,293 | | 6,293 |
| Other service expenses. | 36,251 | 198 | 4,980 | | | 47,739 | | 47,739 |
| Support Service recharges. | | | | | 15,579 | 15,579 | | 15,579 |
| Depreciation, amortisation and impairment. | | | 1,601 | | | (4,924) | | (4,924) |
| Interest Payments. | | | 4,403 | | | 4,618 | | 4,618 |
| Precepts & Levies. | | | 238 | | | 238 | | 238 |
| Payments to Housing Capital Receipts Pool. | | | 1 | | | 1 | | 1 |
| Gain or Loss on Disposal of Fixed Assets. | | | 424 | | | 424 | | 424 |
| Total Expenditure | 46,612 | (3,845) | 11,622 | 0 | 15,579 | 69,968 | 0 | 69,968 |
| Surplus or deficit on the provision of services | 12,927 | (4,832) | 8,079 | 0 | 0 | 16,174 | (16,503) | (329) |

| RECONCILIATION TO SUBJECTIVE ANALYSIS 2009/2010 | Director Analysis | Services & Support Services not in Analysis | Amounts not reported to management for decision making | Amounts not included in I & E | Allocation of Recharges | Cost of Services | Corporate Amounts | Total |
|--|--------------------------|--|---|--|--------------------------------|-------------------------|--------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fees, charges & other service income. | (7,783) | (642) | | | (15,989) | (24,414) | (223) | (24,637) |
| Interest and investment income. | | | (2,912) | | | (2,912) | | (2,912) |
| Income from council tax. | | | | | | 0 | (7,719) | (7,719) |
| Government grants and contributions. | (26,260) | (1,758) | | | | (28,018) | (7,514) | (35,532) |
| Total Income | (34,043) | (2,400) | (2,912) | 0 | (15,989) | (55,344) | (15,456) | (70,800) |
| Employee expenses. | 10,246 | 285 | | | | 10,531 | | 10,531 |
| Other service expenses. | 36,195 | 791 | | | | 36,986 | | 36,986 |
| Support Service recharges. | | | | | 15,989 | 15,989 | | 15,989 |
| Depreciation, amortisation and impairment. | | | 4,105 | | | 4,105 | | 4,105 |
| Interest Payments. | | | 4,355 | | | 4,355 | | 4,355 |
| Precepts & Levies. | | | 238 | | | 238 | | 238 |
| Payments to Housing Capital Receipts Pool. | | | | | | 0 | | 0 |
| Gain or Loss on Disposal of Fixed Assets. | | | (1,647) | | | (1,647) | | (1,647) |
| Total Expenditure | 46,441 | 1,076 | 7,051 | 0 | 15,989 | 70,557 | 0 | 70,557 |
| Surplus or deficit on the provision of services | 12,398 | (1,324) | 4,139 | 0 | 0 | 15,213 | (15,456) | (243) |

29 ACQUIRED AND DISCONTINUED OPERATIONS

There were no operations acquired or discontinued during the year.

30 TRADING OPERATIONS

The Authority runs two trading operations.

The first, the Catering Service, provides catering both to the Council for its own operations, and also for private functions run at Council premises. 44% of its income is derived from the first of these, and 56% from the second.

The second concerns the management of investment property. The Council has an investment portfolio consisting of 28 industrial units, 32 other buildings (shops, offices and residential), 23 plots of leased land, and a small number of other plots used for agriculture and car parking etc.

The performance of these two operations is set out below:

| | Catering | Investment Properties | Total |
|---------------------------------|-----------------|------------------------------|--------------|
| | £'000 | £'000 | £'000 |
| <u>2009/10</u> | | | |
| Turnover | (439) | (811) | (1,250) |
| Direct costs | 394 | 208 | 602 |
| Overheads | 313 | 320 | 633 |
| capital charges | 0 | 733 | 733 |
| Net (surplus) or deficit | 268 | 450 | 718 |
| <u>2010/11</u> | | | |
| Turnover | (395) | (942) | (1,337) |
| Direct costs | 419 | 263 | 682 |
| Overheads | 223 | 287 | 510 |
| capital charges | 0 | 613 | 613 |
| Net (surplus) or deficit | 247 | 221 | 468 |

31 AGENCY SERVICES

The Council acts as agent for central government in the collection of national non domestic rates, and as agent for major preceptors in the collection of council tax. Further details are given in the notes to the collection fund.

32 ROAD CHARGING SCHEMES UNDER THE TRANSPORT ACT 2000

The Council does not operate a road charging or workplace charging scheme.

33 POOLED BUDGETS

The Council has no material pooled budget arrangements.

34 MEMBERS ALLOWANCES

The Council paid the following amounts to its members during the year:

| | 2010/11 | 2009/10 |
|--------------|----------------|----------------|
| | £'000 | £'000 |
| Allowances | 158 | 157 |
| Expenses | 0 | 11 |
| Total | 158 | 168 |

35 OFFICERS REMUNERATION

The Council is required under Regulation 7, paragraph (2), of the Accounts and Audit Regulations 2003 to disclose the remuneration of all employees of the Authority in excess of £50,000. Regulation 4 of the Accounts and Audit (Amendment N0.2) Regulations 2009 extends this and introduces a new legal requirement to increase transparency and accountability in Local Government for reporting remuneration for senior employees.

