Draft

Statement of Accounts

For the year ended 31 March 2011

Chairman of the Council 2010/11	Councillor J J Dutton
Leader of the Council 2010/11	Councillor I C Bates
Executive Councillor for Finance 2010/11	Councillor T V Rogers
Chief Executive	Mr D Monks
Managing Director, Resources	Mr T Parker
Auditors	PricewaterhouseCoopers LLP

Contents

Explanatory Forward

This introduction outline what is contained in the main financial statements and then highlights the financial results for the year that ended on 31 March 2011.

The accounts comply with the latest Code of Practice on Local Authority Accounting (The Code) which includes some significant changes due to the new requirement to base them on International Financial Reporting Standards (IFRS). In order to aid comparison with the past the Balance Sheets at March 2009 and 2010 have been restated on this new basis.

Unfortunately many of the terms that the Code requires us to use in these statements are not easily understood by most readers and so there are many explanatory notes throughout the booklet and a glossary at the end.

FINANCIAL STATEMENTS

The Comprehensive Income and Expenditure Statement
This statement shows the true economic cost of providing the authority's services in the line titled 'Total comprehensive expenditure and income' at the bottom of the account. It represents the change in reserves during the year.

Movement in Reserves Statement
This shows the changes during the year in the different reserves held by the authority. These are split between 'usable reserves' (i.e. those that can be applied to fund expenditure and hence reduce the Council Tax level) and other reserves which have been created for specific purposes.

In order to arrive at the variations in reserves that are needed in the year 'Total comprehensive expenditure and income"' is transferred from the Comprehensive Income and Expenditure Statement. However, although this represents the true economic cost this is not the amount that Council taxpayers have to fund because there are a number of statutory adjustments that have to be made which significantly reduce the cost and these are shown in the table in note 8. Items removed include depreciation and the deficit on the Pension Fund which will be brought back to balance gradually over a number of years.

Balance Sheet
The Balance Sheet shows the assets and liabilities of the authority. The net assets of the authority (assets less liabilities) are 'balanced' by the value of reserves held by the authority.

Reserves are reported in two categories. The first is usable reserves, which we may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, a Capital Receipts Reserve can only be used to fund capital expenditure or repay debt).

The second includes those reserves that we cannot use to provide services. It includes reserves that represent unrealised gains and losses. An example is the Revaluation Reserve where amounts would only become available to provide services when the assets are sold. Others relate to timing differences such as the accumulated absences account.

Cash Flow Statement
The Cash Flow Statement shows the changes in cash and cash equivalents and how we generate and use them by splitting the cash flows between operating, investing and financing activities.

The operating activities element highlights the degree to which these activities are funded from taxation, grants and service users. Investing activities represent the extent to which we have invested in assets which will support future service delivery. Cash flows arising from financing activities relate to receipts and payments of financing activities including borrowing.

FINANCIAL SUMMARY 2010/11

Revenue Spending

The table below shows a simplified combination of the Income and Expenditure Account and the Statement of Movement on the General Fund Balance. It demonstrates the financing of revenue expenditure after having removed the statutory items that are included in the Comprehensive Income and Expenditure Account

2009/10	Revenue Income and Expenditure	2010/11		
Actual		Budget	Outturn	Variation
£000		£000	£000	£000
84,844	**Gross Expenditure**	76,891	79,916	3,025
1,913	Contribution to Special Reserve			0
-8,098	Statutory adjustments	0	1,999	1,999
78,659		**76,891**	**81,915**	**5,024**
	Income and other items			
-13,343	Fees and charges	-14,614	-16,093	-1,479
-40,409	Government grants including reimbursement of housing and council tax benefits	-37,809	-41,795	-4,366
-1,044	Investment Income	-620	-750	-750
-557	Trading undertakings surplus (-)/deficit	0	215	215
-55,353		**-52,043**	**-58,423**	**-6,380**
23,306	**Total to be funded**	**24,848**	**23,492**	**-1,356**
	Funding			
-7,023	Council Tax	-7,274	-7,274	0
-2,357	Revenue support grant	-1,641	-1,641	0
-10,215	Business Rates from national pool	-11,299	-11,299	0
-49	Collection Fund Deficit/Surplus (-)	35	35	0
-19,644		**-20,179**	**-20,179**	**0**
3,662	**Deficit (-) met from reserves**	**-4,669**	**-3,313**	**1,356**
	Revenue Reserves used (-)			
-3,758	General Revenue Reserves	-4,669	-1,948	2,721
	Special reserve	0	-1,554	-1,554
96	Provision for delayed projects	0	189	189
-3,662		**-4,669**	**-3,313**	**1,356**

At the start of the year in April 2010 there was a budget deficit of £4.7M which it was planned to fund from reserves. However due to a whole variety of circumstances we have been able to reduce spending so only £3.3M will have to be taken from reserves. A major part of this saving is due to service managers recognising the financial issues facing the Council and holding posts vacant wherever possible in order to be ready to deliver targeted savings for the current year £559k due to approved projects not happening as quickly as planned due to circumstances beyond our control but this will simply slip to the current year rather than create a real saving. Other savings result from NNDR revaluation appeals (-£219k), reduced net operating costs at One Leisure (-£274k.), concessionary fares (-£152k), vacancies (-£253k), interest (-£130k), recycling gate fees (-£192k), A14 enquiry (-£246k). However income and grants were not achieved in some areas, development management fees (£255k) and general government grants (£255k).

Capital Spending

The original net budget was for £9.8M and assumed that there would be schemes brought forward from 2009/10 £0.7M. The schemes actually brought forward from 2009/10 were £2.7M. A combination of reductions and delays in the capital, programme in 2010/11, mainly as a result of the economic situation, has resulted in a net £5.3M of schemes being either removed or deferred to 2011/12 and beyond.

Capital Spending	**2010/11 £000**
Environmental Services	698
Industrial and Economic Development	1,297
Parks and Countryside	528
Leisure Centres	2,901
Community Grants	20
Housing	1,945
Highways and Transportation	971
Vehicles and Plant	235
Office accommodation (new Customer Services Centre and Offices in St Mary's Street)	278
IT	532
Other	152
Gross	**9,557**
Less external contributions and capital grants	-2,036
Net	**7,521**
Funded from	
Capital Reserves (capital receipts)	252
Borrowing	7,269

Reserves

General Revenue reserves are now down to £13.6M and Capital reserves are effectively nil with any capital receipts being used to fund expenditure in the year they are received.

The Council's last financial forecast was produced in February and it plans for revenue reserves to fall to £3M (our current estimate of the minimum level required) over the next few years. The lower use in 2010/11 provides some extra flexibility if any of the further savings required cannot be achieved as quickly as planned.

Pension Fund
The pension fund's actuary reviews the adequacy of the fund to meet future liabilities each year and undertakes a full revaluation every three years. The full revaluation this year identified a deficit of £41.4M which is a substantial reduction of £26.6M from the deficit as at 31/3/10. The actuary has assumed that future pension increases will be in line with the consumer prices index (CPI) rather than the retail prices index (RPI); this affects future benefits and is treated as past service credit.

Although this deficit represents the sum that would have to be added to meet forecast claims on the fund it is recognised that the process for resolving such deficits is to make extra contributions over a number of years.

This change in assumption also has an impact on the charge to the income and expenditure account in 2010/11. Under the accounting standard IAS19 there is a credit of £14,369k which should be credited to individual services according to The Code. However it is such a significant item that would distort comparative figures with 2009/10, that it has been treated as an exceptional item in the Comprehensive Income and Expenditure Account. It is reversed out as one of the statutory adjustments so it has no impact on council tax.

CONCLUSION

Lower spending than expected in 2010/11 has enabled £1.3M less than planned at the start of the year to be withdrawn from balances. This reflects management recognition of the financial challenges facing the Council and concerted attempts to achieve savings.

The Medium Term Plan and Financial Forecast to 2024/25 identifies further savings that will be required (a further £2M by 2015/16) to ensure a balanced budget as reserves are depleted. The saving in 2010/11 provides extra flexibility if difficulties or delays emerge.

