



ASHFORD
BOROUGH COUNCIL

Statement of Accounts

2010-2011

Ashford
best placed in Britain

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Approval of the Statement of Accounts

After an amendment to the Accounts and Audit Regulations it is no longer necessary for Members to approve the Statement of Accounts before the audit commences, Members must however approve the accounts before 30 September. The Responsible Finance Officer (The Deputy Chief Executive) must sign the accounts before the 30 June.

Council Approval of the Statement of Accounts for the year ended 31st March 2011

The Audit Committee at its meeting on the 28 September 2011 approved the Statement of Accounts for the year ended 31 March 2011 in accordance with the Accounts and Audit Regulations 2003 (as Amended).

Signed:

A handwritten signature in black ink that reads "Paul Clokie". The signature is written in a cursive style with a large initial 'P' and a long horizontal stroke at the end.

Councillor Clokie
Chairman Audit Committee

Explanatory Foreword

Introduction

This foreword explains the key components of the Statement of Accounts.

Local Authority accounts are subject to a number of regulatory requirements and accounting standards. This results in a complex format which requires the reader to have a reasonable knowledge of accounting terms and presentation. Where the use of technical terms is unavoidable, an explanation is provided in the Glossary (Page 108).

The Statement of Accounts

The content and format of the Statement of Accounts is prescribed in the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which has approval from the Accounting Standards Board as a Code of Practice of Local Authority Accounting (The Code). The Statement of Accounts includes the Core Financial Statements and Supplementary Financial Statements along with other statutory sections.

In recent years both central government and the Accounting Standards Board have sought to bring Local Authority accounts in line with UK GAAP (Generally Accepted Accounting Principles). However, for 2010/11, the Statements must comply with International Financial Reporting

Standards (IFRS). Whilst these are broadly similar with UK GAAP there are some presentational and substantive changes.

The Main areas of Change are:

- Change in Classification of Assets
- The introduction of componentisation of fixed assets
- Changes to the treatment of Leases including embedded leases
- Change in the treatment of capital grants and contributions.

The Core Financial Statements (Page 10 to 16) comprise:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement (A new statement)
- Balance Sheet
- Cash Flow Statement

Overview of 2010/2011 Financial Results and Activity

General Fund (i.e. excluding the Housing Revenue Account)

The Comprehensive Income and Expenditure Statement (page 10) includes the General Fund, upon which the Council Tax is set, and the Housing Revenue Account. The General Fund outturn detailed overleaf excludes the Housing Revenue Account and for this reason does not reconcile with the

statutory presentation of the Comprehensive Income and Expenditure Statement.

The General Fund is the main revenue fund of the Authority and covers day to day expenditure and related income on all services. The Council set its Budget Requirement at £14,690,220 (amount to be funded by Government Grant and Council Tax) with a further £760,390 levied by Parish Councils.

This was an increase of 3.99% or £5.40 to the Band D rate over the previous year.

The General Fund (un-earmarked reserve) Balance at 01 April 2010 of the year was a surplus of £3,420,133. The Council's reserves strategy is to maintain at least a minimum balance of 7% of the Budget Requirement, which for 2010/11 would be £1,028,315.

General Fund Final Outturn 2010/11

Service	Revised Budget	Outturn to 31/03/11	Variance
	A £'000	B £'000	(B-A) £'000
Net Service Expenditure	16,874	16,581	(293)
Capital Charges and net interest	(2,364)	(2,343)	21
Levies, Grants and Precepts	1,090	1,076	(14)
Other non Service Grants and Levies	(150)	(142)	8
Net Expenditure including Parishes	15,450	15,172	(278)
Support Costs Adjustments	-	30	30
	15,450	15,202	(248)
Funded By:			
Government Grant	(8,345)	(8,345)	-
Collection Fund Surplus	(30)	(30)	-
Parish Precepts	(760)	(760)	-
Council Tax	(6,315)	(6,315)	-
Total Financing	(15,450)	(15,450)	-
	-	(248)	(248)

The table above should be read in conjunction with the Comprehensive Income and Expenditure Statement and associated notes on page 10. The Comprehensive Income and Expenditure Statement has deficit of £90,221,000 is before the statutory adjustments contained within note 16, Adjustments between Accounting

Basis and Funding Basis under Regulations This is because the Councils funding is calculated on a different basis from company accounting and so adjustments are needed to bring the figures back to the funding basis.

Comparison of Budget to General Fund Final Outturn – Major Variances	
	£'000
Staff Vacancy Savings	(426)
Government Funding cut (Housing and Planning Delivery Grant and Area Based Grant)	457
Council Tax and Housing Benefits Payments and Administration	(266)
Car Park Income and Maintenance	(43)
Management of Council Properties	68
Grounds Maintenance	(93)
Leisure Centre Utilities	(60)
Computing Network Costs	70
Other	45
	(248)

Housing Revenue Account (HRA)

For 2010/11 the Council planned a shortfall of £41,000 on the HRA to be financed from HRA reserves. However

,because of lower interest charges and support costs, actual results produced a surplus of £481,000.

Housing Revenue Account Outturn 2010/11

	Original Budget A £'000	Outturn to 31/03/11 B £'000	Variance (B-A) £'000
Income	(20,226)	(20,295)	(69)
Supervision and Management	7,547	7,547	-
Repairs and Maintenance	3,219	2,972	(247)
New Development Costs	-	331	331
Net Service Expenditure	(9,460)	(9,445)	15
Capital Charges and Net Interest	3,898	3,375	(523)
HRA Subsidy	3,624	3,998	374
Provision for Bad Debts	80	-	(80)
Support Costs	1,899	1,591	(308)
(Surplus)/Deficit for year	41	(481)	(522)

The main items of variance, in regards to service expenditure, were:

Table 3 - Comparison of Budget to Final Outturn	£'000
Rent income was higher than budget due to improved collection rates and fewer Right to Buys than anticipated	(57)
Stanhope PFI costs were lower than budget as a result of an accounting accrual, and income from the contractor	(131)
Income from rechargeable works in regards to the regeneration work at Bybrook, as agreed by Executive	(99)
Recovery of costs for use of Homebridge recuperative care property	(33)
Costs of the new social housing development	331
Other Minor Variances	4
Net Under Spend against budget	15

The accumulated HRA reserve balance at 31 March 2011 was a surplus of £2,151,678. In addition, the Major Repairs Reserve stands at £3,912,890, which is available to fund the Decent Homes programme, giving a total balance for HRA reserves of £6,064,568 (compared with £6,423,084 as at 31 March 2010). This position needs to be considered against the longer term business plan for the HRA.

- **Capital Expenditure**

Capital expenditure is spending on the acquisition, construction, enhancement or replacement of tangible assets such as land, buildings or major items of equipment and intangible assets (such as computer software) which will be used to benefit services over a number of years.

The material differences between budgeted and actual expenditure relate to timing.

In the financial year 2010/11 the budget and outturn for the capital programme was:

Summary of Capital Spending and Financing

	Budget	Actual
	£'000	£'000
General Fund Capital Expenditure	2,192	5,446
HRA Capital Expenditure	4,696	7,522
Total Expenditure	6,888	12,968
<u>Funding</u>		
Capital Receipts		391
Ring-fenced capital receipts		1,709
GAF Funding		1,387
HCA (New Build)		1,520
Repairs and Renewals reserve		36
External Grants and Contributions		901
Developer Contributions		1,002
GF Revenue Contributions		20
Housing Subsidy		36
Major Repairs Reserve		4,189
Prudential Borrowing		1,777
Total Funding		12,968

Treasury Management

Borrowing

At 31 March 2011 the Council had long term borrowing of £5.9m.

The Council undertakes short term borrowing and lending (i.e. less than 365 days) on the Money Markets to manage its day to day cashflow. As at 31 March 2011 the Council's temporary borrowing stood at £10.3m.

Investments

The Council had, at 31 March 2011, investments and cash of £47.1m.

As a result of the global economic climate the Council restricted investments to Government Bonds, other Local Authorities, Government Bodies and banks that had previously been supported by the Bank of England under the credit guarantee system.

The consequence of this policy was lower investment returns; however, the security of the Council's cash was maintained. For 2010/11 an average investment return of 1.89% was achieved (2009/10 2.84%).

Pensions

As part of the Conditions of Employment, the Council is required to offer retirement benefits

in accordance with statutory requirements. Payments into the pension scheme, investment assets and future liabilities are held and managed by the Kent County Council Pension Fund on behalf of all contributing member authorities.

For further information see Note 30

Stanhope Private Finance Initiative (PFI) Project

On 17 April 2007 the PFI agreement for the regeneration of the Stanhope Estate was signed. This is for the provision of the refurbishment of properties on the estate and the related housing management function. The PFI scheme will transform the whole estate, change perceptions of the area and improve residents' quality of life. Together with improvement to the properties on the estate, associated environmental and highway improvements will also be carried out over the first five years. The Contractor, the Chrysalis Consortium (a consortium comprising Gleeson Homes, Dennes and Moat Housing), will remodel much of the estate and maintain the homes and the environment to the improved standard over the remainder of the contract period (28 years), after which the properties are handed back to the Council.

Ashford's Future

Ashford was designated as one of the sustainable community growth

areas in the South East of England. After the 2010 election the Coalition Government announced it was scrapping the policy of national housing targets in favour of allowing local communities to determine suitable levels of growth. The implications of this policy shift are still being determined and will be part of the 'core strategy' review that will commence in 2011.

During 2010/11 the Council has continued to work with its Ashford's Future partners to deliver the wide range of physical and social infrastructure in the Ashford Future program. The principal source of funding was the Government's Growth Area Fund allocation. 2010/11 was the last year of this funding source, the Coalition Government has created a Regional Growth Fund against which areas can bid for funding.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The 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 Deputy Chief Executive.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Responsibilities of the Deputy Chief Executive

The Deputy Chief Executive is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Deputy Chief Executive has:

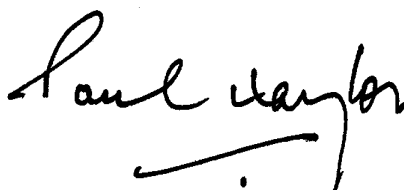
- Selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Deputy Chief Executive has also:

- Kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts present a true and fair view of the financial position of Ashford Borough Council at 31 March 2010 and its income and expenditure for the year ended on that date.

Paul Naylor
Deputy Chief Executive
28 September 2011



Core Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/2010				2010/2011		
Gross Exp £'000	Gross Income £'000	Net Exp £'000		Gross Exp £'000	Gross Income £'000	Net Exp £'000
10,046	(9,439)	607	Central Services to the Public	10,411	(9,515)	896
30,597	(836)	29,761	Cultural, Environmental, Regulatory and Planning services	13,619	(4,366)	9,253
3,272	(2,146)	1,126	Highways and Transport services	2,524	(2,093)	431
19,691	(20,303)	(612)	Local Authority Housing (HRA)	22,668	(23,294)	(626)
(26,374)	-	(26,374)	Exceptional Item – Impairment/Gain of HRA Stock (see note 10 to the HRA)	107,637	-	107,637
31,562	(26,832)	4,730	Other Housing Services	35,444	(32,085)	3,359
3,227	(834)	2,393	Corporate and Democratic Core	3,549	(869)	2,680
2,311	0	2,311	Exceptional Item – Non Distributed Costs	(9,332)	0	(9,332)
74,332	(60,390)	13,942	Cost of Services	187,534	(72,222)	115,312
		2,111	Other operating expenditure (note 13)			15,760
		2,129	Financing and Investment Income (note 14)			2,427
		(18,944)	Taxation and non-specific grant income (note 15)			(20,606)
		(762)	(Surplus)/Deficit on provision of services			112,893
		(7,844)	Surplus or deficit on revaluation of Property, Plant and Equipment assets (notes 17 & 27)			584
		(83)	Surplus or deficit on revaluation of available for sale financial assets			119
		25,445	Actuarial gains/losses on pension assets/liabilities (note 30)			(23,375)
		16,756	Total Comprehensive Income and Expenditure			90,221

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2010	(3,420)	(2,876)	(1,672)	(4,753)	(1,088)	(13,809)	(270,575)	(284,384)
Movement in reserves during 2010/11								
Surplus or (deficit) on the provision of services	(10,912)	-	123,805	-	-	112,893	-	112,893
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(22,672)	(22,672)
Total Comprehensive Income and Expenditure (as per core statement)	(10,912)	-	123,805	-	-	112,893	(22,672)	90,221
Other items	-	-	-	-	-	-	-	-
Adjustments between accounting basis & funding basis under regulations (note 16)	10,056	-	(124,285)	840	73	(113,316)	113,316	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(856)	-	(480)	840	73	(423)	90,644	90,221
Transfers to/from Earmarked Reserves (note 12)	465	(465)	-	-	-	-	-	-
Increase/Decrease 2010/11	(391)	(465)	(480)	840	73	(423)	90,644	90,221
Balance at 31 March 2011	(3,811)	(3,341)	(2,152)	(3,913)	(1,015)	(14,232)	(179,931)	(194,163)

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2009	(2,951)	(2,214)	(1,233)	(5,847)	(100)	(12,345)	(289,001)	(301,346)
Movement in reserves during 2009/10								
Surplus or (deficit) on the provision of services	25,349	-	(26,111)	-	-	(762)	-	(762)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	17,518	17,518
Total Comprehensive Income and Expenditure	25,349	-	(26,111)	-	-	(762)	17,518	16,756
Other Items	-	-	-	-	62	62	144	206
Adjustments between accounting basis & funding basis under regulations (note 16)	(26,481)	-	25,672	1,094	(1,050)	(764)	764	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,131)	-	(439)	1,094	(988)	(1,464)	18,426	16,962
Transfers to/from Earmarked Reserves (note 12)	662	(662)	-	-	-	-	-	-
Increase/Decrease 2009/10	(469)	(662)	(439)	1,094	(988)	(1,464)	18,426	16,962
Balance at 31 March 2010	(3,420)	(2,876)	(1,672)	(4,753)	(1,088)	(13,809)	(270,575)	(284,384)

Balance Sheet

The Balance Sheet shows the value as at 31 March of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e. those reserves that the authority 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 the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

01 April 2009 £'000	31 March 2010 £'000	Notes	31 March 2011	
			£'000	£'000
351,955	368,799	Property, Plant & Equipment	248,525	
80	76	Intangible Assets	69	
15,899	12,773	Long Term Investments	18,084	
1,662	1,658	Long Term Debtors	1,671	
369,596	383,306	Long Term Assets		268,349
8,881	13,342	Short Term Investments	13,313	
25	29	Inventories	16	
6,578	11,228	Short Term Debtors	6,222	
(6,023)	(5,906)	Cash and Cash Equivalents	4,228	
252	49	Assets Held for Sale	-	
9,713	18,742	Current Assets		23,779
(4,158)	(9,014)	Short Term Borrowing	(10,305)	
(13,474)	(13,177)	Short Term Creditors	(15,215)	
(882)	(219)	Capital Grants Received in Advance	(2,487)	
(18,514)	(22,410)	Current Liabilities		(28,007)
(169)	(179)	Provisions	(195)	
(38,390)	(65,835)	Pension Liability	(34,352)	
(491)	(821)	Pension Strain	(679)	
(19,494)	(27,698)	PFI Liability	(28,249)	
(905)	(723)	Finance Lease Liability	(532)	
-	-	Long Term Borrowing	(5,951)	
(59,449)	(95,256)	Long Term Liabilities		(69,958)
301,346	284,382	Net Assets		194,163
		Financing (see MiRS)		
12,345	13,807	Usable Reserves	14,233	
289,001	270,575	Unusable Reserves	179,930	
301,346	284,382	Total Reserves		194,163

Cash Flow Statement

A statement of the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. The statement summarises in simple terms where the money came from and how it was spent.