| Remuneration band | 2010/2011 Number of employees | 2009/2010 Number of employees |
|--------------------------|--|--|
| £50,000 - £54,999 | 3 | 0 |
| £55,000 - £59,999 | 3 | 0 |
| £60,000 - £64,999 | 0 | 1 |
| £65,000 - £69,999 | 0 | 5 |
| £70,000 - £74,999 | 0 | 0 |
| £75,000 - £79,999 | 5 | 0 |
| £80,000 - £84,999 | 0 | 0 |
| £85,000 - £89,999 | 0 | 2 |
| £90,000 - £94,999 | 0 | 1 |
| £95,000 - £99,999 | 0 | 0 |
| £100,000 - £104,999 | 0 | 0 |
| £105,000 - £109,999 | 2 | 0 |
| £110,000 - £114,999 | 1 | 0 |
| £115,000 - £119,999 | 0 | 0 |
| £120,000 - £124,999 | 0 | 0 |
| £125,000 - £129,999 | 0 | 1 |

The following tables set out the remuneration disclosures for officers whose remuneration is equal to, or more than, £50,000 during the 2010/2011 and 2009/2010 financial years:

| Post Title | Salary | Expense Allowances | Benefits In kind | Total Remuneration (excluding Pension Contributions) | Pension Contributions | Total Remuneration (including pension contributions) |
|--|---------------|---------------------------|-------------------------|---|------------------------------|---|
| | £ | £ | £ | £ | £ | £ |
| 2010/2011 Remuneration | | | | | | |
| Corporate Director (Resources)/Chief Executive (from September 2010) | 94,635 | 1,263 | 285 | 96,183 | 17,062 | 113,245 |
| Corporate Director (Policy and Governance) * | 107,571 | 181 | 0 | 107,752 | 580 | 108,332 |
| Corporate Director (Environment and Community) * | 107,329 | 738 | 0 | 108,067 | 0 | 108,067 |
| Director of Planning and Housing | 63,969 | 1,355 | 306 | 65,630 | 11,324 | 76,954 |
| Director of Neighbourhoods and Street Scene | 63,558 | 1,324 | 108 | 64,990 | 11,324 | 76,314 |
| Director of Business Transformation | 63,516 | 1,310 | 0 | 64,826 | 11,324 | 76,150 |
| Director of Corporate Governance | 63,477 | 1,241 | 0 | 64,718 | 11,324 | 76,042 |
| Director of Regeneration and Healthy Communities | 63,312 | 1,239 | 0 | 64,551 | 11,324 | 75,875 |
| Chief Executive (to September 2010) | 48,641 | 685 | 398 | 49,724 | 9,393 | 59,117 |

* posts made redundant in 2010/11

** this post is part of the Shared Financial and Assurance Partnership with Chorley Council

| Post Title | Salary | Expense Allowances | Benefits In kind | Total Remuneration (excluding Pension Contributions) | Pension Contributions | Total Remuneration (including pension contributions) |
|---|---------------|---------------------------|-------------------------|---|------------------------------|---|
| | £ | £ | £ | £ | £ | £ |
| 2009/10 Remuneration | | | | | | |
| Chief Executive | 107,746 | 1,310 | 398 | 109,454 | 18,267 | 127,721 |
| Corporate Director (Resources) | 77,428 | 1,170 | 280 | 78,878 | 13,245 | 92,123 |
| Corporate Director (Environment and Community) | 72,485 | 1,267 | 203 | 73,955 | 12,240 | 86,195 |
| Corporate Director (Policy and Governance) | 72,330 | 1,192 | 0 | 73,522 | 12,240 | 85,762 |
| Head of Planning and Housing | 57,836 | 1,285 | 306 | 59,427 | 9,678 | 69,105 |
| Head of Street scene | 57,495 | 1,261 | 95 | 58,851 | 9,678 | 68,529 |
| Head of Corporate Governance | 57,167 | 1,170 | 0 | 58,337 | 9,678 | 68,015 |
| Head of Customer Contact and Business Improvement | 57,014 | 1,200 | 0 | 58,214 | 9,678 | 67,892 |
| Head of Regeneration and Healthy Communities | 56,988 | 1,170 | 151 | 58,309 | 9,678 | 67,987 |
| Head of Policy and Community Engagement | 52,488 | 1,073 | 0 | 53,561 | 8,872 | 62,433 |

36 EXTERNAL AUDIT COSTS

The Authority has incurred the following costs relating to external audit:

| | 2010/11 £'000 | 2009/10 £'000 |
|--|------------------|------------------|
| Fees for statutory inspection and audit | 93 | 105 |
| Fees for the certification of grant claims and returns | 32 | 30 |
| Total | 125 | 135 |

37 GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and expenditure Statement

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| <u>Credited to Taxation and Non Specific</u> | | |
| National non domestic rates | (6,579) | (6,091) |
| Revenue support grant | (955) | (1,400) |
| Grants – Regional Housing Pot | 0 | (1,449) |
| Grants - Other | (511) | (454) |
| Contributions - other | (675) | (99) |
| Total | (8,720) | (9,493) |
| <u>Credited to Services</u> | | |
| Grants – benefits related | (26,753) | (25,339) |
| Grants – Performance Reward | 0 | (294) |
| Grants – Planning Development Grant | 0 | (332) |
| Grants – Regional Housing Pot | (844) | 0 |
| Grants – other | (507) | (730) |
| Contribution – County Council waste recycling | (827) | (803) |
| Contributions – other | (766) | (765) |
| Total | (29,697) | (28,263) |

If grants and contributions have conditions attached, and those conditions have not been met at the date of account, the income is credited to the Capital Grant Receipts in Advance account instead of the Comprehensive Income and Expenditure account. At 31 March 2011 £0.084m had accrued (nil as at 31 March 2010).