Terry Parker
Managing Director, Resources
June 2011

Statement of Accounts approved by the Corporate Governance Panel

Chairman: Cllr E R Butler
September 2011

Statement of Responsibilities

The Authority's Responsibilities

An Authority is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Commerce and Technology
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the audited accounts by 30 September 2011

The Responsibilities of the Director of Commerce and Technology

In preparing this Statement of Accounts I have

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with The Code
- Kept proper accounting records which were up-to-date
- Taken into account, where appropriate, any post-balance sheet events
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

The accounts present a true and fair view of the financial position of the Authority at 31 March 2011 and its income and expenditure for the year ended 31 March 2011

Terry Parker
Managing Director, Resources
June 2011

Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	TOTAL USABLE RESERVES	Unusable Reserves	TOTAL AUTHORITY RESERVES
	£000	£000	£000	£000	£000	£000	£000
		Note 9				Note 26	
BALANCE AT 31 MARCH 2009 (restated)	19,319	3,987	72	192	**23,570**	41,482	**65,052**
Movement in reserves during 2009/10							
Deficit on provision of services	-9,738				**-9,738**	0	**-9,738**
Other comprehensive expenditure and income					**0**	-37,418	**-37,418**
Total comprehensive expenditure and income	**-9,738**	**0**	**0**	**0**	**-9,738**	**-37,418**	**-47,156**
Adjustments between accounting basis and funding basis under regulations (Note 8)	8,130		-72	92	**8,150**	-8,150	**0**
Transfers to/from earmarked reserves and other reserves	-2,150	2,150			**0**	0	**0**
Net increase/decrease before transfers to earmarked reserves	**-3,758**	**2,150**	**-72**	**92**	**-1,588**	**-45,568**	**-47,156**
BALANCE AT 31 MARCH 2010 C/F (restated)	**15,561**	**6,137**	**0**	**284**	**21,982**	**-4,086**	**17,896**
Movement in reserves during 2010/11							
Deficit on provision of services	-1,878				**1,878**	0	**1,878**
Other comprehensive expenditure and income					**0**	18,635	**18,635**
Total comprehensive expenditure and income	**-1,878**	**0**	**0**	**0**	**1,878**	**18,635**	**16,757**
Adjustments between accounting basis and funding basis under regulations	-1,677			326	**-1,351**	1,351	**0**
Net increase/decrease before transfers to earmarked reserves	**-3,555**	**0**	**0**	**326**	**-3,229**	**19,846**	**16,757**
Transfers to/from earmarked reserves and other reserves	1,607	-1,607	0	0	**0**	0	**0**
Increase/Decrease in Year	**-1,948**	**-1,607**	**0**	**326**	**-3,229**	**19,846**	**16,757**
BALANCE AT 31 MARCH 2011 C/F	**13,613**	**4,530**	**0**	**610**	**18,753**	**15,900**	**34,653**

Comprehensive Income and Expenditure Statement

2009/10 restated				2010/11		
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
11,842	-6,033	5,809	Cultural and Recreational Services	18,001	-7,182	10,819
7,526	-1,265	6,261	Environmental Services	8,246	-1,437	6,809
3,120	-128	2,992	Refuse Collection	3,332	-154	3,178
5,808	-3,099	2,709	Planning Services	6,385	-2,510	3,875
34,888	-31,241	3,642	Housing Services	38,435	-33,248	5,187
3,069	-1,912	1,157	Highways & Transport Services	3,053	-2,059	994
7,994	-7,794	200	Council Tax Benefits	8,538	-8,299	239
1,376	-486	890	Local Taxation Collection	1,547	-581	966
575	-283	292	Other Central Services	675	-252	423
3,837	-630	3,207	Corporate & Democratic Core	3,990	-584	3,406
392	-923	-531	Non-Distributed Costs	2,083	-1	2,082
4,422	0	4,422	Exceptional Items	-14,369	0	-14,369
84,844	**-53,794**	**31,050**	**Cost of Services** (note 13)	**79,916**	**-56,307**	**23,609**
		3,304	Other Operating Expenditure (Note 10)			3,966
		784	Financing and Investment Income and Expenditure (Note 11)			917
		-25,400	Taxation and Non-specific Grant Income (Note 12)			-26,614
		9,738	**Deficit on provision of services**			**1,878**
	48		Surplus (-) or defict in the revaluation of non-current assets		-4,509	
	37,445		Actuarial losses/gains (-) on pension assets and liabilities		-14,126	
	16		Deficit on Collection Fund		0	
	-91		Inclusion of leisure centre repair and renewal funds		0	
		37,418	**Other comprehensive income and expenditure**			**,-18,635**
		47,156	**TOTAL COMPREHENSIVE INCOME AND EXPENDITURE**			**-16,757**

Balance Sheet

01 April 2009 Restated £000	31 March 2010 Restated £000		Notes	31 March 2011 £000
54,000	56,897	Property, Plant & Equipment	15	57,209
14,752	15,206	Investment Property	16	15,631
2,147	2,036	Intangible Assets	17	1,506
0	250	Assets Held for Sale	24	250
15,238	10,570	Long Term Investments	18	11,013
1,250	1,442	Long Term Debtors	18	1,509
87,387	**86,401**	**Long Term Assets**		**87,118**
27,925	10,124	Short Term Investments	18	5,007
107	189	Inventories	19	207
6,945	12,494	Short Term Debtors	20	5,644
0	87	Cash and Cash Equivalents	21	0
34,977	**22,894**	**Current Assets**		**10,858**
-1,192	0	Cash and Cash Equivalents	21	-203
-6,000	-4,600	Short Term Borrowing	18	-3,101
-10,154	-8,401	Short Term Creditors	22	-8,269
-17,346	**-13,001**	**Current Liabilities**		**-11,573**
-10,110	-10,110	Long Term Borrowing	18	-10,110
-29,856	-68,288	Other Long Term Liabilities	23	-41,640
-39,966	**-78,398**	**Long Term Liabilities**		**-51,750**
65,052	**17,896**	**Net Assets**		**34.653**
23,570	21,982	Usable Reserves		18,753
41,482	-4,086	Unusable Reserves	26	15,900
65,052	**17,896**	**Total Reserves**		**34,653**

Cash Flow Statement

2009/10 £000 Restated		2010/11 £000
-9,738	Net (surplus) or deficit on the provision of services	-1,878
6,438	Adjustments to net surplus or deficit on the provision of services for non cash movements	7,953
10,329	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-6,975
7,029	Net cash flows from Operating Activities (Note 29)	**-900**
-6,281	Investing Activities (Note 30)	-2,397
531	Financing Activities (Note 31)	3,007
1,279	Net increase or decrease in cash and cash equivalents	-290
-1,192	Cash and cash equivalents at the beginning of the reporting period	87
87	**Cash and cash equivalents at the end of the reporting period (Note 21)**	**-203**

Notes to the Accounts

1. Accounting Policies 2010/11

1.1 General Principles

The Statement of Accounts summarise the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing
- accrual of income and expenditure – placing items in the year they relate to rather than the year they take place.
- primacy of legislative requirements – legislation overrides standard accounting practice

The concepts of consistency and prudence are also followed where they do not conflict with the application of these underlying concepts. The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the authority.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Income and expenditure is accounted for in the year to which they relate, not simply when cash payments are made or received, by the creation of debtors and creditors which are recorded in the balance sheet. Where it is doubtful that bad debts will be settled, the balance of debtors is written down and a charge made to expenditure for the income that might not be collected.

Where the Authority is acting as an agent for another party (e.g., in the collection of NNDR and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Authority for the agency services provided or the Authority incurs expenses directly on its own behalf in providing the services.

1.3 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the investment date and have an insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

1.4 Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions or other events on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.5 Depreciation and other Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation (annual charge) of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue, minimum revenue provision (MRP), to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by MRP in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement to reflect the difference between the two.

MRP – the basis for this provision is restricted by legislation and the policy has to be approved by the Council. The policy for 2010/11 is that MRP is on an annuity basis. This results in the MRP increasing over the life of the asset to match the fall in the interest cost as the debt is "notionally" repaid. The net result is a consistent charge to the Council's accounts over the assumed life of the asset.

1.6 Employee Benefits

<u>Benefits Payable during Employment</u>

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees provide services to the Authority.

An accrual is made against services in the Consolidated Income and Expenditure Account for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated

Absences Adjustment Account in the Movement in Reserves Statement. Thus there is no impact on the Council Tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

They are charged to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account when the Authority can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Authority by the 31st March

Where termination benefits involve the enhancement of pensions, the contribution to the pension fund is charged to the General Fund over a period of years. However accounting standards require the costs to be debited to the Comprehensive Income and Expenditure Account in one year. Adjustments are made through the Pensions Reserve in the Movement in Reserve Statement

Post Employment Benefits (Pensions)

Employees of the Authority are members of the Local Government Pensions Scheme, administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Authority. The accounting policy is to recognise the full liability that the Authority has for meeting the future cost of retirement benefits arising from years of service earned by employees up to the balance sheet date, net of the contributions paid into the fund and the investment income they have generated; this meets the requirements of IAS 19.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end. The balance (currently negative) that arises on the Pensions Reserve thereby measures the beneficial impact on 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.

1.7 Events after the Reporting Period

Events taking place after the 'date of authorisation for issue' (the date of the Corporate Governance Panel that approves the audited accounts) are not reflected in the Statement of Accounts.

1.8 Exceptional Items

When items of income and 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 how significant the items are to an understanding of the Authority's financial performance. For most purposes 'material' is defined as £1.6m or more.

1.9 Financial Assets

Financial assets that are applicable to the Council are loans and receivables which are assets with a fixed or determinable payment but not quoted in an active market (e.g. trade debtors, fixed term investments). These are initially measured at fair value and carried at their amortised costs. The Council has the following loans and receivables:

Debtors

Debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end, taking into account the nature, value and age of debts and historic losses for similar groups of assets. Bad debts are written off when they are identified. Debtors falling due after more than one year are classified as long-term assets, which include housing improvement loans and housing advances.

Cash and equivalents

Cash and equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash. Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

Investments

The Council has both long and short-term investments with various financial institutions. Investments are carried at their amortised cost. The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the balance sheet date.

