RUSHCLIFFE BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

Incorporating:

The Main Financial Statements
Collection Fund Accounts

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EXPLANATORY FOREWORD

INTRODUCTION

The Statement of Accounts summarises the council's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010: A Statement of Recommended Practice (the International Financial Reporting Standards (IFRS) the code). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets. The Council's Accounts are subject to audit by the District Auditor and the certificates are shown on pages 81 to 83.

The purpose of the published Statement of Accounts is to give electors, local taxpayers, members of the Council and other interested parties, clear information about the Council's finances. The statements should inform readers of:

- the cost of services provided by the Council in the year 2010/11;
- how services were paid for; and
- the Council's assets and liabilities at the year end.

The following core financial statements are included: -

- Movement in Reserves Statement – shows the movement on the different reserves held by the Authority.
- Comprehensive Income and Expenditure Account - shows income and expenditure of all main services. The key figures in this report are the net cost of services for the year of £10.64 million and the Surplus on the Provision of Services of £3.72 million.
- Balance Sheet, including the Balance Sheet at the Beginning of the earliest comparative period (required when there is a prior period adjustment and in the first year of adoption of IFRS) - sets out the overall financial position of the Council at 31st March 2011 showing its assets, liabilities and reserves. The net worth of the balance sheet at the 31st March 2011 is £41.74 million.
- Cash Flow Statement - summarises the movements of cash into and out of the Council arising from transactions with third parties.
- Notes to the Core Financial Statements – explanation of key figures within the statement.

  A detailed explanation of the purpose of each of the core statements is given on the face of the statement.

The following Supplementary Financial Statements and supporting notes are included:-

- The Authority, under IFRS 1, has a duty to explain the transition from the accounts prepared under UK GAAP to accounts prepared under IFRS. The transition tables and notes are on pages 17-21.

- Collection Fund Accounts - shows the transactions in relation to the collection and distribution of Council Tax and National Non-domestic Rates (NNDR).

SUMMARY OF THE FINANCIAL YEAR 2010/11

The Council incurred revenue and capital expenditure in the year. Revenue spending is generally on items that are used within a year. Capital spending is generally on the acquisition and improvement of assets, or which extends their useful life.

General Fund Revenue Expenditure:

The following table shows the net expenditure on General Fund services during the year, and compares this with the original and revised estimates. The table is a summary of the Council's management accounts and differ from those reported in the Comprehensive Income and Expenditure Account which take into account statutory adjustments. The overall withdrawal from balances of £236,000 agrees to the decrease in General Fund Balance for the year shown on the Movement in Reserves Statement.

	Original Estimate	Revised Estimate	Actual Expenditure	Variance from Revised Estimate
	£000s	£000s	£000s	£000s
Community Shaping	3,227	2,372	2,199	(173)
Corporate Services	2,683	2,897	2,808	(89)
Environment and Waste Management	5,129	4,074	4,042	(32)
Planning and Place Shaping	904	747	685	(62)
Partnerships and Performance	1,653	1,088	803	(285)
Revenues, Property and IT	1,467	1,354	1,139	(215)
Finance	1,705	1,760	1,731	(29)
Total Service Expenditure	**16,768**	**14,292**	**13,407**	**(885)**
Net Interest Receipts	(903)	(903)	(514)	389
Statement of Movement on General Fund Balances	(2,896)	-	-	-
Area Based Grants	-	-	(39)	-39
Capital Expenditure Charged to Revenue	702	579	508	-71
General Contingency	180	16	-	-16
Contributions to/(from) Reserves	(672)	(703)	(466)	237
Parish Precepts	1,769	1,769	1,769	-
Total Expenditure	**14,948**	**15,050**	**14,665**	**(385)**
Financed from:				
Revenue Support Grant	(913)	(913)	(913)	-
Business Rates	(6,284)	(6,284)	(6,284)	-
Council Tax Demand	(7,232)	(7,232)	(7,232)	-
Taken from General Balances	**519**	**621**	**236**	**(385)**

Overall the Council's targets were achieved at less than the total budget for the year. The savings on services amount to £885,000 which reduces to £653,000 when a windfall refund of VAT is taken into account. The amount required to be taken from General Fund balances has reduced from the original planned level of £519,000 to £236,000

The savings have been utilised as follows:

