

**EAST CAMBRIDGESHIRE DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2010/2011**

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EXPLANATORY FOREWORD

As the Head of Finance and S151 Officer, I am pleased to present the Council's 2010/11 Statement of Accounts.

The purpose of this Foreword is to provide a guide to the most significant matters reported in the Council's accounts. The financial statements have been prepared in accordance with the standard format for local authority accounts as recommended by the Chartered Institute of Public Finance and Accountancy, (CIPFA) as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on International Financial Reporting Standards (IFRS).

To aide the reader's interpretation of the Council's Statement of Accounts, the Foreword has been split into three sections:

- A review and commentary on the Council's performance during 2010/11.
- An explanation of the major changes in the presentation of the 2010/11 Statement of Accounts when compared to those presented in 2009/10.
- A commentary on the more significant items within the accounts that are worthy of note.

1.0 **REVIEW AND COMMENTARY ON THE COUNCIL'S SERVICES AND PERFORMANCE DURING 2010/11**

The financial year 2010/11 has been an extremely challenging period, working against the backdrop of the economic recession and the resultant impact on the reduction in the Council's main financial income streams as identified during 2009/10. Nevertheless, the Council was proactive in finding the necessary savings for 2010/11 to ensure that it could deliver a balanced budget without drawing down from its reserves.

It is clear that the impact of the recession is still being felt across the public sector and is likely to continue to be the case over the next few years and it has certainly impacted on this Council's financial planning during 2010/11. The main fee income streams of this Council, for example, have continued at a lower level than was the case prior to 2009/10.

During the course of 2010/11, however, the Council faced some unanticipated pressures on it's financial position and by September 2010, an in - year gap of £336,000 had been identified. The main factors responsible for this were:

- The withdrawal of further LPSA funding to the Council from Central Government - £116,000
- A shortfall in the non- staffing savings identified to balance the 2010/11 budget - £64,000
- Repairs to Cemetery Lodge - £115,000

The Council responded to this by taking a number of actions including the cancellation of £105,000 of revenue contribution towards financing the capital programme and Management Team identified a series of savings totalling £182,000 which were reported at the December Policy and Resources Committee meeting.

In January 2011, Members approved a revised medium term financial strategy covering the period 2010/11 to 2014/15, which was driven mainly by the anticipated cuts in funding from Central Government within this timeframe. The strategy identified the level of savings required to enable the Council to have a balanced 4 year financial position and also noted a forecast underspend for 2010/11 of £150,000.

The Council has remained debt free and has not required to borrow during the year. There was a material gain on the disposal of land which is shown within the Accounts.

EXPLANATORY FOREWORD CONTINUED

The 2010/11 General Fund Revenue Outturn

The Council's net revenue expenditure for 2010/11 was originally estimated at £10,742,608, which was revised downwards during the year to £10,622,091. The Council's revenue net expenditure for 2010/11 was £10,224,688 which is an underspend compared to the original budget of £517,920 and an underspend of £397,403 compared to the revised budget.

The main variances attributable to the underspend of £397,403 are:

	£000	Note
Housing Benefits	135	Housing Benefit subsidy received was higher than anticipated
Rating Review	93	Refunds received during February and March as a result of a ratings review of the Council's assets
External Audit Fees	(19)	Under accrual of the 2009/10 audit fees
Environmental Issues	(30)	Increase in the recycling credits paid out
Concessionary Fares	35	Payments to the County for concessionary bus fares was less than estimated for 2010/11
Investment Interest	38	Additional interest earned on the late payment of S106 monies to the Council plus the interest earned on the Council's investments was higher than anticipated
Local Plans	16	Habitats grant received 31 March that was not anticipated
Childcare Scheme	23	Childcare scheme underspent
Mail	12	Reduction in the cost of postage
NNDR	26	Discretionary rate relief and court costs budget underspent.
Office	12	Underspend on electricity
Paradise Pool	15	Income received from the County Council for the 'Aiming Higher' project
Recycling	34	Cost of the recycling contract was less than anticipated plus an underspend on salaries
Reprographics	17	Printing and equipment budgets underspent
Training	26	Staff training budget underspent
Land Charges	(24)	The provision of highways search information by the County was higher than estimated.
Other variances	(12)	
Total Underspend	397	

Sources of Income

	Original Budget £000	Revised Budget £000	Actual £000	Variance To Revised Budget £000
Government Grants	(27,954)	(28,229)	(30,242)	(2,013)
Other Grants/Reimbursements	(918)	(1,370)	(1,684)	(314)
Sales, Fees & Charges	(1,428)	(1,693)	(1,720)	(27)
Local Taxpayers	(5,419)	(5,419)	(5,419)	0
Other Income	(764)	(824)	(1,102)	(278)
Total Income	(36,483)	(37,535)	(40,167)	(2,632)

The Government grants were higher than estimated mainly as a result of additional housing benefit and council tax benefit subsidy from the DWP

Other grants and reimbursements includes unanticipated income from the Kings Street Housing in the form of recycled rent deposits and S106 contributions from developers.

EXPLANATORY FOREWORD continued

The Council's main fees and charges income streams are monitored on a monthly basis and the budgets are adjusted in line with the latest projections. The actual income compared to the revised budget shows a favourable variance of £15,000 as set out in the table below:

	Original Budget £000	Revised Budget £000	Actual £000	Variance To Revised Budget £000
Planning Fees	(311)	(341)	(334)	7
Building Control Fees	(215)	(232)	(229)	3
Land Charges	(130)	(117)	(117)	0
Investment Interest	(125)	(100)	(131)	(31)
Licensing Income	(121)	(121)	(115)	6
	(902)	(911)	(926)	(15)

Reserves

The General Fund Reserve balance at 1 April 2010 stood at £1,446,677 and this balance was forecast to increase by £139,417 at the end of the financial year to £1,586,094.

The underspend of £397,403 at the end of 2010/11 has enabled the following 2 earmarked reserves to be set up and an additional amount to be added to the Asset Management Reserve.

Earmarked reserve	£	Explanation
Asset Management Reserve	-119,650	Monies set aside to cover the additional anticipated expenditure on the Council's assets over the next 5 years per the Council's Asset Management Plan
Revenues & Benefits Reserve	-150,000	Monies set aside to fund future developments in the revenues and benefits service
Reception Reserve	-90,000	Monies set aside to fund the refurbishment of the reception area of the Grange.
	-359,650	

The remaining underspend of £37,753 has been added to the General Fund Reserve at the end of the financial year together with the planned contribution of £139,417. The General Fund Balance at the 31 March 2011 has therefore increased to £1,623,847

EXPLANATORY FOREWORD continued

The 2010/11 Capital Outturn

The capital programme expenditure during 2010/11 totalled £1,961,017 which was an underspend of £361,262 compared to the revised budget of £2,322,279.

The capital programme was financed from Government Grants, External Contributions and sums set aside from revenue of £1,466,358, and useable capital receipts of £494,660.

Capital Schemes	2010/11 Original £000	2010/11 Revised £000	2010/11 Actual £000	2010/11 (under)/over £000
<u>Community Services Committee</u>				
CCTV - Ely & Soham	190	85	103	18
DDA - Oliver Cromwell's House (Virtual Tour)	0	3	3	0
Ely Visitor Management Project	0	5	4	(1)
Pocket Park Play Equipment	0	45	45	0
Ely Country Park	0	201	216	15
Proposed Leisure Facility	0	441	410	(31)
Soham Signs	0	9	9	0
Total Community Services Committee	190	789	790	1
<u>Environment & Transport Committee</u>				
Station Gateway Development	100	0	0	0
Transport Initiatives Fund	67	81	71	(10)
Fisherman's Car Park Infrastructure Ely	13	0	0	0
Ely Car Parking Scheme	0	15	15	0
Total Environment & Transport Committee	180	96	86	(10)

EXPLANATORY FOREWORD continued

Capital Schemes Continued	2010/11 Original £000	2010/11 Revised £000	2010/11 Actual £000	2010/11 (under)/over £000
<u>Policy & Resources Committee</u>				
Maltings Cottages	100	0	5	5
Reception Refurbishment The Grange Ely	0	45	0	(45)
Vehicle Etc Replacements	33	38	12	(26)
Grounds Maintenance Vehicles/Equipment	0	36	32	(4)
C.A.P.S./G.I.S.(Geographical Information System)	0	70	0	(70)
Local Land Charges Search Personal Facility/Kiosk	10	0	0	0
Agresso Finance System Upgrade	57	57	68	11
Virtualisation of Servers	55	14	6	(8)
Northgate/Paris new APACS security Module	12	13	10	(3)
ARP (Anglia Revenues Partnership) ICT Contribution	0	34	35	1
Idox ORB-it Perpetual Licences	0	0	69	69
e-Billing	0	25	25	0
Customer Relationship Management (CRM)	0	0	0	0
Electronic Document Management (DMS) & e-Forms	0	20	0	(20)
CRM (Customer Relationship Management) Integration	54	0	0	0
Total Policy and Resources Committee	321	352	262	(90)
<u>Strategic Development Committee</u>				
Infrastructure Investment Strategy	30	30	0	(30)
Conservation Area Schemes - 2nd round	88	42	4	(38)
Mandatory Disabled Facilities Grants	393	391	506	115
Empty Property, Minor Work, Home Repair, Disc. DFGs	278	268	115	(153)
Empty Properties Littleport	320	354	177	(177)
Wentworth Travellers Site	0	0	21	21
Total Strategic Development Committee	1,109	1,085	823	(262)
Total Capital Schemes	1,800	2,322	1,961	(361)

EXPLANATORY FOREWORD continued

Sources Of Financing	2010/11 Original £000	2010/11 Revised £000	2010/11 Actual £000	2010/11 Variance £000
Government Grants:				
Disabled Facility Grants	(207)	(205)	(209)	4
Regional Housing Pot Capital Grant	(45)	(35)	(35)	0
Littleport Empty Property Grant	(320)	(354)	(165)	(189)
HPDG (Housing & Planning Development)	(136)	(186)	(85)	(101)
Other				
IEG (Implementing Electronic Government)		(26)	(140)	114
Housing Growth Fund (via Cambs Horizon)		(221)	(312)	91
Section 106 Contributions		(311)	(401)	90
Cambridgeshire Pathfinder (County Council)		(40)	(40)	0
Contribution to Grounds Maintenance equip.		(28)	(44)	16
Cambs Police Authority	(165)	(20)	(20)	0
Revenue Contribution to Capital	0	0	(15)	15
Capital Receipts	(927)	(896)	(495)	(401)
Total Financing	(1,800)	(2,322)	(1,961)	(361)

The variances are mainly due to slippage in some of the schemes commencing and additional schemes added during the year. The Discretionary DFG (Disabled Facilities Grants) budget is transferred to cover expenditure on Mandatory DFG's as required.

During 2010/11, the Council remained debt free. It received £1.575m for the sale of a piece of land.

2.0 COMMENTARY ON THE MAJOR CHANGES IN THE 2010/11 ACCOUNTS COMPARED TO THE 2009/10 STATEMENTS

2.1 International Financial Reporting Standards

Prior to April 2010, the Council was required to report its financial position based on the United Kingdom's Generally Accepted Accounting Practice, (UK GAAP). However, from the 1 April 2010, the Council must report its financial position under the requirements of International Financial reporting Standards (IFRS), which are encapsulated within the 'Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on International Reporting Standards'.

2.2 Statement of Accounting Policies

As a result of the introduction of IFRS, the Council's accounting policies that were previously UK GAAP compliant, have been comprehensively reviewed and a new set of IFRS compliant accounting policies have been produced.

2.3 Changes To The Statement of Accounts

The 2010/11 accounts include a number of significant changes to both their format and content. These are set out in the section below:

i New Financial Statements

IFRS requires the Council to report its financial position using a different set of statements than in 2009/10. A comparison of the new statements compared to those used for the 2009/10 accounts under SORP are shown below:

EXPLANATORY FOREWORD continued

SORP	STATEMENTS REQUIRED BY	IFRS
<u>CORE STATEMENTS</u>		<u>CORE STATEMENTS</u>
Income & Expenditure Account		Movement on Reserves Statement
Statement of Movement on the General Fund Balance		Comprehensive Income & Expenditure Statement
Statement of Total recognised Gains & Losses		Balance Sheet
Balance Sheet		Cash Flow
Cash Flow		
<u>SUPPLEMENTARY STATEMENTS</u>		<u>SUPPLEMENTARY STATEMENTS</u>
Collection Fund		Collection Fund

A more detailed description of each of these statements is provided later in the Explanatory Foreword.

- ii **Grants and Contributions**
Prior to the introduction of IFRS, all capital grants and contributions received by the Council were deferred and then applied to assets based on the estimated life of the asset. IFRS now requires all grants and contributions to be assessed in relation to the conditions applicable to each grant or contribution individually. Dependant on whether the grant or contribution has a condition, the funding will either be immediately accounted for within the Comprehensive Income & Expenditure Statement or held as a Receipt in Advance.
- iii **Investment Properties**
IFRS has introduced a tighter definition for classifying assets that are to be held as investment properties. An investment property is now defined as an asset held solely to earn rentals or for capital appreciation or both.
- iv **Assets Held For Sale**
IFRS further embeds the concept of 'Cash Equivalents' within the various statements in addition to those which were previously included for Financial Instruments. Where an asset that has been previously treated as part of Property, Plant & Equipment is to be sold within the next 12 months, that asset is removed from 'Non current Assets' on the Balance Sheet and recategorised as an Asset Held for Sale under Current Assets.
- v **Employee Benefits**
IFRS requires the Council to account for any annual leave earned during the financial year by staff but which remains unused as at the year end. The value of these benefits is charged to the Comprehensive Income & Expenditure Statement but subsequently reversed out and transferred to an unusable reserve on the Balance Sheet.
- vi **Changes to the Notes to the Accounts**
The introduction of IFRS requires some additional disclosures in the Notes to the Accounts. The main ones are:
- **Estimation Uncertainty** - A note to the Accounts that highlights to the reader the more material items in the Accounts that are based on estimated figures.
 - **Accounting Standards That Have Been Issued, Not Adopted** - A note which illustrates the new accounting standards that are not included in the 2010/11 Accounts, but will become applicable to the following year's accounts.
 - **Amounts Reported For Resource Allocation Decisions (Segmental Reporting)** - A note that reconciles the Comprehensive Income & Expenditure Statement in the Accounts and the reports presented to Members for budget monitoring purposes.
- There are also notes that were previously required under SORP, but which are no longer a requirement under IFRS. These include:
- **Descriptions of Assets Held.**
 - **Analysis of Net Assets Employed**
 - **Details of Companies in which the Council has a share holding.**

EXPLANATORY FOREWORD continued

3.0 COMMENTARY ON THE SIGNIFICANT ITEMS IN THE 2010/11 ACCOUNTS

3.1 EXPLANATION OF THE CORE AND SUPPLEMENTARY STATEMENTS

The Core Statements are:

i **Movement In Reserves Statement - Page 14**

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

ii **The Comprehensive Income & Expenditure Statement - Page 15**

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. Councils 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.

iii **The Balance Sheet - Page 16**

The Balance Sheet shows the value as at the Balance Sheet date 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'.

iv **The Cash Flow Statement - Page 18**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

v The Supplementary Statement for this Council is:

The Collection Fund - Page 79

The Collection fund shows the transactions of the Council as the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of the council tax and non-domestic rates. There is no need for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire and Rescue, East Cambridgeshire District Council and the Government) on behalf of which the Council collects these taxes.

EXPLANATORY FOREWORD continued

3.2 **Material and Unusual Charges or Credits in the Accounts**

There are no such amounts reported in the 2010/11 Statement of Accounts.

3.3 **Pensions**

The requirements of the International Financial Reporting Standard 19 are implemented in full in the 2010/11 accounts. The pension scheme liability within the Balance Sheet has significantly reduced from £20.37m in 2009/10 to £12.75m as at 31/3/11. This reduction is mainly due to:

- The deficit has reduced due to positive asset returns and falling long term inflation expectations
- The deficit has fallen further due to the pension increase being changed from RPI to CPI
- The projected pension expense for next year has also fallen for the same reasons.

3.4 **Significant Provisions, Contingencies and Write Offs**

The Council has no significant provisions or contingencies to report as at 31 March 2011. The Council has written off £96,000 council tax arrears and £62,000 of National Non Domestic Rates during 2010/11 that it considers are bad debts and no longer collectible.

3.5 **Material Events After The Balance Sheet Date**

There have not been any material events after the reporting date.

Linda Grinnell

Head of Finance

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities -

The Council is required to:

- ◇ make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At East Cambridgeshire District Council that officer is the Head of Finance.
- ◇ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ◇ approve the statement of accounts.

The Head of Finance's Responsibilities -

The Head of Finance is responsible for the preparation of the Council'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).