The Council has made loans for home improvement which are interest-free (soft loans). It gives rental deposits to tenants which are repaid over a period of up to 2 years. A change in accounting policy has treated these as soft loans for the first time in 2009/10. When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans in the Income and Expenditure Account is managed by a transfer to the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance thus resulting in no impact on the Council Tax..

1.10 Financial Liabilities

Financial liabilities are initially measured at fair value and are generally carried at their amortised cost The Council has the following liabilities:

Creditors
Creditors are carried at their original invoice amount

Bank overdrafts
Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand

Long-term loan
Loans with the Public Works Loans Board are carried at their amortised cost but with the fair value disclosed as a note

Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying

1.11 Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Authority are credited to the Comprehensive Income and Expenditure Account if the conditions attaching to the grant or contribution have been met. However if the conditions may require that the grant or contribution is returned, it cannot be credited to the Comprehensive Income and Expenditure Account.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

1.12 Intangible Assets

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater that £10,000, the Capital Receipts Reserve.

1.13 Interest Receipts

Interest receipts credited to the General Fund include all amounts received in respect of balances held and invested externally, except for interest earned on the S106 reserve (one of the earmarked reserves) which is credited to that reserve.

1.14 Inventories (Stock)

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

1.15 Investment Properties

The Authority does not hold any properties that are used solely to earn rentals or for capital appreciation

1.16 Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

<u>The Authority as Lessee</u>

Finance leases. The Council has no finance leases in primary rental. The leases are for industrial units and certain items of equipment leased from Finance Companies. They are capitalised and included in the fixed assets shown on the balance sheet. They are accounted for using the policies applied to tangible fixed assets. The rental payments are apportioned between the finance charge (interest) and the principal element. The finance element of rentals is charged to the revenue account over the term of the lease and the principal element is treated as capital expenditure.

Operating leases. The Council leases cars for individual employees and for pool cars. Operating lease rental is charged to revenue in the year it is payable under the terms of the lease.

<u>The Authority as Lessor</u>

Operating Leases. Where the Authority grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease).

1.17 Overheads and Support Services

The costs of overheads and support services are charged to services on the basis of use in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2010 (BVACOP).* The basis of the charge varies according to the nature of the support service provided (e.g. administrative buildings are apportioned on the basis of area occupied).The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation.
- Non-Distributable Costs – for example the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement.

FRS15 requires part of the overheads relating to staff time spent on capital projects being treated as a revenue charge to the service rather than a charge to the capital project.

1.18 Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e.repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost

- all other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. Thus there is no impact on the Council Tax.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account

<u>Impairment</u>

Impairment is where an asset has lost value. Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where there is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised

<u>Disposals</u>

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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 from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocating the value of the asset over their useful lives. An exception is made for assets where the finite useful life cannot be determined, (i.e. land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- operational buildings – straight-line allocation over 50 years (unless there is evidence to the contrary)
- vehicles – 25% reducing balance
- plant and equipment – straight line basis
- infrastructure – variable depending on the asset to a maximum of 40 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation. For instance this includes redundancy payments for staff leaving after the Balance Sheet date, but where their redundancy has been agreed before the Balance Sheet date. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Contingent Liabilities

If a liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated, the liability is disclosed as a contingent liability as a note to the account

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts

1.20 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement; they are included in the balance sheet as the General Fund Balance, Capital Reserve and Earmarked Reserves

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

However, there are other reserves, the Capital Adjustment Account, Revaluation Reserve, Financial Instruments Adjustment Account, Collection Fund Adjustment Account and Pensions Reserve, that cannot be used to finance expenditure.

- Capital Adjustment Account – these are capital resources set aside to meet past expenditure
- Revaluation reserve – the gains of valuation of assets not yet realised by sales
- Financial Instruments Adjustment Account – balancing account to allow for differences in statutory requirements and accounting requirements for borrowings and investments

- Collection Fund Adjustment Account – holds the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund
- Pensions Reserve – balancing account to allow the pensions liability to be included in the balance sheet
- Accumulated Compensated Absences Adjustment Account – the value of untaken leave and other employee benefits
- Capital Grants Unapplied Account – capital grants that have been received but not used to offset expenditure

1.21 Revenue Expenditure funded from Capital under Statute

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. Items incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where it has been determined to meet the cost of the item from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance.

1.22 VAT

VAT is not included in the Comprehensive Income and Expenditure Account unless it is not recoverable, in which case it is charged to the relevant service. Historically some VAT relating to exempt services has not been recoverable

2. Transition to IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The balance sheet as at 1 April 2009 has been re-stated on IFRS basis as well as the balance sheet as at 1 April 2010

The following tables explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

<u>Short-term accumulating compensated absences</u>

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Authority. The most significant benefit covered by this heading is holiday pay and accrued flexitime

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees provide service that increases their entitlement to future annual leave an flexi days. As a result, the Authority is required to accrue for any annual leave earned but not take at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits and so there is no impact on council tax. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements.

Opening 1 April 2009 Balance Sheet

	2008/09 Published £000	**2008/09 Restated £000**
Creditors	0	-332
Short-term accumulating compensated absences account	0	332

1 April 2010 Balance Sheet

	2009/10 Published £000	**2009/10 Restated £000**
Creditors	0	-351
Short-term accumulating compensated absences account	0	351

2009/10 Comprehensive Income and Expenditure Statement

	2009/10 Published £000	**2009/10 Restated £000**
Cultural and Recreational Services	5,808	5,809
Environmental Services	6,258	6,261
Refuse Collection	2,992	2,992
Planning Services	2,701	2,709
Housing Services	3,635	3,642
Highways and Transport Services	1,159	1,157
Council Tax Benefits	200	200
Local Taxation Collection	890	890
Other Central Services	292	292
Corporate & Democratic Core	3,202	3,207
Non-Distributed Costs	-531	-531
Exceptional Items	4,422	4,422
Cost of Services	**31,028**	**31,050**

Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 balance sheet.

- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.

This has resulted in the following changes being made to the 2009/10 financial statements

Opening 1 April 2009 Balance Sheet:

	2009/10 Published £000	**2009/10 Adjustment £000**	**2009/10 Other adjustments £000**	**2009/10 Restated £000**
Government Grants Deferred Account	-2,616	2,616		0
Capital Adjustment Account	-52,752	-2,616	-2,276	-57,644

Depreciation

Under the Code which applied to the 2009/10 accounts, the accounts should have reflected the difference between the depreciation based on the historic cost of long-term assets and that based on fair value. The restated balance sheet as at 31 March 2010 now reflects this adjustment of £1,533k

Other adjustments

The opportunity has been taken to restate the balance sheet as at 1 April 2009 and 1 April 2010 for minor changes to accounting for assets

3. Accounting Standards that have been issued but have not yet been adopted

The Council has not adopted FRS 30, Heritage Assets, but they will be recognised as a separate class of assets for the first time in the 2011/12 financial statements. The following asset will be treated as a heritage asset:

Castle Hill House, Huntingdon.

This is a Grade II listed building which was used as office accommodation but is currently vacant. The reclassification will not change the valuation of the asset as it is at fair value based on market value. Its carrying value in the accounts as at 31 March 2011 is £600k (PPE £450k, land £150k).

The valuation list of heritage assets for insurance purposes has been reviewed, but there are no other heritage assets that are material to the accounts.

4. Critical Judgements in Applying Accounting Policies

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

- Although there is some uncertainty about future levels of funding for local government, the Authority has decided that this uncertainty is not sufficient to result in the impairment of assets if they are not needed for service provision.

5 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	**Uncertainties**	**Effect if Actual Results Differ from Assumptions**
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. There is no impact on council tax immediately, but the burden on future taxpayers will increase
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £12,083k. A 1 year increase in life expectancy would result in an increase in pension liability of £3,707k

Arrears	At 31 March 2011, the Authority had a balance of sundry debtors for £984k. A provision has been made in future years' budgets to increase the impairment of doubtful debts However, in the current economic climate it is not certain that the budget would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £69k to set aside as an allowance.

6. Material Items of Income and Expense

a) Pensions. The credit to services for pension costs of £14,369k under IAS18 includes a large credit for past service cost of pensions. This should be credited to individual services according to The Code. However it is such a significant item that would distort comparative figures with 2009/10, that it has been treated as an exceptional item in the Comprehensive Income and Expenditure Account. It is reversed out as one of the statutory adjustments so it has no impact on council tax.

b) Impairment. The expenditure on cultural and recreational services include £5.2M of impairment which is a capital charge arising from the cost of the capital works at One Leisure; it is reversed as one of the statutory adjustments so it has no impact on council tax.

7. Events after the Balance Sheet Date

None are anticipated

8. Movement in Reserves Statement - adjustments between accounting basis and funding basis under regulations

This note explains the items included in or excluded from the comprehensive income and expenditure account that are required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance or other reserve.