- To increase the VAT reserve which will be used to support service delivery over the next four years (£231,000);
- £100,000 to earmarked for capital reserve. This sum relates to the amount collected with the West Bridgford Special expense in 2010/11 for capital purposes, primarily play areas. It will be used to fund such schemes within the capital programme;
- £20,000 to a newly created planning front-runners reserve. This relates to the Government funding towards a neighbourhood planning initiative in Keyworth and will be spent on this purpose during 2011/12;
- £30,000 to the information technology (IT) reserve. This is the approved budgeted contribution for spending on future IT maintenance;
- £43,625 to the Local Area Agreement (LAA) reserve. This relates to reward funds received from the Government which is at the disposal of the Local Strategic Partnership (LSP).

It has been necessary to utilise £803,617 of Usable Reserves. The main element of this is £504,000 use of Invest to Save Reserve for new information technology projects with £97,000 from the IT reserve for maintenance items. A further £33,000 was allocated from the LAA reserve by the LSP and £69,000 from the VAT reserve in relation to the cost of securing the £1,094,000 including interest VAT refund. Other smaller allocations from reserves were made.

This will then leave £236,212 that will be taken from balances, compared to a budgeted £621,336 (inclusive of carry forward commitment from 09/10). Balances stand at £2.6m at the end of the year and £670,248 has been committed in setting the 2011/12 budget.

Overall net interest receipts were £389,127 lower than the budget. Actual interest receipts received in the year were £86,000 more than anticipated, but owing to the overall savings on services no transfer from the equalisation reserve was made, retaining this for support in later years as interest rates remain very low. The average rate obtained throughout the year was 1.4% compared to the budgeted rate of 1.0%.

Overall the sum of £236,000 was withdrawn from balances compared to the originally planned withdrawal of £519,000. A sum of £50,000 is required to cover the carry forward of revenue items identified as committed but for various reasons were not spent in the year.

Comprehensive Income and Expenditure Statement

There are some large movements between the two financial years on the face of the comprehensive income and expenditure account that require further explanation

- Environmental Services

  The increase in the net cost of service is primarily due impairment to the Depot Building (£320,000). There has also been a technical change in the treatment of Government Grants Deferred (£105,000), which was income and has now been removed from the service accounts. In addition, there were

some significant expenditure increases arising from diesel costs and notional capital accounting charges. The service accounts also reflect a technical accounting adjustment for pension costs.

- Non Distributed Cost

  This relates to a past service gain of £6.311m that has been recognised from the change in pension percentage increase policy from using the Retail Price Index (RPI) to the Consumer Price Index CPI.

- Capital Grants & Contributions

  This increase reflects a notional receipt of £1.815m in relation to the donated asset of land and buildings at Gresham Park, West Bridgford. This notional income is recognised in 2010/11 for the first time and transferred from the General Fund into an unusable reserve.

- Expected Return on Pension Assets

  The expected return on assets is based on the Long Term future expected investment return for each asset class applied to the asset base. Overall expected returns have decreased averaging 6.8% as at 1.4.11 compared with 6.9% for the previous year. The asset base has, however, increased from £44.001 million to £44.495 million.

- Interest Income

  There is a reduction in investment income generated between the two years. Interest on investments has fallen since 2009/10 as a result of the current economic climate.

- Actuarial (Gains)/Losses on Pension Assets & Liabilities

  These relate to 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. The movement recognised in the Comprehensive Income and Expenditure Statement at the 31st March 2011 is a gain of £15.505 million.

Collection Fund

The surplus brought forward from 2009/10 of £859,000 has decreased to £719,000. The surplus will be shared with the County Council, the Fire Authority and the Police Authority and will be distributed through the Council Tax payable by the residents.

Reserves

The movement on reserves has been detailed and described earlier in the Explanatory Foreword.