2009/2010 £'000		2010/2011	
		£'000	£'000
762	Net surplus or (deficit) on the provision of services	(112,893)	
26,147	Adjustments to net surplus or deficit on the provision of services for non-cash movements	151,556	
(25,649)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(35,315)	
1,260	Net cash flows from Operating Activities		3,348
(4,726)	Investing Activities (Note 37)		(8,064)
3,583	Financing Activities (Note 38)		14,850
117	Net increase or decrease in cash and cash equivalents		10,134
(6,023)	Cash and cash equivalents at the beginning of the reporting period		(5,906)
(5,906)	Cash and cash equivalents at the end of the reporting period (Note 39)		4,228

Notes to the Core Financial Statements

1. Accounting Policies

General Principles

The Statement of Accounts is prepared on an income and expenditure basis in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2010/11: Based on International Financial Reporting Standards'. The Code is based on approved accounting standards, comprising International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board, International Public Sector Accounting Standards (IPSAS) and the Urgent Issues Task Force's (UITF) Abstracts.

1. Accounting Concepts and Conventions

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of assets.

A going Concern basis has been selected for the preparation of these Statement of accounts based on the assumption that the council will operate for the foreseeable future.

Qualitative characteristics are the attributes that make the information provided within these statement of accounts useful to users (IASB Framework, paragraph 24). The IASB Framework set out the four principal qualitative characteristics of financial statements that have been adopted by the Code:

- understandability
- relevance
- reliability
- comparability

The Code also includes consideration of materiality as a qualitative characteristic, although the Framework considers it as a subsidiary concept of relevance

2. Accruals of Income and Expenditure

With the exception of the Cash Flow Statement, the Statement of Accounts is presented on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Statement of Accounts

for the year in which those effects are experienced, and not in the year in which the cash is actually received or paid. In particular: fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services; interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet; where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Estimation Techniques

Estimation techniques are the methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. Details of where these are used are contained in the relevant Note to the Accounts. Where a change in an estimation technique is material, an explanation is also provided of the change and its effect on the results for the current period.

4. Costs of Internal Support Services

All costs of management and administration are fully allocated to services. The basis of allocation used for the main costs of management and administration is outlined below.

Cost	Basis of Allocation
Accounting, Legal and other services	Actual time spent by staff, as recorded on time recording systems
Administrative Buildings	Area occupied
IT support of corporate financial systems	Actual direct costs (hardware costs etc.) plus cost of estimated staff resources
Network / PC support	Per capita
Executive Support, Call Centre, Customer Contact Centre and Printing	Actual use, as recorded by monitoring systems
Internal Audit	Per audit plan
Payroll and Personnel Costs	Per capita
Debtors and Creditors	Per transaction

Any non-material balances on management or administrative holding accounts at the year-end remain on those accounts, and as such are incorporated into the General Fund balances.

5. Council Tax and National Non-Domestic Rates

The Council is a billing authority and as such is required to bill local residents and businesses for Council Tax and National Non-Domestic (Business) Rates. The Council collects on behalf of the major precepting authorities, Kent County Council, Kent Police Authority and Kent Fire Authority, for Council Tax and the Government for National Non-Domestic (Business) Rates.

Therefore, the accounts only show the amount owed to/from taxpayers in respect of Council Tax. Major precepting authorities will be shown as net debtors or creditors on the balance sheet. Similarly the accounts only show the net debtor or creditor in respect of National Non-Domestic (Business) Rates received and paid over to the Government

The amount shown in the Comprehensive Income and Expenditure Account as the demand on the Collection Fund includes the accrued amount of Council Tax collected, as well as amounts from the previous year's estimates. This adjustment is subsequently reversed within the Movement in Reserves Statement to the Collection Fund Adjustment Account.

6. Capital Charges to Revenue

General Fund Service Revenue Accounts, Support Services and Trading Accounts are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation.

Capital charges made to the Housing Revenue Account are the amounts as determined by statutory provision.

The premature repayment of the long term loans that result in either a premium or a discount are to be amortised to the Revenue Account either in accordance with the Housing Subsidy determinations or by reference to the Treasury Management Code of Practice.

External interest payable and amounts set aside from revenue for the repayment of external loans are charged to the Income and Expenditure Account. The reversal of capital charges is credited to the Statement of Movement of General Fund balance. Capital charges therefore do not impact on the amounts required to be raised from local taxation.

7. Revenue Expenditure Funded from Capital Under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a Fixed Asset. The purpose of this is to enable it to be funded from capital resources rather than being charged to the General Fund and impact upon Council Tax. These items are generally grants and expenditure on property, not owned by the Authority.

Such expenditure is charged to the Comprehensive Income and Expenditure Account in year. A Statutory Provision allows that capital resources that meet the expenditure be debited to the Capital Adjustment account, credited to the General Fund Balance and shown as in Movement in Reserves Statement.

8. Government Grants and Contributions

Revenue grants received are accrued and credited to the Comprehensive Income and Expenditure Account in the same period as the related expenditure is incurred.

Grants specific to a particular service will be shown against the service expenditure line. General grant in the form of Revenue Support Grant and the contribution from the National Non-Domestic Rate Pool are credited and disclosed separately in the Comprehensive Income and Expenditure Account under General Government Grants.

Capital grants and capital contributions (such as Section 106 Developer Contributions) received will be credited to the Comprehensive Income and Expenditure Account in the year that the capital expenditure is incurred. This income will subsequently be transferred to the Capital Adjustment Account through the Movement in Reserves Statement.

9. VAT

VAT is accounted for separately and is not included in the Income and Expenditure Account, whether of a capital or revenue nature. Input VAT which is not recoverable from HM Revenue and Customs will be charged to Service Revenue Accounts or added to capital expenditure as appropriate. The Council's partial exemption status is reviewed on an annual basis.

10. Assets Held for Sale (Non-Current Assets)

These are assets that have been declared surplus to the Council's operational requirements and are being actively marketed and have an estimated sale date within twelve months of the balance sheet date. They will be reported on

the balance sheet date at the lower of the carrying amount or the fair value (market value) of the asset less the costs to sell the asset. Assets available for sale are not subject to depreciation.

11. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will benefit the Council for more than one financial year.

An intangible asset shall initially be measured at cost and is not subject to revaluation. It is, however, subject to amortisation over their useful economic life. The accounting policies practiced will be the same for all fixed assets as stated below.

12. Investment Properties

Investment property is property (land and/or buildings) held solely to earn rental income, or for capital appreciation, or both.

Investment property is initially recognised at cost, but is subject to valuation at fair value at the end of each accounting period, losses or gains shall be recognised in the Comprehensive Income and Expenditure statement.

Depreciation will not be charged against investment property.

13. Fixed Assets

13.1. Recognition

All expenditure on the acquisition, creation or enhancement of a fixed asset is capitalised on an accruals basis.

13.2. Property Plant and Equipment

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services; for rental to others; or for administrative purposes, and expected to be used during more than one period.

The category is split into five sub categories.

Land and Buildings

Vehicles, Plant and Equipment

Community Assets

Infrastructure Assets
Assets under Construction

The Accounting policy for each type of asset is detailed below:

Council dwellings

These are held on the balance sheet on a market value basis but discounted to allow for the Existing Use Value – Social Housing (EUV-SH) valuations.

An annual valuation is carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institute of Chartered Surveyors (RICS) as at 1st April. Material changes will be reflected in the Accounts if they arise after the valuation.

Land and Buildings

These are held on the balance sheet at cost allowing for revaluation every five years. The last revaluation was as at 1st April 2009.

The valuations are carried out by a qualified surveyor in accordance with the latest guidance issued by RICS on a market value for existing use, unless it is felt the property is of a specialist nature where depreciated replacement cost may be used. The method for the current year's valuation will be explained in notes 17-19 and HRA note 2. Items of plant that are functional to the operation of a building are included in the valuation for that building.

All buildings are subject to straight-line depreciation over their estimated useful life, which depends on the asset type. In accordance with recognised accounting practice land is not depreciated.

IFRS requires the consideration of componentisation for material items of property, plant and equipment, where they are of a material financial nature or have significantly differing life expectancies. The Council has set a minimum asset value of £1,000,000 and a component size of at least 10% of the value.

Vehicles, Plant and Equipment

Major items of plant are included within the valuation of buildings above. Other items of plant are recognised in the balance sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

Community Assets

These are defined as Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and

allotments. These assets are held on the balance sheet at historic cost and are not subject to revaluation or depreciation.

Assets under Construction

This covers assets currently not yet ready for operational purposes. The Council does not depreciate or revalue assets under construction.

13.3. Depreciation

Depreciation on assets with a finite useful life, in line with International Financial Reporting Standards (IAS 16), is calculated on a straight-line basis according to the following policy:

- All assets with a finite useful life are depreciated on a straight-line basis over the asset life. The life of buildings is reviewed as part of the asset revaluation. The life of vehicles, plant and equipment is generally taken to be five years, unless evidence exists to support a longer or shorter life.
- Newly acquired assets are depreciated in year one; assets in the course of construction are not depreciated until they are brought into use. For Council Dwellings the Major Repairs Allowance is used as a proxy for depreciation. Council Dwellings are revalued annually. Other HRA land and property are valued as above.

13.4. Impairment of Fixed Assets

A review for impairment of a fixed asset, whether carried at historical cost or valuation, should be carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in a fixed asset's market value during the period;
- evidence of obsolescence or physical damage to the fixed asset;
- a significant adverse change in the statutory or other regulatory environment in which the authority operates;
- a commitment by the authority to undertake a significant reorganisation.

In the event that impairment is identified the value will either be written off to the revaluation reserve, where sufficient reserve levels for that asset exist, or written off to revenue through the Comprehensive Income and Expenditure Account. Any impairment at the balance sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer making the impairment. On revaluation accumulated depreciation will be written back to the asset using the revaluation reserve.

14. **Gains or Losses on Disposal of Fixed Assets**

When an asset is disposed of or de-commissioned, the value of the asset and the income from the sale are both charged to the Comprehensive Income and Expenditure Account which, therefore, bears a net gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The receipt is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve via the Movement in Reserves Statement.

The loss on disposal 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 Movement on Reserves Statement.

15. **Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

A definition of a lease includes hire purchase arrangements.

Finance Leases

As lessee, the Council shall recognise finance leases as assets and liabilities at amounts equal to the fair value of the property or, if lower, the present value of the minimum lease payments.

Minimum lease payments shall be apportioned between the finance charge (interest) and the reduction of the outstanding liability. The finance charge shall be calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The authority will recognise an asset under a finance lease in the balance sheet at an amount equal to the net investment of the lease.

Assets recognised under a finance lease shall be depreciated, the depreciation policy for leased assets shall be consistent with the policy for owned assets. Where it is not certain that ownership of the asset will transfer at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful economic life. After initial recognition, assets recognised under a finance lease are subject to revaluation in the same way as any other asset.

As lessor, the Council shall derecognise the asset and show this as a long term debtor. For existing leases, which would be treated as finance leases, an adjustment will be made transferring the capital receipt into the General Reserve.

Operating Leases

Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the benefits received by an authority.

Embedded Leases

These are assets, that although not owned by the Council, are used primarily by the authority for service provision. An example of this would be vehicles used by the Council's Street Cleansing and Refuse and Recycling Collection contractor. In this case an estimated value for the vehicles has been used along with a leased term in line with the contract period. Assets will be recognised in the balance sheet at the Net Book Value and offset by a Deferred Liability. The lease charge will then form part of the contract payment on behalf of these vehicles, on a straight-line basis over the life of the asset.

16. Current Assets and Liabilities

16.1. Debtors and Creditors

The Revenue and Capital accounts of the Council are maintained on an accruals basis in accordance with the Code and other relevant IASs. That is,

sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year.

16.2. **Stocks**

Stocks are valued at the latest price paid. This is a departure from the requirements of the Code and ISA 2, which requires stocks to be shown at actual cost or net realisable value if lower. The effect of the different treatment is immaterial given the low stock levels held.

16.3. **Investments**

See the accounting Policy on Financial Instruments

16.4. **Bad Debts**

The figure shown in the Statement of Accounts for debtors is adjusted for bad debts. This provision is recalculated annually by applying a percentage factor to the debt in each age category that is unlikely to be collectable. Known uncollectable debts are written off.

17. **Contingent Assets and Contingent Liabilities**

Contingent assets are not recognised in the Statement of Accounts. They are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures should indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities are not recognised in the accounting statements; they are disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability the Authority should disclose the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

18. **Provisions**

The Council sets aside provisions for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the provision must be the best estimate of the likely liability or loss.

19. **Reserves**

The Council maintains both general and earmarked reserves. The General reserve is designed to act as a working contingency to meet unforeseen and unforeseeable costs including those relating to emergencies. Earmarked reserves, such as the repairs and renewals reserve, are for specific purposes. No expenditure is charged directly to a reserve but is charged to the service revenue account within the Comprehensive Income and Expenditure Account, this is then offset by a reserve appropriation within the Movement in Reserves Statement.

Capital Reserves are not available for revenue purposes and certain Capital Reserves (e.g. Usable Capital Receipts) can only be used for certain statutory purposes.

The Major Repairs Reserve is required by statutory provision to be set up in relation to the Housing Revenue Account.

20. **Pension Costs**

The amount charged to the Comprehensive Income and Expenditure Account for employees pensions should be in accordance with IAS19 Retirement Benefits, subject to the interpretations set out in the Code.

Employees can elect to be members of the Local Government Pension Scheme administered by Kent County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned in relation to their qualifying public service. This is accounted for in the following ways:

- Liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% based on the indicative rate of return.
- The assets of the pension fund attributable to the Council are included on the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

- The change in net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of which the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the net cost of services in the Comprehensive Income and Expenditure Account as part of the Non Distributable costs.
 - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. Debited to the Comprehensive Income and Expenditure Account under net operating expenditure.
 - Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on the average expected long term return – credited to the Comprehensive Income and Expenditure Account under net operating expenditure.
 - Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or actions that reduce the expected future service or actuarial benefits of employees - debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non Distributable costs.
 - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the assumptions have been updated. Debited to the Comprehensive Income and Expenditure Account.

A prerequisite of the introduction of IAS19 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the Authority's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from a pension reserve. Actuarial gains/losses are shown as movements on the pensions asset/liability account and pensions reserve. There is no impact on the Comprehensive Income and Expenditure Account. The Balance Sheet shows the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Kent County Council Pension Fund for funding purposes was at 31 March 2010 and changes to contribution rates as a result of that valuation will take effect from 1 April 2011.

For further details see Note 30.

21. **Employee Benefits**

Three categories of employee benefits exist, under IAS 19 and IPSAS 25 Employee Benefits as detailed below.

Benefits payable during employment

This covers:

- a) Short-term employee benefits, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees.
- b) Benefits earned by current employees but payable twelve months or more after the end of the reporting period such as, long-service leave or jubilee payments and long-term disability benefits.

Where considered of a material nature these are accrued.

Termination benefits

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. These are often lump-sum payments, but also include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee the costs of redundancy are accrued to the year that the notice is served, but other costs will be charged to the year they are incurred.

Post-employment benefits

This not only covers pensions but also other benefits payable post-employment such as life insurance and medical care which are not offered to staff at this Council.

As part of the terms and conditions of employment of its employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Local Government Pension Scheme is administered

locally by Kent County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Under IAS 19 requires that the employer recognises as an asset or liability the surplus/deficit in a pension scheme. The surplus / deficit in a pension scheme is the excess/shortfall of the value of assets when compared to the present value of the scheme liabilities. A prerequisite of the introduction of IAS 19 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the authority's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from a pension reserve. Actuarial gains/losses are shown as movements on the pensions asset/liability account and pensions reserve. There is no impact on the Comprehensive Income and Expenditure Account. The balance sheet is to show the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Kent County Council Pension Fund for funding purposes was at 31 March 2010 and changes to contribution rates as a result of that valuation will take effect from 1 April 2011.