38 RELATED PARTIES

In accordance with FRS8, the financial statements must disclose material transactions with related parties, to draw attention to the possible extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

◆ **Central Government**

Central government has effective control over the general operations of the council as it provides the statutory framework within which the Authority operates and the majority of its funding in the form of grants.

◆ **Members of the Council**

Councillors have direct control over the council's financial and operating policies. Elected members are required to complete a Notice of Registerable Interests and notify the council of any changes within 28 days. Declarations of interests in meetings which include the personal interest of partners, relatives or friends, are also both recorded in the minutes of the meeting and signed in a book, which are open to public inspection.

During 2010/11, the Council paid grants totalling £39,477 (£62,006 – 2009/10) to voluntary organisations in which no members declared an interest.

Note 34 refers to the allowances paid to members. A detailed breakdown of these figures can be found in the Council's newspaper – Forward, which is distributed to all residents.

◆ **Officers**

If appropriate, Directors of the Council complete a voluntary declaration of transactions involving related parties. The returns showed that in respect of the declarations made during the year to 31 March 2011 there were no material transactions.

◆ **Other Local Authorities and Precepting Bodies**

Details of Precepts in relation to the Lancashire Police Authority, Combined Fire Authority and Lancashire County Council are shown in the Collection Fund.

◆ **Pension Fund**

Details of payments to the Local Government Pension Scheme are set out in note 7 of the Financial Statements.

◆ **Partnerships, Companies and Trusts**

Financial & Assurance Shared Services Partnership – In January 2009 this partnership was established under an Administrative Collaboration Agreement entered into by South Ribble and Chorley Borough Councils. This provides for the provision of accountancy, exchequer, treasury management, procurement and assurance services across the administrative areas of the two Councils. A Shared Services Joint Committee has been established to discharge the Chorley and South Ribble Councils' functions of providing the services detailed in the Shared Services Agreement.

In 2010/11 gross expenditure of £2.178m (2009/10 £2.052m) was incurred on the shared services which was fully funded by recharges of £1.091m (2009/10 £1.017m) to South Ribble Borough Council and £1.087m (2009/10 £1.035m) to Chorley Borough Council.

◆ **Progress Housing**

The Council has representation on the Board of Progress Housing, for whom it provides vehicle and grounds maintenance services. In 2010/11 it received £0.128m for these services.

◆ Simple Investment

In 2005/06 the Council's leisure centre operation transferred to South Ribble Community Leisure Limited (SRCLL), which is a company with charitable objectives. The Council pay SRCLL a Leisure Services Fee (LSF) for the running of its leisure centres. The contract with SRCLL is for a period of 15 years and 10 months which commenced on 1st June 2005.

| | |
|------------------------|---|
| Name of Undertaking | South Ribble Community Leisure Limited |
| Type of Organisation | Limited liability. |
| Nature of Business | Provision and Development of leisure facilities in South Ribble |
| SRBC share holding | 14.2% |
| Grant Paid in the Year | £ 17,285 |
| Leisure Services Fee | £473,925 |

39 CAPITAL EXPENDITURE AND FINANCING

The total capital expenditure in the year is shown below, together with the resources that have been used to finance it.

The statement incorporates details of the movements in the Capital financing Requirement. This is a measure of the capital expenditure historically incurred by the Authority that has yet to be financed. This will be discharged by future charges to the revenue account.

| | 2010/11 £'000 | 2009/10 £'000 |
|---|------------------|------------------|
| Opening Capital Financing Requirement | 5,065 | 5,577 |
| Capital investment | | |
| Property, Plant and Equipment | 3,360 | 385 |
| Intangible Assets | 232 | 116 |
| Revenue Expenditure Funded from Capital under Statute | 987 | 1,769 |
| Sources of finance | | |
| Capital Receipts | (803) | (7) |
| Government Grants and Other Contributions | (1,548) | (1,961) |
| Sums set aside from revenue | | |
| Earmarked Reserves | (760) | (234) |
| Revenue Financing | (70) | (28) |
| Minimum Revenue provision | (268) | (288) |
| Voluntary Revenue Provision | (276) | (264) |
| Closing Capital Financing Requirement | 5,919 | 5,065 |
| Explanation of movements in year | | |
| Assets financed by prudential borrowing | 633 | 0 |
| Assets acquired under deferred purchase arrangement | 765 | 40 |
| Provision made for debt repayment | (544) | (552) |
| Increase/(Decrease) in Capital Financing Requirement | 854 | (512) |

40 LEASES

40a Authority as lessee

Finance leases

The Council has acquired vehicles under finance leases. The assets are carried as Property Plant and Equipment in the Balance Sheet at the net amounts shown in the following table. There are no renewal or purchase options, no escalation clauses, and no material restrictions.