Capital Expenditure

The analysis of expenditure is given below together with the methods by which the spending was financed:

Expenditure	£000s	Financed by	£000s
Assets Under Construction	123	Usable Capital Receipts	2,541
Operational Land and Buildings	880	Grants and Contributions	970
Infrastructure	16	Revenue Contributions (Use of Reserves)	508
Vehicles/Plant/Equipment	456	Donation	1,815
Property Plant Equipment Sub- Total	**1,475**		
Donated Assets	**1,815**		
Grants, Loans & Contributions	**2,118**		
Intangible Assets (IT Exp)	**426**		
Total	**5,834**	**Total**	**5,834**

The total expenditure figure of £5.834m is made up of total direct expenditure of £4.019m managed through the Council's capital programme and £1.815 in the form of donated assets. The main area of direct spending, £2.118m, was on the provision of grants and contributions to third parties. These were primarily to support disabled adaptations on homes in the Borough and grants awarded through the Council's Decent Homes initiative. The Council continues to invest in the provision of low cost social housing working in partnership with registered providers. This expenditure supports the Council's priorities to deliver a sustainable environment and to engage in Partnership Working.

£1.475m resulted in the creation of new assets or enhancement of existing ones. Of this sum, £0.880m was spent on operational land and buildings with major investment in the provision of the Rushcliffe Community Contact Centre. This is a transformational project which allows access to the Council's services from a central West Bridgford location and facilitates partnership working with the Police. West Bridgford Community Hall was also significantly enhanced by improvement works in the year. Other works carried out in the Borough include: car park resurfacing and alterations to make them safer, footpath enhancements and environmental improvements. £0.456m was used to buy replacement vehicles for the Council's fleet and refuse recycling bins. A further £0.426m was used to continue the delivery of the Council's Information Systems Strategy seeing major investment in a new Financial Management System, a new Revenues and Benefits software package, and on the implementation of a virtual server.

In addition to the Council's spending, a donated asset valued at £1.815m has been recognised for the first time. This relates to land and buildings at Gresham Park, West Bridgford. These operational land and buildings facilitate the delivery of diverse leisure activities and generate income for the Council.

Borrowing and Investment:

At 31 March 2011, the Council had no external borrowing and has been debt free since May 2003. The Council continues to use capital receipts, other reserves, government grants and other contributions to fund the capital programme. The table above shows that £2.541 million of capital receipts were used. The Grants and Contributions figure includes £0.584m of government grants given to support expenditure on disabled adaptations and the Decent Homes Grant programme. Other grants and contributions applied include: Waste Infrastructure Capital Grant, a capital contribution from the Police, monies from the Nottinghamshire Improving Efficiency Group (NIEG), Local Area Agreement Reward Grant, and sums from Nottinghamshire County Council. Funds were also released from the Spend to Save reserve and the General Fund reserve earmarked for capital.

Overall, investments increased from £33m to £34.1m, £20m of the investments are actively administered by a fund manager.

The Financial Outlook

The Council's budget for 2011/12 and its financial strategy up to 2015/16 needs to be set against the backdrop of a financial deficit in the national public finances, unprecedented in recent times, and a high expectation from central Government that public services should be reformed and redesigned. Early messages from the national Coalition Government indicated that funding would reduce significantly for all public services, but with some protection for the National Health Service and overseas aid. Accordingly, on 20 October 2010 the Government announced the Comprehensive Spending Review (CSR). This produced a top level summary of the funding for all Government departments and indicated that local government would be subject to a cut in funding of 28.4% over 4 years as a significant contribution to addressing the national public finance deficit.

The CSR gave insufficient information to assess the detailed impact on the Borough Council. However it was generally assumed that the impact would be spread evenly over the 4 years. However, as the time for the Local Government financial settlement announcement approached it became clear that reductions to formula grant were likely to be "front loaded" with significantly more reduction in the first two years. This was confirmed in early December when the settlement was announced and in the final figures issued in early February. The settlement also confirmed an earlier proposal by the Government to recompense all Local Authorities that do not increase the Council tax in 2011 by means of providing a special grant (for 4 years) equivalent to an increase of 2.5% (in 2011).

In addition to the reductions in formula grant, the Council has faced significant financial pressures from the deteriorating economic conditions over the last few years, with reductions in income experienced. The Council's finances have been particularly severely affected by the historically low level of interest earned on investments which is a consequence of the poor economic conditions. The formula grant determinations for 2011/12 and 2012/13 have been confirmed, which result in a 25% reduction in external support for the authority over the next two years. Although the CSR detailed total department expenditure figures for the 2013/14 and 2014/15 years (and these reductions were not as large as the first two years), there is still further uncertainty over what the authority's grant will be in these two years.