2010/11

	Useable Reserves				
	General Fund balance	Capital receipts reserve	Capital Grants Unapplied	Earmarked Reserves	Movement in Useable Reserves
	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non current assets	10,839				-10,839
Revaluation losses on Property, Plant and Equipment	-55				55
Capital grants and contributions applied	-1,721				1,721
Capital grants receivable and unapplied in year	-326		326		0
Revenue expenditure funded from capital under statute	2,939				-2,939
Carrying amount of non current assets sold	30				-30
Loans/Lease principal repayments during the year	17				-17
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Minimum revenue provision for capital funding	-246				246
Adjustments involving the Capital Receipts Reserve:					
Use of the capital receipts reserve to finance new capital expenditure		-252			252
Proceeds from sale of non current assets	-254	254			
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	2	-2			0
Adjustment involving the Earmarked reserve (S106)					
Use of S106 monies to finance capital expenditure				-315	315
Adjustments involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	8				-8
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	-8,743				8,743
Employer's pensions contributions and direct payments to pensioners payable in the year	-3,741				3,741
Adjustments involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-105				105
Adjustment involving the Accumulated Compensated Absences Adjustment Account					
Adjustments in relation to short-term compensated absences	-6				6
Total Adjustments	**-1,677**	**0**	**326**	**-315**	**1,666**

2009/10 Comparative Figures

	Useable Reserves			
	General Fund balance	**Capital receipts reserve**	**Capital Grants Unapplied**	**Movement in Useable Reserves**
	£000	**£000**	**£000**	**£000**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	8,154			-8,154
Revaluation losses on Property, Plant and Equipment	40			-40
Capital grants and contributions applied	-1,566			1,566
Capital grants receivable and unapplied in year	-92		92	0
Revenue expenditure funded from capital under statute	1,428			-1,428
Carrying amount of non current assets sold	189			-189
Loans/Lease principal repayments during the year	-49			49
Adjustment	-40			40
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Mimimum revenue provision for capital funding	-3			3
Adjustments involving the Capital Receipts Reserve:				
Use of the capital receipts reserve to finance new capital expenditure		-895		895
Proceeds from sale of non current assets	-823	823		0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	3	-3		0
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-15			15
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	4,263			-4,263
Employer's pensions contributions and direct payments to pensioners payable in the year	-3,377			3,377
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-1			1
Adjustment involving the Accumulated Compensated Absences Adjustment Account				
Adjustments in relation to short-term compensated absences	19			-19
Total Adjustments	**8,130**	**-75**	**92**	**-8,147**

9. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and capital expenditure

	Balance 1.4.09	Transfers in 2009/10	Transfers out 2009/10	Balance 31.3.10	Transfers in 2010/11	Transfers out 2010/11	Balance 31.3.11
	£000	£000	£000	£000	£000	£000	£000
Earmarked reserves:							
S106 agreements	1,154	163	-66	1,251	450	-315	1,386
Commuted S106 payments reserve	1,199	43	-103	1,139	1	-116	1,024
Repairs and renewals funds	1,065	139	-24	1,180	151	-452	879
Delayed projects reserve	274	96	0	370	189	0	559
Special reserve	0	1,913	0	1,913	0	-1,554	359
Other reserves	272	12	0	284	-9	-2	273
Collection Fund	23	0	-23	0	0	0	0
Housing Grants	0	0	0	0	50	0	50
Total	**3,987**	**2,366**	**-216**	**6,137**	**832**	**-2,439**	**4.530**

10. Other operating expenditure included in the Comprehensive Income and Expenditure Account

	2010/11	2009/10
	£000	£000
Parish council precepts	4,188	3,915
Payments to the Government Housing Capital Receipts Pool	2	23
Gains/losses on the disposal of non current assets	-224	-634
Total	**3,966**	**3,304**

11. Financing and Investment Income and Expenditure included in the Comprehensive Income and Expenditure Account

	2010/11 £000	2009/10 £000
Interest payable and similar charges	414	476
Pensions interest cost and expected return on pensions assets	1,885	2,352
Interest receivable and similar income	-757	-1,521
Income and expenditure in relation to investment properties and changes in their fair value	-620	-477
Other investment income from trading operations	-5	-46
Total	**917**	**784**

12. Taxation and Non Specific Grant Income included in the Comprehensive Income and Expenditure Account

	2010/11 £000	2009/10 £000
Council tax income	11,532	10,986
Non domestic rates	11,299	10,215
Non-ringfenced government grants	1,736	2,541
Capital Grants	2,047	1,658
Total	**26,614**	**25,400**

13. Amounts Reported for Revenue Budgets funded from Council Tax and General Grants

The following statements reconcile the revenue expenditure by service as reported to Members and Chief Officers, with that in the comprehensive income and expenditure account. The analysis by service is reported to Members three times a year – budget (February), forecast outturn (following February) and actual net expenditure (July).

The income and expenditure of the main services is as follows:

To be completed

2010/11	Environ-mental Services	Community Services	Housing Services	Corporate Services	Direct costs recharged to services	Other expenditure	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other income							
Government grants							
Total income							
Employee expenses							
Other service expenses							
Support service recharges							
Total operating expenses							
Recharges to other accounts							
Net expenditure							

2009/10 Comparative figures	Environ-mental Services	Community Services	Housing Services	Corporate Services	Direct costs recharged to services	Other expenditure	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other income	-1,297	-6,435	-902	-676	-304	-7,070	-16,684
Government grants	0	-79	-30,640	-8,184	0	-1,285	-40,188
Total income	**-1,297**	**-6,514**	**-31,542**	**-8,860**	**-304**	**-8,355**	**-56,872**
Employee expenses	2,779	5,213	169	713	17,050	755	26,679
Other service expenses	2,950	4,915	31,610	8,759	4,500	623	53,357
Support service recharges	3,544	3,003	3,377	4,180	7,571	5,260	26,935
Total operating expenses	**9,273**	**13,131**	**35,156**	**13,652**	**29,121**	**6,638**	**106,971**
Recharges to other accounts	**-133**			**-55**	**-28,797**	**279**	**-28,706**
Net expenditure	**7,843**	**6,617**	**3,614**	**4,737**	**20**	**-1,438**	**21,393**

Reconciliation of service income and expenditure to cost of services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2009/10 £000		2010/11 £000
21,393	**Net expenditure in service analysis**	
4,470	Amounts in the Comprehensive Income and Expenditure Statement not reported to management	
-5,186	Amounts reported to management not included in net cost of services section of the Comprehensive Income and Expenditure Account	
31,050	**Net cost of services in Comprehensive Income and Expenditure Account**	

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2010/11	Service Analysis '£000	Not reported to management '£000	Not included in I and E '£000	Net cost of services '£000	Corporate amounts '£000	TOTAL '£000
Fees, charges and other income						
Interest and investment income						
Income from Council tax						
Government Grants and Contributions						
Total income						
Employee expenses						
Other operating expenses						
Support service recharges						
Recharges to other accounts						
Depreciation and impairment						
Interest payments						
Precepts and levies						
Payments to housing capital receipts pool						
Gain or loss on disposal of fixed assets						
Total operating expenses						
Surplus or deficit on the provision of services						

2009/10 comparative figures	Service Analysis '£000	Not reported to management '£000	Not included in I and E '£000	Net cost of services '£000	Corporate amounts '£000	TOTAL '£000
Fees, charges and other income	-16,684			**-16,684**		**-16,684**
Interest and investment income					-1,521	**-1,521**
Income from Council tax					-10,986	**-10,986**
Government Grants and Contributions	-40,188			**-40,188**	-14,034	**-54,130**
Total income	**-56,872**			**-56,872**	**-26,541**	**-83,321**
Employee expenses	26,679	19		**26,698**		**26,698**
Other operating expenses	53,371		253	**53,615**	1,449	**55,059**
Support service recharges	26,935			**26,935**		**26,935**
Recharges to other accounts	-28,706			**-28,706**		**-28,706**
Depreciation and impairment		4,451	4,934	**9,385**		**9,385**
Interest payments					476	**476**
Precepts and levies					3,915	**3,915**
Payments to housing capital receipts pool					3	**3**
Gain or loss on disposal of fixed assets					-614	**-614**
Total operating expenses	**78,265**	**4,470**	**5,187**	**87,922**	**5,229**	**93,059**
Surplus or deficit on the provision of services	**21,393**	**4,470**	**5,187**	**31,050**	**-120,932**	**9,738**

14. Grant Income

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

	2010/11 £000	2009/10 £000
Credited to Taxation and Non Specific Grant Income		
Revenue support grant	1,641	2,358
Distributed non domestic rate pool	11,299	10,215
Area based grants	95	71
Local authority business growth incentive grant	0	112
Total	**13,035**	**12,756**
Credited to Services		
Benefits grant		
Rent allowances	31,473	29,872
Council tax benefits	7,926	7,456
Benefits administration	1,142	1,010
Concessionary fares	478	351
Improvement grants	532	640
Planning and housing	0	576
Other	787	1,084
Total	**55,373**	**53,745**