In preparing this statement of accounts, the Head of Finance has:

- ◇ selected suitable accounting policies and then applied them consistently;
- ◇ made judgements and estimates that were reasonable and prudent
- ◇ complied with the local authority code

The Head of Finance has also:

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

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its expenditure and income for the year ended 31 March 2011.

Linda Grinnell
Head of Finance
FCCA

Date: 29 September 2011

Approval by Policy and Resources Committee

I confirm that these accounts were approved by the Strategic Policy and Resources Committee at the meeting held on 29th September 2011 and that events after the Balance Sheet date have been considered to 29th September 2011.

Councillor Peter Moakes
Chairman

Date: 29 September 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

Opinion on the Authority accounting statements

I have audited the accounting statements of East Cambridgeshire District 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 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 East Cambridgeshire District 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 Head of Finance and Auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities, the Head of Finance 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 forward to identify material inconsistencies with the audited accounting statements. If I became 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 East Cambridgeshire District 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 forward for the financial year for which the accounting statements have been 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

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 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, East Cambridgeshire District 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 East Cambridgeshire District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Paul King
Officer of the Audit Commission
Audit Commission
Eastbrook
Shaftesbury Road
Cambridge
CB2 8BF

Date : 30th September 2011

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Grants & Contributions Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	note
	£	£	£	£	£	£	£	
Balance at 31 March 2009	(1,074,513)	(1,379,168)	(1,596,446)	(354,359)	(4,404,486)	(8,200,697)	(12,605,183)	
<u>Movement in reserves during 2009/2010</u>								
(Surplus)/deficit on provision of services	488,480				488,480		488,480	
Other Comprehensive Expenditure and Income						11,437,732	11,437,732	
Total Comprehensive Expenditure and Income	488,480	0	0	0	488,480	11,437,732	11,926,212	
Adjustments between accounting basis and funding basis under regulations	(1,223,693)		413,528	(74,415)	(884,580)	884,580	0	8
Net (increase)/decrease before transfers to earmarked reserves	(735,213)	0	413,528	(74,415)	(396,100)	12,322,312	11,926,212	
Transfers to/(from) earmarked reserves	363,049	(363,049)			0		0	
<u>(Increase)/decrease in 2009/2010</u>	<u>(372,164)</u>	<u>(363,049)</u>	<u>413,528</u>	<u>(74,415)</u>	<u>(396,100)</u>	<u>12,322,312</u>	<u>11,926,212</u>	
Balance carried forward at 31 March 2010	(1,446,677)	(1,742,217)	(1,182,918)	(428,774)	(4,800,586)	4,121,615	(678,971)	
<u>Movement in reserves during 2010/2011</u>								
(Surplus)/deficit on provision of services	(5,672,364)				(5,672,364)		(5,672,364)	
Other Comprehensive Expenditure and Income						(4,835,071)	(4,835,071)	
Total Comprehensive Expenditure and Income	(5,672,364)	0	0	0	(5,672,364)	(4,835,071)	(10,507,435)	
Adjustments between accounting basis and funding basis under regulations	4,976,106		(1,173,719)	(12,132)	3,790,255	(3,790,255)	0	8
Net (increase)/decrease before transfers to earmarked reserves	(696,258)	0	(1,173,719)	(12,132)	(1,882,109)	(8,625,326)	(10,507,435)	
Transfers to/(from) earmarked reserves	519,088	(519,088)			0		0	
<u>(Increase)/decrease in 2010/2011</u>	<u>(177,170)</u>	<u>(519,088)</u>	<u>(1,173,719)</u>	<u>(12,132)</u>	<u>(1,882,109)</u>	<u>(8,625,326)</u>	<u>(10,507,435)</u>	
Balance carried forward at 31 March 2011	(1,623,847)	(2,261,305)	(2,356,637)	(440,906)	(6,682,695)	(4,503,711)	(11,186,406)	

Linda Grinnell
Head of Finance, FCCA

Date: 29 September 2011

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011			2009/2010			note
	Expenditure £	Income £	Net £	Expenditure £	Restated Income £	Net £	
Central Services to the public	6,067,142	(5,175,823)	891,319	5,645,851	(4,766,946)	878,905	
Cultural & Related	2,006,162	(460,692)	1,545,470	1,516,431	(310,316)	1,206,115	
Environmental	5,370,715	(1,259,115)	4,111,600	5,016,681	(808,212)	4,208,469	
Planning & Development	3,011,681	(1,210,972)	1,800,709	4,336,152	(1,962,217)	2,373,935	
Transport	640,489	(228,362)	412,127	760,243	(273,670)	486,573	
Housing	20,248,859	(19,277,011)	971,848	19,516,151	(18,641,478)	874,673	
Corporate & Democratic Core	1,430,274	(55,720)	1,374,554	1,787,116	(105,171)	1,681,945	
Non Distributed Costs	(3,900,859)	0	(3,900,859)	118,000	0	118,000	
NET COST OF SERVICES	34,874,463	(27,667,695)	7,206,768	38,696,625	(26,868,010)	11,828,615	
Parish council precepts	1,466,712			1,397,783			
Internal Drainage Board Levies	323,758			318,984			
Contribution of housing capital receipts to Govt. Pool	5,285			6,331			
Loss/(gain) on the disposal of non current assets	(1,584,996)			171,342			
OTHER OPERATING EXPENDITURE			210,759			1,894,440	
Interest payable and similar charges	40,786			48,469			
Interest receivable and Investment Income	(141,226)			(450,560)			
Pensions interest cost	2,241,000			1,840,000			35
Expected return on pension assets	(1,662,000)			(1,115,000)			35
Income & Exp and changes in fair value of investment properties	(222,451)			0			
FINANCING & INVESTMENT INCOME & EXPENDITURE			256,109			322,909	
Council Tax Income	(5,442,669)			(5,212,059)			
Non Domestic Rates	(5,898,492)			(5,430,548)			
Non Ringfenced Government Grants	(926,106)			(2,535,610)			29
Capital grants & contributions	(1,078,733)			(379,267)			
TAXATION & NON-SPECIFIC GRANT INCOME			(13,346,000)			(13,557,484)	
DEFICIT/(SURPLUS) ON PROVISION OF SERVICES FOR THE YEAR			(5,672,364)			488,480	
(Surplus)/Deficit arising on revaluation of Property, Plant & Equipment	(579,569)			524,732			
Actuarial (Gains)/Losses on pension fund assets and liabilities	(4,279,000)			10,913,000			
Other (Gains)/Losses	23,498			0			
OTHER COMPREHENSIVE INCOME & EXPENDITURE			(4,835,071)			11,437,732	
TOTAL COMPREHENSIVE INCOME & EXPENDITURE			(10,507,435)			11,926,212	

Linda Grinnell
Head of Finance, FCCA

Date: 29 September 2011

BALANCE SHEET AS AT 31 MARCH 2011

NET ASSETS	31.03.11		31.03.10		31.03.09	note
	£	£	Restated		Restated	
			£	£	£	
Property, Plant & Equipment						
Community	447,509		613,889		520,523	
Infrastructure	654,963		659,211		663,459	
Land and buildings	12,738,967		12,501,309		13,407,470	
Vehicles	639,703		753,975		865,956	
Plant	46,199		53,899		0	
Equipment	495,036		498,718		523,814	
Surplus Assets	65,240		106,196		545,000	
Assets under construction	1,162,147		535,822		341,731	
	-----	16,249,764	-----	15,723,019	-----	10
Investment Properties	376,771		162,000		280,000	11
Intangible Assets	64,426		24,678		59,675	12
Long Term Investments	0		0		2,062,927	13
Investments in subsidiaries	545,725		545,725		545,725	30
Long-term debtors	282,835		273,411		160,362	13
	-----	1,269,757	-----	1,005,814	-----	
Total Long Term Assets		17,519,521		16,728,833	19,976,642	
Short term investments	0		4,211,390		5,832,162	13
Inventories and work in progress	42,425		48,679		44,786	14
Assets held for sale	40,000		0		0	17
Short term debtors	2,654,566		4,322,363		1,973,575	15
Cash equivalents	7,936,698		1,099,695		32,840	16
	-----	10,673,689	-----	9,682,127	-----	
Total Current Assets					7,883,363	
Bank overdraft	0		0		0	16
Short term borrowing	0		0		0	
Short term creditors	(3,676,041)		(4,605,149)		(5,287,107)	18
	-----	(3,676,041)	-----	(4,605,149)	-----	
Total Current Liabilities					(5,287,107)	
Long Term Creditors	(525,294)		(679,432)		(626,372)	13
Provisions	(55,469)		(77,408)		(152,343)	19
Donated assets account	0		0		0	
Liability related to defined benefit pension scheme	(12,750,000)		(20,370,000)		(9,189,000)	35
	-----	(13,330,763)	-----	(21,126,840)	-----	
Total Long Term liabilities					(9,967,715)	
Net Assets		11,186,406		678,971	12,605,183	

BALANCE SHEET CONTINUED AS AT 31 MARCH 2011

RESERVES	31.03.11		31.03.10		31.03.09	note
	£	£	Restated	£	Restated £	
Usable Reserves						
General fund	(1,623,847)		(1,446,677)		(1,074,513)	20
Earmarked reserves	(2,261,305)		(1,742,217)		(1,379,168)	9
Grants & Contributions Unapplied Reserve	(440,906)		(428,774)		(354,359)	20
Capital receipts reserve	<u>(2,356,637)</u>		<u>(1,182,918)</u>		<u>(1,596,446)</u>	20
		(6,682,695)		(4,800,586)	(4,404,486)	
Unusable Reserves						
Revaluation reserve	(4,028,350)		(3,629,535)		(4,234,370)	21
Capital adjustment account	(13,091,202)		(12,554,643)		(12,940,165)	21
Deferred capital receipts	(207,722)		(127,223)		(146,165)	21
Collection Fund adjustment account	(9,178)		(39,721)		(139,357)	21
Accumulated Absences Account	82,741		102,737		70,360	21
Financial Instruments Adjustment Account	0		0		0	21
Pensions reserve	<u>12,750,000</u>		<u>20,370,000</u>		<u>9,189,000</u>	21
		(4,503,711)		4,121,615	(8,200,697)	
Total Reserves		<u>(11,186,406)</u>		<u>(678,971)</u>	<u>(12,605,183)</u>	

These financial statements replace the unaudited financial statements certified by me on 30 June 2011.

Linda Grinnell
Head of Finance, FCCA

Date: 29 September 2011

THE CASH FLOW STATEMENT 2010/2011

Indirect method

Reconciliation of Cash Flow from Revenue Activity to the Income and Expenditure Account

	2010/2011		2009/2010		note
	£	£	Restated £	£	
Surplus/(Deficit) for the year	5,672,364		(488,480)		
Collection Fund Surplus/(Deficit) for the year	(225,646)		(792,231)		
	-----	5,446,718	-----	(1,280,711)	
Adjust for non-cash movements:					
Depreciation & Impairment	738,764		958,333		
Revenue funded from capital under statute	491,908		492,836		
Amortisation of intangible assets	29,112		34,997		
Impairment and downward valuations	264,506		186,256		
Carrying amount of non-current assets sold	2,004		461,882		
Pension costs	(3,341,000)		268,000		
Debtors - Revenue	2,312,902		(2,038,459)		
Long Term Debtors	18,368		95,596		
Creditors - Revenue	(500,322)		(62,769)		
Provisions	(21,939)		(74,935)		
Inventories	6,254		(3,893)		
Other non-cash items	(1,256,891)		(236,438)		
	-----	(1,256,334)	-----	81,406	
Adjust for investing and financing activities:					
Sale proceeds of non-current assets	(1,362,000)		(290,540)		
Interest paid	74,070		79,873		
Interest received	(351,541)		(641,661)		
	-----	(1,639,471)	-----	(852,328)	
Other adjustments					
Net CT external receipts	4,047,127		4,337,498		
Net NNDR external receipts	(288,667)		1,453,975		
	-----	3,758,460	-----	5,791,473	
NET CASH INFLOW(OUTFLOW) FROM OPERATING ACTIVITIES		<u>6,309,373</u>		<u>3,739,840</u>	

THE CASH FLOW STATEMENT CONTINUED 2010/2011

Indirect method

	2010/2011		2009/2010		note
	£	£	Restated £	£	
Investing activities:					
Purchase of property, plant & equipment etc	(974,529)		(410,364)		
Purchase of long-term investments	0		(208,645)		
Other payments for investing activities	(1,005,484)		(877,353)		
Sale of property, plant & equipment, investment property and intangible assets	1,372,220		299,400		
Sale of long-term investments	0		2,000,000		
Cash outflows - Interest paid	(74,070)		(79,873)		
Cash inflows - Interest received	351,541		641,661		
Net (increase)/decrease of short-term investments	4,000,000		1,501,235		
Capital grants received	564,100		334,082		
Other capital cash receipts	166,423		24,772		
Net cash flows from investing activities	-----	4,400,201	-----	3,224,915	
Financing activities:					
Payments for the reduction of the outstanding liability relating to finance leases	(114,110)		(106,427)		
Repayment of amounts borrowed / New loans raised	0		0		
Other payments	0		0		
Net cash flows from financing activities	-----	(114,110)	-----	(106,427)	
NNDR receipts under/over paid to Government	288,667		(1,453,975)		
Council Tax receipts under/over paid to major preceptors	(4,047,127)		(4,337,498)		
	-----	(3,758,460)	-----	(5,791,473)	
Net increase or (decrease) in cash and cash equivalents		----- 6,837,004		----- 1,066,855	
Cash and cash equivalents at the beginning of the reporting period		1,099,695		32,840	16
Cash and cash equivalents at the end of the reporting period		----- <u>7,936,699</u>		----- <u>1,099,695</u>	16

NOTES TO THE CORE ACCOUNTS

1

Accounting Policies

Concepts And Principles

General Principles

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.

It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

The accounts have been designed to present a "true and fair" view of the financial position of the Council and comparative figures for the previous year are provided.

The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. These concepts are defined as follows:

- materiality concept means that information is included where that information is of such significance as to justify its inclusion.
- accruals concept requires the non-cash effects of transactions to be included within the financial statement for the year in which they occur and not in the period in which the cash is paid or received.
- going concern concept assumes that the Council will continue in operational existence for the foreseeable future
- primacy of legislative requirement requires that where an accounting treatment is prescribed by law, then it will be applied, even if it contradicts one or other of the accounting concepts outlined above.

Accruals of Income And Expenditure

Income and expenditure is included in the accounts on an accruals basis. 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.
- ◇ Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. The exceptions to this are items of low individual value such as desks and chairs which are treated as fully consumed in the year in which they are purchased.
- ◇ The Council is a billing authority and collects National Non Domestic Rates (NNDR) under what is in substance an agency agreement with the Government for the collection of business rates. The same principle applies for Council Tax collected on behalf of the precepting bodies. The income collected on an agency basis is not the income of the billing authority and is not included in the Comprehensive Income and Expenditure Statement.
- ◇ Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- ◇ 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.
- ◇ Where income has been received in the year in relation to activities to be carried out in the following financial year, a receipt in advance is recorded in the balance sheet.
- ◇ Where payment has been made in relation to activities to be carried out in the following financial year, a payment in advance is recorded in the balance sheet.
- ◇ Income and expenditure are credited and debited to the relevant line in the Comprehensive Income and Expenditure Statement unless they properly represent capital receipts or capital expenditure
- ◇ Employee costs are included in the year that they are earned.

NOTES TO THE CORE ACCOUNTS continued

Revenue Recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

Revenue shall be measured at the fair value of the consideration received or receivable except for a financial asset that is measured under Financial Instruments. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable.

Revenue shall be recognised by the following events:

- the sale of goods. Revenue shall be recognised when all of the following conditions have been satisfied:
 - the significant risks and rewards of ownership have transferred to the purchaser.
 - neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.
 - the amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- the rendering of services. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the percentage of completion method at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 1) The amount of revenue can be measured reliably.
- 2) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- 3) The stage of completion of the transaction (using the percentage of completion method) at the reporting date can be measured reliably.
- 4) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue should be recognised only to the extent of the expenses recognised that are recoverable.

- interest, royalties and dividends. Revenue shall be recognised when:
 - it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and
 - the amount of the revenue can be measured reliably.

Where the above recognition criteria have been met:

- a) interest should be recognised using the effective interest method
- b) royalties should be recognised as they are earned in accordance with the substance of the relevant agreement, and
- c) dividends or their equivalents should be recognised when the authority's right to receive payment is established

- Non-exchange transactions: revenues shall be recognised when:

- a) it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and
- b) the amount of the revenue can be measured reliably.

- where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria:

In the event that a liability had been recognised, revenue shall be recognised equal to the reduction of the carrying amount of a liability when the relevant revenue recognition criteria have been met.