At the Cabinet meeting in September 2010, the Initial Budget Report 2011/12 highlighted the need for a significant change in the way the Council operates. The principles within that report covered three areas, these being

- Business Cost Reduction
- Service and Structure Redesign
- Income Maximisation

These principles have been incorporated into a four year plan of reviews and other actions to address the financial situation. A savings target is set for each of the reforms, with an overall savings target for all reviews amounting to £1.3m over the four year period. This year the budget process has incorporated four Member workshops, a staff survey and a residents' workshop. All these workshops have helped to formulate the four-year plan. The four year plan for review of services can then be linked to the medium term financial strategy to ensure that the authority works towards a balanced budget over the medium term.

In addition to the programme of reviews, Managers have identified a number of business cost reduction and efficiency initiatives that can be implemented over the four year period without significantly affecting service provision. These savings amount to £0.56m in 2011/12, increasing to £1.158m over 4 years. The implementation of these initiatives is included in the four year plan and the savings incorporated into budgets to help address the deficit.

Cabinet proposed the following medium term strategy, the savings targets of £1.158 which will be addressed by the 4 year plan of service reviews:

- Setting the Council Tax for 2011/12 at the same rate as for 2010/11, while using balances over the medium term, together with a savings target, to balance the budget;
- Meeting the savings target through a series of service reforms included in the four year plan, including investing to save, business cost reduction, income generation and reviewing other ways of providing services
- To utilise balances over the following year to achieve a better balanced budget in the medium term;

- To maintain earmarked reserves through savings in operating costs and;

- To confirm a minimum level of general balances of £1.25m;

- To place any additional income received from investments in an interest equalisation reserve to smooth out fluctuations and to utilise this balance where shortfalls are experienced (in practice this reserve is currently being utilised over the period to 2012/13).

Over the term of the strategy, the total reserves of the authority, including earmarked reserves that are used to support expenditure commitments, will reduce from £24m down to under £10m. In particular, the reserves will be utilised to support the capital programme and the "Invest to Save Reserve" will be used to support the reform programme of service reviews.

The financial strategy again aims to achieve a “balanced budget” that is sustainable in the medium term, in accordance with the aim of past financial strategies. This, however, is only achievable if the savings targets can be met.

Provided that this revised strategy is maintained and the targeted savings delivered in later years, the Council’s financial plans will be robust, sustainable over the 5 year period and affordable in so far as the current uncertain economic climate permits. These plans incorporated a draft capital programme, a draft budget requirement and revised strategy, together with the associated treasury management strategy and prudential indicators. It will also be necessary to ensure that the capital programme is kept within the proposed prudential indicators. The projected levels of balances and reserves are adequate, provided that spending plans are adhered to and savings targets met.

Risk Management

The Council considers risk management to be an important tool and has embedded it into its management processes. The Annual Governance Statement, follows an evaluation of risk management at Rushcliffe Borough Council and concludes that there are adequate arrangements. Nevertheless, these are being kept under review and improvements made where appropriate.

In particular, consideration of risk is included in many reports to Cabinet and Council. For example, the medium term financial strategy and projections evaluated a number of key risks. In addition, the Council maintains a risk management strategy, a comprehensive risk register, an action plan to address risks and processes for review.

Pensions

The pension’s liability of £20.309m has reduced from £40,774m in 2009/10 as a result of the change of the annual percentage increase in pensions from RPI to CPI and reflects the Authority’s underlying commitment to pay retirement benefits. Whilst this has a substantial impact on the net worth of the Authority, the deficit will be made good by increasing contributions over the remaining working life of employees, as assessed by the scheme actuary.

DEPUTY CHIEF EXECUTIVE

August 2011

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

- Approve the Statement of Accounts

THE RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAASC Code of Practice on Local Authority Accounting in the United Kingdom ("the code"), is required to present a "true and fair view" the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2011.

In preparing this Statement of Accounts the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;

- Made judgements and estimates that were reasonable and prudent;

- Complied with the Code of Practice.

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date;

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

RUSHCLIFFE BOROUGH COUNCIL

STATEMENT OF ACCOUNTS 2010/11

This Statement of Accounts is that upon which the Auditor should enter his certificate and opinion, and has been prepared under the Local Government Finance Act 1982. It presents a "true and fair view" of the financial position of the Authority at 31 March 2011, and its comprehensive income and expenditure for the year then ended.