22. **Financial Instruments**

The Code has significant disclosure requirements relating to Financial Instruments (e.g. loans and investments). They relate to the identification of the various types of Financial Instruments, gains and losses arising from transactions during the year, comparative valuation statements, and the assessment of risks associated with holding Financial Instruments.

Detailed disclosure of the Council's holding of Financial Instruments is included in Note 22 on page 67.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Account to the net charge required against the General Fund

Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments, but are not quoted in an active market; and,
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, and interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event and payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Account.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Account when it becomes receivable by the Council. Assets are maintained in the Balance Sheet at fair value.

Values are based on the following principles:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis; and,
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-For-Sale Reserve and the gain/loss is recognised in the Movement in Reserves Statement. The exception is where impairment losses have been incurred – these are debited to the Comprehensive Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event and payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Account.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Credit Risk

The Code requires Authorities to estimate the “Fair Value” of their Financial Instruments and compare them with the carrying amounts which appear on the Balance Sheet. The Fair Value estimate will include the future discounted cash flows associated with the Council’s Financial Instruments as at 31 March 2011. The discount rate should reflect prevailing interest rates as at 31 March 2011. Full details of this disclosure are included Note 22 on page 67.

The Code identifies the following three types of risk associated with Financial Instruments:

- (a) Credit risk relates to the possibility of counterparties defaulting on their financial obligations.
- (b) Liquidity risk relates to the possibility of funds being unavailable to meet financial commitments.
- (c) Market risk relates to possible exposure to adverse interest rate movements, or changes in other market conditions e.g. foreign exchange rates.

The Code requires Authorities to produce a sensitivity analysis, detailing the impact of a 1% interest rate change. A full assessment of these risks, including the sensitivity analysis, is included in Note 22 on page 67.

The Code's disclosure requirements in relation to credit risk are equally applicable to outstanding debtors. Note 22 on page 67 includes an age analysis of overdue debtors at the balance sheet date. In addition to this a provision for bad debts is also included in the Statement of Accounts (Statement of Accounting Policies 16.4).

23. Cash and Cash Equivalents

Cash and Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and are shown on the balance sheet at their nominal value, these include investments that can be accessed immediately without incurring a penalty, such as a call accounts.

24. Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available fixed assets, needed to provide the services, passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as the ownership of the fixed assets will pass to the Council at the end of the contract at no charge, the Council carries the fixed assets used under the contract on the balance sheet.

The original recognition of these fixed assets was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets.

The stock is recognised at market value less the EUV-SH factor and additions are measured at cost as per the contractor model. Lifecycle costs are accounted for when they occur.

Fixed assets recognised on the balance sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

The amounts payable to the PFI operators will be analysed into the following elements:

- Fair value of the services received during the year.
- Finance charge – an interest charge on the balance sheet liability.
- Payment towards the liability.

25. **Group Accounts**

Local Authorities are required to consider all their interests in subsidiaries, associated companies and joint ventures and to prepare a full set of group financial statements where they have material interests, thereby providing a complete picture of the Authority's control over other entities.

This Council has undertaken an exercise examining all its partnership arrangements and workings with other undertakings, and has determined that it has no interests in subsidiaries, associated companies or joint ventures.

26. **Exceptional Items and Prior Year Adjustments**

Exceptional items are included in the cost of the service to which they relate, or on the face of the Comprehensive Income and Expenditure Account if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item should be given within the notes to the accounts.

27. **Events after the Balance Sheet Date**

Where an event occurs after the Balance Sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the Balance Sheet date, the amounts in the Statement of Accounts and any affected disclosures should be adjusted.

Where an event occurs after the Balance Sheet date and is indicative of conditions that arose after the Balance Sheet date the amounts recognised in the Statement of Accounts should not be adjusted but a disclosure made including:

- The nature of the event
- An estimate of the financial effect

Events after the Balance Sheet date should be reflected up to the date when the Statement of Accounts is authorised for issue.

2. **Accounting Standards Issued, Not Adopted**

A small number of IFRSs are only expected to apply to local authorities in limited circumstances. As such, the Code does not include detailed accounting requirements for these IFRSs. Where an IFRS is relevant to a local authority, the authority shall comply with the requirements of the relevant IFRS. The standards not covered in detail in the Code are:

- IAS 12 *Income Taxes*

- IAS 21 *The Effects of Changes in Foreign Exchange Rates*
- IAS 29 *Financial Reporting in Hyperinflationary Economies*
- IAS 41 *Agriculture*
- IFRS 2 *Share-based Payment*
- IFRS 4 *Insurance Contracts*
- IFRS 6 *Exploration for and Evaluation of Mineral Resources*
- IFRS 30 *Heritage Assets (to be adopted 2011/12)*

Further details of these standards and the appropriate treatment of items relating to these standards are contained in appendix A of the Code.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note1, 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:

- The authority has entered into legal proceedings against a contractor of the Stour Centre project. No allowance has been made in the accounts for any cost recovery. For more Information see note 34

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

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
Concessionary Fares Claim	Included within the cost of services is a provision for the cost of concessionary fares. One bus company have appealed, to the Department of Transport, the re-imbusement rate used to compensate them for their losses. The judgement of this appeal has been fully provided for however this is now subject to a judicial review	If successful the provision will be written back to revenue.

Land Searches	The Government has changed the interpretation of the regulations for setting charges for Private Search Fees. A reasonable estimate has been made of potential claims and an amount has been set aside into a reserve.	A Grant has been paid to the Council to cover the cost of this change of £42,000 which has been added to a reserve to cover potential claims. The total claims could exceed £110,000
Pensions	<p>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.</p> <p>A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>A 0.1% change in the discount rate (the iBoxx Corporate Bond Index) would result in a change in the liability of £2m.</p> <p>A 1 year change in the mortality assumption would result in a £3.6m change in the pension liability.</p>
Sundry Bad Debts Provision	The Council has a bad debts provision of £330,000 approximately 30% of the value outstanding debt	In the current economic climate collection rates have been maintained, however any decline in collection rates for debt would result in a need to increase the provision.

5. Amounts Reported for Resource Allocation Decisions

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

2010/11	Corporate Management £'000	Audit Partnership £'000	Strategy, P'Ships & Comms Serv £'000	Personnel & Development £'000	Legal & Democratic Services £'000	Planning & Development £'000	Financial Services £'000	Business Change & Tech Service £'000	Housing (General Fund) £'000	Sub Total £'000
Expenditure										
Employees	361	85	446	319	1,069	2,413	3,434	493	1,548	10,168
Premises	1	-	-	-	-	6	-	1	784	792
Supplies and Services	209	55	152	24	491	587	35,920	306	1,016	38,760
Transport	15	-	1	16	28	46	19	7	19	151
Total Expenditure	586	140	599	359	1,588	3,052	39,373	807	3,367	49,871
Income	(18)	(2)	(144)	(22)	(230)	(2,029)	(40,533)	(42)	(1,868)	(44,888)
Net Controllable Expenditure	568	138	455	337	1,358	1,023	(1,160)	765	1,499	4,983
Non Controllable Items										
Recharged from other Accounts	3	(138)	(61)	(252)	(205)	612	(669)	(795)	(1,412)	(2,917)
Capital Charges	7	-	32	-	10	487	42	74	2,932	3,584
Transfer to/from Reserves	-	-	-	-	-	-	-	-	-	-
Total Non-Controllable Items	10	(138)	(29)	(252)	(195)	1,099	(627)	(721)	1,520	667
Net Expenditure	578	-	426	85	1,163	2,122	(1,787)	44	3,019	5,650

2010/11	Sub Total	Environmental Services	Cultural Services	Capital Charges	Net Interest	Grants and Levies	Gov Grants	Council Tax	Transfers To Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employees	10,168	2,541	1,077	-	-	-	-	-	-	13,786
Premises	792	1,893	491	-	-	-	-	-	-	3,176
Supplies and Services	38,760	4,033	650	4,629	-	316	-	-	-	48,388
Transport	151	60	26	-	-	-	-	-	-	237
Total Expenditure	49,871	8,527	2,244	4,629	-	316	-	-	-	65,587
Income	(44,888)	(3,745)	(320)	-	(16)	-	(8,437)	(6,347)	-	(63,753)
Net Controllable Expenditure	4,983	4,782	1,924	4,629	(16)	316	(8,437)	(6,347)	-	1,834
Non Controllable Items										
Recharged from other Accounts	(2,917)	179	212	-	(5)	-	-	-	-	(2,531)
Capital Charges	3,584	589	(377)	(3,828)	(124)	-	-	-	-	(156)
Transfer to/from Reserves	-	13	(72)	-	56	-	-	-	611	608
Total Non-Controllable Items	667	781	(237)	(3,828)	(73)	-	-	-	611	(2,079)
Net Expenditure	5,650	5,563	1,687	801	(89)	316	(8,437)	(6,347)	611	(245)

2009/10	Corporate Management £'000	Audit Partnership £'000	Strategy, P'Ships & Comms Serv £'000	Personnel & Development £'000	Legal & Democratic Services £'000	Planning & Development £'000	Financial Services £'000	Business Change & Tech Service £'000	Housing (General Fund) £'000	Sub Total £'000
Expenditure										
Employees	453	80	344	284	1,053	2,404	3,568	512	1,469	10,167
Premises	-	-	-	-	15	4	-	1	956	976
Supplies and Services	233	54	97	28	543	1,190	37,245	253	(968)	38,675
Transport	8	-	1	20	25	48	15	4	15	136
Total Expenditure	694	134	442	332	1,636	3,646	40,828	770	1,472	49,954
Income	(42)	-	(147)	(3)	(149)	(3,387)	(37,660)	(49)	(1,905)	(43,342)
Net Controllable Expenditure	652	134	295	329	1,487	259	3,168	721	(433)	6,612
Non Controllable Items										
Recharged from other Accounts	(22)	(134)	(4)	(276)	(221)	593	(704)	(746)	(1,357)	(2,871)
Capital Charges	7	-	20	-	10	(13)	-	41	5,205	5,270
Transfer to/from Reserves	-	-	-	-	(67)	-	-	-	-	(67)
Total Non-Controllable Items	(15)	(134)	16	(276)	(278)	580	(704)	(705)	3,848	2,332
Net Expenditure	637	-	311	53	1,209	839	2,464	16	3,415	8,944

2009/10	Sub Total	Environmental Services	Cultural Services	Capital Charges	Net Interest	Grants and Levies	Gov Grants	Council Tax	Transfers To Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employees	10,167	2,477	1,151	-	-	-	-	-	-	13,795
Premises	976	1,828	426	-	-	-	-	-	-	3,230
Supplies and Services	38,675	4,149	(1,032)	4,196	240	324	-	35	-	46,587
Transport	136	59	26	-	-	-	-	-	-	221
Total Expenditure	49,954	8,513	571	4,196	240	324	-	35	-	63,833
Income	(43,342)	(3,189)	(613)	(89)	(688)	-	(8,374)	(6,048)	-	(62,343)
Net Controllable Expenditure	6,612	5,324	(42)	4,107	(448)	324	(8,374)	(6,013)	-	1,490
Non Controllable Items										
Recharged from other Accounts	(2,871)	198	171	-	-	-	-	-	-	(2,502)
Capital Charges	5,270	1,306	19,823	(26,399)	-	-	-	-	-	-
Transfer to/from Reserves	(67)	-	(56)	-	-	-	-	-	666	543
Total Non-Controllable Items	2,332	1,504	19,938	(26,399)	-	-	-	-	666	(1,959)
Net Expenditure	8,944	6,828	19,896	(22,292)	(448)	324	(8,374)	(6,013)	666	(469)

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 [directorate] income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2009/2010 £'000		2010/11 £'000
(469)	Net expenditure in the [Directorate] Analysis	(245)
(437)	Net expenditure of services and support services not included in the Analysis	(482)
598	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	113,983
17,064	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(23,035)
16,756	Cost of services in Comprehensive Income and Expenditure statement	90,221

Cost of Services Subjective Analysis

2009/10				2010/11		
General Fund £'000	Housing Revenue Account £'000	Total £'000		General Fund £'000	Housing Revenue Account £'000	Total £'000
13,174	1,903	15,077	Expenditure			
3,218	4,029	7,247	Employees	3,704	2,020	5,724
46,266	12,151	58,417	Premises	3,176	4,173	7,349
221	58	279	Supplies and Services	48,210	11,025	59,235
62,879	18,141	81,020	Transport	238	62	300
(43,274)	(23,620)	(66,894)	Total Expenditure	55,328	17,280	72,608
19,605	(5,479)	14,126	Income	(48,928)	(23,714)	(72,642)
(2,502)	777	(1,725)	Net Controllable Expenditure	6,400	(6,434)	(34)
23,948	(22,284)	1,664	Recharged from other Accounts	(1,751)	758	(993)
(123)	-	(123)	Capital Charges	3,793	112,687	116,480
21,323	(21,507)	(184)	Transfer to/from Reserves	(141)	-	(141)
40,928	(26,986)	13,942	Total Non-Controllable Items	1,901	113,445	115,346
			Net Expenditure	8,301	107,011	115,312

6. Trading Operations

The Council operates some trading operations, including leased shop premises, industrial sites and markets included within Cultural, Environmental and Planning Services on the face of the Comprehensive Income and Expenditure Statement page 10. The details of expenditure and income are shown below:

2009/2010 (Surplus) / Deficit £'000	Service	2010/11		
		Expenditure £'000	Income £'000	(Surplus) / Deficit £'000
660	Leased Shop Premises	124	(79)	45
169	Industrial Estates	158	(357)	(199)
30	Street Markets	15	(25)	(10)
859		297	(461)	(164)

7. Members' Allowances

Members were each paid a basic allowance of £4,270.93 and in addition some received Special Responsibility Allowance depending on the level of responsibility held, and were also paid travel allowances re attendance at meetings etc. With the exception of travel and subsistence allowances, the allowances are subject to tax and National Insurance Contributions.

Councillor	Basic Allowance	Special Responsibility Allowance	Travel Allowance	Subsistence	Carers' Allowance	Total before Tax and N. I.
	£	£	£	£	£	£
Ayres	4,270.93	-	58	-	-	4,328.93
Bartlett	4,270.93	11,698.76	31.2	-	-	16,000.89
Mrs Bell	4,270.93	-	419.6	-	-	4,690.53
Bell	4,270.93	6,973.80	-	-	-	11,244.73
Blanford	4,270.93	-	782.3	-	-	5,053.23
Bradberry	4,270.93	-	3.2	-	-	4,274.13
Burgess	4,270.93	1,394.77	623.2	-	-	6,288.90
Clarkson	4,270.93	7,050.02	383.2	-	-	11,704.15
Cloughton	4,270.93	6,973.80	38.4	-	-	11,283.13
Clokie	4,270.93	9,596.91	1,975.88	-	-	15,843.72
Cowley	4,270.93	-	192.8	-	-	4,463.73
Davidson	4,270.93	1,467.81	-	-	-	5,738.74
Davison	4,270.93	2,515.66	522.3	-	-	7,308.89
Ellison	4,270.93	1,549.74	160.15	-	-	5,980.82
Feacey	4,270.93	-	44.2	-	-	4,315.13
French	4,270.93	-	176.8	-	-	4,447.73
Goddard	4,270.93	1,394.77	433.3	-	-	6,099.00
Hawes	4,270.93	5,860.50	148	-	-	10,279.43
Heaton	4,270.93	-	187.1	-	-	4,458.03
Heyes	4,270.93	6,135.72	45.6	-	-	10,452.25
Mrs Heyes	4,270.93	-	40.8	-	-	4,311.73

Councillor	Basic Allowance	Special Responsibility Allowance	Travel Allowance	Subsistence	Carers' Allowance	Total before Tax and N. I.
	£	£	£	£	£	£
Hicks	4,270.93	-	264.40	-	-	4,535.33
Hodgkinson	4,270.93	-	11.20	-	-	4,282.13
Holland	4,270.93	-	222.22	-	-	4,493.15
Honey	4,270.93	5,763.28	204	-	-	10,238.21
Howard	4,270.93	743.98	157.6	-	-	5,172.51
Hutchinson	4,270.93	2,230.79	462.4	-	-	6,964.12
Kemp	2,847.29	1,396.8	18	-	-	4,262.09
Koowaree	4,270.93	-	-	-	-	4,270.93
Laughton	4,270.93	-	-	-	-	4,270.93
Link	4,270.93	-	278.4	-	-	4,549.33
Marriott	4,270.93	5,579.05	377.9	-	-	10,227.88
Martin	4,270.93	-	127.2	-	-	4,398.13
Naughton	4,270.93	437.32	193.1	-	-	4,901.35
Norris	4,270.93	-	48	-	-	4,318.93
Packham	4,270.93	-	117.6	-	-	4,388.53
Smith	4,270.93	487.32	311.8	-	-	5,070.05
Taylor	4,270.93	2,789.51	529.6	-	-	7,590.04
Wallace	4,270.93	4,649.21	-	-	-	8,920.14
Wedgbury	4,270.93	1,859.68	-	-	-	6,130.61
Wells	4,270.93	-	145.6	-	-	4,416.53
Wood	4,270.93	11,872.02	193.6	-	-	16,336.55
Woodford	4,270.93	-	250.8	-	-	4,521.73
TOTAL	182,226.35	100,421.22	10,179.45	-	-	292,827.02
2009/10 Totals	181,828.08	96,820.41	11,957.57	11.75	0.00	290,617.81

8. Officers' Remuneration

This note provides the details of Senior Officers remuneration and the numbers of employees whose remuneration falls into the categories shown. "Remuneration" for this purpose includes taxable pay, the tax value of other benefits e.g. leased cars, and termination payments. Figures within this note will exclude any payments covered by confidentiality agreements.