In the event that the consideration is received but the revenue does not meet the recognition criteria above, an authority shall recognise a creditor (i.e. receipt in advance) in respect of that inflow of resources

In the event that revenue meets the recognition criteria, but the consideration has not been received, an authority shall recognise a debtor in respect of that inflow of resources

NOTES TO THE CORE ACCOUNTS continued

Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority. However, when an uncertainty arises about the collectability of an amount, adjustment of the amount of revenue originally recognised in the Comprehensive Income and Expenditure Statement already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense (i.e. impairment of financial assets), rather than as an adjustment of the amount of revenue originally recognised in the Comprehensive Income and Expenditure Statement.

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

Prior period adjustments may arise as a result of changes in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future financial years affected by the change and do not give rise to a prior period adjustment

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

In previous financial years, the Council's Statement of Account has included Group Accounts for the East Cambridgeshire Business Centres Ltd which are wholly owned by the Council. However, because their net worth falls below the Council's materiality levels for audit purposes, the Council has chosen to no longer disclose these accounts separately.

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

Overheads And Support Service Costs

The costs of overheads and support service are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11 (BVACOP). The total absorption costing principle is used with the full cost of overheads and support services shared between users in proportion to the benefits received, with the exception of:

- ◇ Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- ◇ Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets Held For Sale.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

Each support service has been treated in the accounts as a separate entity, and it is intended that they should break even taking one year with another, by adjustment of subsequent years' charges. The net year-end surplus on support services forms part of the General Fund Reserve balance.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement.

Usable Reserves

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Comprehensive Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

NOTES TO THE CORE ACCOUNTS continued

Unusable Reserves

Certain reserves are kept to manage the accounting processes for non current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council . These reserves are:

- ◇ Revaluation Reserve
- ◇ Capital Adjustment Account
- ◇ Pensions Reserve
- ◇ Accumulated Absences Account
- ◇ Financial Instruments Adjustment Account
- ◇ Collection Fund Adjustment Account

Grants and Contributions

All grants and contributions relating to capital and revenue expenditure shall:

- not be recognised until there is reasonable assurance that:

- 1) The Council will comply with the condition attached to the grant, and
- 2) The grants or contributions will be received.

- be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as Income, except to the extent that the grant or contribution has a condition that the Council has not satisfied.

Revenue Grants

In respect of general revenue grants and contributions such as Revenue Support Grant, NNDR redistribution, and Area Based Grant, these are credited to the Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement. Specific grants are credited to the relevant service line.

Where a repayment of grants or contributions becomes repayable and the grant has been previously recognised in the Comprehensive Income and Expenditure Statement, the repayment is recognised as an expense in the Comprehensive Income and Expenditure Statement.

Capital Grants

In respect of capital grants and contributions:

- where conditions initially remain outstanding at the Balance Sheet date, the grant or contribution will be recognised as part of the Capital Grants Receipts in Advance (CGRA). Once the condition has been met the grant or contribution will be transferred from the CGRA and recognised as income in the Comprehensive Income and Expenditure Statement.

- where no conditions remain outstanding and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement and the expenditure has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund to the Capital Adjustment Account reflecting the application of capital resources to finance expenditure. This transfer will be reported in the Movement in Reserves Statement.

- where no conditions remain and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement but the expenditure to be financed from the grant or contribution has not been incurred at the Balance Sheet Date, the grant or contribution shall be transferred to the Capital Grants Unapplied Reserve within the Usable Reserves section of the Balance Sheet, thus reflecting the status as a capital resources available to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

NOTES TO THE CORE ACCOUNTS continued

- where a repayment of capital grants or contributions become repayable where the grant or contribution has previously been recognised:
- as part of the Capital Grants Receipts in Advance, the repayment shall be applied against the Capital Grants Receipts in Advance directly.
- as income in the Comprehensive Income and Expenditure Statement (or to the extent that the repayment exceeds the balance in respect of the specific grant or contribution in the Capital Grants Receipts in Advance), the repayment is recognised as an expense in the Comprehensive Income and Expenditure Statement. However, as required under statutory regulation, the repayment of grants and financial assistance for capital purposes is to be categorised as capital expenditure and will therefore be transferred from the General Fund to the Capital Adjustment Account, with the transfer being reported in the Movement in Reserves Statement.

Grants and contributions may be received subject to a condition that it is returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Comprehensive Income and Expenditure Statement

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Events After The Balance Sheet Date

When events have occurred, favourable and unfavourable, after the balance sheet date:

- the Statement of Accounts is adjusted to reflect such events only where there is evidence that the conditions existed at the balance sheet date (adjusting event)
- the amounts included in the accounts will not be adjusted if the events are indicative of or there is evidence that the conditions arose after the balance sheet date (non-adjusting event)

However, the nature of the event and an estimate of the financial effect on the statements, providing that such an estimate can be made reliably, shall be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts

Cash and Cash Equivalents

Cash comprises cash in hand (or overdrawn) at the bank. Cash equivalents are short-term investments which are repayable on demand or notice (up to 95 days). These are highly liquid and readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

Donated Assets

Where an asset is donated for:

- nil consideration, it shall be recognised at fair value as an asset on the Balance Sheet. The asset shall be recognised in the Comprehensive Income and Expenditure Statement as income, to the extent that the transfer has conditions that have been satisfied. For the element of the asset that conditions have not been met, the asset is credited to the Donated Assets Accounts and recognised in the Comprehensive Income and Expenditure Statement once the condition has been satisfied.
- less than fair value (a non-exchange transaction), the difference between the fair value of the asset and the consideration paid shall be recognised immediately in the Comprehensive Income and Expenditure Statement as income, or in the event that the transfer has a condition(s) that have been met. The measurement at fair value of an asset, acquired for no consideration or for less than fair value, does not constitute a revaluation.

NOTES TO THE CORE ACCOUNTS continued

A donated asset may be received subject to a condition that it be returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Comprehensive Income and Expenditure Statement.

Non - Current Assets

Property, Plant And Equipment

Property, Plant and Equipment are non - current assets that have physical substance and are held for use in the provision of services, for administrative purposes and to yield benefits to the Council for a period of more than one year.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis provided that:

- it is probable that the future economic benefits or service potential associated with the item will flow to the Council, and
- the costs of the item can be measured reliably.

Costs that meet the recognition principle include:

- initial costs of acquisition and construction, and
- costs incurred subsequently to enhance or replace part of the asset.

Costs arising from day-to-day servicing of the asset and repairs and maintenance costs (i.e. expenditure that secures but does not extend the previously assessed standard of performance of the asset) is charged to revenue as it is incurred.

Qualifying expenditure is capitalised on an accruals basis. Schemes that cost less than £10,000 are classified as de minimis and these schemes are classed as revenue rather than capital expenditure.

Qualifying expenditure will be recognised on the balance sheet from the date that the asset becomes operational or the completion date of the project.

Measurement

Assets are initially measured at cost, comprising purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

Infrastructure, community assets and assets under construction (excluding investment property) shall be measured at depreciated historical cost.

All other assets shall be valued at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV). If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the estimate for fair value may be depreciated replacement cost (DRC). Specialist assets will only be categorised as such, and DRC applied, when so determined by a professionally qualified valuer.

Non-property assets such as vehicles, plant & equipment shall be measured at fair value. Assets that have short useful lives, i.e. less than 10 years, or low values or both, depreciated historical cost will be used as a proxy for fair value.

Revaluation

Where an asset's fair value can be measured reliably, it shall be carried at the re-valued amount – being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment. When a revaluation has taken place, any accumulated depreciation and impairment at the date of valuation shall be eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Where the carrying amount of property, plant and equipment is:

- increased as a result of revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous revaluation decrease or impairment loss charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement on the same asset.

NOTES TO THE CORE ACCOUNTS continued

- decreased as a result of revaluation, i.e., a significant decline in an asset's carrying amount during the period that is not specific to the asset, the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter against the relevant service line in the Comprehensive Income and Expenditure Statement

Assets included in the Balance Sheet at fair value are valued on a rolling 5-year programme or when there has been a material change in the value. Where there has been a market condition affecting property values, indexation will be applied only if the change in values is found to be material. The materiality level for this purpose will be deemed to be + / - 3% of current gross value for the appropriate adjustments to be made.

Investment properties will be reviewed annually to establish if there is a major change in market conditions that may affect the value of the properties. Where indexation is required the + / - 3% policy noted above will be applied.

Impairment of Fixed Assets

Assets are not to be carried at more than their recoverable amount. An asset is said to be carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss must be recognised. Downward revaluation resulting from changes in market values does not constitute impairment. An impairment is specific to an asset i.e. as a consequence of loss of service potential, obsolescence, physical damage or such similar occurrence and is not reversible unless there is ongoing repairs and reinstatement. This is in contrast to a valuation reduction which is due to changes in market values due to conditions and prices which may be reversible and are not permanent in nature.

At the end of each reporting period an assessment shall take place as to whether there is any indication that an asset or class of assets may be impaired. If any indication exists, the recoverable amount shall be estimated having regard to the application of the concept of materiality in identifying whether the recoverable amount of an asset needs to be estimated. If no indication of an impairment loss is present, there will be no requirement for a formal estimate of the recoverable amount for property, plant and equipment.

Recognition of an Impairment

An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve (these entries will be reflected in the Movement in Reserves Statement) to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset (i.e. up to the historical cost of the asset) and thereafter in Surplus or Deficit on the Provision of Services. An impairment loss on a non-revalued asset (i.e. an asset with a carrying value based on historical cost) shall be recognised in the Surplus or Deficit on the Provision of Services.

Reversing an Impairment

At the end of each reporting period an assessment shall take place as to whether there is any indication that an impairment loss recognised in earlier periods for an asset may no longer exist or have decreased. If any such indication exists, the Council shall estimate the recoverable amount of that asset.

The reversal of an impairment loss of an asset (previously recognised in Surplus or Deficit on the Provision of Services) is only permitted to be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Any excess above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years shall be treated as a revaluation gain and charged to the Revaluation Reserve.

Impairment loss and reversal of impairment loss charged to Surplus or Deficit on the Provision of Services are not proper charges to the General Fund. Such amounts shall be transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

NOTES TO THE CORE ACCOUNTS continued

Componentisation

Componentisation is a method, used for accounting and financial reporting purposes, to ensure assets are accurately included on the Balance Sheet and that the consumption of economic benefit of these assets is accurately reflected over their individual useful lives through depreciation charges.

The Code requires the separate recognition of two or more significant components of an asset for depreciation purposes – i.e. as if each component was a separate asset in its own right.

The Authority will follow these requirements where significant components of material items of assets have been identified.

A component is defined as part of an item of property, plant and equipment with a value that is significant in relation to the total value of the item.

Even if the cost of a component is significant in relation to the total cost of an item of PP&E, from an accounting perspective, it is not necessary to identify the value of that component if its useful life and required method of depreciation is in line with the overall asset.

Where there is more than one significant part of the same asset which has the same useful life and depreciation method such parts will be grouped in determining the depreciation charge.

Componentisation will not be applied retrospectively and will be considered only for new revaluations carried out after 1st April 2010 and when enhancement and/or acquisition expenditure is incurred after that date.

Component accounting will only be considered and applied in cases where the omission to recognise and depreciate a separate component may result in material differences in the statement of accounts.

The Council recognises two primary components of a property asset which will be accounted for separately namely:

- Land, and
- Buildings

Componentisation is not applicable to land as land is non-depreciable and is considered to have infinite life.

The Council has determined that any building with a gross carry amount of less than £0.5m, or a useful economic life of less than 15 years or both will not be considered for component accounting on the grounds of materiality.

The Council will only consider the componentisation of an asset where the individual component equates to a minimum of 20% of the asset's total value or has a minimum value of £250,000

Depreciation

Land and buildings are separate assets even if acquired together. Depreciation applies to all property, plant and equipment except:

- land, as this is considered to have an infinite useful life;
- investment properties carried at fair value;
- assets held for sale;
- assets where it can be demonstrated that the asset has an unlimited useful life.

An asset shall not be depreciated:

- until it is available for use.
- when the residual value of an asset is equal or greater than the asset's carrying amount.

Where assets are being enhanced (from capital expenditure) depreciation will be calculated on the carrying value up to the date of the completion of the capital works and on the new, enhanced value after de-recognition of the relevant component, from the completion date. Depreciation will not be omitted unless the whole asset is taken out of use/service while the works are being undertaken (re-building, major refurbishment,)

NOTES TO THE CORE ACCOUNTS continued

For all assets depreciation is calculated on straight line bases over the following terms.:

- Buildings - allocation based on the individual asset's life as advised by the Council's Valuer
- Vehicles, Plant and Equipment - straight line allocation over the life of the asset
- Infrastructure assets - straight line allocation over 99 years.
- Information Technology assets - allocation over 5 years unless otherwise advised by ICT.

On a re-valued asset, a transfer between the Revaluation Reserve and the Capital Adjustment Account shall be carried out which represents the difference between depreciation based on the revalued carrying amount and the depreciation based on the asset's historical cost.

De-recognition and Disposal

The carrying amount of an item of property, plant and equipment (or component), shall be derecognised and removed from the Balance Sheet:

- on disposal.
- when no future economic benefit or service potential are expected from its use or disposal.

Where capital expenditure is incurred on the replacement, renewal or enhancement of a part of a component or item of PP&E, where appropriate and necessary the carrying amount of the replaced part will be de-recognised prior to recognition of the new component.

Where it is not possible to determine the carrying amount of a replaced component the cost of the new part will be used to estimate the cost of the replaced part at the time of acquisition/construction adjusted for revaluation and impairment where necessary. In such cases the reduction for inflation (the discounting for present value) will be assumed to be 4% . The life of the new part will be used as a proxy for the life of the old one where information on the date of acquisition/construction is not available.

It should be noted that not all capital expenditure will result in de-recognition of an old component. Where internal remodelling, partitioning and fitting of existing buildings structures is carried out this should be considered separately and such expenditure added to the asset as "acquisition" on the bases of creating new, adding to or enhancing service potential. (Example: remodelling existing building layout by partitioning, installation of new fixtures and fittings to create new office space/reception desk; creation of disabled toilet where there was none previously; building an extension to existing building, installation of an additional boiler, generator, air conditioning units, extension to existing electrical circuit etc. to increase capacity).

The gain or loss arising from derecognition shall be the difference between the net disposal proceeds and the carrying amount. The gain or loss arising shall be included in the Surplus or Deficit on the Provision of Services when the item is derecognised; this also applies to component replacement or restoration.

When an asset is disposed of, the carrying amount of the asset on the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on the sale of assets. Receipts from disposals are credited to the same line and any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals, in excess of £10,000 are treated as capital receipts. The balance of receipts is credited to the Capital Receipts Reserve and can only be used for future capital investment or to reduce the Council's underlying need to borrow.

The gain or loss on the sale of assets is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement.

Charges to Revenue for Non-Current Assets

Service revenue accounts, trading accounts and central support services are charged with the following amounts to record the cost of holding non current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service

NOTES TO THE CORE ACCOUNTS continued

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue, known as the Minimum Revenue Provision, to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. The Minimum Revenue Provision is a proper charge to the General Fund, but does not appear in the Comprehensive Income and Expenditure Statement, it is transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Revenue Expenditure Funded From Capital

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non current assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax or revenue outturn.

Leases

The transition to IFRS necessitates the review of the existing lease arrangements and consideration of the classification and accounting treatment of leases.

Two types of leases are recognised:

Finance leases – a lease that transfers substantially all the risks and rewards incidental to ownership of an asset – whether the title may or may not eventually be transferred

Operating lease – all leases other than finance leases.

Leases Review and Classification

In the review of existing leases the Council applies the following tests:

- 1) Does the lease transfer ownership of the asset to the lessee by the end of the lease term?
- 2) Does the lessee have the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised?
- 3) Is the lease term is for the major part of the useful economic life of the asset?
- 4) Does the present value of the minimum lease payments amount to at least substantially all (determined as 85%) of the fair value of the leased asset?, and
- 5) Are the leased assets of such a specialised nature that only the lessee can use them without major modifications ?

An answer “yes” to the above main questions individually or in combination will usually indicate a finance lease.

If however it is clear from other features that the lease does not transfer substantially all of the risks and rewards incidental to ownership, the lease will be classified as an operating lease. The following questions, if answered positively individually or in combination will denote an operating lease:

1. Are there full repairing and insuring covenants in the lease and clauses to ensure the asset is reinstated, at the expense of the tenant, to its original condition at the end of the lease (dilapidations clauses)?
2. Does the lease provide for significant contingent rent variations during the term by reference to an open market or turnover? (e.g. market rent reviews but not if the lease were to provide for fixed increases or increases linked to a non-property)
3. Were the initial rent and other aspects of the lease set at prevailing market rates?
4. Is the lease free of contractual terms that might oblige the lessor to continue the lease at substantially less than normal market terms?
5. Can the lessee default the only grounds on which the lease would revert to the lessor?
6. If the lessee wishes to sublet or sell (or assign) their lease rights, are there terms in the lease that allow the lessor to control the key terms of the sublet / sale?