Signed Date 28/9/11

C .R. Bullett MA, CPFA
Deputy Chief Executive

The Statement of Accounts was approved by the Special Committee at its meeting on 28/09/2011

Signed B. A. Nicholls Date 28/9/11

Councillor B. A. Nicholls
Chairman of the Special Committee

Financial Statements

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into ‘useable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable 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 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.

Movement in Reserves Statement 2009/10

Comparative figures	**General Fund Balance £000s**	**Earmarked GF Reserves £000s**	**Capital Receipts Reserve £000s**	**Capital Grants Unapplied £000s**	**Total Useable Reserves £000s**	**Unusable Reserves £000s**	**Total Authority Reserves £000s**
Balance @ 31st March 2009	**(3,345)**	**(8,156)**	**(20,490)**	**-**	**(31,991)**	**(9,815)**	**(41,806)**
IFRS adjustments to opening balance	-	-	-	(633)	(633)	(823)	(1,456)
Re-stated Balance @ 31st March 2009	**(3,345)**	**(8,156)**	**(20,490)**	**(633)**	**(32,624)**	**(10,638)**	**(43,262)**
Movement in Reserves During 2009/2010:							
(Surplus) or Deficit on the Provision of Services	3,016	-	-	-	3,016	-	3,016
Other Comprehensive Expenditure and Income	17,775	-	-	-	17,775	-	17,775
Total Comprehensive Expenditure and Income	**20,791**	**-**	**-**	**-**	**20,791**	**-**	**20,791**
Adjustments Between Accounting Basis and Funding Basis under Regulations							
Charges for depreciation and impairment of non-current assets	(1,417)	-	-	-	(1,417)	1,417	-
Net gain or loss on sale of fixed assets	101	-	(114)	-	(13)	13	-
Amortisation of Intangible Assets	(45)	-	-	-	(45)	45	-
Government Grant Deferred amortisation	177	-	-	-	177	(177)	-
Revenue expenditure funded from capital under statute	(1,554)	-	-	-	(1,554)	1,554	-
Capital grants and contributions applied	814	-	-	-	814	(814)	-
Reverse amortisation carried out under SORP	(177)	-	-	-	(177)	177	-
RCCO	-	79	-	-	79	(79)	-
Capital Expenditure charged against the General Fund balance	129	-	-	-	129	(129)	-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	19	-	-	-	19	(19)	-
Contributions from the Capital Receipts Reserve to finance the payment to Government Capital Receipts Pool	(16)	-	16	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(34)	-	(34)	34	-
Use of the Capital Receipts Reserve to fund new capital expenditure	-	-	1,408	-	1,408	(1,408)	-
Capital grants and contributions unapplied credited to the CIES	21	-	-	117	138	(138)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	65	65	(65)	-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure account	(20,002)	-	-	-	(20,002)	20,002	-
Employers pension contributionsand direct payments to pensioners payable in the year	1,662	-	-	-	1,662	(1,662)	-
Accumulated Absences of employees at the year end	(15)	-	-	-	(15)	15	-
Amount by which council tax income credited to the Comprehensive Income and Expenditure statement is different from council tax income calculated for the year in accordance with statutory requirements	(11)	-	-	-	(11)	11	-
Net Increase/ Decrease before Transfers to Earmarked Reserves	**477**	**79**	**1,276**	**182**	**2,014**	**18,777**	**20,791**
Transfers to / from Earmarked Reserves	28	(28)	-	-	-	-	-
Increase / Decrease in Year	**505**	**51**	**1,276**	**182**	**2,014**	**18,777**	**20,791**
Balance at 31st March 2010 carried forward	**(2,840)**	**(8,105)**	**(19,214)**	**(451)**	**(30,610)**	**8,139**	**(22,471)**