In addition works have been done to leisure centres owned by the Authority, under a deferred purchase arrangement. It is not possible to state the Balance Sheet value of those works. The expenditure incurred, net of repayments made, is shown in the table below:

| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
|--|------------------------|------------------------|------------------------|
| Vehicles, Plant, Furniture and Equipment | 158 | 323 | 429 |
| Works to Leisure Centres | 1,482 | 1,033 | 1,309 |

The Authority is committed to making minimum payments under these leases to discharge the outstanding liability plus finance costs that will accrue while the liability remains outstanding. Minimum lease payments due in respect of the plant and vehicles are as follows:

| | 31 March 2011 Vehicles etc £'000 | 31 March 2010 Vehicles etc £'000 | 31 March 2009 Vehicles etc £'000 |
|---|--|--|--|
| Finance lease liabilities (net present value of minimum lease payments) | | | |
| Current liabilities | 152 | 163 | 165 |
| Long term liabilities | 12 | 164 | 327 |
| Finance costs payable in future years | 22 | 43 | 72 |
| Minimum lease payments | 186 | 370 | 564 |

The agreement covering the leisure centres commits the lessor to invest £4.819m in their refurbishment in the years 2005/06 to 2020/21. As at 31/3/2011 £3.141m had been spent (£2.376m to 31/3/2010). The minimum payments under the lease total £6.638m. £4.356m is still to be paid, of which £436k is due in 2011/12 (as it was in 2010/11).

The minimum lease payments for plant and vehicles will be payable over the following periods:

| | Minimum Lease Payments | | | Finance Lease Liabilities | | |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
| Not later than 1 year. | 165 | 184 | 194 | 152 | 163 | 165 |
| Later than 1 yr, not later than 5. | 21 | 186 | 363 | 12 | 164 | 321 |
| Later than 5 years. | 0 | 0 | 7 | 0 | 0 | 6 |
| | 186 | 370 | 564 | 164 | 327 | 492 |

The minimum lease payments in respect of the completed works to leisure centres.

| | Minimum Lease Payments | | | Finance Lease Liabilities | | |
|-------------------------------|------------------------|---------------|---------------|---------------------------|---------------|---------------|
| | 31 March 2011 | 31 March 2010 | 31 March 2009 | 31 March 2011 | 31 March 2010 | 31 March 2009 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Not later than 1 year. | 435 | 435 | 435 | 316 | 316 | 316 |
| Later than 1 yr, less than 5. | 1,210 | 745 | 1,030 | 1,166 | 717 | 993 |
| Later than 5 years. | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1,645 | 1,180 | 1,466 | 1,482 | 1,033 | 1,309 |

Operating leases

The Authority operates vehicles under operating leases. The future minimum payments due are as follows:-

| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
|-----------------------------------|------------------------|------------------------|------------------------|
| Not later than 1 year | 14 | 34 | 44 |
| Later than 1 yr, not later than 5 | 0 | 14 | 48 |
| Later than 5 years | 0 | 0 | 0 |
| Minimum lease payments | 14 | 48 | 92 |

None of the assets are sublet.

The operating lease rentals charged in the Comprehensive Income and expenditure statement during the year were as follows:-

| | 2010/11 £'000 | 2009/10 £'000 |
|------------------------|------------------|------------------|
| Minimum lease payments | 34 | 44 |
| Other payments | 0 | 0 |
| Total | 34 | 44 |

40a Authority as lessor

Finance Leases

The Council has leased one property for 125 years.

In the following table the gross investment in the lease is reconciled to the present value of the minimum lease payments:

| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
|--|------------------------|------------------------|------------------------|
| Finance lease debtor (present value of minimum lease payments) | 20 | 20 | 20 |
| Unearned finance income | 96 | 97 | 97 |
| Total | 116 | 117 | 117 |

The gross investment in the lease and the minimum lease payments will be received over the following periods:

| | Gross investment in the lease | | | Minimum lease payments | | |
|-----------------------------------|-------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 | 31 March 2011 £'000 | 31 March 2010 £'000 | 31 March 2009 £'000 |
| Not later than 1 yr. | 1 | 1 | 1 | 1 | 1 | 1 |
| Later than 1 yr, not more than 5. | 4 | 4 | 4 | 4 | 4 | 4 |
| Later than 5 years. | 111 | 112 | 112 | 111 | 112 | 112 |
| Total | 116 | 117 | 117 | 116 | 117 | 117 |

No contingent rents were receivable in the years of account.

Operating leases

The Council lets certain offices and industrial units. The future minimum lease payments receivable are:

| | 31 March 2011 £'000 | 31 March 2010 £'000 |
|--|------------------------|------------------------|
| Not later than one year | 821 | 769 |
| Later than one and not later than five years | 1,654 | 1,654 |
| Later than five years | 14,035 | 14,992 |
| Total | 16,510 | 17,415 |

41 IMPAIRMENT LOSSES

| | 2010/11 £'000 | 2009/10 £'000 |
|--|------------------|------------------|
| Impairment loss recognised in cost of service | 2,406 | 0 |
| Impairment loss taken to the Revaluation Reserve | 864 | 0 |
| Total | 3,270 | 0 |
| Material individual impairments | | |
| South Ribble Tennis Centre | 2,035 | 0 |
| Bamber Bridge Leisure Centre | 721 | 0 |

In both cases where there has been a material impairment, the asset is valued at its depreciated replacement cost.

42 TERMINATION BENEFITS

The Authority terminated the contracts of a number of employees in 2010/11 incurring liabilities of £0.259 million. Of this total £0.204 million was in respect of termination payments made to Directors and these costs are included in the remuneration payments shown in Note 35.

43 DEFINED BENEFIT PENSION SCHEME

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits through the Local Government Pension Scheme. This scheme is administered by Lancashire County Council and is a funded, defined benefit scheme, meaning that the authority and employees pay contributions calculated at a level intended to balance the pension liabilities with investment assets.

43a Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the revenue account in the Cost of Services, when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge required to be made against council tax is based on the cash payable to the fund during the year. An adjustment is therefore made to the General Fund via the Movement in Reserves Statement.