NOTES TO THE CORE ACCOUNTS continued

After detailed examination of the leases where the Council is the lessor it is determined that:

- the land and building element of a lease are considered separately for the purposes of lease classification;
- the land element of leases is deemed to be an operating lease
- the land of a finance lease is deemed to be ground rent and accounted for as income in the Comprehensive Income and Expenditure Statement
- the building element of finance leases is recorded on the balance sheet at nominal (residual) value to recognise the residual interest of the council in the property.
- property leases with a lease term of less than 15 years are classified as operating;

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

Accounting for Leases

The Council as a Lessor:

Finance Leases

Where the Council grants a finance lease, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset on the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, matched by a lease (long term debtor) asset on the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property, applied to write down the lease debtor (together with any premiums received); and
- Finance income, credited to the Financing and Investment line in the Comprehensive Income and Expenditure Statement

The gain credited to the Comprehensive income and Expenditure Statement on disposal is not permitted by statute to be charged to the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future years, this is posted to the Deferred Capital Receipts Reserve. When future rentals are received, the element for the capital receipt is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council Tax. Amounts are therefore appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Costs, including depreciation are recognised as an expense. Income from operating leases is recognised in the Comprehensive Income and Expenditure Statement. The Council leases out various properties under operating leases.

The Council as a Lessee:

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Rentals payable are apportioned between:

- finance charge (interest). The finance charge is debited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement as the rent becomes payable; and

NOTES TO THE CORE ACCOUNTS continued

- the reduction of the outstanding liability - the liability is written down as the rent becomes payable.

Assets recognised under finance leases are accounted for using the policies applied generally to Property items of Property Plant & Equipment. The depreciation and revaluation of assets recognised under finance leases is consistent with the policy for owned assets, subject to depreciation being charged over the shorter of the lease term and the asset's estimated useful life. After initial recognition, such assets are subject to revaluation in the same way as any other asset.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

The Council operates a car leasing scheme for the benefit of certain employees.

The Council also has leases for such items as photocopiers, water and snack dispensers but these are not considered material to the accounts.

Investment Properties

An investment property is a property, land or a building or both, that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation is accounted for as property, plant and equipment.

Investment property shall be measured initially at cost. The cost of an investment property includes its purchase price, construction costs and directly attributable expenditure necessary to bring the asset into use.

Investment properties are subsequently measured at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment line in the Comprehensive Income and Expenditure Statement and result in a gain to the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory regulation to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for sale proceeds in excess of £10,000, to the Capital Receipts Reserve.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property shall be recognised in the Surplus or Deficit on the Provision of Services in the period of the retirement or disposal.

Statute and proper practice restrict the use of capital receipts, and prescribe the charges that can be made to the General Fund. Any gain or loss on derecognition of an investment property shall be reversed out of the General Fund. The General Fund shall be debited (gain) or credited (loss) with an amount equal to the gain or loss on derecognition of the investment property (excluding any costs of disposal which are a proper charges to the General Fund). Opposite entries are a credit to the Capital Receipts Reserve of an amount equal to the disposal proceeds and a debit to the Capital Adjustment Account equal to the carrying amount of the investment property (less any balance transferred from the Government Grants Deferred Account). All such entries will be reflected in the Movement in Reserves Statement.

NOTES TO THE CORE ACCOUNTS continued

Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. An intangible asset is measured initially at cost. After initial recognition an intangible asset may be carried at a revalued amount where its fair value can be determined by reference to an active market. Otherwise, the asset will be carried at cost less any accumulated amortisation and any accumulated impairment loss.

The depreciable amount of an intangible asset with a finite useful life is amortised on a systematic basis, over its useful life, to the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement, beginning when the intangible asset is available for use. The amortisation method used is the straight line method.

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

Non - Current Assets Held For Sale And Discontinued Operations

Assets held for sale will be

- measured at the lower of carrying amount and fair value less costs to sell, and depreciation on those assets should cease, and
- presented separately, on the face of the Balance Sheet, and the results of discontinued operations will be presented separately in the Surplus or Deficit on the Provision of Services and the Balance Sheet.

Classification

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continued use.

The following criteria will have been met before an asset can be classified as held for sale under:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Depreciation

A non-current asset classified as held for sale shall not be depreciated (or amortised in relation to intangible assets).

Derecognition

A revaluation gain or loss not previously recognised in the carrying amount of a non-current asset by the date of sale shall be recognised in the Surplus or Deficit on the Provision of Services as part of the gain or loss on disposal at the date of derecognition. The requirements relating to derecognition including accounting for gains or losses on disposal are set out within the accounting policy relating to property, plant and equipment.

NOTES TO THE CORE ACCOUNTS continued

Current Assets

Inventories and Long Term Contracts

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

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

Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Employee Benefits

Benefits Payable During Employment

Benefits payable during employment include:

1. Shorter-term employee benefits, which are those benefits that are due to be settled within 12 months after the year-end in which the employee rendered the services and include:

- wages, salaries and social security contributions.
- short-term compensated absences
- bonuses and similar payments
- paid annual leave and sick leave
- non-monetary benefits, for example cars

Short term employee benefits are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements, (or any form of leave e.g. flexi leave, time off in lieu) earned by employees but not taken before the year end and which are carried forward into the next financial year. The accrual is made at the average salary rates applicable in the accounting year, as this is at the rate the benefit is earned. The accrual is charged to the Surplus or Deficit on the Provision of Services. The accrual is not a charge against the General Fund balance and is reversed out of the General Fund balance, via the Movement in Reserves Statement, to the Accumulated Absences Account.

2. Other longer-term employee benefits which are those that do not fall due wholly within 12 months after the end of the period in that the employee rendered the services, include:

- long term compensated absences (long service or sabbatical leave)
- long-service benefits
- long-term disability benefits
- bonuses payable 12 months or more
- deferred compensation paid 12 months or more

All gains & losses and past service costs will be recognised in the Surplus or Deficit on the Provision of Services.

NOTES TO THE CORE ACCOUNTS continued

Termination Benefits

Termination Benefits are payable as a result of either:

1. An employer's decision to terminate an employee's employment before the normal retirement date, or
2. An employee's decision to accept voluntary redundancy in exchange for benefits.

Termination benefits shall be recognised as a liability, and only as an expense when the Council is committed to either terminate the employment of an employee before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary termination of employment.

The cost of these termination benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required, to and from the Pensions Reserve, to remove the notional debits and credits for pension enhancement termination benefits and replace them with accrued debits for the cash paid to the Pension Fund and any such amounts payable but unpaid at the year - end.

Post Employment Benefits

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Cambridgeshire County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - ie 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.

The overall amount to be met from Government grants and local taxation is unaffected.

The assets of the Cambridgeshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:-

- quoted securities at current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value

In assessing liabilities for retirement benefits at 31 March 2011 for the 2010/11 Statement of Accounts, the actuary was required by The Code to use a discount rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities (rate used - iboxx Sterling Corporate Index, AA over 15 years). The actuary has advised that a rate of 5.5% is appropriate.

The change in the net pensions liability is analysed into seven components:-

- ◇ current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for 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 Statement as part of Non Distributed Costs
- ◇ interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement
- ◇ expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement

NOTES TO THE CORE ACCOUNTS continued

- ◇ gains/losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed 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 actuaries have updated their assumptions - debited to the Pensions Reserve
- ◇ contributions paid to the Cambridgeshire pension fund - cash paid as employer's contributions to the pension fund

In relation to retirement benefits, statutory provisions require the General fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Financial Instruments

A financial asset or liability is recognised on the balance sheet when the Council becomes party to the contractual provisions of the instrument. This will often be the date that the contract is entered into but may be later if there are conditions that need to be satisfied.

Accounting For Financial Liabilities After Initial Recognition

Financial Liabilities

These are initially measured at fair value and carried at amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings of the Council this means that the amount presented on the Balance Sheet is the outstanding principal repayable and accrued interest, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Accounting For Financial Assets After Initial Recognition

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
- ◇ available-for-sale assets - assets that have quoted market price and/or do not have determinable payments

NOTES TO THE CORE ACCOUNTS continued

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 Statement 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 plus accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations and interest-free loans for private sector housing improvements (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective interest rate than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain 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.

The adjustments required to the soft loans (loans for renovation of historic buildings) are immaterial, thus they have not been made and the loans are recorded at face value in the Balance Sheet under Long Term Debtors.

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

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

Liabilities

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that would eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service revenue account in the year that the Council becomes economic benefits will not now be required (or a lower settlement than anticipated is made), the eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Provisions are presented on the face of the Balance Sheet as either current or non-current liabilities; dependent on when it is estimated when their will be a transfer of economic benefit.

Interests in Companies and Other Entities

East Cambridgeshire District Council owns all the shares in East Cambridgeshire Business Centres Limited. All the shares are now fully paid up.

The investment is held at cost price in the Balance Sheet.

Details of the statutory investment can be found in note 30 to the core accounts.

Group Accounts have not been prepared on the basis that the figures are not material.

2 Accounting Standards issued not adopted

Heritage Assets - Impact of the Adoption of the New Standard on the 2011/12 Financial Statements

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) confirms that for 2011/12, FRS 30: Heritage Assets will be adopted. This means that assets that fall under the definition of 'heritage assets' will be recognised as such for the first time in the 2011/12 statements. At this time, the Council is not aware of any assets that will be categorised as Heritage Assets in its 2011/12 Statement of Accounts.

3 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council 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 Government has announced a significant reduction in funding for local government over the next 4 years which has introduced a degree of uncertainty about future levels of service provision. At the present time, the Council has identified the services where reductions in provision are likely over the next 4 years. Some of these will be subject to consultation and will not be finally ratified until the budget is agreed on an annual basis.

It is anticipated that as consultations close and annual budget decisions are finalised it is possible that there will be an impact on how the Council utilises its assets. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication of which assets may become impaired due to a reduction in service provision.

- ◇ The Council's waste and recycling contract is provided by an external contractor who provides the vehicles required for the operation of these services. The Council has treated these vehicles as an embedded lease which means that the refuse and recycling vehicles are included on the Council's Balance Sheet.
- ◇ The Council has elected to treat one of its properties as an investment property on the basis that it is held solely to earn rentals.

NOTES TO THE CORE ACCOUNTS continued

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Grant Claims Yet to be Certified	In any financial year, the Council receives a number of grants from Central Government. Most of these grants are awarded based on an agreed amount and are then subject to audit certification. However, Housing Benefit Subsidy and Council Tax Benefit Subsidy is paid on account by the DWP during the financial year which is based estimated figures at the start of the year. At the end of the financial year, the actual amount due is calculated which results in monies either owed to or from the Council by the Government department.	During 2010/11, the Council estimated that it would require £22.223m in subsidy. However, the final claim was for £22.647m and therefore the Council is owed £0.424m from the Government, which forms part of the year end debtors figure on the Balance Sheet. Because this subsidy claim is still subject to audit, there is a risk that the subsidy figures may change if , for example, the grant claim contains incorrect financial information. A 1% error in the subsidy claim figures would result in the year end debtor due to the Council being reduced to £0.198m
Pensions Liability	The 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 return on pension fund assets. A firm of actuaries has been appointed to provide the Council with expert advice about the assumptions to be applied to the liabilities of the Cambridgeshire County Council pension scheme which are attributable to this Council.	The effect on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.5% decrease in the discount rate assumption would result in an increase in the pensions liability of £3,317k. Alternatively a 1 year increase in the member life expectancy would result in an increase in the pension liability of £1,063k. However, it should be noted that in reality, the assumptions interact in complex ways.

NOTES TO THE CORE ACCOUNTS continued

5

Translation to IFRS

As required under IFRS 1, detailed below is a reconciliation of reported reserves under previous UK GAAP (known as the Code of Practice on Local Authority Accounting in the UK, a Statement of Recommended Practice; SORP) to reserves under IFRS (Code of Practice on Local Authority accounting in the UK, based on International Financial Reporting Standards, the Code) at the date of transition, together with the affect on the 2009/10 general fund surplus.

BALANCE SHEET	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Grants & Contributions Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance Sheet at 31 March 2009 under UK GAAP	1,074,513	1,278,693	1,596,446	0	3,949,652	8,101,880	12,051,532
<u>IFRS adjustments</u>							
Holiday accrual	0	0	0	0	0	(70,360)	(70,360)
Leases	0	0	0	0	0	(17,464)	(17,464)
Government Grants & Capital Contributions Deferred	0	0	0	311,599	311,599	425,649	737,248
Assets	0	0	0	0	0	(130,739)	(130,739)
Investment Properties	0	0	0	0	0	0	0
Revenue Grants	0	100,475	0	42,760	143,235	0	143,235
Total of IFRS adjustments	<u>0</u>	<u>100,475</u>	<u>0</u>	<u>354,359</u>	<u>454,834</u>	<u>207,086</u>	<u>661,920</u>
Balance Sheet at 31 March 2009 under IFRS	<u>1,074,513</u>	<u>1,379,168</u>	<u>1,596,446</u>	<u>354,359</u>	<u>4,404,486</u>	<u>8,308,966</u>	<u>12,713,452</u>
Balance Sheet at 31 March 2010 under UK GAAP	1,446,677	1,585,716	1,182,918	0	4,215,311	(4,650,783)	(435,472)
<u>IFRS adjustments</u>							
Prior Year	0	100,475	0	354,359	454,834	207,086	661,920
Holiday accrual	0	0	0	0	0	(32,377)	(32,377)
Leases	0	0	0	0	0	(16,980)	(16,980)
Government Grants & Capital Contributions Deferred	0	0	0	31,667	31,667	249,236	280,903
Assets	0	0	0	0	0	137,157	137,157
Investment Properties	0	0	0	0	0	0	0
Revenue Grants	0	56,026	0	42,748	98,774	0	98,774
Total of IFRS adjustments	<u>0</u>	<u>156,501</u>	<u>0</u>	<u>428,774</u>	<u>585,275</u>	<u>544,122</u>	<u>1,129,397</u>
Balance Sheet at 31 March 2010 under IFRS	<u>1,446,677</u>	<u>1,742,217</u>	<u>1,182,918</u>	<u>428,774</u>	<u>4,800,586</u>	<u>(4,106,661)</u>	<u>693,925</u>

NOTES TO THE CORE ACCOUNTS continued

5 Translation to IFRS continued

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT		
	£	£
Income and Expenditure Account at 31 March 2010 under UK GAAP		
Deficit/(Surplus) for the year		1,038,989
<u>IFRS adjustments</u>		
Holiday Accrual	32,377	
Leases	16,980	
Revenue Grants	(98,774)	
Capital Grants	(280,903)	
Assets	(220,189)	
Total of IFRS adjustments	(550,509)	(550,509)
Income and Expenditure Account at 31 March 2010 under IFRS		488,480

NOTE: MOVEMENT IN RESERVES STATEMENT		
	£	£
- adjustments between Accounting basis and funding basis under Regulations		
Statement of Movement on the General Fund Balance under UK GAAP		(1,411,153)
<u>IFRS adjustments</u>		
Holiday Accrual	(32,377)	
Leases	(16,980)	
Revenue Grants	98,774	
Capital Grants	280,903	
Assets	220,189	
Total of IFRS adjustments	550,509	550,509
MiRS – adjustments between Accounting basis and funding basis under Regulations under IFRS		(860,644)

NOTES TO THE CORE ACCOUNTS continued

5 Translation to IFRS continued

MOVEMENT IN RESERVES STATEMENT

(summary analysis to confirm IFRS translation for General Fund Balance)

Statement of Movement of General Fund Balance under UK GAAP

	under UK GAAP £'000	IFRS adjustments £'000	under IFRS £'000
Income and Expenditure	1,038,989	(550,509)	488,480
MiRS – adjustments between Accounting basis and funding basis under Regulations	(1,411,153)	550,509	(860,644)
Net Movement in General Fund Balance	(372,164)	0	(372,164)
General Fund Balance brought forward	(1,074,513)		(1,074,513)
General Fund Balance carried forward	<u>(1,446,677)</u>		<u>(1,446,677)</u>

6 Material items of Income and Expenditure included in the Comprehensive Income & Expenditure Statement

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council. In 2010/11 the Comprehensive Income & Expenditure Account was credited with a past service gain of £ 3,813,000 under Non Distributed Costs. Further details of this are set out in Note 35 to the accounts. (2009/10, £0).