15. Property, Plant and Equipment

Movements on Balances

Movements in 2010/11	**Other Land and Buildings**	**Vehicles, Plant, furniture & Equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant and Equipment**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation							
At 1 April 2010	38,746	11,448	10,016	1,406		1,019	**62,635**
Additions	2,729	1,582	364			1,399	**6,074**
Donations							
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,509						**4,509**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	55						**55**
Derecognition - Disposals		-447					**-447**
Derecognition - Other	-7,366	0	-15			-738	**-8,119**
Assets reclassified (to)/from Held for Sale	457	15	118			-1,019	**-429**
Other movements in Cost or Valuation							
At 31 March 2011	**39,130**	**12,598**	**10,483**	**1,406**	**(**	**661**	**64,278**
Accumulated Depreciation and Impairment							
At 1 April 2010	811	3,655	1,272				**5,738**
Depreciation charge	976	1,476	460				**2,912**
Depreciation written out to the Revaluation Reserve							
Depreciation written out to the Surplus/Deficit on the Provision of Services							
Impairment losses/(reversals)recognised in the Revaluation Reserve							
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	6,217						**6,217**
Derecognition - Disposals		-417					**-417**
Derecognition – Other	-7,366		-15				**-7,381**
Other movements in Depreciation and Impairment							
At 31 March 2011	**638**	**4,714**	**1,717**				**7,069**
Net Book Value							
At 31 March 2011	**38,492**	**7,884**	**8,766**	**1,406**	**0**	**661**	**57,209**
At 31 March 2010	**37,935**	**7,793**	**8,744**	**1,406**	**0**	**1,019**	**56,897**

Comparative Movements in 2009/10	Other Land and Buildings	Vehicles, Plant, furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2009	30,445	10,592	9,325	1,406	1,548	3,125	**56,441**
Adjustments between cost/value & depreciation/impairment	2,793				-1548		**1,245**
Additions	8,246	1,454	427			690	**10,817**
Revaluation Reserve	-14				-34		**-48**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services							
Derecognition - Disposals	-120	-778	-67				**-965**
Derecognition – Other	-4,488						**-4,488**
Reclassifications & Transfers					284		**284**
Reclassified to Held for Sale	-326				-250		**-250**
Assets reclassified (to)/from assets under construction	2,210	180	331			-2,796	**-75**
Other movements in Cost or Valuation							
At 31 March 2010	**38,476**	**11,448**	**10,016**	**1,406**	**0**	**1,019**	**62,635**
Accumulated Depreciation and Impairment							
At 1 April 2009	0	2,826	860				**3,686**
Depreciation charge	776	1,573	479				**2,828**
Depreciation written out to the Revaluation Reserve							
Depreciation written out to the Surplus/Deficit on the Provision of Services							
Surplus or Deficit on the Provision of Services	4,488						**4,488**
Derecognition - Disposals	35	-744	-67				**-776**
Derecognition – Other	-4,488						**-4,488**
At 31 March 2010	**811**	**3,655**	**1,272**				5,738
Net Book Value							
At 31 March 2010	**37,935**	**7,793**	**8,744**	**1,406**	**0**	**1,019**	**56,897**
At 31 March 2009	**33,238**	**7,766**	**8,465**	**1,406**	**0**	**3,125**	**54,000**

Capital Commitments
As at 31 March 2011 the Council was contractually committed to capital works valued at approximately £1.9m. Similar commitments at 31 March 2011 were £3.5m

The main schemes are the St Ivo Outdoor Centre, St Neots pedestrian bridge and Alconbury flood works

Revaluations
All assets held at current value were revalued at 1 April 2009.Revaluations are generally made every five years except where there has been significant work on the properties. In addition the administrative buildings were valued as at 31 March 2011 to ascertain the value of individual components. The valuations were carried out

externally and independently by MG Storey FRICS and MJ Beardall BLE (Hons) MRICS of Barker Storey Matthews on the basis of market value or depreciated replacement cost as appropriate.

16. Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement as financing and investment income and expenditure

	2010/11 £,000	2009/10 £,000
Income including rental income	(924)	(715)
Expenditure	1,144	198
Net income from investment properties	**220**	**(517)**

The movement investment properties balances during the year

	2010/11 £000	2009/10 £000
Balance at start of the year	15,206	14,752
Additions:		
Purchases	836	414
Disposals	0	0
Net gains/losses from fair value adjustments	(840)	0
Other changes	429	40
Balance at end of the year	**15,631**	**15,206**

There are no restrictions on the Authority's ability to realise the value inherent in the investment properties or the Authority's right to receive the income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement

The following investment properties are held as leases:

Phoenix Court, Huntingdon	Finance lease
Units 1A-1E and 5-10 High Lode Industrial Estate, Ramsey	Operating lease
Creative Exchange, St Neots	Operating lease

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17. Intangible Assets

The Authority accounts for its software as intangible assets, where the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

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 useful lives assigned to software are generally 4 or 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis.
The movement on intangible asset balances during the year is as follows:

	2010/11			2009/10		
	Internally Generated Assets	**Other Assets**	**Total**	**Internally Generated Assets**	**Other Assets**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at start of year:						
Gross carrying amounts	73	4,487	4,560	0	4,441	4,441
Accumulated amortisation	-8	-2,516	-2,524	0	-2,294	-2,294
Net carrying amount at start of year	**65**	**1,971**	**2,036**	**0**	**2,147**	**2,147**
Additions:						
Internal development	27	0	27	57	0	57
Purchases	0	313	313	0	595	595
Assets reclassified as held for sale				16	59	75
Other disposals	0	-711	-711	0	-608	-608
Revaluations increases or decreases						
Amortisation for the period	-15	-855	-870	-8	-830	-838
Reversal of amortisation on disposals	0	711	711		608	608
Other changes						
Net carrying amount at end of year	**77**	**1,429**	**1,506**	**65**	**1,971**	**2,036**
Comprising:						
Gross carrying amounts	100	4,089	4,189	73	4,487	4,560
Accumulated amortisation	-23	-2,660	-2,683	-8	-2,516	-2,524
	77	1,429	1,506	65	1,971	**2,036**

18. Financial Instruments

The financial assets and liabilities included on the balance sheet comprise the following categories of financial instruments

	Long-term			Current		
	31/03/11 £000	31/03/10 £000	01/04/09 £000	31/03/11 £000	31/03/10 £000	01/04/09 £000
Investments						
Loans and receivables	11,013	10,570	15,238	5,007	10,124	27,925
Total investments	**11,013**	**10,570**	**15,238**	**5,007**	**10,124**	**27,925**
Debtors						
Loans and receivables	1,509	1,442	1,250			
Financial assets carried at contract amounts				5,644	12,494	6,945
Total Debtors	**1,509**	**1,442**	**1,250**	**5,644**	**12,494**	**6,945**
Borrowings						
Financial liabilities at amortised cost	10,110	10,110	10,110	3,101	4,600	6,000
Total borrowings	**10,110**	**10,110**	**10,110**	**3,101**	**4,600**	**6,000**
Creditors						
Financial liabilities carried at contract amount				8,269	8,401	10,154
Total creditors	**0**	**0**	**0**	**8,269**	**8,401**	**10,154**

Gains and losses on income and expense

	2010/11			2009/10		
	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £,000	Loans and receivables £,000	Total £,000	Liabilities measured at amortised cost £,000	Loans and receivables £,000	Total £,000
Interest expense	414	-	**414**	476	-	**476**
Total expense in Surplus or Deficit on the Provision of Services	**414**	**0**	**414**	**476**	**0**	**476**
Interest income	-	(757)	**(757)**	-	(1,521)	**(1,521)**
Total income in Surplus or Deficit on the Provision of Services	**0**	**(757)**	**(757)**	**0**	**(1,521)**	**(1,521)**
Net gain/(loss) for the year	**414**	**(757)**	**(343)**	**476**	**(1,521)**	**(1,045)**

Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets are recorded on the Balance Sheet at their amortised cost. Their fair value has been 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:

- An estimated interest rate based on 10 year PWLB rates has been used to calculate the fair value of private sector housing improvements loans
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months the 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

	2010/11		2009/10	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Liabilities				
Financial liabilities	-21,480	-20,910	-23,111	-22,515
Assets				
Loans and receivables	21,664	21,506	33,188	33,173
Long-term debtors	1,509	1,367	1,442	1,289

19. Inventories

	Leisure Centes *		Diesel			Other			Total		
	2009/10	2010/11	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	**0**	**55**	**43**	**10**	**37**	**91**	**97**	**97**	**134**	**107**	**189**
Purchases			571	574	628	53	50	58	624	624	686
Recognised as an expense in the year			-600	-549	-622	-46	-40	-42	-646	-589	-664
Stock adjustment		24	-4	2	-2	-1	-10		-5	-8	22
Written on balance	55							-26	0	55	-26
Balance outstanding at year-end	**55**	**79**	**10**	**37**	**41**	**97**	**97**	**87**	**107**	**189**	**207**

* Leisure Centre stocks were brought on balance sheet in 2009/10 when the Authority took over responsibility from the Management Committees

20. Debtors

	Long Term Debtors			Short Term Debtors		
	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09
	£000	£000	£000	£000	£000	£000
Government Departments				676	1,567	2,055
NNDR	0	0	0	1,129	5,087	0
Other Local Authorities	0	0	0	1,016	2,265	1,728
Local taxation	0	0	0	339	330	1,194
General debtors	0	0	0	3,751	4,356	2,862
Prepayments	0	0	0	581	515	401
Other	1,509	1,442	1,250			
Impairment of loans and receivables	0	0	0	-1,848	-1,626	-1,295
Total	**1,509**	**1,442**	**1,250**	**5,644**	**12,494**	**6,945**