Senior Employee Remuneration 2010/11

Post	Salary (Including Fees & Allow- ances) *	Bonus	Expense Allow- ances	Comp- ensation for Loss of Office	Benefits in Kind (EG Car Allow- ance)*	Total	Pension Contri- butions	Total Remuner- ation 2009/10
	£	£	£	£	£	£	£	£
Chief Executive+	104,854.91	-	-	-	2,797.24	107,652.15	27,700.64	135,352.79
Deputy Chief Executive+	90,337.56	-	-	-	4,724.45	95,062.01	24,300.78	119,362.79
Head Of Cultural & Project Services	70,924.50	-	-	-	2,716.56	73,641.06	19,927.41	93,568.47
Head of Environmental Services	74,313.42	-	-	-	-	74,313.42	19,078.65	93,392.07
Head of Housing	74,313.42	-	-	-	-	74,313.42	19,078.65	93,392.07
Head of ICT & Customer Services	74,313.42	-	-	-	-	74,313.42	19,078.65	93,392.07
Head of Legal and Democratic Services+	70,864.95	-	-	-	3,750.70	74,615.65	19,078.65	93,694.30
Head of Planning & Development	86,490.75	-	-	-	4,086.60	90,577.35	23,196.24	113,773.59
	646,412.93	-	-	-	18,075.55	664,488.48	171,439.67	835,928.15

*Where an officer is entitled to a lease car, they may instead take a 'cash alternative'. Where this is the case the Cash Alternative is shown under 'Salary', but where a lease car is taken, the taxable benefit is shown under 'Benefits in Kind'. The taxable benefit is not the same value as the subsidy paid by the council to the employee.

+ Officers that also fulfil statutory roles

Senior Employee Remuneration 2009/10 comparators

Post	Salary (Including Fees & Allow- ances) * £	Bonus £	Expense Allow- ances £	Comp- ensa- tion for Loss of Office £	Benefits in Kind (EG Car Allow- ance)* £	Total £	Pension Contrib- utions £	Total Remuner- ation 2009/10 £
Chief Executive (01/04/09 - 19/07/09)** +	44,745.75	-	-	-	765.40	45,511.15	11,633.90	57,145.05
Chief Executive (28/09/09 onwards)** +	50,382.41	-	-	-	-	50,382.41	12,533.79	62,916.20
Deputy Chief Executive+	90,000.96	-	-	-	4,882.82	94,883.78	23,400.24	118,284.02
Head Of Cultural & Project Services	70,659.00	-	-	-	2,736.82	73,395.82	19,252.56	92,648.38
Head of Environmental Services	74,047.92	-	-	-	-	74,047.92	18,371.40	92,419.32
Head of Financial Services***	53,125.95	-	-	-	2,094.17	55,220.12	13,778.55	68,998.67
Head of Housing	74,047.92	-	-	-	-	74,047.92	18,371.40	92,419.32
Head of ICT & Customer Services	74,047.92	-	-	-	-	74,047.92	18,371.40	92,419.32
Head of Legal and Democratic Services+	70,864.95	-	-	-	4,839.12	75,704.07	18,371.40	94,075.47
Head of Planning & Development	86,490.75	-	-	-	4,199.68	90,690.43	22,336.56	113,026.99
	688,413.53	-	-	-	19,518.01	707,931.54	176,421.20	884,352.74

*Where an officer is entitled to a lease car, they may instead take a 'cash alternative'. Where this is the case the Cash Alternative is shown under 'Salary', but where a lease car is taken, the taxable benefit is shown under 'Benefits in Kind'. The taxable benefit is not the same value as the subsidy paid by the council to the employee.

**The Chief Executive resigned on 19th July 2009, on an annualised Salary of £94,833. A new Chief Executive was appointed from 28th September 2009 on an annualised salary of £94,833

***The post of Head of Financial Services was made redundant as of 31st December 2009, on an annualised salary of £70,659

+ Officers that also fulfil statutory roles

Other Officer Remuneration by Band

2009/10	Remuneration Band	2010/11
3	50,000 – 54,999	5
10	55,000 – 59,999	11
4	60,000 – 64,999	1*
-	65,000 – 69,999	1
17		18

Figures marked with an * indicate bands which include officers who have received redundancy payments within their remuneration for the year. The bandings only include the remuneration of senior employees and relevant officers which have not been disclosed individually above.

9. Termination Benefits

The Authority terminated the contracts of 13 employees in 2010/11, incurring liabilities of £187,859 (£758,548 in 2009/10).

10. External Audit Costs

In 2010/11 Ashford Borough Council incurred the following fees relating to external Audit and inspection:

2009/10 £'000		2010/11 £'000
148	Fees payable to the Audit Commission with regard to external Audit services carried out by the appointed Auditor	138
9	Fees Payable to the Audit Commission in respect of Statutory inspections	12
32	Fees payable to the Audit Commission for the certification of grant claims and returns	34
-	Fees payable in respect of other services provided by the Audit Commission during the year	-
189		184

11. Grant Income

The Authority credited the following material government grants and contributions to the Provision of Services in the Comprehensive Income and Expenditure Statement.

2009/10 £'000		2010/11 £'000
34,617	DWP: Rebates Subsidy	37,510
196	CLG: Business Rate Collection Allowance	180
82	CLG : Performance Reward Grant	-
74	CLG: Local Authority Business Growth Incentive Scheme	-
868	CLG: Planning Delivery Grant	-
168	CLG: Ashford Future's Projects	232
145	CLG: Beacon Status	-
140	CLG: Homeless Initiatives	32
94	CLG: Housing Trailblazer Program	107
811	DWP Benefit Administration	729
126	Home Office: Community Safety and Anti Social Behaviour	247
-	Future Job Fund Grants	87
-	Recycling Credits	477
356	DfT Concessionary Bus Travel	169
37,677		39,770

For details of the General Grants received see note 15 and for the Housing Revenue Account see note 7.

The Authority has received a number of capital grants, contributions that are yet to be applied. The balances at the year-end are as follows:

2009/10 Restated £'000	Capital Grants	2010/11 £'000
882	Receipts in Advance b/f	219
2,255	Grants Added during the year	7,299
(2,918)	Grants applied to the I&E during 2010/11	(5,031)
219	Total	2,487

12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2010/11.

General Fund	Balance at 01/04/09 £'000	Additions £'000	Payments £'000	Balance at 31/03/10 £'000	Additions £'000	Payments £'000	Balance at 31/03/11 £'000
General Fund	2,951	919	(450)	3,420	503	(111)	3,812
Earmarked Reserves							
Elections	76	60	-	136	61	-	197
Repairs & Renewals	630	105	(56)	679	103	(36)	746
Insurance	1	-	-	1	-	(1)	-
Planning Appeals	391	-	-	391	-	(56)	335
Stour Centre	246	72	(17)	301	73	(145)	229
Community Grant Fund	13	-	(5)	8	-	(2)	6
Planning Delivery Grant	165	369	-	534	-	(23)	511
Transport Initiatives	133	-	(52)	81	41	-	122
People Mover (Designer outlet)	282	7	(73)	216	4	(79)	141
Members' IT	11	8	-	19	10	-	29
Valuation of Assets	16	-	(4)	12	3	-	15
Hopewell Twinning Reserve	1	-	-	1	3	-	4
Netball Centre Reserve	18	-	-	18	-	-	18
Singleton Environment Centre	26	6	-	32	11	-	43
Section 106 Monitoring Fee	43	-	(21)	22	24	-	46
Actuarial Volatility Reserve	70	90	-	160	93	-	253
Service Pressure Reserve	92	161	(15)	238	-	(118)	120
Building Control Reserve	-	22	-	22	-	(5)	17
Green Transport Initiatives	-	-	-	-	30	-	30
Land Adoption Reserve	-	-	-	-	398	-	398
Land Searches Reserve	-	-	-	-	76	-	76
St Mary's Church Ruin	-	5	-	5	-	-	5
Total Earmarked Reserves	2,214	905	(243)	2,876	930	(465)	3,341
Total	5,165	1,824	(693)	6,296	1,433	(576)	7,153

The Purpose of the Earmarked Reserves

The following Reserves have been established to equalise expenditure for future years:

- Elections Reserve
- Valuation of Assets
- Netball Centre Reserve
- Singleton Environment Centre
- Actuarial volatility
- Members' IT Reserve
- Planning Appeals
- Hopewell Twinning Reserve
- Section 106 Monitoring fee

The purposes of other Reserves are as follows:

Repairs and Renewals Reserve is used to finance the maintenance and renewal of operational costs including buildings, plant, furniture and equipment.

Building Control Reserve was established to hold the surpluses earned on building control fee earning work to fund any future deficits, as this service is required by legislation to break-even on a 3-year rolling basis.

Stour Centre Reserve was set up to fund fluctuations in transitional operating costs of the Stour Centre until such time as the major capital refurbishment scheme is completed and the centre, therefore, is fully functional. This reserve is now set aside for the future replacement of equipment

Community Grants Reserve was established from savings within Cultural Services salaries to fund revenue grants to local community organisations.

Planning Reserve was set up to fund pressures on the Planning Service should the Planning Delivery Grant fall below anticipated levels.

Transport Initiatives Reserve was established to hold the surpluses earned from On-Street Parking, as there is a legislative requirement that this be used for transport related schemes.

The "**People Mover**" Reserve was created in 1999/2000 using money paid to the Council by the developer of the Designer Village to pay for the shuttle bus service to Ashford Town Centre as required by the Planning Agreement.

Service Pressure Reserve was established to fund one-off items of expenditure such as spend to save initiatives to help deliver future budget savings, and to assist in relieving the budget of short-term one-off service pressures.

St Mary's Church (Little Chart) Ruin Reserve; to fund maintenance costs of this ancient monument in Little Chart.

The **Land Adoption** Reserve was set up with income received for S38 adoption work which is to be held to cover the cost of land adoption.

The **Green Transport** Reserve was set up to fund Green transport initiatives from money collected from Staff parking charges.

The **Land Searches** Reserve was established to ensure that the service breaks even over a 3 year period with surpluses and deficits transferred into the reserve. In addition to this there is the potential that income collected in the past could be reclaimed and this reserve holds a grant provided by the Government to cover these claims.

HRA	Balance at 01/04/09 £'000	Additions £'000	Payments £'000	Balance at 31/03/10 £'000	Additions £'000	Payments £'000	Balance at 31/03/11 £'000
Housing Revenue Account	1,233	437	-	1,670	482	-	2,152
Major Repairs Reserve	5,847	4,003	(5,097)	4,753	3,540	(4,380)	3,913
Total	7,080	4,440	(5,097)	6,423	4,022	(4,380)	6,065

13. Other Operating Expenditure

2009/2010 £'000		2010/2011 £'000
721	Parish council precepts	760
247	Levies	239
	Payments to the Government Housing Capital	
673	Receipts Pool	296
470	Gains/losses on the disposal of non-current assets	14,465
2,111	Total	15,760

14. Financing and Investment Income and Expenditure

2009/2010 £'000		2010/2011 £'000
(113)	Interest payable and similar charges	60
-	Interest Payable on PFI Contracts and Finance leases	1,037
2,837	Pensions interest cost and expected return on Pension fund assets	1,906
(595)	Interest receivable and similar income	(576)
-	Income and expenditure in relation to investment properties and changes in their fair value	-
-	Other investment income	-
2,129	Total	2,427

15. Taxation and Non-Specific Grant Income

2009/2010 £'000		2010/2011 £'000
(6,784)	Council tax income	(7,138)
(6,615)	Non domestic rates	(7,287)
(2,627)	Non-ring fenced government grants	(1,150)
(2,918)	Capital grants and contributions	(5,031)
(18,944)	Total	(20,606)

16. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2010/11	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'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	(1,658)	-	(202)	-	-	(1,860)	1,860	-
Revaluation losses on Property Plant and equipment	2,157	-	(109,091)	-	-	(106,934)	106,934	-
Movement in the market value of Investment Properties	-	-	-	-	-	-	-	-
Amortisation of intangible assets	(39)	-	-	-	-	(39)	39	-
Capital grants and contributions applied	5,031	-	-	-	-	5,031	(5,031)	-
Revenue expenditure funded from capital under statute	(4,214)	-	-	-	-	(4,214)	4,214	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(59)	-	(16,754)	-	-	(16,813)	16,813	-

2010/11	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Inclusion of items not debited or credited to the CIES:								
Statutory provision for the financing of capital investment (MRP)	220	-	(56)	-	-	164	(164)	-
Annual Leave Accrual	-	-	-	-	-	-	-	-
Capital expenditure charged against the GF and HRA balances	56	-	36	-	-	92	(92)	-
Adjustments involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to CIES	-	-	-	-	-	-	-	-
Application of grants to capital financing transferred to the CAA	-	-	-	-	-	-	-	-
Adjustments involving the Capital Receipts Reserve:								
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	373	-	1,975	-	(2,323)	25	(25)	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	2,100	2,100	(2,100)	-
Contributions from the Capital Receipts Reserve towards admin costs of disposal	-	-	-	-	-	-	-	-

2010/11	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(296)	-	-	-	296	-	-	-
Adjustment involving the Major Repairs Reserve:								
Reversal of MRA credited to the HRA	-	-	-	(3,349)	-	(3,349)	3,349	-
Use of MRR to finance new capital expenditure	-	-	-	4,189	-	4,189	(4,189)	-
Adjustments involving the FIAA:								
Revaluation of Available for Sale Financial Instruments	-	-	-	-	-	-	-	-
Financial Instruments Premiums W/O	-	-	12	-	-	12	(12)	-
Adjustments involving the Pension Reserve:								
Reversal of items relating to retirement benefits debited or credited to the CIES	5,630	-	(621)	-	-	5,009	(5,009)	-
Pension Strain	142	-	-	-	-	142	(142)	-
Employer's pension contributions and direct payments to pensioners payable in the year	2,683	-	416	-	-	3,099	(3,099)	-
Adjustments involving the CFAA								

2010/11	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amount by which CT income credited to the CIES is different from CT income calculated for the year in accordance with statutory requirements	30	-	-	-	-	30	(30)	-
	10,056	-	(124,285)	840	73	(113,316)	113,316	-