7 Events after the Balance Sheet Date

The Statement of Accounts was authorised by the Head of Finance on 30 June 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTES TO THE CORE ACCOUNTS continued

8 Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	note
Movements in 2010/11	£	£	£	£	£	£	
Adjustments involving the Capital Adjustment Account							
<u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</u>							
Amortisation of intangible assets	(29,112)			(29,112)	29,112		0
Depreciation and impairment of non current assets	(738,764)			(738,764)	862,171	123,407	
Revaluation losses on Property, Plant & Equipment	(264,506)			(264,506)	264,506		0
Movements in the market value of Investment Properties	214,771			214,771	(214,771)		0
Net (loss)/gain on sale of non current assets	1,584,996	0		1,584,996	2,004	1,587,000	
Donated Assets	120,749			120,749	(120,749)		0
Amount of non current assets written off on disposal or sale							
Movements in the Donated Assets Account				0	0		0
Amounts treated as Revenue in accordance with the Code but which are classified as Capital expenditure by statute	(491,908)			(491,908)	491,908		0
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement</u>							
Statutory provision for the financing of capital investment	114,110			114,110	(114,110)		0
Capital expenditure charged to the General Fund	0			0	0		0
Adjustments involving the Capital Receipts Reserve							
Transfer of sale proceeds credited as part of gain/loss on disposal		(1,587,000)		(1,587,000)	0	(1,587,000)	
Contribution from the Capital Receipts Reserve towards admin. costs of non current asset disposal				0	0		0
Use of the Capital Receipts Reserve to finance new capital expenditure			494,660	494,660	(494,660)		0
Capital receipts arising other than from disposal of a fixed asset transferred to Usable Capital Receipts	61,869	(86,664)		(24,795)	24,795		0
Contribution from Usable Capital Receipts to finance the payments to the Government Capital Receipts Pool	(5,285)	5,285		0	0		0

NOTES TO THE CORE ACCOUNTS continued

8 Usable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	note
Movements in 2010/11	£	£	£	£	£	£	
Adjustments involving the Capital Grants Unapplied Account							
Government Grants Deferred amortisation				0	0		0
Reversal of Capital grants & contributions credited to the CI&E				0	0		0
Unapplied Capital Grants to Capital Grants Unapplied Reserve							
Application of grants to capital financing	1,078,733		(12,132)	1,066,601	(1,190,008)	(123,407)	
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements				0	0		0
Adjustments involving the Pensions Reserve							
Reversal of items relating to post employment benefits	2,347,000			2,347,000	(2,347,000)		0
Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	994,000			994,000	(994,000)		0
Adjustments involving the Collection Fund Adjustment Account							
Net amount by which Council Tax income included in CI & E Statement differs from amount taken to General Fund in accordance with regulation	(30,543)			(30,543)	30,543		0
Adjustments involving the Accumulating Compensated Absences Adjustment Account							
Amount by which officer remuneration charged to the CI & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	19,996			19,996	(19,996)		0
Total adjustments	<u>4,976,106</u>	<u>(1,173,719)</u>	<u>(12,132)</u>	<u>3,790,255</u>	<u>(3,790,255)</u>		<u>0</u>

NOTES TO THE CORE ACCOUNTS continued

8

Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued

Usable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	<u>note</u>
Movements in 2009/10	£	£	£	£	£	£	
Adjustments involving the Capital Adjustment Account							
<u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</u>							
Amortisation of intangible assets	(34,997)			(34,997)	34,997		0
Depreciation and impairment of non current assets	(958,333)			(958,333)	958,333		0
Revaluation losses on Property, Plant & Equipment				0	0		0
Movements in the market value of Investment Properties				0	0		0
Net (loss)/gain on sale of fixed assets	(171,342)	(290,540)		(461,882)	461,882		0
Donated Assets	226,000			226,000	(226,000)		0
Amount of non current assets written off on disposal or sale							
Movements in the Donated Assets Account				0	0		0
Amounts treated as Revenue in accordance with the Code but which are classified as Capital expenditure by statute	(492,836)			(492,836)	492,836		0
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement</u>							
Statutory provision for the financing of capital investment	106,427			106,427	(106,427)		0
Capital expenditure charged to the General Fund	600			600	(600)		0
Adjustments involving the Capital Receipts Reserve							
Transfer of sale proceeds credited as part of gain/loss on disposal				0	0		0
Contribution from the Capital Receipts Reserve towards admin. costs of non current asset disposal				0	0		0
Use of the Capital Receipts Reserve to finance new capital expenditure			825,602	825,602	(825,602)		0
Capital receipts arising other than from disposal of a fixed asset transferred to Usable Capital Receipts	127,865	(127,865)		0	0		0
Contribution from Usable Capital Receipts to finance the payments to the Government Capital Receipts Pool	(6,331)	6,331		0	0		0

NOTES TO THE CORE ACCOUNTS continued

8

Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued

Usable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	note
Movements in 2009/10	£	£	£	£	£	£	
Adjustments involving the Capital Grants Unapplied Account							
Government Grants Deferred amortisation	304,852			304,852	(304,852)		0
Reversal of Capital grants & contributions credited to the CI&E Unapplied Capital Grants to Capital Grants Unapplied Reserve	74,415		(74,415)	0			0
Application of grants to capital financing				0	0		0
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements				0	0		0
Adjustments involving the Pensions Reserve							
Reversal of items relating to post employment benefits	(1,205,000)			(1,205,000)	1,205,000		0
Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	937,000			937,000	(937,000)		0
Adjustments involving the Collection Fund Adjustment Account							
Net amount by which Council Tax income included in CI & E Statement differs from amount taken to General Fund in accordance with regulation	(99,636)			(99,636)	99,636		0
Adjustments involving the Accumulating Compensated Absences Adjustment Account							
Amount by which officer remuneration charged to the CI & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(32,377)			(32,377)	32,377		0
Total adjustments	(1,223,693)	413,528	(74,415)	(884,580)	884,580		0

NOTES TO THE CORE ACCOUNTS continued

9 Transfers to/from Earmarked Reserves

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

	As at 01.04.09 £	Transfers to Reserve £	Contributions from Reserve £	As at 31.03.10 £	Transfers to Reserve £	Contributions from Reserve £	As at 31.03.11 £	
Change Management reserve	0	0	0	0	(350,000)	0	(350,000)	a
Infrastructure reserve	(257,959)	(102,000)	102,000	(257,959)	0	150,000	(107,959)	b
District Elections reserve	(10,000)	(56,000)	0	(66,000)	(22,000)	0	(88,000)	c
Housing Conditions survey reserve	0	0	0	0	(10,000)	0	(10,000)	c
Virtual storage reserve	0	0	0	0	(13,000)	0	(13,000)	c
Land Charges new burdens reserve	0	0	0	0	(34,356)	0	(34,356)	d
Vehicle Replacement reserve	23,218	(35,136)	0	(11,918)	(28,500)	0	(40,418)	e
Planning Delivery Grant reserve	(332,559)	(1,208,623)	614,690	(926,492)	0	132,179	(794,313)	e
Management Restructure	(185,313)	0	67,000	(118,313)	0	118,313	0	e
Ground maintenance reserve	0	0	0	0	(15,006)	0	(15,006)	e
Car Parks	25,000	(25,000)	0	0	0	0	0	e
LDF reserve	(119,860)	0	119,860	0	0	0	0	e
Contributions to Capital reserve	(248,239)	0	248,239	0	0	0	0	e
Asset Management reserve	(72,981)	(32,053)	0	(105,034)	(207,078)	0	(312,112)	f
Pension contributions reserve	(100,000)	0	0	(100,000)	0	0	(100,000)	g
Cultural & Related - Sport	(31,521)	0	(1,796)	(33,317)	(1,393)	21,342	(13,368)	h
Environmental - Community Safety	(24,685)	0	(7,462)	(32,147)	(44,223)	4,492	(71,878)	i
Planning & Development - Economic development	(18,385)	0	(17,276)	(35,661)	0	30,812	(4,849)	j
Transport	(25,884)	0	(6,492)	(32,376)	(19,731)	0	(52,107)	k
Housing	0	0	(23,000)	(23,000)	0	10,103	(12,897)	l
Corporate	0	0	0	0	(1,042)	0	(1,042)	m
Revenues and Benefits reserve	0	0	0	0	(150,000)	0	(150,000)	n
Reception refurbishment reserve	0	0	0	0	(90,000)	0	(90,000)	o
	<u>(1,379,168)</u>	<u>(1,458,812)</u>	<u>1,095,763</u>	<u>(1,742,217)</u>	<u>(986,329)</u>	<u>467,241</u>	<u>(2,261,305)</u>	

NOTES TO THE CORE ACCOUNTS continued

9 Transfers to/from Earmarked Reserves Continued

Notes

- (a) Reserve established to support the organisational change process of the Council.
- (b) Reserve created to fund the Council's expenditure in future years to maintain and develop the infrastructure of the District.
- (c) Reserve to fund specific expenditure (see individual lines) in required years.
- (d) Reserve created from grant income to cover changes in legislation in relation to personal search fee income. The purpose of the reserve is to provide support to the Council towards expenditure lawfully incurred or to be incurred as a result of removal of the ability to charge fees for personal searches.
- (e) Reserves created to fund expenditure on delayed projects. See individual lines
- (f) Reserve to hold unused Asset Management budget so that the planned work can be funded as required.
- (g) Reserve created to help fund the Council's future Pension contribution requirements due to increases in rates.
- (h) Reserve to fund projects including Community sports Network and Free Swimming Programme.
- (i) Reserve to fund projects including community safety and neighbourhood panels.
- (j) Reserve to fund projects including the improvement plan and community projects.
- (k) Reserve to fund projects including shopmobility and Littleport Station car park.
- (l) Reserve to fund projects including child protocol and Travellers sites.
- (m) Reserve to fund future costs such as insurance.
- (n) Reserve to fund future developments in revenues and benefits service provision
- (o) Reserve to fund refurbishment of reception area.

NOTES TO THE CORE ACCOUNTS continued

10

Property, Plant & Equipment

Movements for 2010/2011

	Other Land and buildings £	Vehicles Plant and Equipment £	Infra- structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2010	13,535,926	4,264,685	689,926	649,057	107,149	535,822	19,782,565
Additions	33,185	301,003	0	1		626,325	960,514
Donations	0	0	0	120,749	0	0	120,749
Revaluation increase/(decreases) recognised in the Revaluation Reserve	413,245	0	0	43,859	0	0	457,104
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(13,876)	0	0	(339,443)	0	0	(353,319)
Derecognition - Disposals	0	(49,957)	0	(2,002)	(1)	0	(51,960)
Derecognition - Other	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(40,001)	0	(40,001)
Impairments	0	0	0	0	0	0	0
Other movements in cost or valuation	14,287	0	1	10,500	0	0	24,788
Balance at 31 March 2011	13,982,767	4,515,731	689,927	482,721	67,147	1,162,147	20,900,440
Depreciation and impairments							
Balance at 1 April 2010	(1,034,617)	(2,958,093)	(30,715)	(35,168)	(953)	0	(4,059,546)
Additions	0	0	0	0	0	0	0
Depreciation	(306,798)	(426,657)	(4,249)	(106)	(954)	0	(738,764)
Depreciation written out to the Revaluation Reserve	97,615	0	0	62	0	0	97,677
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	49,957	0	0	0	0	49,957
Derecognition - Other	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2011	(1,243,800)	(3,334,793)	(34,964)	(35,212)	(1,907)	0	(4,650,676)
Balance Sheet (NBV) amount at 31 March 2011	12,738,967	1,180,938	654,963	447,509	65,240	1,162,147	16,249,764
Balance Sheet (NBV) amount at 1 April 2010	12,501,309	1,306,592	659,211	613,889	106,196	535,822	15,723,019
Nature of asset holding							
Owned	12,369,510	693,970	654,963	447,508	65,240	1,162,147	15,393,338
Finance Lease	369,457	486,968	0	1	0	0	856,426
PFI	0	0	0	0	0	0	0
	12,738,967	1,180,938	654,963	447,509	65,240	1,162,147	16,249,764

NOTES TO THE CORE ACCOUNTS continued

10

Property, Plant & Equipment Continued

Comparative Movements in 2009/2010 (Restated)

	Other Land and buildings £	Vehicles Plant and Equipment £	Infra- structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2009	14,158,557	4,034,427	689,925	555,079	622,953	341,731	20,402,672
Additions	25,988	227,608	1	230,397	1	194,091	678,086
Donations	0	12,000	0	20	0	0	12,020
Revaluation increase/(decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	(55,046)	(145,789)	0	0	(445,162)	0	(645,997)
Derecognition - Other	0	0	0	0	0	0	0
Reclassifications	8,809	136,439	0	(136,439)	(70,643)	0	(61,834)
Impairments	(602,382)	0	0	0	0	0	(602,382)
Balance at 31 March 2010	13,535,926	4,264,685	689,926	649,057	107,149	535,822	19,782,565
Depreciation and impairments							
Balance at 1 April 2009	(751,087)	(2,644,657)	(26,466)	(34,556)	(77,953)	0	(3,534,719)
Additions							0
Depreciation	(316,537)	(448,425)	(4,249)	(612)	(953)	0	(770,776)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	32,771	0	32,771
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	33,007	134,989	0	0	45,182	0	213,178
Derecognition - Other	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2010	(1,034,617)	(2,958,093)	(30,715)	(35,168)	(953)	0	(4,059,546)
Balance Sheet (NBV) amount at 31 March 2010	12,501,309	1,306,592	659,211	613,889	106,196	535,822	15,723,019
Balance Sheet (NBV) amount at 1 April 2009	13,407,470	1,389,770	663,459	520,523	545,000	341,731	16,867,953
Nature of asset holding							
Owned	12,140,523	714,664	659,211	613,889	106,196	535,822	14,770,305
Finance Lease	360,786	591,928	0	0	0	0	952,714
PFI	0	0	0	0	0	0	0
	12,501,309	1,306,592	659,211	613,889	106,196	535,822	15,723,019

NOTES TO THE CORE ACCOUNTS continued

10 Property, Plant & Equipment Continued

Depreciation is made on buildings, vehicles, equipment and intangible assets on the straight line method based on the expected remaining life. Land is not depreciated.

The useful lives of assets is estimated as:-

Class of Asset	Buildings	Plant & equipments	Vehicles	Infrastructure assets	Community assets	Intangible assets
Useful life by years	9-99	3-20	3-10	9-99	15-99	5

Capital Commitments

At 31 March 2011, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2011/12 and future years budgeted to cost £372,000. Similar commitments at 31 March 2010 were £1,369,000.

The major commitments are:

Reception Refurbishment – £90,000

Electronic Document Management, including e-Forms – £100,000

C.A.P.S.(Idox Group - System Integration)/G.I.S.(Geographical Information System) - £70,000

Customer Relationship Management Integration System – £68,000

Effects of changes in estimates

During the annual revaluation of 20% of the Authority's Property, Plant and Equipment in 2010/11, the remaining useful lives of those properties were reviewed as usual. As a result, the depreciation charge for the properties of £80,583 for 2010/11 was £56,085 lower than it would have been if the useful lives prior to revaluation had been used for the calculations. The impact of this change will carry forward into 2011/12 and future years.

Revaluations

The Authority carries out a rolling programme that ensures that all Property required to be measured at fair value is revalued at least every five years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

that exchange takes place on the date of valuation and after proper marketing,

that there is a willing buyer and a willing seller, i.e. not forced or compelled,

that it is an "arm's-length" transaction, i.e. not between parties that have a particular or special relationship, e.g. parent and subsidiary companies,

and that the parties acted knowledgeably and prudently.

NOTES TO THE CORE ACCOUNTS continued

10 Property, Plant & Equipment Continued

	Other Land and buildings £	Vehicles Plant and Equipment £	Surplus Assets £	Total £
Carried at historical cost	0	1,180,938	0	1,180,938
valued at fair value as at:				
31 March 2011	3,210,619	0	0	3,210,619
31 March 2010	7,339,611	0	65,240	7,404,851
31 March 2009	2,184,056	0	0	2,184,056
31 March 2008	0	0	0	0
31 March 2007	0	0	0	0
assets below deminimus:				
31 March 2000	4,681	0	0	4,681
Total Cost or Valuation	12,738,967	1,180,938	65,240	13,985,145

NOTES TO THE CORE ACCOUNTS continued

11 Investment Properties

An investment property is defined as an asset held solely to earn rentals or for capital appreciation or both. Property interests held under operating leases, with the Council as lessor, are also classified and accounted for as investment property if they meet these criteria. This Council currently has one property classed as an Investment property under IFRS, which it leases out under an operating lease. The fair value was determined by market evidence, with reference to the income potential of the units and the property condition. The value is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The Council's current valuers are Wilks, Head & Eve, Newlands House, 40 Berners Street, London, W1T 3NA.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2010/2011	2009/2010 Restated
	£	£
Rental income from investment property	(16,000)	6,483
Direct operating expenses arising from investment property	8,320	3,410
Net (gain)/loss	(7,680)	9,893

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

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

	2010/2011	2009/2010 Restated
	£	£
Balance at Start of year	162,000	280,000
Additions		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
Net gains/losses from fair value adjustments	214,771	0
Disposals	0	0
Impairments	0	(118,000)
Balance at End of Year	376,771	162,000

NOTES TO THE CORE ACCOUNTS continued

12 Intangible Assets (software licences)

The Authority accounts for its software licences as intangible assets, to the extent that the licence is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licences not internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £29,112 charged to revenue in 2010/11 was charged mainly to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

	2010/2011			2009/2010		
	Gross value £	Depreciation £	Net value £	Restated Gross value £	Restated Depreciation £	Restated Net value £
Balance at start of year	163,095	(138,417)	24,678	163,095	(103,420)	59,675
Amortisation in year	0	(29,112)	(29,112)	0	(34,997)	(34,997)
Additions (purchases)	68,860	0	68,860	0	0	0
Disposals	0	0	0	0	0	0
Balance at end of year	231,955	(167,529)	64,426	163,095	(138,417)	24,678

13 Financial Instruments

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

These include borrowing, investments and loans, debtors and creditors.