The following table shows the transactions made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in reserves Statement during the year:

| | 2010/11 £'000 | 2009/10 £'000 |
|--|------------------|------------------|
| Comprehensive Income & Expenditure Statement | | |
| Cost of Services | | |
| Current service cost | 1,309 | 839 |
| Past service cost | (4,503) | 107 |
| Settlement and curtailment | 95 | 0 |
| Financing and investment Income and Expenditure | | |
| Interest costs | 4,403 | 4,090 |
| Expected return on scheme assets | (3,133) | (2,376) |
| Total post employment benefit charged to the (Surplus)/Deficit on the Provision of Service | (1,829) | 2,660 |
| Other post employment benefit charged to the Comprehensive Income & Expenditure Statement | | |
| Actuarial gains and losses | (5,490) | 8,294 |
| Total post employment benefit charged to the Comprehensive Income & expenditure Statement | (7,319) | 10,954 |
| Movement in Reserves Statement | | |
| Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services | 1,829 | (2,660) |
| Actual amount charged against the General Fund balance for pensions in the year | 1,576 | 1,542 |

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 is £18.793m.

43b Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities.

| | Funded liabilities | |
|--------------------------------------|--|------------------|
| | Local Government Pension Scheme | |
| | 2010/11 £'000 | 2009/10 £'000 |
| 1 April | (79,205) | (58,433) |
| Current service cost | (1,309) | (839) |
| Interest cost | (4,403) | (4,090) |
| Contributions by scheme participants | (443) | (465) |
| Actuarial gains and (losses) | 4,856 | (18,240) |
| Benefits paid | 2,897 | 2,969 |
| Curtailment | (95) | 0 |
| Past service costs | 4,503 | (107) |
| 31 March | (73,199) | (79,205) |

Reconciliation of fair value of the scheme assets.

| | Local Government Pension Scheme | |
|--------------------------------------|---------------------------------|---------------|
| | 2010/11 | 2009/10 |
| | £'000 | £'000 |
| 1 April | 49,162 | 37,802 |
| Expected return on plan assets | 3,133 | 2,376 |
| Actuarial gains & (losses) | 634 | 9,946 |
| Employer contributions | 1,634 | 1,542 |
| Contributions by scheme participants | 443 | 465 |
| Benefits paid | (2,897) | (2,969) |
| 31 March | 52,109 | 49,162 |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual gain on scheme assets in the year was £3.936m.

43c Scheme history

| | 2006/07 As restated £'000 | 2007/08 As restated £'000 | 2008/09 £'000 | 2009/10 £'000 | 2010/11 £'000 |
|--|---------------------------------|---------------------------------|------------------|------------------|------------------|
| Present value of liabilities | (66,028) | (69,273) | (58,433) | (79,205) | (73,199) |
| Fair value of assets | 53,061 | 48,399 | 37,802 | 49,162 | 52,109 |
| Surplus/(deficit) in the scheme | (12,967) | (20,874) | (20,631) | (30,043) | (21,090) |

The liabilities show the underlying commitments that the authority has in the long term to pay post employment (retirement) benefits. The total liability of £21.1m has a substantial impact on the net worth of the authority as recorded in the balance sheet.

Statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2012 is £1.46m.

43d 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 dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Mercers, an independent firm of actuaries, estimates for the County Council Fund are based on the latest full valuation of the scheme as at 31 March 2007.

The main assumptions used in their calculations have been:

| | Local Government Pension Scheme | |
|---|---------------------------------|---------|
| | 2010/11 | 2009/10 |
| Long term expected rate of return on assets in the scheme | | |
| Equity investments | 7.5% | 7.5% |
| Government bonds | 4.4% | 4.5% |
| Other bonds | 5.1% | 5.2% |
| Property | 6.5% | 6.5% |
| Cash/liquidity | 0.5% | 0.5% |
| Other | 7.5% | 7.5% |
| Mortality assumptions | | |
| Longevity at 65 for current pensioners | | |
| Men | 21.60 | 21.20 |
| Women | 24.20 | 24.10 |
| Longevity at 65 for future pensioners | | |
| Men | 23.00 | 22.20 |
| Women | 25.80 | 25.00 |
| Rate of inflation (RPI) | 3.40% | 3.30% |
| Rate of inflation (CPI) | 2.90% | 2.80% |
| Rate of increase in salaries | 4.90% | 5.05% |
| Rate of increase in pensions | 2.90% | 3.30% |
| Rate for discounting scheme liabilities | 5.50% | 5.60% |
| Take up option to convert pension into lump sum | 50% | 50% |

Exceptional accounting item: In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2010 public services pensions would be uprated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has the effect of reducing the Authority's liabilities at 31 March 2011 by £4.503m and has been recognised as a past service gain since it is considered a change in benefit entitlement. There is no impact on the General Fund.

43e Analysis of scheme assets

| | Proportion of total Assets 31/03/11 % | Proportion of total Assets 31/03/10 % | Proportion of total Assets 31/03/09 % |
|--------------------|---|---|---|
| Equity investments | 64.0 | 66.0 | 61.2 |
| Government Bonds | 7.0 | 7.0 | 7.8 |
| Other Bonds | 14.0 | 12.0 | 12.3 |
| Property | 8.0 | 5.0 | 7.4 |
| Cash/liquidity | 1.0 | 4.0 | 4.9 |
| Other assets | 6.0 | 6.0 | 6.4 |
| Total | 100.0 | 100.0 | 100.0 |

43f History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March in each year.

| | 2006/07 As restated % | 2007/08 As restated % | 2008/09 % | 2009/10 % | 2010/11 % |
|--|--------------------------------|--------------------------------|--------------|--------------|--------------|
| Experience gains and (losses) on assets | (0.7) | (15.5) | (34.6) | 20.2 | 1.2 |
| Experience gains and (losses) on liabilities | 0 | 5.5 | 0 | 0 | 6.6 |

43g Prepaid or accrued pension contributions

An amount of £0.133m is included in the creditors section of the Balance Sheet. This represents accrued pension contributions as at 31 March 2011. These were paid to the Lancashire County Pension Fund in April 2011.