2009/10	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total
	£'000	£'000	£'000	£'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	(1,224)	-	(262)	-	-	(1,486)	1,486	-
Revaluation losses on Property Plant and equipment	(22,364)	-	25,872	-	-	3,508	(3,508)	-
Movement in the market value of Investment Properties	-	-	-	-	-	-	-	-
Amortisation of intangible assets	(28)	-	-	-	-	(28)	28	-
Capital grants and contributions applied	2,919	-	-	-	-	2,919	(2,919)	-
Revenue expenditure funded from capital under statute	(2,545)	-	-	-	-	(2,545)	2,545	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(3,238)	-	(716)	-	-	(3,954)	3,954	-
Inclusion of items not debited or credited to the CIES:								
Statutory provision for the financing of capital investment (MRP)	227	-	-	-	-	227	(227)	-
Annual Leave Accrual	20	-	-	-	-	20	(20)	-
Capital expenditure charged against the GF and HRA balances	56	-	-	-	-	56	(56)	-

2009/10	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total £'000
Adjustments involving the Capital Grants Unapplied Account:								
Capital grants and contributions unapplied credited to CIES	-	-	-	-	-	-	-	-
Application of grants to capital financing transferred to the CAA	-	-	-	-	-	-	-	-
Adjustments involving the Capital Receipts Reserve:								
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	2,470	-	942	-	(3,412)	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	1,689	1,689	(1,689)	-
Contributions from the Capital Receipts Reserve towards admin costs of disposal	-	-	-	-	-	-	-	-
Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(673)	-	-	-	673	-	-	-
Adjustment involving the Major Repairs Reserve:								
Reversal of MRA credited to the HRA	-	-	-	(3,306)	-	(3,306)	3,306	-
Use of MRR to finance new capital expenditure	-	-	-	4,400	-	4,400	(4,400)	-

2009/10	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total £'000
Adjustments involving the FIAA: Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	16	-	-	16	(16)	-
Adjustments involving the Pension Reserve: Reversal of items relating to retirement benefits debited or credited to the CIES	(4,309)	-	(563)	-	-	(4,872)	4,872	-
Pension Strain	(330)	-	-	-	-	(330)	330	-
Employer's pension contributions and direct payments to pensioners payable in the year	2,489	-	383	-	-	2,872	(2,872)	-
Adjustments involving the CFAA: Amount by which CT income credited to the CIES is different from CT income calculated for the year in accordance with statutory requirements	50	-	-	-	-	50	(50)	-
	(26,481)	-	25,672	1,094	(1,050)	(764)	764	-

17. Property, Plant and Equipment

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	PFI Assets Included in Property, Plant and Equipment £'000
Cost or valuation									
At 1 April 2010	322,338	45,584	3,176	229	1,136	210	107	372,780	40,938
Additions	6,965	1,083	153	-	-	-	1,016	9,217	495
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	279	(104)	-	-	-	-	282	457	-
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-	2,204	-	-	-	-	-	2,204	-
De-recognition – disposals	(154)	-	-	-	-	(11)	-	(165)	-
De-recognition – transfer & demolition	(16,458)	(142)	-	-	-	-	-	(16,600)	(16,040)
Reclassification		107					(107)		
At 31 March 2011	312,968	48,732	3,329	229	1,136	199	1,298	367,891	25,393

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equip-ment £'000	PFI Assets Included in Property, Plant and Equip-ment £'000
Accumulated Depreciation and Impairment at 1 April 2010	-	(1,554)	(2,393)	(24)	(10)	(1)	-	(3,982)	-
at 1 April 2010	-	(1,554)	(2,393)	(24)	(10)	(1)	-	(3,982)	-
Depreciation charge	(3,360)	(1,602)	(234)	(8)	(3)	-	-	(5,207)	(221)
Depreciation written out to the Revaluation Reserve	-	768	-	-	-	-	-	768	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	(959)	(849)	-	-	-	-	-	(1,808)	-
Impairment losses/(reversals) recognised in the Surplus/ Deficit on the Provision of Services	(109,043)	(94)	-	-	-	-	-	(109,137)	(12,044)
At 31 March 2011	(113,362)	(3,331)	(2,627)	(32)	(13)	(1)	-	(119,366)	(12,265)
Net Book value at 31 March 2010	322,337	44,030	783	205	1,126	209	107	368,797	40,938
at 31 March 2011	199,606	45,401	702	197	1,123	198	1,298	248,525	13,128

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equip-ment £'000	PFI Assets Included in Property, Plant and Equip-ment £'000
Cost or valuation									
At 1 April 2009	287,845	62,841	3,031	228	1,189	1,910	-	357,044	30,455
Additions	12,604	1,179	144	-	-	-	107	14,034	8,204
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	-	7,620	-	-	-	185	-	7,805	-
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	22,629	-	-	-	-	-	-	22,629	2,277
De-recognition – disposals	(675)	(1,543)	-	-	(15)	(1,460)	-	(3,693)	-
Reclassification of Assets	-	39	-	-	(39)	-	-	-	-
At 31 March 2010	322,403	70,136	3,175	228	1,135	635	107	397,819	40,936

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	PFI Assets Included in Property, Plant and Equipment £'000
Accumulated Depreciation and Impairment									
at 1 April 2009	-	(2,889)	(2,171)	(16)	(12)	(1)	-	(5,089)	-
Depreciation charge	(3,306)	(1,254)	(221)	(8)	(3)	-	-	(4,792)	(426)
Depreciation written out to the CIES	3,306	2,604	-	-	-	-	-	5,910	426
Impairment losses/(reversals) recognised in the Surplus/ Deficit on the Provision of Services	(65)	(24,561)	-	-	-	(424)	-	(25,050)	-
Other movements in depreciation and impairment	-	(5)	-	-	5	-	-	-	-
At 31 March 2010	(65)	(26,105)	(2,392)	(24)	(10)	(425)	-	(29,021)	-
Net Book value at 31 March 2009	287,845	59,952	860	212	1,177	1,909	-	351,955	30,455
at 31 March 2010	322,338	44,031	783	204	1,125	210	107	368,798	40,936

Asset Valuation

A valuation exercise and impairment review was completed by an external valuer (Wilks Head and Eve) as at the balance sheet date. For information on the HRA stock valuation see notes to the Housing Revenue account.

Depreciation

The useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings – the Council uses the Major Repairs Allowance as a proxy for depreciation
- Other Land and Buildings – the useful life estimated by a qualified valuer
- Vehicles, Plant, Furniture & Equipment – subject to professional view on life between 5-15 years.
- Infrastructure – the useful life estimated by a qualified valuer

18. Impairment Losses

There was a change in the valuation of HRA Dwellings and an impairment to the value. Please see the HRA supplementary statement, note 10 on page 99.

During 2010/11 Public Conveniences were revalued and an impairment of £57,137 reported. Due to upward revaluation in previous years £10,608 reversed gains in the Revaluation Reserve and the remaining £46,529 was written to the CIES increasing the cost of services.

19. Revaluation Gains

Gains of £2,577,347 have been reported within the Accounts. The Stour Centre was revalued using component accounting and a gain of £2,203,973 was written back to the CIES to reduce part of the revaluation loss reported in the 2009/10 Accounts. The Civic Centre was also revalued upwards increase the revaluation reserve by £373,374.

20. Capital Expenditure and Capital Financing

2009/10 £'000		2010/11 £'000
24,640	Opening Capital Financing Requirement	32,719
101	Adjustment to 2008/09 Capital Financing	-
	Capital investment:	
5,830	Property, Plant & Equipment	8,722
25	Intangible Assets	32
2,546	Revenue Expenditure Funded from Capital Under Statute	4,214
8,204	PFI Additional liability	495
	Sources of finance:	
(1,689)	Capital receipts	(2,100)
(6,655)	Government grants and other contributions	(8,999)
(283)	Sums set aside from revenue NB includes direct revenue financing, MRP and any Voluntary set aside	(256)
32,719	Closing Capital Financing Requirement	34,827
	Explanation of movements in year	
8,305	Increase in underlying need to borrow unsupported by Government financial assistance	2,272
(226)	Provision for the repayment of debt	(164)
8,079	Increase/(decrease) in capital financing requirement	2,108

21. Capital Commitments

At 31 March 2011 the Authority had the following capital commitments:

	£'000
Housing Revenue Account – New Build Council Housing	
Phase 1 – Nearing completion	260
Phase 2	6,100
Housing Revenue Account	
Heating Installation Programme (2 year contract)	1,108
Kitchen Replacements	1,185
Bathroom Replacement	762

2009/10 capital commitments were £420,000 for General Fund and £1,000,000 for the Housing Revenue Account.

22. Financial Instruments

Long Term 31-Mar-10 £'000	Short Term 31-Mar-10 £'000	Category of Financial Instrument	Long Term 31-Mar-11 £'000	Short Term 31-Mar-11 £'000
	4,064	Total Cash and Cash Equivalents		4,228
3,022	13,117	Loans and Receivables	6,015	13,094
9,751	225	Available for Sale Financial Assets	12,069	219
12,773	13,342	Total Investments	18,084	13,313
1,160		Trade Debtors		1,214
	-	Financial Assets carried at contract amount (E.g. Finance and Embedded Leases)	1,159	-
498	-	Financial assets carried at contract amounts	512	-
1,658	-	Total Debtors	1,671	1,214
-	(9,014)	Financial Liabilities at Amortised Cost	(5,951)	(10,305)
-	(7,767)	Trade Creditors at Amortised Cost		(8,519)
-	(16,781)	Total Borrowings	(5,951)	(18,824)
(27,698)	-	PFI liabilities	(28,249)	-
-	-	Finance lease liabilities	-	-
(27,698)	-	Total other long term liabilities	(28,249)	-
-	-	Financial liabilities at amortised cost	-	-
-	723	Financial liabilities carried at contract amount (E.g. Finance and Embedded Leases)	532	-
-	723	Total creditors	532	-

2010/11 Income, Expense, Gains and Losses

	Financial Liabilities Liabilities measured at amortised cost £'000	Financial Assets	
		Loans and receivables £'000	Available for sale assets £'000
Interest expense	81		-
Losses/Gains on derecognition	-		-
Interest payable and Similar Charges	81	-	-
Interest Income	-	(574)	-
Losses/Gains on derecognition	-	63	-
Interest and Investment Income	-	(511)	-
Surplus arising from the revaluation of financial assets	-	(413)	-
Net gains/loss for the year	81	(924)	-

2009/10 Income, Expense, Gains and Losses

	Financial Liabilities Liabilities measured at amortised cost £'000	Financial Assets	
		Loans and receivables £'000	Available for sale assets £'000
Interest expense	38	-	-
Losses/Gains on derecognition	(151)	-	-
Interest payable and Similar Charges	(113)	-	-
Interest Income	-	(612)	-
Losses/Gains on derecognition	-	33	-
Interest and Investment Income	-	(579)	-
Surplus arising from the revaluation of financial assets	-	(532)	-
Net gains/loss for the year	(113)	(1,111)	-

Fair Values of Assets and Liabilities

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Not all of the Financial Instruments are carried in the Balance Sheet at fair value. In particular, long term loans, receivables and financial liabilities are not carried at Fair Value.

The Code requires that the Council calculates the Fair Value of these instruments and includes a comparison with the carrying amount. The Fair Value can be assessed by calculating the present value of the cash flows that will take place over the remaining life of the Instruments using the prevailing interest rates as at 31st March 2011.

The rates used depend on the remaining life of the loan and range from 0.65% to 2.28%. No early repayments or impairments are assumed. For Instruments that will mature within 1 year of the Balance Sheet date the carrying amount is assumed to approximate to Fair Value. The Fair Value of trade and other receivables (e.g. debtors) is taken to be the invoiced or billed amount.

Fair Value of Investments carried at amortised cost:

	Amortised Cost £'000	Fair Value £'000
Less than 1 year	13,094	13,187
1 year to 2 years	6,015	6,209
2 years to 5 years	-	-
More than 5 years	-	-
	-	-
Fair Value of Investments held at amortised cost	19,109	19,396
Unquoted Equity	-	-
Investments held at Fair Value	-	12,288
Total investments at Fair Value	-	31,684

The Council had one loan with a maturities beyond a year as at 31st March 2011 (nil as at 31st March 2010). This Loan was with the Public Works Loan Board, the principal outstanding was £ 5,951,150 and the Fair Value was calculated at £7,460,750.92

Long-term debtors

The fair value of the assets is lower than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans

where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2011) attributable to the commitment to receive interest below current market rates.

Available for sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

23. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. These include

- credit risk, the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk, the possibility that the Council might not have funds available to meet its commitments
- market risk, the possibility that losses may arise due to changes in interest rates and market prices.

The Council's risk management on Financial Instruments focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services.

Risk management in this area is carried out by a central treasury team (supported by specialist external advisors) under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for risk management, has adopted the CIPFA Treasury Management Code of Practice and has set Treasury Management indicators to control key Financial Instrument risks in accordance with CIPFA's Prudential Code.

The Council's Investment portfolio as at 31/03/11 was as follows:

Counter Party	Maturity Date	Principal invested	Credit Rating
RBS London	12/05/2011	3,000,000	AA- (Formerly a member of the Bank of England Credit Guarantee Scheme)
Clydesdale Bank	28/03/2012	3,000,000	AA- (Formerly a member of the Bank of England Credit Guarantee Scheme)
Nationwide	16/08/2011	2,000,000	Not Listed
Clydesdale Bank	04/01/2012	2,000,000	AA- (Formerly a member of the Bank of England Credit Guarantee Scheme)
Lloyds TSB	03/09/2011	3,000,000	AA- (Formerly a member of the Bank of England Credit Guarantee Scheme)
Newcastle City Council	20/12/2012	3,000,000	Not Listed
Barclays Bank	15/02/2013	3,000,000	AA- (Formerly a member of the Bank of England Credit Guarantee Scheme)
Natwest Bank	Instant Access	7,052,658	AA- (Formerly a member of the Bank of England Credit Guarantee Scheme)
Santander UK	Instant Access	4,500,000	AA- (Formerly a member of the Bank of England Credit Guarantee Scheme)
Bank Of Scotland	Instant Access	4,999,999	AA- (Formerly a member of the Bank of England Credit Guarantee Scheme)
MMF	Instant Access	50,000	AAA
European Investment Bank	14/01/2013	5,000,000	AAA
European Investment Bank	15/04/2014	2,000,000	AAA
European Investment Bank	06/06/2012	2,000,000	AAA
European Investment Bank	18/03/2014	2,500,000	AAA

Credit Risk

The Code requires the Council to attempt to quantify the potential maximum exposure to credit risk, based on experience of defaults and uncollectability over recent years. However, due to the lack of empirical evidence on defaults for investments, the Council is unable to quantify its exposure with any degree of accuracy.

Credit risk arises from investments and some of the Council's customers commercial rent and trade debtors excluding Council Tax and Business Rate debts.

Deposits are not made with banks and financial institutions unless they are rated independently with a minimum rating score of AA-. The Council had no exposure to the Icelandic Banking system and has adjusted the criteria for lending money according to the changing circumstances in the Banking Sector. During the year the only institutions which were members of the Bank of England Credit Guarantee scheme or other UK Government Bodies were used to place investments in – the Guarantee scheme closed on the 28 February 2010 but the Bank of England retains the ability to reopen this should the need arise.

The Council has not experienced any losses from default by counterparties in the past in relation to investments. The Council's investments are such that it does not expect any losses from non-performance by any of its counterparties in relation to investments.

The table below compares the percentage of the Council's investment portfolio that was invested at each credit level at the beginning and at the end of the year.