21. Cash and Cash Equivalents

	2010/11	2009/10	2008/09
	£000	£000	£000
Cash held by the Authority	10	4	8
Bank balances	1,453	1,390	679
Bank current accounts (overdraft)	-1,666	-1,307	-1,879
Total Cash and Cash Equivalents	**-203**	**87**	**-1,192**

22. Short-Term Creditors

	2010/11	2009/10	2008/09
	£000	£000	£000
Central government bodies	1,125	1,007	1,032
Public authorities	1,081	1,260	1,351
NNDR pool	0	0	1,504
Leisure Centre Management Committees	0	0	158
Accumulated Absences	345	351	332
Receipts in advance	628	1,001	0
Other including trade creditors	5,090	4,782	5,777
Total	**8,269**	**8,401**	**10,154**

23. Other long-term liabilities

	2010/11 £000	2009/10 £000	2008/09 £000
Pension scheme liability	41,437	68,047	29,716
Other	203	241	140
Total	**41,640**	**68,288**	**29,856**

24. Assets Held for Sale

The only asset held for sale as at 31 March 2011 is land which land which was previously the former Fire Station and Waste Recycling Centre at St Neots. It is valued at £250k. It was held in the accounts as held for sale as at 31 March 2010 but the sale did not take place in 2010/11

25. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement

26. Unusable Reserves

	2010/11 £000	2009/10 £000	2008/09 £000
Revaluation Reserve	11,430	6,866	8,348
Capital Adjustment Account	46,353	57,644	63,403
Financial Instruments Adjustment Account	-207	-199	-214
Pensions Reserve	-43437	-68,047	-29,716
Collection Fund Adjustment Account	106	1	-7
Accumulated Absences Account	-345	-351	-332
Total Unusable Reserves	**15,900**	**-4,086**	**41,482**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the depreciation, impairment and revaluation under IFRS, and under statutory provisions.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2010/11		2009/10	
	£000	£000	£000	£000
Balance at 1 April		**57,644**		**63,403**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	-10,839		-8,194	
Revaluation losses on Property, Plant and Equipment	55		40	
Amortisation of intangible assets				
Revenue expenditure funded from capital under statute	-2,939		-1,428	
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-30		-189	
		-13,753		**-9,771**
Adjusting amounts written out of the Revaluation Reserve		-55		1,499
Net written out amount of the cost of non current assets consumed in the year		**-13,808**		**-8,272**
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	252		895	
Use of the earmarked S106 reserve	315		0	
Loans Lease principal repayments	-17		49	
Application of grants to capital financing from the Capital Grants Unapplied Account	1,721		1,566	
Statutory provision for the financing of capital investment charged against the General Fund	246		3	
		2,517		**2513**
Balance at 31 March		**46,353**		**57,644**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2010/11	2009/10
	‘£000	**£000**
Balance at 1 April	**6,866**	**8,348**
Upward revaluation of assets	4,509	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services		-48
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	11,375	8,300
Difference between fair value depreciation and historical cost depreciation	55	-1,434
Balance at 31 March	**11,430**	**6,866**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the differences between accounting for the fair value of loans given of individuals for housing, and the actual income credited to the General Fund.

	2010/11	2009/10
	£000	**£000**
Balance at 1 April	**199**	**214**
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	8	-15
Balance at 31 March	**207**	**199**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Further information is found in the section on Pension Accounts

	2010/11	2009/10
	£000	**£000**
Balance at 1 April	**68,047**	**29,716**
Actuarial gains or losses on pensions assets and liabilities	-14,126	37,445
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-12,484	886
Balance at 31 March	**41,437**	**68,047**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2010/11	2009/10
	£000	**£000**
Balance at 1 April	**-1**	**7**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-105	-8
Balance at 31 March	**-106**	**-1**

Accumulating Compensation Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year i.e. annual leave entitlement and accrued flexitime carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2010/11	2009/10
	£000	**£000**
Balance at 1 April	**351**	**332**
Settlement or cancellation of accrual made at the end of the preceding year	-351	-332
Amounts accrued at the end of the current year	345	351
Balance at 31 March	**345**	**351**

27. Leases

Authority as Lessee

Finance Leases

Historically the Council occasionally used finance leases to meet the cost of industrial units, vehicles, plant and equipment. There are only two leases remaining for industrial units and they are in a secondary stage. The assets held under finance leases are accounted for as a part of property, plant and equipment in the balance sheet. There were no finance charges allocated for the period 2010/11

Outstanding obligations (excluding finance costs) at 31 March 2011, accounted for as part of long-term liabilities, are as follows:

1 April 2010 £000		31 March 2011 £000
1	Other Land and Buildings	1
0	Vehicles, Plant, Furniture and Equipment	0
1		1

Operating Leases

The Authority has acquired its pool cars and cars for individual members of staff by entering into operating leases of 3 or 4 years. The operating lease payments made in the year, are as follows:

1 April 2010 £000		31 March 2011 £000
0	Other Land and Buildings	0
98	Vehicles, Plant, Furniture and Equipment	87
98		87

The future minimum lease payments due under non-cancellable leases in future years are

1 April 2010 £000		31 March 2011 £000
9	Not later than one year	12
73	Later than one year and not later than five years	67
0	Later than five years	0
82		79

Authority as Lessor

Operating Leases

The Authority leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

1 April 2010 £000		31 March 2011 £000
17	Not later than one year	34
502	Later than one year and not later than five years	457
0	Later than five years	0
519		491

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There are no contingent rents

28. Impairment Losses

During 2010/11 the Authority recognised an impairment loss of £7,057k on property, plant and equipment and investment properties. This mostly, £6,925k, relates to capital expenditure not reflecting any increase in asset values. The impairment loss has been charged to the appropriate service line in the Comprehensive Income and Expenditure Account. There are no impairment losses on intangible assets.

29. Cash Flow Statement – Operating Activities (Interest)

The cash flows for operating activities include the following items:

	2010/11	2009/10
	£000	£000
Interest received	-2,471	-1,173
Interest paid	414	476

30. Cash Flow Statement – Investing Activities

	2010/11	2009/10
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	10,081	11,897
Purchase of short-term and long-term investments	0	0
Other payments for investing activities	92	248
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-254	-826
Proceeds from short-term and long-term investments	-5,000	-5,038
Other receipts from investing activities	-2,522	0
Net cash flows from investing activities	**2,397**	**6,281**

31. Cash Flow Statement – Financing Activities

	2010/11	2009/10
	£000	£000
Other receipts from financing activities	-4,506	-531
Repayments of short- and long-term borrowing	1,499	0
Net cash flows from financing activities	**-3,007**	**-531**

32. Trading Operations

The following items are defined as trading undertakings by the Code

	2010/11			2009/10		
	Expenditure	Income	Surplus (-) /Deficit	Expenditure	Turnover	Surplus (-) /Deficit
	£000	£000	£000	‘£000	£000	£000
Markets						
Huntingdon	19	-40	-21	21	-52	-31
Ramsey	5	-4	1	4	-5	-1
St Ives	44	-117	-73	35	-134	-99
Management	88	0	88	85	0	85
Other	19	-19	0	0	0	0
Total	**175**	**-180**	**-5**	**145**	**-906**	**-264**

33. Related Parties

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.

Related parties include Councillors, Chief Officers, Central Government and other Local Authorities. Government grants are analysed in note 14. The Council collects council tax on behalf of the precepting authorities on an agency basis, and similarly acts as an agent in collecting national non domestic rates for Central Government. A number of the elected members are also members of Cambridgeshire County Council and Town and Parish Councils.

In 2009/10 the Council introduced a scheme of allowing Parish Councils to deposit surplus funds with the Council. Only one Parish has deposited £100k and one Member of the Council is also a Councillor of that Parish Council. No other material transactions have been identified for disclosure that are not reported elsewhere in these Accounts

34. Members' Allowances

	2010/11 £000	2009/10 £000
Allowances	398	394
Expenses	48	52
	446	**446**

35. Officers' Remuneration

The number of employees whose remuneration in the year was £50,000 or more is shown in the table below. It includes pay and other employee benefits but not employer's pension contributions.