44 CONTINGENT LIABILITIES

The Council has received a claim from a number of private search companies in respect of fees previously paid in respect of land charge searches going back to 2005. The amount has not yet been accurately quantified.

45 CONTINGENT ASSETS

The Council has submitted a claim to HMRC regarding VAT overpaid over many years in relation to income at leisure centres and income from trade waste collections. In respect of leisure income, an amount of £220k plus interest is still outstanding along with a claim for compound interest relating to a claim settled in 2009/10. In respect of trade waste income, the amount still outstanding is £649k plus interest.

46 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

The authority's activities potentially expose it to a variety of financial risks:

- Credit risk – that other parties might fail to pay amounts due to the Council.
- Liquidity risk – that the Authority might not have liquid funds available to make payments when due.
- Market risk – the possibility of financial loss arising from movements in interest rates.

Overall procedures for managing risk

In managing investment risk the Council works within the legal framework set out in the Local Government Act 2003 and associated regulations. This requires compliance with the CIPFA Code of Practice, the Prudential Code, and investment guidance issued through the Act. A key requirement is that the council should annually consider its Treasury Management Strategy which incorporates the following:

Prudential indicators specifying

- Maximum and minimum exposure to fixed and variable rates;
- Limits on the maturity structure of the debt portfolio;
- Limits on total borrowing.

An Investment Strategy specifying

- The use that should be made of credit ratings and other indicators to determine the financial standing of counterparties;
- The use of sovereign ratings to limit investments to specific countries;
- The maximum amounts that might be deposited with any institution;
- The lengths of time for which deposits can be made.

Credit risk

This exists in relation to debtors, and investments made as a result of the Council's treasury operations. The following table analyses relevant investments and debtors as at the date of account

| | Amount at 31 March £'000 | Default risk % | Exposure to default £'000 |
|---|--------------------------------|----------------------|---------------------------------|
| Investments | | | |
| Impaired bank deposits | 3,024 | 50 | 1,526 |
| Other short term deposits with banks and financial institutions | 7,188 | | 0 |
| Sundry Debtors (see separate analysis) | 2,425 | 17 | 414 |
| Total | 11,588 | | 1,940 |

Provision has been made in the accounts for the impairment of the Icelandic deposits and sundry debtors. The exposure to default risk shown above has not been provided for. It is explained below.

Impaired Bank Loans

The impaired bank deposits are those made with the following Icelandic banks which went into liquidation in October 2008:

| Bank | Date Invested | Maturity Date | Amount | Interest Rate | Carrying amount 31/03/2011 | Impairment Suffered |
|-------------|----------------------|----------------------|---------------|----------------------|-----------------------------------|----------------------------|
| Landsbanki | 26/06/2007 | 22/06/2009 | £3m | 6.65% | £2,474,300 | £1,194,929 |
| Heritable | 22/07/2008 | 23/01/2008 | £1m | 5.85% | £339,429 | £253,706 |
| Heritable | 23/09/2008 | 21/11/2008 | £1m | 6.00% | £335,731 | £253,784 |

Interest continues to accrue on the carrying amounts at the original interest rates.

The current situation regarding recovery is as follows:-

Landsbanki

The carrying amount includes principal and interest, net of the declared impairment (of which £0.145m was charged in 2010/11). During the year the Icelandic courts confirmed the priority status of Local Authority investments, but this is still subject to challenge in the Icelandic Supreme Court, and repayment is withheld until this is resolved. On the assumption that priority status will be retained recovery of 95% of the cash amount owed has been assumed, with payment spread over the years to 2018. Failure to retain this status would threaten the loss of a further £1.526m.

Heritable Bank

Heritable is a UK registered bank under English law which went into administration on 7 October 2008. The impairment charge made in earlier years was reduced in 2010/11 by £0.088m.

It is currently assumed that the 85% of the claimed amount will be recovered. As at 31 March 2011 £1.009 has been received.

Other Bank Loans

The Council's Investment Strategy restricts investments to a narrow range of counterparties. There is no reason to assume a risk of impairment.

Sundry Debtors

The sundry debtors (note 18) are analysed in the following table (the analysis excludes arrears of council tax).

| | £'000 |
|--------------------------------------|--------------|
| Not yet past due date | 985 |
| Up to three months past due date | 516 |
| Three to six months past due date | 5 |
| Six months to one year past due date | 351 |
| Beyond one year | 468 |
| Total | 2,325 |

No collateral is held as security.

Liquidity risk

The authority has ready access to borrowing from the Public Works Loan Board and the money markets. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures outlined above as well as through cash flow management procedures required by the Council.

Market risk

Interest rate risk – The Council has limited exposure to interest rate movements on its borrowings and investments. Borrowings and short term investments are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings and investments do not impact on the Income and Expenditure Account or the Statement of Total Recognised Gains and Losses.