Long term borrowing would be held at amortised cost. However there is no borrowing in this year's Accounts.

Short term borrowing is held at amortised cost.

Investments are held in the Balance Sheet at carrying value as there is deemed to be no risk of loss for these investments.

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories:-

	Long Term			Current		
	As at 31.03.11 £000	Restated As at 31.03.10 £000	Restated As at 31.03.09 £000	As at 31.03.11 £000	Restated As at 31.03.10 £000	Restated As at 31.03.09 £000
Investments:						
Loans & Receivables	0	0	2,063	8,149	5,764	6,244
Financial assets carried at fair value through profit & loss	0	0	0	0	0	0
Total investments	0	0	2,063	8,149	5,764	6,244
Debtors:						
Loans & Investments	283	273	160			
Financial assets carried at contract amounts				1,079	1,007	1,425
Total debtors	283	273	160	1,079	1,007	1,425

NOTES TO THE CORE ACCOUNTS continued

13

Financial Instruments Continued

	Long Term			Current		
	As at	Restated	Restated	As at	Restated	Restated
	31.03.11	As at	As at	31.03.11	As at	As at
	£000	31.03.10	31.03.09	£000	31.03.10	31.03.09
		£000	£000		£000	£000
Borrowings:						
Financial liabilities at amortised cost	0	0	0	0	0	0
Financial liabilities at fair value through profit & loss	0	0	0	0	0	0
Total borrowings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Long Term Liabilities:						
Finance lease liabilities	390	512	626			
Total other long term liabilities	<u>390</u>	<u>512</u>	<u>626</u>			
Creditors:						
Financial liabilities at amortised cost	136	167	0	0	0	0
Financial liabilities at contract amount				1,459	1,793	2,180
Total creditors	<u>136</u>	<u>167</u>	<u>0</u>	<u>1,459</u>	<u>1,793</u>	<u>2,180</u>

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

- ◇ There were no long or short term borrowings at the year end so no estimated rates were needed.
- ◇ No early repayment or impairment is recognised
- ◇ Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- ◇ The fair value of trade and other receivables is taken to be the invoiced or billed amount
- ◇ NB Available for sale assets relating to the long term investment in East Cambridgeshire Business Centres Limited (see note 30 for more detail) is no longer shown within Financial Instruments as per 'the Code'.

Financial Instruments at Fair Value and Amortised Cost

	31 March 2011		Restated 31 March 2010		Restated 31 March 2009	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	1,985	1,985	2,472	2,472	2,796	2,796
Loans and receivables	9,511	9,511	7,044	7,044	9,892	9,892

NOTES TO THE CORE ACCOUNTS continued

13 Financial Instruments continued

Financial Instruments gains and losses

The gains and losses recognised in the Comprehensive Income & Expenditure Account in relation to financial instruments are made up as follows:

	Financial Liabilities	Financial Assets		Total £000
	Liabilities measured at amortised cost £000	Loans & receivables £000	Available for sale assets £000	
Interest payable and similar charges	41	0	0	41
Impairment losses	0	0	0	0
Interest and investment income	0	141	0	141
Net gain/(loss) for the year	41	141	0	182

14 Inventories

These have been valued for balance sheet purposes at the lower of cost or net realisable value. These include items such as Trading stock and refuse sacks. An analysis of the figures has not been provided as they are not considered material to the accounts.

15 Debtors

Amounts falling due within one year	As at 31.03.11			Restated As at 31.03.10			Restated As at 31.03.09
	Gross £	Bad Debt Provision £	Net £	Gross £	Bad Debt Provision £	Net £	Net £
Central Government Bodies	902,455	0	902,455	2,792,141	0	2,792,141	758,312
Other Local Authorities	216,794	0	216,794	70,275	0	70,275	131,266
NHS Bodies	0	0	0	0	0	0	
Public corporations and trading funds	0	0	0	0	0	0	
Other entities and individuals:							
Council tax payers	395,422	(157,973)	237,449	369,112	(142,098)	227,014	209,657
Rent Allowance overpayments	563,339	(313,718)	249,621	537,117	(322,208)	214,909	212,891
Sundry debtors	1,087,517	(39,270)	1,048,247	1,077,341	(59,317)	1,018,024	661,449
Total	3,165,527	(510,961)	2,654,566	4,845,986	(523,623)	4,322,363	1,973,575

NOTES TO THE CORE ACCOUNTS continued

16	<u>Cash and Cash Equivalents</u>	31.03.11	Movement 2010/2011	31.03.10 Restated	Movement 2009/2010	31.03.09 Restated
		£	£	£	£	£
	Short term investments repayable on notice	8,149,062	6,596,260	1,552,802	1,140,931	411,871
	Cash (overdrawn) or in hand at bank	<u>(212,364)</u>	<u>240,744</u>	<u>(453,108)</u>	<u>(74,077)</u>	<u>(379,031)</u>
		<u><u>7,936,698</u></u>	<u><u>6,837,004</u></u>	<u><u>1,099,694</u></u>	<u><u>1,066,854</u></u>	<u><u>32,840</u></u>
17	<u>Assets held for sale</u>		2010/2011		2009/2010	Restated
	Non-Current		£		£	
	Balance outstanding at start of year		0		0	
	Assets newly classified as held for sale:					
	Property, Plant and Equipment		40,001		0	
	Intangible Assets		0		0	
	Other assets/liabilities in disposal groups		0		0	
	Revaluation losses		0		0	
	Revaluation gains		0		0	
	Impairment losses		0		0	
	Assets declassified as held for sale:					
	Property, Plant and Equipment		0		0	
	Intangible Assets		0		0	
	Other assets/liabilities in disposal groups		0		0	
	Assets sold		-1		0	
	Transfers from non-current to current		0		0	
	[Other movements]		0		0	
	Balance outstanding at year-end		<u>40,000</u>		<u>0</u>	
				Restated	Restated	
18	<u>Creditors</u>		As at	As at	As at	
	Amounts falling due within one year		31.03.11	31.03.10	31.03.09	
			£	£	£	
	Other Local Authorities		326,431	775,939	904,100	
	Central Government Bodies		33,588	4,786	907,137	
	NHS Bodies		0	0	0	
	Public corporations and trading funds		0	0	0	
	Other entities and individuals:					
	Council tax payers		8,868	16,721	3,804	
	NNDR payers		1,177	517	67	
	Section 106 agreements		2,332,975	2,946,542	2,575,376	
	Receipts in Advance		118,459	198,836	150,489	
	Sundry creditors		854,543	661,808	746,134	
	Total		<u>3,676,041</u>	<u>4,605,149</u>	<u>5,287,107</u>	

NOTES TO THE CORE ACCOUNTS continued

19 Provisions

	As at 31.03.11 £	Net movement in year £	As at 31.03.10 £	Net movement in year £	As at 01.04.09 £	Note
Maintenance of amenity areas	(38,061)	4,061	(42,122)	5,222	(47,344)	(a)
Sport, recreation, etc grants	0	1,001	(1,001)	5,467	(6,468)	(b)
Historic building grants	(17,408)	16,877	(34,285)	64,246	(98,531)	(b)
	<u>(55,469)</u>	<u>21,939</u>	<u>(77,408)</u>	<u>74,935</u>	<u>(152,343)</u>	

Notes

(a) Amounts received which are used to fund the maintenance of amenity areas over a period of 15 years.

(b) Grants committed by Committee which will be paid out over the next 2 years.

20 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 8.

21 Unusable Reserves

	As at 31.03.11 £	Restated As at 31.03.10 £	Restated As at 31.03.09 £
Revaluation Reserve	(4,028,350)	(3,629,535)	(4,234,370)
Capital Adjustment Account	(13,091,202)	(12,554,643)	(12,940,165)
Deferred capital receipts	(207,722)	(127,223)	(146,165)
Pensions reserve	12,750,000	20,370,000	9,189,000
Accumulated Absences Account	82,741	102,737	70,360
Collection Fund Adjustment Account	(9,178)	(39,721)	(139,357)
	<u>(4,503,711)</u>	<u>4,121,615</u>	<u>(8,200,697)</u>

Revaluation Reserve

The revaluation reserve records unrealised revaluation gains arising since 1 April 2007 from the holding of property, plant, equipment and intangible assets.

	2010/2011		Restated 2009/2010	
	£	£	£	£
Opening balance 1 April		(3,629,535)		(4,234,370)
Upward revaluation of assets	(599,243)		(29,187)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	117,322		563,313	
		(481,921)		534,126
Difference between Current Value Depreciation and Historic Depreciation	83,106		70,709	
Accumulated gains on assets sold or scrapped	0		0	
		83,106		70,709
Balance at 31 March		<u>(4,028,350)</u>		<u>(3,629,535)</u>

NOTES TO THE CORE ACCOUNTS continued

21

Unusable Reserves Continued

Capital adjustment account:

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2010/2011		2009/2010	
	£	£	£	£
Opening Balance at 1 April		(12,554,643)		(12,940,165)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:-				
Depreciation	738,764		770,776	
Impairment	0		729,382	
Revaluation losses	49,735		(543,126)	
Donated assets	(120,749)		(225,982)	
Amortisation of intangible assets	29,112		34,997	
Revenue expenditure funded from capital under statute (funded by capital receipts)	491,908		901,194	
Revenue expenditure funded from capital under statute (funded by grants)	439,735		0	
Other transactions	5,833		0	
Carrying value of fixed assets disposed of	2,004		461,882	
Adjusting amounts written out of the Revaluation Reserve		1,636,342		2,129,123
Net written out amount of the cost of non-current assets consumed in the year		(91,941)		(70,712)
		1,544,401		2,058,411
Capital financing applied in the year:-				
Use of the Capital Receipts Reserve to finance new capital expenditure	(494,659)		(852,652)	
Capital grants and contributions credited to the CI&E Statement that have been applied to capital financing	(852,162)		(408,358)	
Capital grants and contributions used to fund REFCUS	(439,735)		0	
Application of grants to capital financing from the Capital Grants Unapplied Reserve	(180,294)		(304,852)	
Statutory provision for the financing of capital investment charged against the General Fund	0		0	
Capital expenditure charges against the General Fund	0		(600)	
MRP	(114,110)		(106,427)	
Movement in the Donated Assets Account credited to the CI&E Statement	0		0	
		(2,080,960)		(1,672,889)
Balance at 31 March		(13,091,202)		(12,554,643)

NOTES TO THE CORE ACCOUNTS continued

21

Unusable Reserves Continued

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the CI&E Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2010/2011	2009/2010
	£	£
Balance at beginning of year	20,370,000	9,189,000
Actuarial gains or losses on pension assets and liabilities	(4,279,000)	10,913,000
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E Statement	(2,347,000)	1,205,000
Employer's pensions contributions and direct payments to pensioners payable in the year	(994,000)	(937,000)
Balance at end of year	12,750,000	20,370,000

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2010/2011	2009/2010
	£	£
Balance at beginning of year	(127,223)	(146,165)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	(105,293)	(7,500)
Transfer to the Capital Receipts Reserve upon receipt of cash	24,794	26,442
Balance at end of year	(207,722)	(127,223)

Collection Fund Adjustment Account

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

	2010/2011	2009/2010
	£	£
Balance at beginning of year	(39,721)	(139,357)
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	30,543	99,636
Balance at end of year	(9,178)	(39,721)

NOTES TO THE CORE ACCOUNTS continued

21

Unusable Reserves Continued

Accumulated Absences Account

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

	2010/2011		2009/2010	
	£	£	£	£
Balance at beginning of year		102,737		70,360
Settlement or cancellation of accrual made at the end of the preceding year	(102,737)		(70,360)	
Amounts accrued at the end of the current year	82,741		102,737	
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(19,996)		32,377
Balance at end of year		82,741		102,737

NOTES TO THE CORE ACCOUNTS continued

22 Amounts Reported for Resource Allocation Decisions

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

Charges are made in relation to capital depreciation (whereas revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

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

Service Income and Expenditure

2010/2011

	Community Services £	Environment & Transport £	Personnel £	Strategic Development £	Policy & Resources £	Total £
Fees, charges & other service income	(1,598,663)	(308,070)	(5,626)	(1,631,857)	(6,097,454)	(9,641,670)
Government grants	(15,554)	(206,229)	(421)	(485,891)	(22,779,124)	(23,487,219)
Total Income	(1,614,217)	(514,299)	(6,047)	(2,117,748)	(28,876,578)	(33,128,889)
Employee expenses	817,325	975,038	192,821	1,610,932	3,137,241	6,733,357
Other service expenses	2,265,123	3,087,489	2,104	1,648,919	23,797,271	30,800,906
Support service recharges	626,276	779,584	28,086	918,280	2,181,067	4,533,293
Total Expenditure	3,708,724	4,842,111	223,011	4,178,131	29,115,579	42,067,556
Net Expenditure	2,094,507	4,327,812	216,964	2,060,383	239,001	8,938,667

2009/2010

	Community Services £	Environment & Transport £	Personnel £	Strategic Development £	Policy & Resources £	Total £
Fees, charges & other service income	(1,515,952)	(491,977)	(86,784)	(2,213,748)	(6,129,615)	(10,438,076)
Government grants	(54,222)	(145,700)	0	(1,689,984)	(27,991,751)	(29,881,657)
Total Income	(1,570,174)	(637,677)	(86,784)	(3,903,732)	(34,121,366)	(40,319,733)
Employee expenses	939,584	1,017,205	498,210	1,804,075	3,280,328	7,539,402
Other service expenses	2,605,338	3,169,946	2,726	3,265,009	25,589,233	34,632,252
Support service recharges	614,403	788,218	29,038	979,547	2,082,694	4,493,900
Total Expenditure	4,159,325	4,975,369	529,974	6,048,631	30,952,255	46,665,554
Net Expenditure	2,589,151	4,337,692	443,190	2,144,899	(3,169,111)	6,345,821

NOTES TO THE CORE ACCOUNTS continued

22

Amounts Reported for Resource Allocation Decisions Continued

Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

	2010/2011	2009/2010
	£	£
Cost of Services in Service Analysis - by Committee	8,938,667	6,345,821
Add services not included in the Analysis	0	0
Add amounts not reported to management	(3,485,933)	(325,785)
Remove amounts reported to management not included in the Comprehensive Income & Expenditure Statement	1,754,034	5,808,579
Net Cost of Services in the Comprehensive Income & Expenditure Statement	7,206,768	11,828,615

Reconciliation to Subjective Analysis

<u>2010/2011</u>	Service Analysis	Services not in analysis	Not reported to management	Not included in CI&E	Allocation of recharges	Net Cost of Services	Corporate Amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(9,500,444)	0	(338,277)	1,010,784	4,578,052	(4,249,885)	(517,507)	(4,767,392)
Interest and investment income	(141,226)	0	0	141,226	0	0	(141,226)	(141,226)
Income from council tax	0	0	0	0	0	0	(5,442,669)	(5,442,669)
Government grants and contributions	(23,487,219)	0	(181)	69,590	0	(23,417,810)	(7,616,705)	(31,034,515)
Total Income	(33,128,889)	0	(338,458)	1,221,600	4,578,052	(27,667,695)	(13,718,107)	(41,385,802)
Employee expenses	6,733,357	0	(3,846,977)	(86,605)	0	2,799,775	579,000	3,378,775
Other service expenses	30,865,569	0	817,489	(601,413)	(39,339)	31,042,306	8,430	31,050,736
Support Service recharges	4,533,293	0	5,420	0	(4,538,713)	0	0	0
Depreciation, amortisation and impairment	1,155,789	0	(123,407)	0	0	1,032,382	0	1,032,382
Interest Payments	40,786	0	0	(40,786)	0	0	40,786	40,786
Precepts & Levies	323,758	0	0	(323,758)	0	0	1,790,470	1,790,470
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	5,285	5,285
Gain or Loss on Disposal of Fixed Assets	(1,584,996)	0	0	1,584,996	0	0	(1,584,996)	(1,584,996)
Total expenditure	42,067,556	0	(3,147,475)	532,434	(4,578,052)	34,874,463	838,975	35,713,438
Surplus or deficit on the provision of services	8,938,667	0	(3,485,933)	1,754,034	0	7,206,768	(12,879,132)	(5,672,364)

NOTES TO THE CORE ACCOUNTS continued

22 Amounts Reported for Resource Allocation Decisions Continued

Reconciliation to Subjective Analysis

	Service Analysis	Services not in analysis	Not reported to management	Not included in CI&E	Allocation of recharges	Net Cost of Services	Corporate Amounts	Total
<u>2009/2010</u>	£	£	£	£	£	£	£	£
Fees, charges & other service income	(10,438,076)	0	(285,714)	0	4,726,443	(5,997,347)	(379,267)	(6,376,614)
Interest and investment income	0	0	0	450,560	0	450,560	(450,560)	0
Income from council tax	0	0	0	0	0	0	(5,212,059)	(5,212,059)
Government grants and contributions	(29,881,657)	0	(62,682)	7,966,158	0	(21,978,181)	(7,966,158)	(29,944,339)
Total income	<u>(40,319,733)</u>	<u>0</u>	<u>(348,396)</u>	<u>8,416,718</u>	<u>4,726,443</u>	<u>(27,524,968)</u>	<u>(14,008,044)</u>	<u>(41,533,012)</u>
Employee expenses	7,539,402	0	(45,130)	0	0	7,494,272	725,000	8,219,272
Other service expenses	31,873,700	0	61,941	(713,699)	(226,743)	30,995,199	0	30,995,199
Support Service recharges	4,493,900	0	5,800	0	(4,499,700)	0	0	0
Depreciation, amortisation and impairment	864,112	0	0	0	0	864,112	0	864,112
Interest Payments	0	0	0	0	0	0	48,469	48,469
Precepts & Levies	1,716,767	0	0	(1,716,767)	0	0	1,716,767	1,716,767
Payments to Housing Capital Receipts Pool	6,331	0	0	(6,331)	0	0	6,331	6,331
Gain or Loss on Disposal of Fixed Assets	171,342	0	0	(171,342)	0	0	171,342	171,342
Total expenditure	<u>46,665,554</u>	<u>0</u>	<u>22,611</u>	<u>(2,608,139)</u>	<u>(4,726,443)</u>	<u>39,353,583</u>	<u>2,667,909</u>	<u>42,021,492</u>
Surplus or deficit on the provision of servi	<u>6,345,821</u>	<u>0</u>	<u>(325,785)</u>	<u>5,808,579</u>	<u>0</u>	<u>11,828,615</u>	<u>(11,340,135)</u>	<u>488,480</u>

23 Acquired/Discontinued Operations

There were no acquired or discontinued operations during the year.