Movement in Reserves Statement 2010/11

	General Fund Balance £000s	Earmarked GF Reserves £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Total Useable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
Re-stated Balance @ 31st March 2010	**(2,840)**	**(8,105)**	**(19,214)**	**(451)**	**(30,610)**	**8,139**	**(22,471)**
Movement in Reserves During 2010/2011:							
Surplus or Deficit on the Provision of Services	(3,718)	-	-	-	(3,718)	-	(3,718)
Other Comprehensive Expenditure and Income	(15,552)	-	-	-	(15,552)		(15,552)
Total Comprehensive Expenditure and Income	**(19,270)**	**-**	**-**	**-**	**(19,270)**	**-**	**(19,270)**
Adjustments Between Accounting Basis and Funding Basis under Regulations:							
Charges for depreciation and impairment of non-current assets	(1,878)				(1,878)	1,878	-
Net gain or loss on sale of fixed assets	(30)				(30)	30	-
Revaluation Gain on Property, Plant and Equipment	47				47	(47)	-
Movement in the Market Value of Investments	(66)				(66)	66	-
Revenue expenditure funded from capital under statute	(1,303)				(1,303)	1,303	-
Capital grants and contributions applied	1,815			168	1,983	(1,983)	-
Capital Expenditure charged against the General Fund balance	508				508	(508)	-
Difference between Fair Value Derpreciation and Historical Cost Depreciation	-				-		-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	20				20	(20)	-
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	358		(358)		-		-
Contributions from the Capital Receipts Reserve to finance the payment to Government Capital Receipts Pool	(2)		2		-		-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-		(36)		(36)	36	-
Use of the Capital Receipts Reserve to fund new capital expenditure	-		2,542		2,542	(2,542)	-
Capital grants and contributions unapplied credited to the CIES	(13)				(13)	13	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-				-		-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure account	18,832				18,832	(18,832)	-
Employers pension contributionsand direct payments to pensioners payable in the year	1,633				1,633	(1,633)	-
Accumulated Absences of employees at the year end	(26)				(26)	26	-
Amount by which council tax income credited to the Comprehensive Income and Expenditure statement is different from council tax income calculated for the year in accordance with statutory requirements	(15)				(15)	15	-
Net Increase/ Decrease before Transfers to Earmarked Reserves	**610**	**-**	**2,150**	**168**	**2,928**	**(22,198)**	**(19,270)**
Transfers to / from Earmarked Reserves	(374)	374	-	-	-	-	-
Increase / Decrease in Year	**236**	**374**	**2,150**	**168**	**2,928**	**(22,198)**	**(19,270)**
Balance at 31st March 2011 carried forward	**(2,604)**	**(7,731)**	**(17,064)**	**(283)**	**(27,682)**	**(14,059)**	**(41,741)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

Restated 2009/2010					2010/2011		
Cost	**Income**	**Net Total**		**Notes**	**Cost**	**Income**	**Net Total**
£000s	**£000s**	**£000s**			**£000s**	**£000s**	**£000s**
			Central Services to the Public:				
6039	(5,246)	793	Local Taxation and Council Tax Benefits		6,361	(5,482)	879
293	(3)	290	Elections and Electoral Registration		271	(3)	268
33	(4)	29	Emergency Planning		29	-	29
158	(126)	32	Local Land Charges		180	(153)	27
-	-	-	Grants to Parish Councils		-	-	-
23	-	23	General Grants		-	-	-
			Cultural, Environmental and Planning Services				
3818	(1,043)	2,775	Cultural and Related Services		3,785	(885)	2,900
7007	(1,838)	5,169	Environmental Services		7,630	(1,653)	5,977
2562	(887)	1,675	Planning Services		3,117	(1,187)	1,930
1209	(533)	676	**Highways, Roads & Transport**		1,205	(652)	553
-	-		**Housing Services**				
16617	(14,989)	1,628	Housing General Fund		17,975	(16,140)	1,835
2416	(8)	2,408	**Corporate & Democratic Core**		2,556	(4)	2,552
51	-	51	**Non Distributed Cost**	**31**	(6,311)	-	(6,311)
40,226	**(24,677)**	**15,549**	**Net Cost of Services**		**36,798**	**(26,159)**	**10,639**
2,127	**(74)**	**2,053**	**Other Operating Expenditure - made up of :**		**2,462**	**(779)**	**1,683**
160	40	200	Other Operating Income and Expenditure		456	(451)	5
1,938	-	1,938	Precepts to Non Principal Authorities		2,004	-	2,004
16		16	Housing Pooled Receipts		2	-	2
13	(114)	(101)	Gains/Losses on Disposal of Non Current Assets		-	(328)	(328)
4,059	**(4,085)**	**(26)**	**Financing and Investment Income - made up of :**		**4,416**	**(4,201)**	**215**
0	-	-	Interest Payable and Similar Charges		-	-	-
3,693	-	3,693	Pensions Interest Cost	**31**	4,011	-	4,011
	(2,117)	(2,117)	Expected Return on Pension Assets	**31**	-	(2,860)	(2,860)
366	(744)	(378)	Income and Expenditure in Relation to Investment Properties		339	(806)	(467)
0	-	-	Changes in the Fair Value of Investment Properties		66	-	66
-	(1,224)	(1,224)	Interest Income		-	(535)	(535)
-	**(14,560)**	**(14,560)**	**Taxation and Non Specific Grant Income - made up of :**		**-**	**(16,255)**	**(16,255)**
	(7,067)	(7,067)	Council Tax Income	**cf 3,4,5**	-	(7,217)	(7,217)
	(5,733)	(5,733)	NNDR Distribution		-	(6,284)	(6,284)
	(1,324)	(1,324)	Revenue Support Grant		-	(913)	(913)
	(415)	(415)	Other Non-ringfenced Grants		-	(39)	(39)
	(21)	(21)	Capital grants and contributions		-	(1,802)	(1,802)
46,412	**(43,396)**	**3,016**	**(Surplus) or Deficit on Provision of Services**		**43,676**	**(47,394)**	**(3,718)**
			Other Comprehensive Income and Expenditure:				
		156	(Surplus)/Deficit on Revaluation of Non Current Assets				(47)
		4	Impairment of Fixed Assets				-
		-	Surplus/Deficit on Revaluation of Available for Sale Assets				-
		17,615	Actuarial Gains/Losses on Pension Assets & Liabilities	**31**			(15,505)
		-	Gain or Loss on Collection Fund				-
		17,775	**Other Comprehensive Income and Expenditure**				**(15,552)**
		20,791	**Total Comprehensive Income and Expenditure**				**(19,270)**