To mitigate risk the Treasury Strategy reviews interest rate forecasts and fixes prudential indicators for fixed and variable interest rate exposure.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been

| | £'000 |
|---|-------|
| Gain - Increase in interest payable on variable rate borrowings | 0 |
| Gain - Increase in interest receivable on variable rate investments | (74) |
| Gain - Impact on Income and Expenditure Account | (74) |
| Loss - Decrease in fair value of fixed rate investments (no impact on Statement of Total Recognised Gains and Losses) | 0 |
| Gain - Decrease in fair value of fixed rate borrowing (no impact in I&E Account or STRGL) | (0) |

Price risk – The Council has no exposure to this risk.

47 Restatement changes to meet International Financial Reporting Standards

This table summarises the changes made in the accounts as at 1/4/2009 and 1/4/2010

BALANCE SHEET

| Original Category | Original 31/03/2009 £'000 | Reason for Change | Change £'000 | Restated 31/03/2009 £'000 |
|----------------------------|---------------------------------|--|-----------------|---------------------------------|
| Operational | 28,325 | Reclassify from non-operational | 2,531 | |
| | | Treated as disposal by finance lease | (1) | |
| | | Property Plant & Equipment | | 30,855 |
| Non Operational | 14,126 | Reclassify as PP&E | (2,531) | |
| | | Reclassify as Asset Held for Sale | (330) | |
| | | Investment Property | | 11,265 |
| Long Term Debtor | 85 | Finance lease disposal | 20 | 105 |
| Assets Held for Sale | 0 | Reclassify from investment assets | 330 | 330 |
| Short term Investments | 9,696 | Reclassify as cash & cash equivalent | (5,883) | 3,813 |
| Cash & Cash Equivalent | 955 | Reclassify from Short Term Investments | 5,883 | 6,838 |
| Creditors | (3,550) | Leave accrual | (141) | (3,691) |
| Government Grants Deferred | (2,352) | Write off to Capital Adjustment Account | 2,352 | 0 |
| Unusable Reserves | | | | |
| Accumulated Absences | 0 | Leave accrual | 141 | 141 |
| Capital Adjustment Account | (34,214) | From Government Grants Deferred | (2,352) | |
| | | Revaluation of Investment Assets | (218) | |
| | | Finance Lease disposal | 1 | (36,783) |
| Revaluation Reserve | (623) | Revaluation investment assets to Capital Adjustment Account | 218 | (405) |
| Deferred Capital Receipts | (9) | Finance lease disposal | (20) | (29) |

| Original Category | Original 31/03/2010 £'000 | Reason for Change | Change £'000 | Restated 31/03/2010 £'000 |
|----------------------------|---------------------------------|---|-----------------|---------------------------------|
| Operational | 27,480 | Reclassify from non-operational | 2,569 | |
| | | Property Plant & Equipment | | 30,049 |
| Non Operational | 14,588 | Reclassify as PP&E | (2,569) | |
| | | Treated as disposal by finance lease | (24) | |
| | | Reclassify as Asset Held for Sale | (330) | |
| | | Investment Property | | 11,665 |
| Long Term Debtor | 76 | Finance lease disposal | 20 | 96 |
| Assets Held for Sale | 0 | Reclassify from investment assets | 330 | 330 |
| Short term Investments | 9,163 | Reclassify as cash & cash equivalent | (2,303) | 6,860 |
| Cash & Cash Equivalent | 892 | Reclassify from Short Term Investments | 2,303 | 3,195 |
| Creditors | (3,942) | Leave accrual | (131) | (4,073) |
| Government Grants Deferred | (2,105) | Write off to Capital Adjustment Account | 2,105 | 0 |
| Unusable Reserves | | | | |
| Accumulated Absences | 0 | Leave accrual | 131 | 131 |
| Capital Adjustment Account | (32,802) | From Government Grants Deferred | (2,105) | |
| | | Revaluation of Investment Assets | (1,865) | (36,772) |
| Revaluation Reserve | (2,378) | Revaluation investment assets to Capital Adjustment Account | 1,865 | |
| | | Finance lease disposal | 23 | (490) |
| Deferred Capital Receipts | (7) | Finance lease disposal | (20) | (27) |

INCOME AND EXPENDITURE ACCOUNT

| | £'000 |
|---|--------------|
| Original 2009/10 deficit | 1,190 |
| Changes in fair value of investment assets | (1,647) |
| Net change in holiday accrual | (9) |
| Net change in capital grants credited to the account | (221) |
| Delete amortisation of Government Grants Deferred | 444 |
| Comprehensive Income and Expenditure Statement - Surplus on Provision of Service | (243) |

Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers, and distribution to local authorities and the Government, of council tax and non-domestic rates.