NOTES TO THE CORE ACCOUNTS continued

24 Trading operations

The Council owns Ely market rights, and also owns a number of industrial sites in the District. Operation of The Maltings public hall was contracted out with effect from November 1994. The profits (or losses) on these trading operations were as follows:

	2010/2011		2009/2010	
	Turnover	Profit (loss)	Turnover	Profit (loss)
	£	£	£	£
Ely markets	146,503	18,443	137,787	16,138
Business Units	26,483	(14,201)	3,171	(132,056)
Maltings hall	42,297	(52,017)	43,835	(141,748)
Total	215,283	(47,775)	184,793	(257,666)

Ely Markets has made an increased surplus as a result of increased income but also some increase in costs.

The reduced deficit on the Business units was because charges for interest for capital charges are no longer made and an increase in income from rents.

Maltings reduced deficit was because charges for interest for capital charges are no longer made and reduced expenditure on maintenance of the building, furniture and equipment.

25 Agency services

The Council undertakes grass cutting in Ely as agents for Cambridgeshire County Council. The County Council reimburses the District Council for the cost of this work, subject to a cash limit, and makes a contribution towards administrative costs. In 2010/2011 the County Council contributed £5,988 (2009/2010 £5,988)

The Council agreed to undertake grass cutting for the Sanctuary Group beginning in February 2010. Sanctuary reimburse the Council for the total cost of the work. The reimbursement for 2010/2011 was £162,598 (2009/2010 £24,328).

26 Members Allowances

The Authority paid the following amounts to members of the council during the year.

	2010/2011	2009/2010
	£	£
Allowances	234,460	231,556
Expenses	13,415	15,637
	247,875	247,193

Information regarding Members Allowances is published annually in the local press. Further details are available from the Head of Finance.

NOTES TO THE CORE ACCOUNTS continued

27 Officers' Remuneration

There were no Senior Officers whose salary was over £150,000.

The following table sets out the remuneration disclosures for Senior Officers whose salary is £50,000 or more.

Remuneration for 2010/2011		2010/2011						2009/2010					
Post title	Notes	Salary (Including fees & Allowances)	Expense Allowances	Benefits in kind (eg car allowances)	Compensation for loss of office	Employers pension contribution	Total remuneration incl. pension contribution	Salary (Including fees & Allowances)	Expense Allowances	Benefits in kind (eg car allowances)	Compensation for loss of office	Employers pension contribution	Total remuneration incl. pension contribution
		£	£	£	£	£	£	£	£	£	£	£	£
Chief Executive		124,605	786	8,676	0	24,298	158,365	123,122	665	8,329	0	21,423	153,539
Deputy Chief Executive	Note 1	97,403	646	9,608	0	18,994	126,651	93,845	580	8,687	0	16,329	119,441
Executive Director (Finance)	Note 2	0	0	0	0	0	0	48,504	585	0	0	8,440	57,529
Executive Director (Dev.)	Note 3	8,197	0	577	0	1,598	10,372	91,345	646	7,574	0	15,894	115,459
Heads of Services:-													
Finance		62,559	169	0	0	12,199	74,927	59,091	95	0	0	10,282	69,468
Legal & Democratic		59,162	154	0	0	11,537	70,853	56,778	124	0	0	9,879	66,781
HR & Facilities		51,645	26	0	0	10,071	61,742	50,492	93	0	0	8,691	59,276
Planning		64,083	1,418	0	0	12,496	77,997	62,221	1,269	0	0	10,826	74,316
Environmental		65,610	219	1,622	0	12,794	80,245	63,728	253	1,622	0	11,089	76,692
Policy & Performance	Note 4	50,061	302	0	47,818	9,762	107,943	51,150	331	0	0	8,900	60,381
Community		64,083	137	0	0	12,496	76,716	61,837	104	0	0	10,760	72,701
Housing		52,905	0	0	0	10,316	63,221	51,063	13	0	0	8,885	59,961
ICT & Customer Services	Note 5	49,499	0	3,212	0	9,652	62,363	0	0	0	0	0	0

Note 1: The Executive Director (HR & IT) was redesignated as Deputy Chief Executive in 2010/11

Note 2: The Executive Director (Finance) provided services for both this authority and another local authority between 1 April and 30 September 2009. This was an arrangement to "share" a senior member of staff in the ratio of 50:50. The Director left the authority on 30 September 2009. The annualised salary was £99,690 for 2009/10.

Note 3: The Executive Director (Dev) left on 2 May 2010. The annualised salary was £92,403.

Note 4: Head of Policy & Performance left on 11 March 2011. The annualised salary was £52,905.

Note 5: This was a new post created in 2010/11 as a part of the restructuring.

There were no other employees whose remuneration was above £50,000.

NOTES TO THE CORE ACCOUNTS continued

28 External Audit Costs

The following fees relating to external audit and inspection were incurred:-

	2010/2011	2009/2010
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	106,612	86,332
Fees payable to the Audit Commission in respect of statutory inspection	0	0
Fees payable to the Audit Commission for the certification of grant claims and returns	36,975	28,221
Fees payable in respect of other services provided by the appointed auditor	0	0
	<u>143,587</u>	<u>114,553</u>

29 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11.

	2010/2011		2009/2010	
	£	£	£	£
<u>Credited to Taxation and Non Specific Grant Income</u>				
Council Tax Income		(5,442,669)		(5,212,059)
Non Domestic Rates		(5,898,492)		(5,430,548)
Non Ringfenced Government Grants:				
Revenue Support Grant	(856,516)		(1,253,441)	
Area Based Grant	(35,234)		(22,811)	
LABGI	0		(54,222)	
HPDG	0		(1,205,136)	
Other Government Grants	<u>(34,356)</u>		<u>0</u>	
		(926,106)		(2,535,610)
Capital Grants & Contributions:				
Sanctuary Hereward	(81,443)		(42,930)	
Section 106	(388,802)		(116,670)	
Littleport Empty Properties	(189,071)		0	
Housing growth Fund	(161,665)		0	
Cambs Horizons	(150,125)		0	
Cambridgeshire County Council	(40,432)		0	
Other grants	(67,195)		(219,667)	
Other contributions	<u>0</u>		<u>0</u>	
		<u>(1,078,733)</u>		<u>(379,267)</u>
Total		<u>(13,346,000)</u>		<u>(13,557,484)</u>

NOTES TO THE CORE ACCOUNTS continued

29

Grant Income Continued

	2010/2011	2009/2010
	£	£
<u>Credited to Services</u>		
Benefits	(22,700,854)	(21,284,399)
Littleport Flood Risk	(141,347)	0
Dept for Transport	(64,882)	(145,700)
Cambridgeshire Horizons	(411,560)	(389,628)
Section 106	(621,175)	(297,697)
LPSA	(109,943)	(585,455)
Other grants	(743,970)	(879,321)
Total	<u>(24,793,731)</u>	<u>(23,582,200)</u>

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	2010/2011	2009/2010
	£	£
<u>Capital Grants Receipts in Advance</u>		
CCC Pathfinder	0	(40,000)
Total	<u>0</u>	<u>(40,000)</u>
<u>Donated Assets Account</u>		
Other donations	0	0
Total	<u>0</u>	<u>0</u>

30 **Related Parties**

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 22 on reporting for resources allocation decisions.

Members

Members of the council have direct control over the council's financial and operating policies.
The total of members' allowances paid in 2010/11 is shown in Note 26.

There were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.
See note 29 for Grants received and notes 15 and 18 for Other Local Authority Debtors and Creditors figures.

Entities Controlled or Significantly Influenced by the Authority

The Council fully owns East Cambridgeshire Business Centres Limited.

The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs of the businesses as it saves them having to purchase equipment and provides meeting/training rooms.

The workspaces are let on a short term basis to allow them to expand or contract as necessary without being locked into a long term tenancy agreement.

Group Accounts have not been produced as the figures are not material to the overall accounts of the Council.

The net assets of the company at 31 March 2011 were £501,138 (31 March 2010 £506,577)

The company made a deficit of £4,077 before tax in the year (2009/2010 deficit £3,258)

Copies of the accounts for East Cambridgeshire Business Centres Limited can be obtained from:-

The Grange
Nutholt Lane
Ely Cambs
CB7 4EE

The Council became a partner in the Anglia Revenue Partnership on 13 October 2010. A payment is made into the partnership which is not an entity in itself.

This payment is included in the service costs in the CI&E Account.

The other partners are Forest Heath District Council and Breckland District Council.

NOTES TO THE CORE ACCOUNTS continued

31 Capital expenditure and financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2010/2011	Restated 2009/2010
	£	£
Opening Capital Financing Requirement	486,076	592,503
Capital investment		
Property, Plant & Equipment	960,514	452,103
Investment Properties, Intangible and Assets held for sale	68,861	0
Revenue expenditure funded from Capital under statute	931,643	1,102,339
Sources of finance		
Capital receipts	-494,660	-852,652
Government grants and other contributions	-1,451,367	-701,190
Sums set aside from revenue: re. finance leases below	-114,110	-106,427
other incl. minor land sales	<u>(14,991)</u>	<u>(600)</u>
Closing Capital Financing Requirement	<u>371,966</u>	<u>486,076</u>

Explanation of movements in the year

Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	0	0
Assets acquired under finance leases	<u>(114,110)</u>	<u>(106,427)</u>
Increase/(decrease) in Capital Financing Requirement	<u>(114,110)</u>	<u>(106,427)</u>

	2010/2011	2009/2010
	£	£
The sources of finance for capital expenditure were:		
Government Grants and other contributions	1,451,367	701,190
General Fund	114,110	106,427
Useable capital receipts	494,660	852,652
Total source of finance	<u>2,060,137</u>	<u>1,660,269</u>
Used to fund:		
Revenue expenditure funded from capital under statute	931,643	901,194
Long term debtors	0	201,145
Fixed assets	<u>1,029,375</u>	<u>452,103</u>
Total expenditure	<u>1,961,018</u>	<u>1,554,442</u>

NOTES TO THE CORE ACCOUNTS continued

32 Leases

Authority as Lessee

Finance Leases

The Council has affectively acquired a number of Refuse Vehicles as embedded leases within its refuse collection arrangements. Although they are not directly leased by the council the circumstances are such that the contractor has effectively allocated control of this equipment to the Council.

The assets acquired under these embedded leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31.03.11	31.03.10
	£	£
Embedded Leases Refuse Vehicles	468,521	591,928

The Authority is committed to making minimum payments under these leases through the service payment to the main contractor in settlement of the effective long-term liability for the interest in the vehicles. The minimum lease payments are made up of the following:

	31.03.11	31.03.10
	£	£
Finance lease liabilities (net present value of minimum lease payments):		
Current	122,348	114,110
Non Current	389,914	512,262
Minimum lease payments	<u>512,262</u>	<u>626,372</u>

The minimum lease payments will be payable over the following periods, given the nature of an embedded lease there will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability:

	31.03.11	31.03.10
	£	£
Minimum Lease Payments time profile		
Not later than one year	122,348	114,110
Later than one year and not later than five years	389,914	512,262
Later than five years	0	0
	<u>512,262</u>	<u>626,372</u>

NOTES TO THE CORE ACCOUNTS continued

32 Leases continued

The Council also has a number of other finance leases for public conveniences, a car park and an open space.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31.03.11	31.03.10
	£	£
Finance Leases Public Conveniences, Car Park, Open Space	369,458	360,786

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following:

	31.03.11	31.03.10
	£	£
Finance lease liabilities:		
Current	6	6
Non Current	103	109
Minimum lease payments	<u>109</u>	<u>115</u>

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability above.

As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

Operating Leases

The Authority has acquired the use of a number of assets by operational leasing. These relate mainly to various parcels of land. A significant number are at a peppercorn rent with the remainder at less than economic value. The future minimum lease payments on these assets are:

	31.03.11	31.03.10
	£	£
Not later than one year	3,636	3,636
Later than one year and not later than five years	9,292	11,043
Later than five years	25,835	27,720
	<u>38,763</u>	<u>42,399</u>

There have been no sublets or rent reviews. Consequently all payments equal the minimum rental.

NOTES TO THE CORE ACCOUNTS continued

32 Leases continued

The expenditure charged to the Cultural and Related, Environmental and Transport Services lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31.03.11	31.03.10
	£	£
Leasing Payments charged to Revenue	3,636	3,636

The minimum lease payments payable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Authority as Lessor Finance Leases

The Authority has no material finance leases for property or equipment.

Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of public open space, recreation and public conveniences
- to provide for City Council offices, Registrar offices and Citizens Advice Bureau
- to encourage small businesses
- and other minor items.

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

	31.03.11	31.03.10
Minimum Lease Payments time profile	£	£
Not later than one year	113,288	73,224
Later than one year and not later than five years	369,919	392,359
Later than five years	160,057	217,345
	643,264	682,928

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2010/11 £1,250 contingent rents were receivable by the Authority (2009/10 £1,250).

33 Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 10 and 11 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

34 Termination Benefits

The Authority terminated the contracts of a number of employees in 2010/11, incurring liabilities of £130k (£105k in 2009/10). Of this total, £48k is payable to the Head of Policy and Performance, in the form of compensation for loss of office, as disclosed in Note 27.

The remaining £82k was payable to 6 officers who were made redundant as part of the Authority's rationalisation of Services.

NOTES TO THE CORE ACCOUNTS continued

35 **Pensions Schemes Accounted for as Defined Contribution Schemes**

The Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in the note on pensions in the Accounting Policies the Council participates in the Local Government Superannuation Scheme which is administered by the Cambridgeshire County Council's Pension Fund. In addition the Council has liabilities for discretionary pension payments outside the main scheme.

In 2010/2011 the Council paid an employer's contribution of £855,426 (2009/2010 £816,221 @ 17.4%), representing 19.5% of employees pensionable pay into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service. The contribution rate is determined by the Fund's actuary, based on triennial valuations. The last review took place on 31 March 2010.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

The actuary has made allowance for the removal of the "Rule of 85" for new entrants from 1 October 2006, to the extent that any such new entrants were included in the membership data for the formal valuation at 31 March 2010. No allowance is made for the effect of the abolition of the "Rule of 85" for new entrants since 31 March 2010.

In addition to the above the Council is responsible for all pension payments relating to added years' benefits it has awarded together with the related increases. In 2010/2011, these amounted to £130,269 (2009/2010 £118,852, 2.53%), representing 2.97% of pensionable pay.