Credit Rating	Percentage of Portfolio 31/03/10	Percentage of Portfolio 31/03/11	Change
AAA or Local Authority Bonds	32%	31%	-1%
AA+ or Aa1	-	-	-
AA or Aa2	-	-	-
AA- or Aa3	68%	69%	1%
A or A+ all Building Societies	-	-	-

The Council does not generally allow credit for commercial rent and trade debtors, however £0.4m of the £1.9m debtors balance is past its due date for payment. The overdue amount can be analysed by age as follows:

31 March 2010 £'000	Overdue Debtor Amount	31 March 2011 £'000
213	Less than 30 Days	292
14	31 days to 90 Days	48
67	91 Days to 364 days	118
141	More than 1 year	155
435	Total Overdue Debtors	613
337	Provision for Bad Debts	301

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loan Board (PWLB), there is no significant risk that it will be unable to raise funds to meet its commitments. Instead the risk is that the Council will have to re-invest a significant proportion of its investments at a time of unfavourable interest rates.

	Investments £'000
Cash and cash equivalents*	16,553
Less than 1 year	13,000
1 year to 2 years	13,000
2 years to 5 years	4,500
More than 5 years	-
	47,053

*includes cash held on an agency basis

All trade and other payables creditors are due to be paid in less than one year.

Market Risk interest rates/prices/exchange rates

The Council is not exposed to significant risk in terms of its exposure to interest rate movements because the Council has a policy to have at least 60% of its investments in fixed rate instruments.

If interest rates had been 1% higher or lower during the year, this would have resulted in an increase or decrease in interest income of £455,000 and an increase or decrease in payments of £118,000.

The Council has a policy of holding all investments to maturity and is, therefore, insulated from temporary changes in the prices of those investments.

The Council has no Financial Instruments denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

24. Cash and Cash Equivalents

2009/2010 £'000		2010/2011 £'000
13	Cash held by the Authority	12
(9,342)	Bank current accounts	(1,173)
3,423	Bank Call Accounts	5,389
(5,906)	Total Cash and Cash Equivalents	4,228

25. Debtors

These amounts were due to the Council.

31 March 2010			31 March 2011	
£'000	£'000		£'000	£'000
	5,371	Government Departments		1,300
	715	Other Local Authorities		0
1,180		Housing Tenants	957	
(971)	209	Less: Provision for Bad Debts	(969)	(12)
6,319		Sundry Debtors	6,146	
(1,560)	4,759	Less: Provision for Bad Debts	(1,867)	4,279
291		Local Taxpayers/ Ratepayers	772	
(117)	174	Less: Provision for Bad Debts	(117)	655
	11,228			6,222

Movement in Debtors is mainly due to:

	£'000
Owing to the NNDR pool	(2,426)
Decrease in amount of grant owed for Housing Benefit	(1,135)
Decrease in year end debtors	(424)

26. Creditors

These amounts were due to be paid by the Council at 31 March 2010

31 March 2010 £'000		31 March 2011 £'000
569	Government Departments	4,970
444	Other Local Authorities	20
566	Housing Tenants	431
128	Local Taxpayers/ Ratepayers	130
7,767	Sundry Creditors	8,518
3,922	Developer Contributions	3,633
13,396		17,702

Movement in Creditors is mainly due to:

	£'000
Decrease in Growth Area Funding	(9,970)
Liability to NNDR pool	5,347

27. Unusable Reserves

Reserve	Balance 1 April 2010 £'000	Net Move- ment in year £'000	Balance 31 March 2011 £'000	Further Detail of Movement	Purpose of Reserve
Revaluation Reserve	11,915	(990)	10,925	See note (a) below	Store of gains on revaluation of fixed assets not yet realised through sales
Capital Adjustment Account	324,458	(121,227)	203,231	See note (b) below	Store of capital resources set aside to meet past expenditure
Available-for - Sale Financial Instruments Reserve	532	(119)	413	See note (c) below	Store of gains on revaluation of investments not yet realised through sales
Financial Instruments Adjustment Account	(12)	12	-	See note (d) below	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments
Pensions Reserve	(66,656)	31,624	(35,032)	See Note 30 to the Core Financial Statements	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet
Deferred Capital Receipts	468	26	494	See note (e) below	

Reserve	Balance 1 April 2010 £'000	Net Move- ment in year £'000	Balance 31 March 2011 £'000	Further Detail of Movement	Purpose of Reserve
Accumulated absences reserve	(106)	-	(106)		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, eg annual leave entitlement carried forward
Collection Fund	(24)	29	5		
Total Unusable Reserves	270,575	(90,645)	179,930		

a. Movement on Revaluation Reserve		
2009/10 £'000		2010/11 £'000
7,844	Revaluation Gains (Including Available for Sale Assets)	457
0	Revaluation Loss Reversals	(1,040)
(223)	Adjustment for Council Dwelling Disposals 2008/09	0
(4)	Less Value of Disposals	(102)
(250)	Less Historic Cost Depreciation	(305)
7,367		(990)

b. Movement on Capital Adjustment Account		
2009/10		2010/11
£'000		£'000
90	Adjustments for previous year disposals/other	0
	Financing Capital Expenditure:	
1,689	Capital Receipts Reserve	2,100
4,400	Major Repairs Reserve	4,189
56	Revenue Reserves	92
(4,803)	Less Depreciation	(5,209)
(29)	Less Amortisation	(39)
(2,545)	Less Revenue Expenditure Funded From Capital Under Statue	(4,214)
2,918	Grants Applied	5,031
250	Historic cost depreciation	305
(3,877)	Less Net Book Value of disposals	(16,813)
0	Revaluation Reserve Write out for Disposals	102
3,447	Impairments	(106,934)
227	Minimum Revenue Provision	164
1,823		(121,227)

c. Movement on Available for Sale Financial Instruments Reserve		
2009/10		2010/11
£'000		£'000
83	Adjustment for Fair Value Bonds	(119)
83		(119)

d. Movement on Financial Instruments Adjustment Account		
2009/10		2010/11
£'000		£'000
16	Less Write off of Premiums and Discounts	12
16		12

e. Movement on Deferred Credits		
2009/10		2010/11
£'000		£'000
(14)	Repayments received	26
4	Less revaluation of assets	-
(10)		26

28. Leases

The Code requires that all leases are reviewed and it determined whether they are either finance or operating leases.

- If a finance lease is determined, the asset/liability is shown on the balance sheet with the annual leasing payments being split between repayment, interest and service elements.
- If an operating lease is determined, the income/payments are shown in the Comprehensive Income and Expenditure Statement.

Authority as a Lessee

Finance Leases

The Council has leased the fourth floor of the Edinburgh Road Car Park. The lease is for the majority of the assets' predicted life span and therefore has been classified as a finance lease. The following balance is included on the balance sheet.

2009/10 £'000		2010/11 £'000
120	Other Land and Buildings	120
120	Total	120

The Authority is committed to making the following lease, which has a remaining life of 46 years.

	Lease Payment £'000	Service Cost £'000	Interest Cost £'000	Repayment of Principal £'000
Within 1 Year	16	-	16	-
2 – 5 Years	64	-	64	-
Later than 5 Years	664	5	539	120
	744	5	619	120

Operating Leases

The authority has contracts for lease cars and has categorised these leases as operating leases. The Authority was committed as at 31 March 2011 to making lease payments as per the following table:

2009/10 £'000		2010/11 £'000
116	Within 1 Year	189
107	2-5 Years	312
-	Later than five years	-

Authority as a Lessor

Finance Leases

The Authority has leased the Ashford Indoor Bowls Centre to the Ashford Indoor Bowls Centre Ltd; the lease is for the majority of the assets life and therefore is to be treated as a finance lease. The remaining life of this lease is 43 years. The table below shows the income due on this lease:

	Principal receivable £'000	Interest £'000	Total £'000
Within 1 year	16	26	42
2 – 5 Years	69	99	168
Later than 5 Years	1,074	522	1,596
	1,159	647	1,806

Operating Leases

The Authority leases out property under operating leases for the different purposes. These include, sports facilities, shops, community assets. The income from these leases, calculated at current levels, is detailed in the table below:

2009/10 £'000		2010/11 £'000
183	Within 1 Year	158
522	2 – 5 Years	377
204	Later than 5 Years	191

The Council owns and rents out a number of industrial units on short term leases. The Income receivable for leases relating to industrial units is detailed below:

2009/10 £'000		2010/11 £'000
132	Within 1 Year	157
65	2 – 5 Years	105
-	Later than 5 Years	-

29. PFI and Similar Contracts

Stanhope PFI

On the 13 April 2007 the Council entered into a design, build, finance, and operate contract with the Chrysalis Consortium (the Contractor) for the provision of the regeneration of the Stanhope Estate and housing management services for the duration of the contract. The contract is for 30 years.

The total value of the contract is £140m, which includes a construction cost of £27m. Details of the PFI assets held on the balance sheet are included in note 17.

Under the terms of the Contract the Council is required to make the following payments to the Contractor:

- An annual unitary charge net of deductions for performance.
- Capital contributions to Infrastructure costs.
- Pass through costs e.g. Disabled Facilities Grants.

These payments will be met from:

- The Council's existing revenue budget for the services, rental income and housing subsidy.
- PFI Special Grant from Central Government.

The payments to the Provider will be subject to indexation RPIX, and may also vary by virtue of certain provisions within the contract. These primarily relate to:

- Performance and availability deductions
- changes in law which affect the costs of the service

- variations to the contract which are approved by the Council
- benchmarking of non-property related costs at agreed intervals

Analysis of Forecast Unitary Charge

	Repayment of Liability £'000	Interest Cost £'000	Service Cost £'000	Total £'000
Within 1 Year	(49)	993	3,085	4,029
2-5 years	392	3,970	12,340	16,702
6-10 years	2,095	4,786	15,425	22,306
11-15 Years	4,400	4,264	15,425	24,089
16-20 Years	7,389	3,292	15,425	26,106
21-25 Years	11,225	1,737	15,425	28,387
26-30 Years	2,794	98	3,867	6,759
	28,246	19,140	80,992	128,378

The PFI contract transfers risks from the Council to the contractor, as the Council retains ownership of the assets the risk to the Council in event of a contractor default is low. The Council monitors performance of the contractor against a range of Key Performance Indicators and can deduct money from the unitary payment in the event that these measures are not achieved. A ratchet mechanism in the contract allows penalties to increase in the event of continued performance issues.

Extra Care Housing PFI

During 2007/08 the Council entered into a partnership arrangement with Kent County Council and nine other district councils within Kent to provide new homes for vulnerable people. The overall scheme is being funded by Public Finance Initiative credits over a thirty year period. In the event of the scheme ceasing the Council will be liable for:-

1. Contractor default, £4.275m in year 10, £4.125m in year 20
2. Force Majeure, £4.950m in year 10, £3.675m in year 20

Other Service Contracts

The Council has entered into contracts for refuse collection and street cleansing which include elements that under International Financial Reporting Standards are considered to be Finance Leases. These leases, included within the contracts, for vehicles and equipment that is solely used on the Councils contract. Under the new Code these assets are included within the authority's balance sheet:

2009/10 £'000		2010/11 £'000
603	Property, Plant and Equipment	412
603	Total	412

The Authority is committed to making the following payments under the terms of the contracts:

	Lease Payment £'000	Service Cost £'000	Interest Cost £'000	Repayment of Principle £'000
Within 1 Year	3,830	3,608	21	201
2 – 5 Years	3,944	3,722	11	211
Later than 5 Years	-	-	-	-
	7,774	7,330	32	412

Both contracts are due to end in March 2013.

30. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Local Government Pension Scheme, administered locally by Kent County Council, is a funded defined benefit final salary scheme. This means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the Net Cost of Services, when employees earn these, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year.

2009/10 £'000	Local Government Pension Scheme	2010/11 £'000
	Income and Expenditure Account	
	Net Cost of Services:	
1,006	current service cost	2,340
-	past service costs	(9,332)
1,029	Curtailments and Settlements	78
-	Net Operating Expenditure	-
5,481	interest cost	5,984
(2,644)	expected return on scheme assets	(4,079)
4,872	Net Charge to the Income and Expenditure Account	(5,009)
14,540	Actual Return on Scheme Assets	5,016

2009/10 £'000	Movement in Reserves Statement:	2010/11 £'000
(4,872)	Reversal of net charges made for retirement benefits in accordance with IAS 19	5,009
2,872	Employers' contributions payable to scheme	3,099

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

2009/10 £'000	Funded liabilities: Local Government Pension Scheme	2010/11 £'000
80,800	1 April	119,912
1,006	Current service cost	2,340
5,481	Interest cost	5,984
651	Contributions by scheme participants	649
37,341	Actuarial gains and losses	(16,811)
-	Past service costs	(9,332)
348	Settlements and Curtailments	78
(1,292)	Liabilities extinguished on settlement	-
(261)	Unfunded Benefits Paid	(257)
(4,162)	Benefits paid	(4,163)
119,912	Accounting Value of Liabilities as at 31 March	98,400

Reconciliation of fair value of the scheme assets:

2009/10 £'000	Local Government Pension Scheme	2010/11 £'000
42,410	1 April	54,077
2,644	Expected rate of return	4,079
2,872	Employer contributions	3,099
651	Contributions by scheme participants	649
11,896	Actuarial gains and losses	6,564
-	Unfunded Benefits Paid	-
(1,973)	Payment/(receipt) of bulk transfer values	-
(4,423)	Benefits paid	(4,420)
54,077	Accounting value of scheme assets as at 31 March	64,048

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

Balance Sheet Disclosure

Balance Sheet as at:	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Present Value of Funded Obligation	95,401	116,484	77,410
Less Fair Value of Scheme assets (bid Value)	(64,048)	(54,077)	(42,410)
Net Liability	31,353	62,407	35,000
Present Value of Unfunded Obligation	2,999	3,428	3,390
Unrecognised Past Service Cost	-	-	-
Net Liability in Balance Sheet	34,352	65,835	38,390
Pension Strain	679	821	491
Net Pension Reserve Balance	35,031	66,656	38,881

Scheme history

	2010/11 £'000,s	2009/10 £'000,s	2008/09 £'000	2007/08 £'000	2006/07 £'000
Fair value of assets	64,048	54,077	42,410	52,720	58,000
Present value of liabilities:	(98,400)	(119,912)	(80,800)	(83,220)	(94,680)
Surplus/(deficit) in the scheme:	(34,352)	(65,835)	(38,390)	(30,500)	(36,680)
Experience adjustments on scheme liabilities	4,040	605	70	1,970	220
Percentage of Liabilities	4.1%	0.5%	0.1%	2.4%	0.2%
Experience adjustments on scheme assets	6,564	11,896	(14,020)	(9,490)	(370)
Percentage of Assets	10.2%	22.0%	(33.1)%	(18.0)%	(0.6)%

The liability shows the underlying commitment that the Council has in the long run to pay retirement benefits. Although the liability has a negative impact on the Council 's equity position, statutory arrangements for the funding of the deficit mean that the financial position of the Council remains healthy.

- The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Pension Fund's liabilities were assessed by Barnett Waddingham, an independent firm of actuaries; the last full valuation of the scheme was as at 31 March 2010.

The principal assumptions used by the actuary were:

2009/10	Funded liabilities: Local Government Pension Scheme	2010/11
	Long-term expected rate of return on assets in the scheme:	
7.5%	Equity Investments	7.4%
4.5%	Gilts	4.4%
5.5%	Other Bonds	5.5%
5.5%	Property	5.4%
3.0%	Cash	3.0%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.5 Years	Men	19.8 Years
24.4 Years	Women	23.9 Years
	Longevity at 65 for future pensioners:	
22.6 Years	Men	21.9 Years
25.5 Years	Women	25.8 Years
3.9%	Price Increases (RPI)	3.5%
N/A	Price Increases (CPI)	2.7%
5.4%	Salary Increases	5.0%
3.9%	Pension Increases	2.7%
5.5%	Discount Rate	5.5%
50.0%	Proportion of employees opting to take a commuted lump sum	50.0%

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

31 March 2010 £'000		31 March 2011 £'000
40,017	Equity investments	48,677
541	Gilts	640
7,571	Bonds	7,686
3,785	Property	5,764
2,163	Cash	1,281
54,077	Total	64,048

History of experience gains and losses

The actuarial gains identified as movements on the Pension Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	2010/11	2009/10	2008/09	2007/08	2006/07
	£'000	£'000	As restated £'000	As restated £'000	£'000
Actuarial Gains/ (Losses)	23,375	(25,445)	(6,810)	6,260	5,430
Cumulative Actuarial Gains and (Losses)	(15,431)	(38,806)	(13,361)	(6,551)	(12,811)

Projected Pension Expense for the Year to 31 March 2012

	£'000
Service Cost	1,830
Interest Cost	5,366
Return on Assets	(4,380)
Total	2,816
Employer Contributions	2,604

31. Related Parties

Under the Accounting Standard FRS8 Related Party Transactions the Council must declare any Related Party Transactions between the Council and elected Members, Senior Officers of the Council or any of their close relatives (For 2010/11 4 Councillors did not submit a return). During 2010/11, there were no such works or services (2009/10 £nil).