| 2009/10 £'000 | | 2010/11 | |
|------------------|---|---------|---------------|
| | | £'000 | £'000 |
| | Income | | |
| 50,549 | Income from Council Tax | | 50,846 |
| 5,991 | Transfers from General Fund | 6,119 | |
| (2) | Council Tax Benefits | (1) | |
| 5,989 | Transitional Relief | | 6,118 |
| 29,549 | Income Collectable from Business Ratepayers | | 31,030 |
| 86,087 | | | 87,994 |
| | Expenditure | | |
| 41,155 | Precepts and Demands | | |
| 7,787 | Lancashire County Council | 41,135 | |
| 5,276 | South Ribble Borough Council | 7,784 | |
| 2,318 | Lancashire Police Authority | 5,429 | |
| 56,536 | Combined Fire Authority | 2,363 | 56,711 |
| (358) | Distribution of Collection Fund Surplus/(Deficit) | | |
| (68) | Lancashire County Council | (178) | |
| (45) | South Ribble Borough Council | (33) | |
| (20) | Lancashire Police Authority | (23) | |
| (491) | Combined Fire Authority | (10) | (244) |
| 0 | Adjustment to previous years Community Charge | | 0 |
| 29,425 | Business rates | | |
| 124 | Payment to National Pool | 30,906 | |
| 29,549 | Cost of Collection Allowance | 124 | 31,030 |
| 167 | Bad and doubtful debts/appeals | | |
| 133 | Write offs | 121 | |
| 300 | Provisions | 138 | 259 |
| 85,894 | | | 87,756 |
| 193 | Surplus/(deficit) for the year | | 238 |
| 33 | Surplus/(deficit) at 1 April | | 33 |
| (27) | Transfer to/(from) Collection Fund Adjustment Account | | (33) |
| (166) | Net transfer to Major Precept Debtor | | (205) |
| 33 | Surplus/(deficit) at 31 March | | 33 |

The surplus of £33k which is carried forward on the Collection Fund at 31 March 2011 is a surplus of Community Charge income available to the Council.

ACCOUNTING FOR COUNCIL TAX

The amount of Council Tax to be credited to the Comprehensive Income and Expenditure Statement for both billing authorities and major preceptors, is their share of the accrued income. However, statute requires that the amount to be credited to the General Fund should be the authority's precept or demand for the year plus its share of the previous years Collection Fund surplus or deficit. The difference between this regulatory charge and the accrued income is taken to the Collection Fund Adjustment Account, as revealed in the Movement in Reserves Statement.

Since the collection of Council tax is an agency arrangement, debtor and creditor balances belong proportionately to the billing authority and the major preceptors. This results in a debtor/creditor position between the billing authority and each major preceptor.

COUNCIL TAX DETAILS OF CHARGE

For the purpose of calculating Council Tax residential properties are classified into eight valuation bands. Each valuation band is proportionate to the central Band D property. This enables calculation of the total tax base. The Council Tax Base for 2010/11 was calculated as follows: -

| Band | No. of Dwellings | Total No. of Equivalent dwellings | Proportion of Band D Charge | Band D Equivalent |
|--|------------------|-----------------------------------|-----------------------------|-------------------|
| A (disabled) | 0 | 17.78 | 5:9 | 9.91 |
| A | 9,833 | 8,141.94 | 6:9 | 5,427.93 |
| B | 12,486 | 11,010.74 | 7:9 | 8,563.93 |
| C | 11,854 | 10,673.49 | 8:9 | 9,487.51 |
| D | 7,390 | 6,808.45 | 9:9 | 6,808.50 |
| E | 3,806 | 3,572.60 | 11:9 | 4,366.54 |
| F | 1,482 | 1,396.34 | 13:9 | 2,016.92 |
| G | 484 | 446.67 | 15:9 | 744.41 |
| H | 24 | 17.78 | 18:9 | 35.55 |
| Total | 47,359 | 42,085.79 | | 37,461.20 |
| Less adjustments for anticipated changes to the base and losses on collection | | | | (373.64) |
| Addition for reduced discount on second homes | | | | 28.04 |
| Band D Equivalent Number of Properties | | | | 37,115.60 |

Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities for the forthcoming year and dividing this by the council tax base. This results in a basic Band D charge (excluding Parish Precepts) of £1,521.52 for 2010/11 and £1,516.09 for 2009/10). The other valuation bands are proportionate to this. The full list of charges is as follows: -

| Band | Proportion of Band D Charge | Council Tax Levied Excluding Parish Precepts | |
|------|-----------------------------|--|--------------|
| | | 2009/10 £ | 2010/11 £ |
| A | 0.67 | 1,010.73 | 1,014.34 |
| B | 0.78 | 1,179.18 | 1,183.41 |
| C | 0.89 | 1,347.64 | 1,352.47 |
| D | 1.00 | 1,516.09 | 1,521.52 |
| E | 1.22 | 1,853.00 | 1,859.63 |
| F | 1.44 | 2,189.92 | 2,197.76 |
| G | 1.67 | 2,526.82 | 2,535.86 |
| H | 2.00 | 3,032.18 | 3,043.04 |

4. ACCOUNTING FOR BUSINESS RATES

With effect from 2009/10 accounting arrangements for NNDR have reflected the fact that it is in substance an agency arrangement, the Council being the agent of the Government in the collection of the charge. Consequently:

1. NNDR income does not belong to the billing authority and is not included in it's I&E account.
2. NNDR debtor and creditor balances with taxpayers are not recognised in the authority's balance sheet.
3. Cash collected belongs to the Government and any amounts over or under paid are recognised in the balance sheet as a Government debtor or creditor.

5. NNDR DETAILS OF CHARGE

Business Rates are organised on a national basis. In 2005/2006 the Government introduced a Small Business Rate Relief Scheme. This results in there being two multipliers – one for small businesses at 40.7p in 2010/11 and one for larger businesses at 41.4p. The Council is responsible for collecting rates due from the ratepayers in its areas but pays the proceeds into a Business Rates pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The rateable value for the Council's area at the end of the financial year 2010/11 was £86.0 million (£70.0 million in 2009/10).

6. SIGNIFICANT PRECEPTORS

The authorities who make a significant precept on the Collection Fund are:

| | 2010/11 £000 |
|-----------------------------|-----------------|
| Lancashire County Council | 41,135 |
| Lancashire Police Authority | 5,429 |
| Combined Fire Authority | 2,363 |