	2010/11	2009/10
£50,000 - <£55,000	21	20
£55,000 - <£60,000	1	1
£60,000 - <£65,000	1	2
£65,000 - <£70,000	1	2
£70,000 - <£75,000	5	6
£75,000 - <£80,000	2	2
£80,000 - <£85,000		
£85,000 - <£90,000	1	
£90,000 - <£95,000		
£95,000 - <£100,000	1	
£100,000 - <£105,000	3	2
£105,000 - <£110,000		1
£110,000 - <£115,000	1	
£175,000 - <£180,000		1
£190,000 - <£195,000	1	
Total	**38**	**37**

Remuneration for Senior Employees Note these are new figures

The details of the remuneration of the Senior Employees (Chief Officers) are shown in the table below. They are also included in the table above

2010/11 Post holder	Salary including allowances £	Election Fees	Salary including allowances and fees	Bonus (1) £	Benefits in kind £	Total remuneration £	Employer pension contributions £	Remuneration including pension contributions £
Chief Executive (David Monks)	149,410	31,846	**181,256**		11,039	**192,295**	36,341	**228,636**
Director of Central Services	93,316	1,370	**94,686**		5,277	**99,963**	18,486	**118,449**
Director of Commerce and Technology	94,480		**94,480**	4,064	1,507	**100,051**	18,486	**118,537**
Director of Environment and Community Services	91,597		**91,597**	4,064	6,475	**102,136**	18,486	**120,622**

Comparative 2009/10 Post holder	Salary including allowances £	Election Fees	Salary including allowances and fees	Bonus (1) £	Benefits in kind £	Total remuneration £	Employer pension contributions £	Remuneration including pension contributions £
Chief Executive (David Monks)	149,984	7,812	**157,796**	8,940	11,039	**177,775**	28,909	**206,684**
Director of Central Services	93,191	2,537	**95,728**	5,418	5,277	**106,423**	16,695	**123,118**
Director of Commerce and Technology	94,985		**94,985**	5,418	1,507	**101,910**	16,674	**118,584**
Director of Environment and Community Services	91,727		**91,727**	5,418	6,475	**103,620**	16,674	**120,294**

Note: 1. The bonus includes a payment for 2009/10 and a retrospective payment for 2008/09

36. External Audit Costs

	2010/11	2009/10
	£000	**£000**
External audit	123	103
Grant claim certification	23	18
Statutory inspections	9	8
National Fraud Initiative	0	1
	155	**130**

37. Termination Benefits

The Authority terminated the contracts of a number of employees in 2010/11 as a result of voluntary redundancy, incurring liabilities of £441k (£0 in 2009/10). The Authority has approved the voluntary redundancy of a further 29 employees who will leave during 2010/11. The estimated expense of £1,113k has been included in the comprehensive income and expenditure account for 2010/11, and the liability is included in the balance sheet as a creditor.

38. Contingent Assets

1. Claims have been made for the refund of VAT relating to off-street parking but whilst legal cases have not totally removed the possibility of a refund the position is now much less hopeful.

39. Contingent Liabilities

1. Under the Environmental Information Regulations the Council is no longer entitled to charge for personal inspection of the Local Land Charges Register. A test case has been commenced against a number of local authorities in respect of fees previously charged under legislation passed by Central Government, but these proceedings are being defended. If a claim is made against Huntingdonshire District Council by a personal search company, then in the absence of any judgement confirming the liability of local authorities for repayment of personal search fees, the Council will contest any such claim. The Council estimates that it has received in the region of £150k for personal searches for the period from 1 January 2005 to 17 August 2010.
2. The Council has agreed to paying disabled facilities grants of £400k but the schemes have not yet started. The expense will only be incurred if the householders carry out the home alterations
3. The appellants in respect of the former RAF Upwood planning appeal have made a full costs claim against the Council. This proposal is subject to an on-going judicial review process which may require the appeal to be reconsidered. If that is the case the Council may need to fund specialist services.
4. The Council's insurer was MMI until 1993 and it is still liable for claims relating to the period when it insured the Council. The Council has entered a Scheme of Arrangement whereby MMI could claw back the claims payments made since 30 September 1993, should MMI become insolvent. As at 31 March 2011 the maximum clawback is £601k
5. The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. It is not yet clear whether any financial liability will fall on the Council.
6. The Authority has settled a claim for negligence from an ex-employee. There is a dispute between two insurance companies that covered the Council during the relevant periods over which is liable to meet this claim. The dispute was heard by the High Court and as a result the Council has received a payment from one insurance company of £200k. However, the company has appealed the decision and whilst there is a realistic prospect that the original decision will be upheld, the Court of Appeal or the House of Lords might reverse the decision. The Council would then have to repay the monies but there is a reasonable possibility that the other insurance company would then become liable.
7. Following the transfer of the Council's housing stock to Huntingdonshire Housing Partnership in 2000 the Council bears continuing unlimited liability in two respects:
   - (i) Necessary associated sewer maintenance in excess of £65k p.a.
   - (ii) Environmental pollution arising on the land transferred, though an insurance policy is in place to cover the majority of any liability.

40. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay sums due
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise as a result of changes in measures such as interest rates

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

In relation to investments the Authority has adopted CIPFA's *Code of Practice on Treasury Management in the Public Services,* has an agreed Treasury Management Strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. These documents address the risks associated with investments.

The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the balance sheet date. There are no investments that as at 31 March 2011 were with institutions that had failed.

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts whilst maintaining a robust approach to the collection of debts. The bad debt provision has taken into account the current economic climate and the increased likelihood of debtors not being able to settle their debts.

Liquidity risk
A substantial proportion of its investments are short-term deposits which mature within a year. In addition, as the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The PWLB loan has the following maturity profile:

£000	Date borrowed	Repayment date
5,000	19 Dec 2008	19 Dec 2057
5,000	19 Dec 2008	19 Dec 2058

Market risk
The Authority has minimal exposure to market risk because its investments and loans are at fixed rates of interest
Price risk and foreign exchange risk are not applicable

Collection Fund

2009/10				2010/11	
£000	£000		Note	£000	£000
		INCOME			
-75,853		Council Tax before transfers	5	-79,013	
		Transfers from General Fund			
-7,394		- Council Tax benefits		-7,859	
-1		- Transitional relief		0	
-51,368		- Income from business ratepayers	6	-50,869	
0		Contribution towards previous years Collection Fund deficit		-265	
	-134,616				-138,006
		EXPENDITURE			
82,709		Precepts and demands	4	86,164	
		Business rate			
51,140		- Payment to national pool		50,646	
228		- Costs of collection		223	
		Bad and doubtful debts/appeals			
162		- Write-offs		241	
105		- Change in impairment		-58	
375		Contribution towards previous years estimated collection fund surplus		0	
	134,719				137,216
		MOVEMENT ON FUND BALANCE			
-110		Fund balance as at 1 April		-7	
-7		Fund balance as at 31 March		-797	
	103	Movement on fund balance for year			790

Notes to the Collection Fund

1. Huntingdonshire District Council is a billing authority responsible for collecting Council Tax and NNDR in its area for itself, for major preceptors (the County Council, Police Authority and Fire Authority) and NNDR for Central Government. The Council acts as agent when collecting tax for major preceptors.

2. Until it is distributed, the tax collected is held in a statutory Collection Fund which is separate from the General Fund of the Council. The accounts are however, consolidated into the Council's accounts. They have been prepared on an accruals basis.

   Parish and Town Council precepts are transferred to the General Fund before being paid to the Parish or Town Council.

   Interest is not payable/chargeable to the Collection Fund on cash flow variations between it and the General Fund.

3. There is no requirement for a separate Collection Fund balance Sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between Huntingdonshire District Council and the major preceptors in proportion to their demand on the fund for the coming year. The major preceptors share of the assets and liabilities of the Collection Fund are shown as a debtor in Huntingdonshire District Council's accounts. Huntingdonshire District Council's share of the assets and liabilities are in the Collection Fund Adjustment Account reserve

4. **Precepts and demands**
   The following authorities made a precept or demand that was greater than £250k

	2009/10	**2010/11**
	£000	**£000**
Cambridgeshire County Council	58,961	61,379
Cambridgeshire Police Authority	9,546	9,933
Cambridgeshire Fire Authority	3,265	3,390
Huntingdonshire District Council-General Expenses	7,022	7,274
Huntingdonshire District Council-Parish Precepts	3,915	4,188
	82,709	86,164
Included in the Parish Precepts figure above:		
St Neots Town Council	804	859
Huntingdon Town Council	657	736
St Ives Town Council	506	555

5. Council tax

Taxbase at 31 March 2011				
Tax band	**Properties**	**Exemptions & discounts**	**Band D multiplier**	**Band D equivalent**
A	11,264	2,099	6/9	6,113
B	18,934	2,551	7/9	12,742
C	17,119	1,835	8/9	13,586
D	11,255	1,028	9/9	10,226
E	8,357	757	11/9	9,289
F	3,414	292	13/9	4,510
G	1,638	136	15/9	2,504
H	149	25	18/9	247
Total	**72,130**			**59,217**

Council tax charge per band D property at 31 March 2010 £1,427.01
Council tax charge per band D property at 31 March 2011 £1,470.87

6. National non domestic rates (NNDR)

The uniform business rate set by the Government for 2010/11 was 41.4p (2009/10 48.5p).

Total rateable value at 31 March 2010 £124.9m
Total rateable value at 31 March 2011 £143.7m

Pension Fund

This section provides information about the Council's assets, liabilities, income and expenditure related to The Local Government Pension Scheme in relation to its employees.

1 Introduction

This statement is based on the requirements of the International Accounting Standard IAS19

2 The Pension Scheme

Employees of Huntingdonshire District Council may participate in the Cambridgeshire County Council Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit final salary scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

The cost of retirement benefits recognised in the Net Cost of Services is the full value of benefits earned by employees, rather than costs of benefits paid out as pensions each year. The authority and employees pay contributions into a fund, at a level calculated to balance the pension liabilities with investment assets.