There is a standing item on each Committee agenda requiring Members to declare any interest in any item to be discussed. The Democratic Services Manager keeps a record of all declarations made at meetings and a Register of Members' Interests, which is available for public inspection.

32. Interest in Companies

The Council is a 25% founding partner in the Ashford Future Company. This Company, limited by guarantee, has been established to deliver the Government's growth agenda for Ashford. Following the ending of the Government's Growth Area Funding, the Council and its partners have taken

the decision to wind down the company. This is currently being undertaken with the company expected to become dormant at the end of June 2011.

The Council holds a long standing 10% minority stake in Orbital Park Ltd with the majority share being owned by Eurotunnel Ltd. The Company managed the development of Orbital Park in Ashford which is now largely complete and the company is currently being wound down.

33. Contingent Liabilities

The Council's insurers were Municipal Mutual Insurance Limited (MMI) until the company ceased to provide new cover in 1994. A Scheme of Arrangement was set up with the aim of funding any claims that were outstanding at that time. The scheme allows for a claw back of payments already made under the scheme if the outstanding claims cannot be fully funded by the company. The maximum possible claw back for the Council is set at £446,180. MMI's Directors have stated that they still foresee a fully solvent run-off of the Company's business. No provision has been made in the Statement of Accounts for any claw back of payments already made to the Council.

The Council has entered into an agreement with KCC relating to the provision of a Recuperative Care Centre at Farrow Court, Ashford. If the property ceases to be used for this purpose at any time during the 35-year life of the Agreement the Council will be liable to pay a proportion of the construction costs. The maximum possible liability is presently £320,000 and will reduce during the period of the Agreement. There is no reason to believe that these circumstances will arise, and no provision has been made in the Statement of Accounts for any future payments under this Agreement.

The Council is accepting the risk for the Sheltered Housing PFI jointly procured with KCC. The risk to the Council in the event of early termination of the contract is circa £4m. See Note 29 page 81 for further disclosures.

The Council has accepted a contractual obligation to ensure compliance with a planning condition for the provision of parking for the County Square extension. Failure to meet this obligation may result in planning enforcement action and subsequently in a legal claim against the Council. The Council is working to provide a park and ride car park to meet this obligation on a permanent basis and delivered an interim solution on the Dover Place site as well as other extra parking capacity in the town.

The Council is acting as a guarantor for the Pension Liabilities of Ashford Leisure Trust to permit its entry into the Kent County Council Superannuation

Fund. In the event that the Trust fails to meet its obligations to the Fund the Council will be called upon to cover these liabilities. This cannot be quantified, as these will depend on the strength of the Fund at the time and the actuarial assumptions for the valuation of future liabilities.

The Council has agreed to indemnify Ashford Leisure Trust for any statutory redundancy costs from the cessation of the current temporary operational arrangements for the management of the Julie Rose Stadium. The amounts cannot currently be quantified.

The Council is acting as a guarantor for the Pension Liabilities of Ashford's Future Company Ltd to enable its entry into the Kent County Council Superannuation Fund. In the event that the Company fails to meet its obligations to the Fund the Council will be called upon to cover these liabilities. The Council has the benefit of partial indemnities from three other parties to share in this risk. The Company is in the process of being wound down and the pension fund has indicated that as at 31/03/2011 the pension fund for the Company is fully funded and therefore no further liability is expected. The Company will cease to be an active member of the Pension scheme on 18 July 2011.

The Council is acting as a guarantor for redundancy payments for Staff employed by Ashford's Future Company Ltd in the event that the company cannot meet its obligations in this respect. The Council has the benefit of partial indemnities from the three Ashford Future Founding partners to share in the risk. The Company's winding down programme shows that costs will be covered from either retained profit or Interest that has been generated on Growth Area Funding balances which is held for the benefit of the partnership. If these balances are not sufficient then there may be a call on the Council to fund these payments. The process of winding down the company is due to be completed by the end of June 2011.

The Council has entered into two agreements with Kent County Council and SEEDA which include provision for the repayment of Regional Infrastructure Funding (RIF) used to pay for works to the Drovers Roundabout and the M20 junction 9 footbridge. RIF funding has been awarded to Kent County Council for the schemes by SEEDA. A condition of the agreement is that, in the future, money collected from developers in respect of these works through the planning process by Ashford Borough Council will be paid to SEEDA. It is uncertain how much will be collected or when payments will be received or made. However the Councils liability is limited to the total amount received in each case.

34. Contingent Assets

A number of Councils are in the process of legal action against HM Revenue and Customs to recover VAT on car parking income. The Council has two protective claims for VAT in regards to off street parking income, totalling £2,210,663; the case is currently subject to an appeal by HM Revenue and Customs.

The Council has submitted a further claim to HM Revenue and Customs for VAT in regards to off street parking income, covering the period April 1974-March 1996, this totals £1,174,340. The case is currently subject to an appeal by HM Revenue and Customs.

The Council is seeking to recover certain additional costs incurred on the Stour Centre refurbishment project but it is not possible to estimate the likely outcome at this stage. The value of this claim includes the cost of repairing the leisure pool tiles and the lost income relating to the pool closure.

35. Events After the Balance Sheet Date

Included within the Statements is an accrual for the settlement of outstanding concessionary fares claims made by the bus operator. The members of the Kent Scheme had triggered a process of judicial review and were seeking a reduction in this figure. To avoid this legal process the bus company is actively negotiating with the scheme and there is an expectation that the amount paid will be lower than the amount accrued for in the accounts (This estimated to be as much as £160,000). The accrual will be amended once a final settlement figure has been agreed.

36. Cash Flow Statement - Operating Activities

2009/10 £'000		2010/11 £'000
(401)	Interest paid	(1,113)
765	Interest received	1,342
-	Dividends received	-

37. Cash Flow Statement - Investing Activities

2009/10 £'000		2010/11 £'000
(9,438)	Purchase of property, plant and equipment, investment property and intangible assets	(12,199)
(20,286)	Purchase of short-term and long-term investments	(33,500)
3,412	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,323
19,331	Proceeds from short-term and long-term investments	28,000
2,255	Other receipts from investing activities	7,312
(4,726)	Net cash flows from investing activities	(8,064)

38. Cash Flow Statement - Financing Activities

2009/10 £'000		2010/11 £'000
12,000	Cash receipts of short and long-term borrowing	21,251
(1,467)	Adjustments to financing activities	7,912
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(191)
(7,000)	Repayments of short and long-term borrowing	(14,000)
0	Other payments for financing activities	(122)
3,583	Net cash flows from financing activities	14,850

39. Cash Flow Statement - Makeup of Cash and Cash Equivalents

2009/10 £'000		2010/11 £'000
(9,329)	Cash and Bank Balances	(12,392)
3,423	Cash Investments - regarded as cash equivalents*	16,620
-	Bank Overdraft	-
(5,906)		4,228

* This item includes a £11.2m adjustment (2009/10 £10.0m) for Growth Area funding held by the Council as an agent and therefore excluded from our accounts.

Supplementary Single Entity Statements

Housing Revenue Account

The Housing Revenue Account (HRA) is a record of the revenue expenditure and income relating to Ashford Borough Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants; the HRA is a statutory account, ringfenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

2009/2010 Restated £'000	HRA Income and Expenditure Account	2010/2011 £'000
	Expenditure	
3,010	Repairs and maintenance	2,972
4,740	Supervision and management	4,636
47	Rents, rates, taxes and other charges	43
3,691	PFI Contractor	2,970
6,857	Negative HRA Subsidy payable	6,998
4,068	Depreciation and impairment of non current assets	5,006
(26,374)	Exceptional Item – (Revaluation Gain)/Impairment of HRA assets	107,636
21	Debt management costs	44
210	Movement in the allowance for bad debts	-
(3,730)	Total Expenditure	130,305
	Income	
(18,798)	Dwelling rents	(18,868)
(556)	Non-dwelling rents	(526)
(555)	Charges for services and facilities	(568)
(347)	Contributions towards expenditure	(333)
(3,000)	PFI Subsidy receivable	(3,000)
(23,256)	Total Income	(23,295)
(26,986)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	107,010
521	HRA services' share of Corporate and Democratic Core	486
251	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	289
(26,214)	Net (Income)/Cost for HRA Services	107,785
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	
(226)	(Gain)/Loss on sale of HRA non-current assets	14,779
51	Interest payable and similar charges	1,025
(138)	Interest and investment income	(65)
416	Pensions interest cost and expected return on pensions assets	279
(26,111)	(Surplus) or deficit for the year on HRA services	123,803

Movement on the Housing Revenue Account Statement		
2009/2010 Restated £'000		2010/2011 £'000
(1,233)	Balance on the HRA at the end of the previous year	(1,670)
(26,111)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	123,803
25,674	Adjustments between accounting basis under statute	(124,284)
(437)	Net (increase)/decrease in year on the HRA	(481)
(1,670)	Balance on the HRA at the end of the current year	(2,151)

Note on Statement of Movement on the Housing Revenue Account Balance		
2009/10 Restated £'000		2010/2011 £'000
	Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year	
16	Difference between interest payable and similar charges (including amortisation of premiums and discounts)	(44)
25,873	Difference between any other item of income and expenditure determined in accordance with the code	(109,103)
226	(Gain) or loss on sale of HRA non-current assets	(14,779)
-	Capital expenditure funded by the HRA	36
(181)	HRA Share of contributions to or from the pension reserve	(205)
(261)	Transfer to/(from) the Major Repairs Reserve	(189)
25,674		(124,284)

Notes to the Housing Revenue Account

1. Number and type of Housing Stock, Balance Sheet Opening and Closing Values

The breakdown of the numbers and types of HRA dwellings at 31 March 2011 is given in the table below:

31 March 2010 Units	Dwellings By Type	31 March 2011 Units
3,540	Houses/Bungalows	3,537
1,474	Flats/Bedsits/Maisonettes	1,472
-	New Development Dwellings	20
5,014	Total Number of Dwellings	5,029
337	Properties Managed under the Stanhope PFI	337
4,677	Revised Total Number of Dwellings	4,692

The opening and closing Balance Sheet values of HRA assets are shown below:

1 April 2010 £'000		31 March 2011 £'000
325,986	Operational assets - dwellings, land and buildings	202,309
-	- Non-operational assets	303
325,986		202,612

2. Vacant Possession Value of Dwellings

The vacant possession value of dwellings within the Council's HRA as at 1 April 2010 was £619,337,000 (£631,568,940 as at the 1 April 2009), a number of Stanhope PFI properties have been disposed. The difference between this and the Balance Sheet value shows the economic cost to Government of providing council housing at less than open market rents.

This valuation exercise was completed by an external valuer (Savills)

3. Major Repairs Reserve

2009/10 £'000		2010/11 £'000
5,847	Balance on 1 April	4,753
3,567	Depreciation	3,540
(261)	Transfer to/(from) Major Repairs Reserve	(191)
(4,400)	Less: Use of Reserve for HRA Capital Expenditure	(4,189)
4,753	Balance at 31 March	3,913

4. Summary of Capital Expenditure and Financing

2009/10 £'000		2010/11 £'000
4,400	Expenditure on Dwellings	4,189
-	Expenditure on new developments	3,297
-	Expenditure on PFI	495
-	Expenditure on pilot PV panels project	36
4,400		8,017
	Financed By:	
-	Capital Receipts	-
4,400	Major Repairs Reserve	4,189
-	External Contribution (Housing Communities Agency)	1,520
-	Borrowing	1,777
-	Revenue Contribution	531
4,400		8,017

5. Capital Receipts from Disposal of Assets

2009/10 £'000		2010/11 £'000
996	Receipts from Right to Buy Sales	306
1,439	Receipts from Housing Land	1,721
(62)	Costs of disposal	(53)
2,373	Total Capital Receipts less deductions	1,974

6. Depreciation

The Housing Revenue Account for the year includes charges for depreciation of £3,550,847 (2009/10, £3,566,957), summarised below,

2009/10 £'000		2010/11 £'000
3,306	Council Dwellings	3,349
261	Council Garages	190
-	PV Panels	1
-	New Development	11
3,567		3,551

The Council uses the Major Repairs Allowance as a proxy for depreciation for Council Dwellings.

7. HRA Subsidy

The HRA subsidy for the year is made up as follows:

2009/10 £'000		2010/11 £'000
2,320	Allowance for Management	2,344
5,510	Allowance for Maintenance	5,505
3,306	Allowance for Major Repairs	3,349
89	Charges for Capital	73
(18,072)	Rent	(18,269)
(4)	Interest on Receipts	(1)
(6)	Adjustment for previous years	1
(6,857)	Subsidy as per Income and Expenditure Account	(6,998)
3,000	PFI Subsidy	3,000
(3,857)	Negative Subsidy payable to Central Government	(3,998)

8. Pensions

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge we are required to make against the Housing Revenue Account 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 Housing Revenue Account Balance. The following transactions have

been made in the Income and Expenditure Account and Statement of Movement in the Housing Revenue Account Balance.

2009/10 £'000		2010/11 £'000
	Income and Expenditure Account	
-	Net Cost of Services	-
148	Current Service Cost	343
-	Past Service Cost	-
-	Net Operating Expenditure	-
803	Interest cost	876
(388)	Expected return on assets	(597)
563	Net Charge to the Income and Expenditure Account	622
	Statement of Movement in the Housing Revenue Account Balance	
(563)	Reversal of net charges made for retirement benefits in accordance with IAS19	(622)
382	Actual amount charged against the Housing Revenue Account for pensions in the year.	416

9. Rent Arrears

During the year 2010/11 arrears totalling £2,160 (£9,221 - 2009/10) were written off to the bad debts provision held outside the HRA as they were considered to be uncollectable. No contribution (£215,461 – 2009/10) has been made to the provision in the year.

The balance on the provision at 31 March 2011 was £968,914 (£971,074 at 31 March 2010).

31 March 2010		31 March 2011
933,121	Gross Arrears	956,925
(214,453)	Less Pre-Payments	(267,189)
718,668	Net Position	689,736

10. Exceptional Item (Impairment)

In 2010/11 impairments of £110,002,105 (£64,564 – 2009/10) were charged to the Housing Revenue Account. £80,270,840 is as a result of the regional variation in Existing Use Value – Social Housing (EUV-SH) from 45% to 32%,

other Authorities will have similar impairments. EUV-SH has also been used to value the new developments, which has resulted in an impairment of £1,455,004; the remaining £28,276,261 impairment is due to a general fall in value.

11. Directions by the Secretary of State

Ashford Borough Council has agreed with the Secretary of State, under section 80B of the Local Government and Housing Act 1989, to exclude the 'New Build' schemes from the Housing Revenue Account Subsidy System. This decision does not affect the way in which the properties have been treated in the accounts, but it does impact the level of subsidy and Major Repairs Allowance paid to/from the Government.