The capital cost of these discretionary increases in pensions payments agreed by the authority is:-

	2010/2011	2009/2010
Current year decisions	36,788	0
Earlier year decisions for which payments are still being made	1,181,000	1,296,000

A creditor provision has been made at 31 March 2011 for the amount due to the Pension Fund as a result of the Council agreeing for staff to receive their pensions early due to redundancy or early retirement.

The amount due for each member of staff is paid over 5 years. The creditor at 31 March 2011 is £188,410 (31 March 2010 £232,074)

Participation in 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 authority participates in the Local Government Pension Scheme for civilian employees, administered by Cambridgeshire County Council. This is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.

NOTES TO THE CORE ACCOUNTS continued

35 Pensions Schemes Accounted for as Defined Contribution Schemes Continued

Transactions relating to retirement benefits

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive I & E Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has the effect of reducing the authority's liabilities in Cambridgeshire County Council Pension Fund by £3,813k and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

Comprehensive Income & Expenditure Statement

	2010/2011 £000	2009/2010 £000
Cost of services:		
Current service cost	887	480
Past service costs/gains	(3,813)	0
Financing & Investment Income & Expenditure:		
Interest cost	2,241	1,840
Expected return on assets in the scheme	(1,662)	(1,115)
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	(2,347)	1,205
Other Post Employment Benefit charged to the Comprehensive I&E Statement		
Actuarial gains and losses	(4,279)	10,913
Total Post Employment Benefit charged to the Comprehensive I&E Statement	(6,626)	12,118
Movement in Reserves Statement		
reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	3,341	(268)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	994	937

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains of £4,279,000 (£10,913,000 loss 2009/10) were included in the Comprehensive I&E Statement . The cumulative amount of actuarial gains and losses recognised in the Comprehensive I&E Statement to the 31 March 2011 is a loss of £11,327,000 (31 March 2010 £15,606,000).

NOTES TO THE CORE ACCOUNTS continued

35 Pensions Schemes Accounted for as Defined Contribution Schemes Continued

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the funded scheme liabilities	2010/2011 £000	2009/2010 £000
1 April	43,885	26,823
Current service cost	887	480
Interest cost	2,241	1,840
Contributions by scheme participants	296	317
Settlements & curtailments	0	0
Actuarial losses/(gains)	(6,596)	15,542
Past service costs/(gains)	(3,813)	0
Estimated unfunded benefits paid	(85)	(84)
Estimated benefits paid	<u>(1,393)</u>	<u>(1,033)</u>
31 March	<u>35,422</u>	<u>43,885</u>

Reconciliation of fair value of the scheme assets	2010/2011 £000	2009/2010 £000
1 April	23,515	17,634
Expected rate of return	1,662	1,115
Contributions by scheme participants	296	317
Settlements	0	0
Employer contributions	909	853
Contributions in respect of unfunded benefits	85	84
Actuarial gains/(losses)	(2,317)	4,629
Unfunded benefits paid	(85)	(84)
Benefits paid	<u>(1,393)</u>	<u>(1,033)</u>
31 March	<u>22,672</u>	<u>23,515</u>

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.

The actual return on scheme assets in the year was £1,500,000 (£5,744,000 2009/10)

NOTES TO THE CORE ACCOUNTS continued

35 Pensions Schemes Accounted for as Defined Contribution Schemes Continued

Scheme History	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
	£000	£000	£000	£000	£000
Present values of liabilities	(28,860)	(27,482)	(26,823)	(43,885)	(35,422)
Fair value of assets	22,522	21,751	17,634	23,515	22,672
Surplus/(deficit)	(6,338)	(5,731)	(9,189)	(20,370)	(12,750)
Experience gains/(losses) on liabilities	11	(1,805)	75	(115)	1,966
Above, as a percentage of present value of liabilities	-0.04%	6.57%	-0.28%	0.26%	-5.55%
Experience gains/(losses) on assets	215	(2,139)	(5,654)	4,629	(2,317)
Above, as a percentage of fair value of assets	0.95%	-9.83%	-32.06%	19.69%	-10.22%

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £13m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the council in the year to 31 March 2012 is £828,000.

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 liabilities have been assessed by Hymans Robertson, the independent actuaries.

Estimates for the fund are based on the latest full valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:

	2010/2011	2009/2010
Long-term expected rate of return on assets in the scheme		
Equity investments	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Other	4.6%	4.8%
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	21.0	20.8
Women	23.8	24.1
Longevity at 65 for future pensioners		
Men	22.9	22.3
Women	25.7	25.7
Rate of inflation/Pension increase	2.8%	3.8%
Rate of increase in salaries	5.1%	5.3%
Expected return on assets	6.8%	7.1%
Rate for discounting scheme liabilities	5.5%	5.5%

NOTES TO THE CORE ACCOUNTS continued

35 Pensions Schemes Accounted for as Defined Contribution Schemes Continued

The scheme's assets consist of the following categories, by proportion of the total assets held.

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
	%	%	%	%	%
Equity investments	74	69	64	72	73
Bonds	11	13	17	15	15
Property	13	12	10	8	8
Other	2	6	9	5	4
	100	100	100	100	100

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

36 Contingent liabilities

The outstanding judicial review relating to a planning application noted in last year's accounts has been withdrawn.

The outstanding claim for damages from a lessee relating to repairs noted in last years' accounts has been settled with overdue rent being written off.

A reserve has been created from grant income to cover changes in legislation in relation to personal search fee income. The purpose of the reserve is to provide support to the Council towards expenditure lawfully incurred or to be incurred as a result of removal of the ability to charge fees for personal searches.

The Council does not accept any liability for the reclaim of payments received and has, as yet, not had any claims.

37 Contingent Assets

There were no material contingent assets at the year end

38 Nature and Extent of Risks Arising from Financial Instruments

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

- ◇ credit risk - the possibility that other parties might fail to pay amounts due to the Authority
- ◇ liquidity risk - the possibility that the Authority might not have the funds available to meet its commitments to make payments
- ◇ market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a treasury team, under policies approved by the Council in the Annual Treasury Management Strategy.

The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

NOTES TO THE CORE ACCOUNTS continued

38 Nature and Extent of Risks Arising from Financial Instruments continued

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions that satisfy the required level of ratings at the time as notified by Sector, the Council's treasury advisors. Some institutions are limited to short term lending up to 3 months. The maximum amount that can be lent to one institution at any particular time is £3m.

In light of the above investment strategy, the Council does not consider there to be any quantifiable credit risk in relation to its investments as at 31 March 2011.

In relation to sums owed by the Council's customers and contractual debtors, prudent provision is made for bad debts based on an assessment of the risks for each type of debt and age of those debts. An analysis of the Council's potential maximum exposure to credit risk in relation to debtors is shown below.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers, such that £1.022m of the £2.790m (£1.213m of £4.846 2009/10) is past its due date for payment. The past due amount can be analysed by age as follows:

	2010/2011	2009/2010
	£000	£000
Less than 3 months	35	254
3 to 6 months	179	319
6 months to 1 year	179	9
More than 1 year	629	631
	<u>1,022</u>	<u>1,213</u>

Liquidity risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. However if unexpected movements happen, the authority has ready access to borrowings from the PWLB and money markets, there is no significant risk that it will be unable to meet its commitments under financial instruments.

All financial liabilities as at 31 March 2011 are due within one year. As there are no long term liabilities there is currently no need to make a provision for repayment. Therefore, there is no current risk of having to borrow at unfavourable rates in the future to replenish borrowings.

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments, because all of its investments are at fixed rates.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget on a quarterly basis during the year. This allows any adverse changes to be taken into consideration. The analysis will also advise whether new borrowing taken out is fixed or variable and short term or longer.

A rise in interest rates would have the following effects:

- ◇ borrowings at variable rates - the interest expense charged to the Income & Expenditure Account will rise
- ◇ borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- ◇ investments at variable rates - the interest income credited to the Income & Expenditure Account will rise
- ◇ investments at fixed rates - the fair value of the assets will fall

38 **Nature and Extent of Risks Arising from Financial Instruments continued**

A fall in interest rates would create the reverse effect.

If interest rates had been 1% higher with all other variables held constant, the financial effect in 2010/11 would have been a reduction in fair value of the fixed rate investments of £130,080.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account.

Market risk - price

The Authority invests in shares in 1 company to provide a local service. There is no intention to sell these shares and there is no other source of valuation of them so the risk is minimal.

Market risk - foreign exchange

The Council has no financial assets or liabilities in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

COLLECTION FUND ACCOUNTS 2010/2011

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

Revenue Account

	Note	2010/2011		2009/2010
		£	£	£
Income				
Income from Council Tax	b	38,517,495		37,093,723
Transfers from General Fund				
Council Tax Benefits		4,450,608		4,158,402
Transitional Relief		499		224
Income collectable from business ratepayers	a	15,634,900		15,786,636
Contributions towards previous years' Collection Fund deficit		0		0
			58,603,502	57,038,985
Expenditure				
Precepts and demands				
Cambridgeshire County Council		30,595,176		29,297,377
Cambridgeshire Police Authority		4,951,152		4,743,360
Cambridgeshire Fire & Rescue		1,689,804		1,622,592
East Cambridgeshire District Council		5,419,212		5,184,695
Business rate				
Payment to national pool		15,539,987		15,690,681
Costs of collection		94,913		95,955
Bad and doubtful debts / appeals				
Write offs		95,780		152,322
Provisions		17,608		36,215
Contributions towards previous years' Collection Fund surplus		425,516		1,008,019
			58,829,148	57,831,216
(Surplus) deficit for year			225,646	792,231
Reserve Balance				
Collection Fund deficit (surplus) at 1 April			-313,085	-1,105,316
Movement on Fund balance in year			225,646	792,231
Collection Fund (surplus) deficit at 31 March			-87,439	-313,085

NOTES TO THE COLLECTION FUND ACCOUNTS

Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire & Rescue Authority and East Cambridgeshire District Council.

The basic amount for a 2010/11 Band D property, being £1,410.57 (2009/10 £1,369.80), is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any Parish precept.

Note

National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2011 was £45,127,122 (31 March 2010 £39,387,020). The national non-domestic rate multiplier for 2010/2011 was 41.4p (2009/2010 48.5p).

a

Council Tax Base

The calculation of the council tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings is as follows:

b

<i>Band</i>	<i>2010/2011 Equivalent number of dwellings</i>	<i>2009/2010 Equivalent number of dwellings</i>
A	2,277	2,220
B	7,081	6,950
C	5,679	5,567
D	5,843	6,031
E	4,624	4,552
F	2,435	2,435
G	947	920
H	134	125
O	0	0
Reduction in second home discounts	52	0
Provision for new homes	128	0
	29,200	28,800

NOTES TO THE COLLECTION FUND ACCOUNTS continued

Note
c

Precepts and Demands

The names of the authorities which made a significant precept or demand on the fund and the amount included for each were as follows:

	2010/2011 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.10	2010/2011 Total	2009/2010 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.09	2009/2010 Total
	£	£	£	£	£	£
Cambridgeshire County Council	30,595,176	305,209	30,900,385	29,297,377	724,624	30,022,001
Cambridgeshire Police Authority	4,951,152	49,402	5,000,554	4,743,360	116,097	4,859,457
Cambridgeshire Fire & Rescue	1,689,804	16,905	1,706,709	1,622,592	40,298	1,662,890
East Cambridgeshire District Council	5,419,212	54,000	5,473,212	5,184,695	127,000	5,311,695

Surplus/deficit on the Fund

The balance on the Collection Fund is split between the relevant authorities in relation to the precepts/demands. The figure for this Council is shown in the Balance Sheet as the Collection Fund Adjustment Account.

d

	2010/2011 £	2009/2010 £
Cambridgeshire County Council	(62,031)	(224,596)
Cambridgeshire Police Authority	(13,140)	(36,360)
Cambridgeshire Fire & Rescue	(3,090)	(12,408)
East Cambridgeshire District Council	(9,178)	(39,721)
Total Deficit/(surplus)	(87,439)	(313,085)

The balances for the other precepting authorities are adjusted to remove their portions of the CT arrears, bad debt provisions and prepayments so that they show as debtors or creditors for the net cash position under an agency basis in the Balance Sheet. These adjustments are also made to the CT debtors and creditors balances.

	2010/2011 adjustment				2009/2010 adjustment			
	CCC	CPA	CFA	Agency totals	CCC	CPA	CFA	Agency totals
Apportionment basis	71.80%	11.30%	4.00%		71.70%	11.60%	4.00%	
Council Tax arrears	1,308,979	206,009	72,924	1,587,912	1,323,700	214,155	73,847	1,611,702
Bad debt provn	(522,940)	(82,301)	(29,133)	(634,374)	(509,587)	(82,444)	(28,429)	(620,460)
CT over/pre payments	(662,069)	(104,198)	(36,884)	(803,151)	(662,610)	(107,200)	(36,966)	(806,776)
Collection fund surplus	(62,031)	(13,140)	(3,090)	(78,261)	(224,596)	(36,360)	(12,408)	(273,364)
Adjusted precepting authority balance	(61,939)	(6,370)	(3,817)	(72,126)	73,093	11,849	3,956	88,898

GLOSSARY OF TERMS

Accounting Period

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Actuarial Gains & Losses

For a defined pension benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation or the actuarial assumptions have changed.

Balances

Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied, at the discretion of the Council, to reduce future demands on the Collection Fund or to meet unexpected costs. Balances on holding accounts and provisions are available to meet expenditure in future years without having an adverse effect on revenue expenditure.

Budget

A statement of the Council's income and expenditure plan over a specified period, for example the annual revenue budget which, besides being expressed in financial terms, may include other physical data, e.g. manpower resources.

Capital Charges

Charges made to revenue accounts as part of the running costs of each service to reflect the value of the fixed assets used in providing the service.

Capital Expenditure

Money spent on providing assets of long-term value, e.g. land, buildings and equipment, or on making grants towards such expenditure.

Capital Financing

A global term covering the sources of money to pay for capital spending, e.g. borrowing, sales of fixed assets, grants, developers' contributions, leasing, and revenue monies.

Capital Receipts

Money raised from the sale of fixed assets, e.g. land. Some other receipts, e.g. Housing Association Grant (HAG), and some loan repayments have to be treated as capital receipts.

Community Assets

Fixed assets that the Council intends to hold in perpetuity which have no determinable useful life and which will often have restrictions on their disposal, e.g. parks or historic buildings.

Contingent Liabilities

Potential liabilities which are either dependent on a future event or cannot be reliably estimated.

GLOSSARY OF TERMS CONTINUED

Current Assets

The day-to-day working assets of the Council, e.g. stores, cash, bank balances, and debtors.

Current Liabilities

Amounts which will or could become payable in the immediate future, e.g. unpaid bills ("creditors"), bank overdrafts.

Current Service Cost

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Deferred Charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets.

Defined Benefit Scheme

A pension scheme that defines the benefits independently of the contributions payable

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period.

Effective Rate of Interest

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.

Fair Value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

General Fund

The main revenue account of the Council. All the running costs and related income pass through this Fund.

Government Grants

Grants made by central government towards Council spending. They may be specific e.g. housing benefit subsidy, or general e.g. revenue support grant.

Housing Advances

Sometimes referred to as Housing Act Advances, or HAA. These are loans made to individuals by the Council towards the cost of acquiring or improving their homes.

Housing Benefit

A social security benefit administered by the Council which is intended to help claimants to meet their rent liability.

GLOSSARY OF TERMS CONTINUED

Impairment

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.

Infrastructure Assets

Fixed assets that are invaluable, expenditure on which is recoverable only by continued use of the asset. An example would be footpaths

Interest Cost

For a defined pension benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Minimum Revenue Provision

The minimum amount which must be charged to the authority's revenue accounts each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.

Multiplier

The term used in relation to business rates to describe the number of pence in the pound (set by central government) to be multiplied by the rateable value of a property to work out the amount due.

Operating Lease

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precepts

The levy made on a billing authority by a Precepting Authority, requiring collection of income from council taxpayers on their behalf.

Precepting Authority

Those authorities that are not Billing Authorities ie. do not collect council tax and non domestic rate. County Councils are "major precepting authorities" and parish, community and town councils are "local precepting authorities".

PWLB

The Public Works Loan Board is a central government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Reserves

Money held for some broadly specific purpose, e.g. contingencies, but in respect of which no specific commitment has been made.

GLOSSARY OF TERMS CONTINUED

Revenue Expenditure

Recurring expenditure on day-to-day expenses e.g. employees, running costs of buildings and equipment. Any spending which is not capital expenditure. Sometimes called current expenditure.

Revenue Expenditure Funded From Capital Under Statute

Expenditure which legislation allows 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 be charged to the General Fund and impact on that year's council tax.

Revenue Support Grant

The main annual grant paid by central government. It is intended to meet a proportion of the total local authority expenditure considered by Government to be necessary to provide a standard level of service throughout the country.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.