3 Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The rate for 2010/11 was determined on the basis of contribution rates set in the valuation on 31 March 2007. This valuation of the Pension Fund concluded that to meet future estimated liabilities higher rates were required: 16.3% (from 1 April 2008), 18.4% (from 1 April 2009) and 20.4% (from 1 April 2010) in accordance with Government regulations.

Due to reduced returns, the revised contribution rates are not adequate to cover 100% of the liabilities and these notes outline the latest position according to the fund actuary.

4. Transactions relating to Retirement Benefits

Whilst the Net Cost of Services takes account of the cost of retirement benefits accruing to employees, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance.

The following transactions have been made in the Income and Expenditure Account, and the Statement of Movement in the General fund Balance during the year:

5. Income and Expenditure Account

	2009/10 £000	2010/11 £000
Net Cost of Services:		
Current Service Cost	1,897	3,552
Past Service Costs/gain (-)	0	-14,209
Losses on Settlements and Curtailments	14	29
Net Operating Expenditure:		
Interest Cost	6,036	7,434
Expected Return on Scheme Assets	-3,684	-5,549
Net Charge to the Income and Expenditure Account	**4,263**	**-8,743**
Actual Return on Plan Assets	18,966	5,009
Statement of Movement in the General Fund Balance:		
Reversal of net charges made for retirement benefits in accordance with FRS17	-4,263	8,743
Actual amount charged against the General Fund Balance for Pensions in the Year: Employer's contributions to the scheme	3,377	3,741

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains of £14.126m (£37.445m actuarial losses 2009/10) were included in the Statement of Total Recognised Gains and Losses (see table below). The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses being £37.838m.

6. Amount recognised in the Statement of Total Recognised Gains and Losses

	31 March 2010	31 March 2011
	£000	**£000**
Actuarial Gains/Losses (-)	-37,445	14,126
Cumulative Actuarial Gains/Losses (-)	-51,964	-37,838

7. Assets and Liabilities in relation to pension fund

Reconciliation of present value of the scheme liabilities in respect of Huntingdonshire District Council:

	31 March 2010 £000	31 March 2011 £000
Opening liability	**87,593**	**146,133**
Current service cost	1,897	3,552
Interest Cost	6,036	7,434
Contributions by members of scheme	1,124	1,135
Actuarial losses/gains (-)	52,727	-15,910
Estimated benefits paid	-3,056	-4,423
Estimated unfunded benefits paid	-202	-189
Past service costs/gain(-)	0	-14,209
Losses/-gains on curtailments	14	29
Closing liability	**146,133**	**123,552**

Reconciliation of fair value of the scheme assets in respect of Huntingdonshire District Council:

	31 March 2010 £000	31 March 2011 £000
Opening fair value of assets	**57,877**	**78,086**
Expected return on assets	3,684	5,549
Actuarial losses/ gains (-)	15,282	-1,784
Contributions by the employer	3,175	3,552
Contributions by members of scheme	1,124	1,135
Contributions re unfunded benefits	202	189
Benefits paid	-3,056	-4,423
Unfunded Benefits paid	-202	-189
Closing fair value of assets	**78,086**	**82,115**

Asset values are at bid value as required by IAS19

8. Scheme History

	2006/07	2007/08	2008/09	2009/10	2010/11
	£000	**£000**	**£000**	**£000**	**£000**
Present value of liabilities	-99,622	-89,097	-87,593	-146,133	-123,552
Fair value of assets	75,559	70,441	57,877	78,086	82,115
Surplus/-Deficit	**-24,063**	**-18,656**	**-29,716**	**-68,047**	**-41,437**
Experience gains/ losses (-) on liabilities	281	816	229	-533	-1,908
Above, as percentage of present value of liabilities	-0.28%	-0.92%	-0.26%	0.36%	-1.54%
Experience gains/ losses (-) on assets	722	-10,626	-18,433	15,282	-1,784
Above, as percentage of fair value of assets	0.96%	-15.08%	-31.85%	19.57%	-2.17%

The impact on the Council's assets and liabilities, as stated above, has been incorporated in the Council's Financial Accounts.

The net pension liability shows the underlying commitment that the authority has in the long term to pay retirement benefits. Statutory arrangements for funding the deficit ensure that contributions will be adjusted over the remaining working life of employees to meet the liabilities, as assessed by the scheme actuary.

The Council expects to contribute £3.480m into Cambridgeshire County Council's Local Government Pension Fund in the year to 31 March 2012.

9. Basis for estimating Liabilities and Assets

The estimates, for the purposes of IAS19, have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Fund.

Liabilities are based on the latest formal valuation as at 31 March 2007, and rolled forward, assessed on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund, dependent on assumptions about mortality rates, salary levels etc. discounted to their present value as at 31 March 2011.

The main assumptions used by the actuary in the Pension Fund calculations are as shown below.

County Fund – Main Assumptions	**2009/10**	**2010/11**
Rate of inflation	3.8%	%
Rate of increase in salaries	5.3%	5.1%
Rate of increase in pensions	3.8%	2.8%
Rate of discounting scheme liabilities	5.5%	5.5%
Mortality		

Longevity at 65 for current pensioners			
Men		20.8 years	21.0 years
Women		24.1 years	23.8 years
Longevity at 65 for future pensioners			
Men		22.3 years	22.9 years
Women		25.7 years	25.7 years
Expected long-term rate of return on assets			
Equity Investments		7.8%	7.5%
Bonds		5.0%	4.9%
Property		5.8%	5.5%
Cash		4.8%	4.6%
Take-up option to convert pension into tax free lump sum up to HMRC limits	For pre-April 2008 service	25%	%
	For post-April 2008 service	63%	%

In accordance with CIPFA guidance the discount rate employed for the 2010/11 financial year is the return available on long-dated, high quality corporate bonds at the IAS19 valuation date.

Pension fund assets are valued at fair value, principally market value for investments, but using the bid price rather than mid-market value, in accordance with latest financial instruments. The table below shows the mix of assets held and the expected rate of return for each category of asset. Actuarial advice on expected return on assets is based on long-term future expected investment return for each asset class as at 31 March 2010 (or date of joining the fund, if later).

	Proportion of Total assets held by the Fund	
	31 March 2010	**31 March 2011**
Equity Investments	72%	73%
Bonds	15%	15%
Property	8%	8%
Cash	5%	4%
Total Fund Assets	**100%**	**100%**

11 Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP

GLOSSARY OF TERMS

Actuarial Assumptions – these are predictions made for factors that will affect the financial condition of the pension scheme.

Amortisation – the gradual write off of initial costs of intangible assets.

Bad Debt Provision – bad debts are amounts owed to the Council which it does not believe will ever be paid back to them. The Council makes a provision for the amount of bad debt it expects to occur.

Capital Contract – this is a contract the Council has with a company to carry out major building or construction work that will take a significant amount of time.

Capital Adjustment Account – the account which reflects the extent to which the District Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

Capital Receipts – income received from selling fixed assets.

CIPFA – this is the Chartered Institute of Public Finance and Accountancy which is an institute that represents accounting in the Public Sector.

Contingent Liabilities – these are amounts that the Council may be, but is not definitely, liable for.

Council Tax – a tax paid by residents of the District that is based on the value of the property lived in and is paid to the Council and spent on local services.

Creditors – these are people or organisations which the Council owes money to for goods or services which have not been paid for by the end of the financial year.

Current Assets – these are assets that are held for a short period of time, for example cash in the bank, stocks and debtors.

Debtors – sums of money owed to the District Council but not received at the year end.

Depreciation – the amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of a fixed asset value has been used and therefore lowered during a financial year, for example because of wear and tear.

Earmarked Reserves – money set aside for a specific purpose.

Finance Lease – a lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. If the person paying the lease owns the asset then this is known as a finance lease (see also operating lease).

Fixed Assets – tangible assets that give benefit to the District Council and the services it provides for more than one year.

FRS – financial reporting standard.

Government Grants Deferred Account – the value of grants and other external contributions towards capital expenditure which has not yet been written down to the revenue account. As the assets are used this account is reduced by a sum equivalent to the annual depreciation of the asset.

Impairment – an asset has been impaired when it is judged to have lost value.

Intangible Assets – purchased intangible assets (e.g. software licences) should therefore be classed as assets.

Liabilities – amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Liquid Resources – current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

Market Value of Assets – the price that an asset can currently be bought or sold at.

National Non Domestic Rates – rates which are levied on business properties. The District Council collects these rates and pays them into a national pool, which is then re-distributed on the basis of population.

Net Asset value – the value of the Council's assets less its liabilities.

Operating Leases – a lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. If the person paying the lease does not own the asset then this is known as an operating lease. In this case the person is paying to borrow an asset (see also Finance Leases).

Precept – a payment to the Council's General fund, or another local authority, from the Council's Collection Fund.

Prior Year Adjustments – these are changes made to the previous year's accounts to show things that were not known until after the prior year accounts were produced.

Revaluation Reserve – the account that reflects the amount by which the value of the District Council's assets has been revised following revaluation or disposal.

Revenue Support Grant (RSG) – a grant from Central Government towards the cost of providing services.

SSAP – Statement of Standard Accounting Practice.

Statement of Movement on the General Fund Balance (SMGFB) – an account that comprises of statutorily defined items to reduce the charge on the Council Tax.