Collection Fund

2009/10 £'000	Income and Expenditure Account	2010/11	
		£'000	£'000
	Income		
(38,411)	Income from Business Taxpayers	(40,141)	
(54,929)	Council Tax	(56,735)	
(7,050)	Council Tax Benefits	(7,460)	
(100,390)			(104,337)
	Expenditure		
	Precepts and Demands		
45,881	Kent County Council	47,037	
6,020	Kent Police Authority	6,226	
2,953	Kent and Medway Fire Authority	3,050	
6,769	Ashford Borough Council inc Parish Precepts	7,075	63,389
	Business Rates		
37,680	Payment to National Pool	38,769	
181	Costs of Collection	172	38,941
	Bad and Doubtful Debts		
179	Write-offs	648	
567	Provisions	746	1,395
	Contributions		
	Surplus Distribution/(Contributions to Deficit)		
(268)	- Kent County Council	246	
(34)	- Kent Police	32	
(17)	- Kent Fire	16	
(35)	- Ashford Borough Council	32	326
99,876			104,051
(514)	Deficit/ (Surplus) in Year		(286)
750	Balance as at 1 st April 2010		237
236	Balance as at 31 March 2011		(49)
	Apportionment to Major Preceptors		
(177)	- Kent County Council		37
(24)	- Kent Police		5
(11)	- Kent Fire		2
24	Ashford Borough Council Share of (surplus)/deficit		(5)

Notes to the Collection Fund

1. NNDR Rateable Value

Under the arrangements for Uniform Business Rates, the Council collects Non-Domestic Rates for its area, which is based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool; the NNDR pool managed by Central Government, which in turn pays back to authorities their share of the pool, based on a standard amount per head of local population.

Total non-Domestic Rateable Value:	£
1 April 2010	95,404,520
31 March 2011	112,771,541
Increase/ decrease for year	17,367,021

The Uniform Rate in the pound set by Government in 2010/11 was: -	
For rateable values below £15,000	40.7p
For rateable values £15,000 and above	41.4p

The increase in rateable values was mainly due to the value of the County Square Development.

2. Council Tax Base

The calculation of Council Tax requirements uses the number of Band D equivalents as the tax base. It is a figure that is usually quoted as the Council Tax in any area.

The Council Tax Base produces a collectable amount of approximately £62.6m. However, changes to the banding of properties, numbers of new properties, exemptions/reliefs and discounts granted altered the amount during the year to £63.2m.

Band	Number of properties net of discounts and reliefs	Multiplier	Band D Equivalent £	Tax in 2009/10 £	Tax in 2010/11 £	Yield £'000
A	2,957	6/9	1,971	908.17	930.05	2,750
B	9,997	7/9	7,775	1,059.53	1,085.06	10,847
C	10,709	8/9	9,520	1,210.89	1,240.07	13,280
D	7,137	1	7,137	1,362.25	1,395.08	9,957
E	5,838	11/9	7,136	1,664.97	1,705.10	9,955
F	4,666	13/9	6,740	1,967.69	2,015.12	9,403
G	2,815	15/9	4,691	2,270.42	2,325.13	6,545
H	161	2	322	2,724.50	2,790.16	450
Adjustments for unbanded and new properties and uncollectables			(400)			(559)
Local tax base including parishes and expected yield			44,893			62,629

3. Precepts

The following Authorities made a significant precept or demand on the Collection Fund:

Authority	Precept £'000	Distribution of prior years surplus £'000	Total £'000
Ashford Borough Council*	7,075	32	7,107
Kent County Council	47,037	246	47,283
Kent Police	6,226	32	6,258
Kent Fire and Rescue	3,050	16	3,066
Total	63,388	326	63,714

*This includes parish precepts

39 Parish Councils precept on Ashford Borough Council. The most significant of which are:

Parish	Precept £'000
Tenterden Town Council	180
Kingsnorth	60
Biddenden	46
Wye with Hinxhill	40
Charing	41

Independent Auditor's report to the Members of Ashford Borough Council

Opinion on the Authority accounting statements

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

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

Respective responsibilities of the Deputy Chief Executive and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Deputy Chief Executive is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Ashford Borough Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

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

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

Authority's responsibilities

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

Auditor's responsibilities

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

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

Basis of conclusion

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

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

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

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

Conclusion

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

Certificate

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

Andy Mack
Officer of the Audit Commission

Audit Commission,
1st Floor,
Millbank Tower,
Millbank,
London,
SW1P 4HQ

Date: 30th September 2011

Glossary

Agency Services – services which are performed for another Authority or public body, where the principal the Authority responsible for the service reimburses the agent the Authority doing the work for the cost of the work carried out.

Amortised – the deduction of capital expenses over a specific period of time. Similar to depreciation, it is a method of measuring the consumption of the value of long-term assets like equipment or buildings.

Appointed Auditors – external auditors of Local Authorities appointed by the Audit Commission. In Ashford's case, this function is carried out by the Commission's own audit staff.

Audit Commission – an independent body, established under the Local Government Finance Act 1982. The Audit Commission is responsible for appointing external auditors to Local Authorities and setting standards for those auditors, carrying out national studies to promote economy, efficiency and effectiveness in the provision of Local Authority services and defining comparative indicators of Local Authority performance that are published annually.

Budget – a statement defining the Council's policies for a year in terms of finance.

Budget Requirement – the estimated revenue expenditure on General Fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding reserves.

Capital Expenditure – spending on the acquisition, construction, enhancement or replacement of tangible assets such as land, buildings or major items of equipment, which will be used to provide services for a number of years.

Capital Financing – funds used to pay for capital expenditure.

Capital Receipts – the proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within the rules set down by the Government, but they cannot be used to finance revenue expenditure.

CIPFA – The Chartered Institute of Public Finance and Accountancy is the leading professional accountancy body for public services in the UK. CIPFA has responsibility for setting good practice accounting standards for Local Government.

Collection Fund – a statutory fund maintained by a Billing Authority, which is used to record local taxes and non-domestic rates collected by the Authority, along with

payments to precepting authorities, the national pool of non-domestic rates and its own general fund.

Componentisation – An accounting term that covers the practice of splitting an asset into its component parts (e.g. Walls, Roof, Lift, Boiler) to determine the appropriate value and depreciation basis for each component.

Contingent Liability – a potential liability at the Balance Sheet date. If the liability cannot be estimated reasonably accurately, it must be disclosed as a note to the Statement of Accounts.

Council Tax – the main source of local taxation to Local Authorities. Council Tax is levied on all domestic households within the Council's area.

Council Tax Benefit – assistance provided to adults on low incomes to help them pay their Council Tax bill. The cost of Council Tax benefit is wholly met by government grant.

Creditors – money owed by the Council to others.

Debtors – money owed to the Council by others.

Force Majeure – is a common clause in contracts which essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as war, strike, riot, crime, act of nature e.g. flooding, earthquake, volcano, prevents one or both parties from fulfilling their obligations under the contract.

General Fund – the main revenue fund of the Authority. Day-to-day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

Gross Expenditure – the total cost of providing the Council's services before taking into account income from Government grants and fees and charges for services.

Housing Benefit – the allowance to persons on low income or unable to meet, in whole or part, their rent. Benefit paid to the Authority's own tenant is known as **rent rebate** and that paid to private sector tenants as **rent allowance**.

Housing Revenue Account HRA – account which sets out the expenditure and income arising from the provision of housing. The HRA is funded by specific housing grants and rents payable by the Council's tenants.

HRA Subsidy – A sum, calculated notionally by Government (based on income from rents, investments and notional expenditure) that results in a payment to/from the local authority.

Impairment – An accounting term that covers the loss in value of an asset either through consumption of its economic life or an change in its usefulness. For example fire damage.

Internal AUDIT – a specialist section of the Council that examines, evaluates and reports on the adequacy of internal control systems and the proper, economic, efficient and effective use of resources.

International Financial Reporting Standards – The accounting standards that have been produced and adopted to govern accounting and move to a globally similar basis.

LABGI – Local Area Business Growth Incentive Scheme. This grant is awarded by Government to councils who grow Rateable value of the businesses in their area.

MRP – Minimum Revenue Provision. This is the calculation that Councils make for the repayment of debt.

National Non-Domestic Rate NNDR – a levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. NNDR is collected by Billing Authorities on behalf of Central Government and then redistributed among all Local Authorities and police authorities on the basis of population.

Net Expenditure – gross expenditure minus specific service income, but before deduction of Revenue Support Grant.

Outturn – actual income and expenditure in a financial year.

Partial Exemption– a VAT term which ensures that a Local Authority does not recover VAT on Inputs that relate to the generation of exempt income more than the 5% of the total VAT recovered.

Pension Fund – an employees' pension fund maintained by an Authority, or group of Authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Authority, the employee and investment income. Ashford participates in a pension fund that covers all Kent Authorities.

Precept – the levy made by precepting authorities on Billing Authorities, requiring the latter to collect income from Council taxpayers on their behalf. County councils, police authorities, fire and rescue authorities and Parish Councils are precepting authorities.

Private Finance Initiative PFI – a Central Government initiative which aims to increase the levels of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

Provisions – amounts set aside for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the Provision must be the best estimate of the likely liability or loss.

Reserves – amounts set aside to meet general, rather than specific future expenditure. These include “other reserves” to be spent on specific services or functions and “general reserves” or 'balances' which every Authority must maintain as a matter of prudence. Sums may be put into or taken from reserves at the Council's discretion.

Revenue Expenditure – the day-to-day running costs of providing services.

Revenue Expenditure Funded from Capital Under Statute – expenditure that does not result in the creation of a fixed asset but is classified as capital expenditure for Capital Control purposes.

Revenue Support Grant RSG – a grant paid by Central Government to aid Local Authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

Specific Grants – grants from Central Government which may only be used for a specific purpose.

Treasury Management – management of the Council's cash balances on a daily basis, to obtain the best return while maintaining an acceptable level of risk

UK GAAP – United Kingdom Generally Accepted Accounting Practice – this was the set of accounting rules that were developed for the United Kingdom. This has largely been replaced by International Financial Reporting Standards.

Appendix Restatement of 2009/10 and 2008/09 Accounts

Restatement of 2009/10 Comparators	Final Accounts	Re-classified Leases	Em-bedded Leases	Annual Leave Accrual	Deferred Capital Grants Adjust	Pension Strain Adjust	Total
Comprehensive Income & Expenditure Account	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Central Services to the Public	609			(2)			607
Cultural, Environmental & Planning	26,476	(551)		(10)	3,846		29,761
Highways	1,127			(1)			1,126
Local Authority Housing (HRA)	(612)			0			(612)
Exceptional Item - HRA stock impairment	(26,374)			0			(26,374)
Housing	2,387			(1)	2,344		4,730
Corporate & Democratic Core	2,399			(6)			2,393
Non-distributable Costs	1,981			0		330	2,311
Cost of Services	7,993	(551)	0	(20)	6,190	330	13,942
Other Operating Expenditure	2,111						2,111
Financing & Investing Income	2,129						2,129
Government Grants	(16,026)				(2,918)		(18,944)
Surplus/Deficit for year	(3,793)	(551)	0	(20)	3,272	330	(762)
Statement of Movement in General Fund Balance (as displayed under SORP2009)							
Opening Balance	(2,951)						(2,951)
Amortisations	(28)						(28)
Depreciation etc	1,583	551	-182				1,952
Deferred Contributions	6,191				(3,272)		2,918
Write down Deferred charges	(2,545)						(2,545)
Gain/Loss on disposal of Fixed Assets	(470)						(470)
FRS 17 Adjustment	(2,000)					-330	(2,330)
Financing Capital Expenditure	56						56
RTB Receipts	(673)						(673)
HRA	437						437
Transfer to the Collection Fund Adjustment Account	50						50
Transfer to/from A/L Accrual Account	0			20			20
Voluntary MRP	45		182				227
Earmarked Reserves	662						662
Total Movement	3,308	551	0	20	(3,272)	-330	279

Restatement of 2009/10 Comparators	Final Accounts	Previous Year Move-ments	Re-classified Assets	Re-classified Leases	Em-bedded Leases	Annual Leave Accrual	Cash & Cash Equiva-lents	Deferred Capital Grants Adjust	Pension Strain Adjust	Agent v Principal Adjust	Total
Balance Sheet	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property Plant & Equipment	368,655	(428)	203	551	(182)						368,799
Intangible Fixed Assets	76	0									76
Investment Properties	0	0									0
Long-term Investments	12,773	0									12,773
Long-term Debtors	498	1,176		(16)							1,658
Total Long Term Assets	382,002	748	203	535	(182)	0	0	0	0	0	383,306
Short Term Investments	16,765	(4,580)					1,157				13,342
Inventories	29	0									29
Short Term Debtors	11,213	15									11,228
Cash & Cash Equivalents	641	4,580					(1,157)			(9,970)	(5,906)
Assets for Sale	0	252	(203)								49
Current Assets	28,648	267	(203)	0	0	0	0	0	0	(9,970)	18,742
Short Term Borrowing	(9,014)	0									(9,014)
Short Term Creditors	(23,041)	(126)				20				9,970	(13,177)
Capital Grants Receipts in Advance	(3,456)	6,624						(3,387)			(219)
Current Liabilities	(35,511)	6,498	0	0	0	20	0	(3,387)	0	9,970	(22,410)
Provisions	(179)	0									(179)
Pension Liability	(65,835)	0									(65,835)
Pension Strain	0	(491)							(330)		(821)
PFI LT Liability	(27,698)	0									(27,698)
Long Term Borrowing	0	0									0
Finance Lease Liability	0	(905)			182						(723)
Long Term Liabilities	(93,712)	(1,396)	0	0	182	0	0	0	(330)	0	(95,256)
TOTAL ASSETS LESS LIABILITIES	281,427	6,117	0	535	0	20	0	(3,387)	(330)	0	284,382
Usable Reserves	(13,807)	0	0	0	0	0	0	0	0	0	(13,807)
Unusable Reserves	(267,620)	(6,117)	0	(535)	0	(20)	0	3,387	330	0	(270,575)
TOTAL EQUITY	(281,427)	(6,117)	0	(535)	0	(20)	0	3,387	330	0	(284,382)

Restatement of 2008/09 Comparators	Final Accounts restated for SORP 2009	Re-classified Assets	Re-classified Leases (Lessor)	Re-classified Leases (Lessee)	Em-bedded Leases	Annual Leave Accrual	Cash & Cash Equiva-lents	Deferred Capital Grants Adjust	Pension Strain Adjust	Agent v Principal Adjust	Total
Balance Sheet	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property, Plant & Equipment	352,383	(252)	(1,081)	120	785						351,955
Intangible Fixed Assets	80										80
Long-term Investments	15,899										15,899
Long-term Debtors	486		1,176								1,662
Long Term Assets	368,848	(252)	95	120	785	0	0	0	0	0	369,596
Short Term Investments	13,461						(4,580)				8,881
Inventories	25										25
Short Term Debtors	6,563		15								6,578
Cash & Cash Equivalents	214						4,580			(10,817)	(6,023)
Assets for Sale	0	252									252
Current Assets	20,263	252	15	0	0	0	0	0	0	(10,817)	9,713
Short Term Borrowing	(4,158)										(4,158)
Short term Creditors	(24,165)					(126)				10,817	(13,474)
Capital grants received in advance	(7,506)							6,624			(882)
Current Liabilities	(35,829)	0	0	0	0	(126)	0	6,624	0	10,817	(18,514)
Provisions	(169)										(169)
Pension Liability	(38,390)										(38,390)
Pension Strain	0								(491)		(491)
PFI Long Term Liability	(19,494)										(19,494)
Long Term Borrowing	0										0
Finance Lease LT Liability	0			(120)	(785)						(905)
Long Term Liabilities	(58,053)	0	0	(120)	(785)	0	0	0	(491)	0	(59,449)
TOTAL ASSETS LESS LIABILITIES	295,229	0	110	0	0	(126)	0	6,624	(491)	0	301,346
Usable Reserves	(12,345)										(12,345)
Unusable Reserves	(282,884)		(110)			126		(6,624)	491		(289,001)
TOTAL EQUITY	(295,229)		(110)			126		(6,624)	491		(301,346)