BALANCE SHEET AS AT 31 MARCH 2011

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 useable reserves, ie 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'.

Restated 1st April 2009 £000s	Restated 31st March 2010 £000s		Notes	31st March 2011 £000s	31st March 2011 £000s
		FIXED ASSETS			
		Property Plant and Equipment	5		
16,679	15,365	- Other Land and Buildings		17,233	
4,596	4,229	- Vehicles, Plant, Furniture & Equipment		3,670	
1,105	2,080	- Infrastructure Assets		2,180	
329	329	- Community Assets		329	
29	99	- Assets under Construction		130	
7,948	7,965	**Investment Properties**	6	7,899	
85	148	**Intangible Fixed Assets**	7	564	
30,771	30,215	**TOTAL FIXED ASSETS**			32,005
10,264	4,003	**LONG TERM INVESTMENTS**	8		7,022
1,491	1,473	**LONG TERM DEBTORS**	8		1,460
42,526	35,691	**TOTAL LONG TERM ASSETS**			40,487
		CURRENT ASSETS			
21,591	18,943	Short Term Investments	8	22,202	
92	10	Inventories	9	25	
2,861	7,808	Short-term Debtors (net of bad debt provision)	10	2,872	
8,866	10,266	Cash and Cash Equivalents	11	5,169	
	0	Assets Held for Sale	12	-	30,268
75,936	72,718	**TOTAL ASSETS**			70,755
		CURRENT LIABILITIES			
(46)	(54)	Short-term Borrowing	8	(54)	
(4,389)	(4,123)	Short-term Creditors	13	(3,322)	(3,376)
71,501	68,541	**TOTAL ASSETS LESS CURRENT LIABILITIES**			67,379
		LONG TERM LIABILITIES			
(14)	(8)	Provisions - General	14	(1)	
(5,632)	(5,288)	Capital Grants Receipts in Advance	26	(5,328)	
(22,593)	(40,774)	Pensions Liability Account	31	(20,309)	(25,638)
43,262	22,471	**TOTAL ASSETS LESS LIABILITIES**			41,741
		FINANCED BY			
32,624	30,610	**Useable Reserves (See MiRS)**			27,682
10,638	(8,139)	**Unusable Reserves**	16		14,059
43,262	22,471	**TOTAL NET WORTH**			41,741

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 cash flows of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. 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 authority.

Restated 2009/2010 £000s		Notes	2010/2011 £000s
3,016	Net (surplus) or deficit on the provision of services		(3,718)
(6,711)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(1,224)
-	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities		302
(3,695)	Net cash flows from operating activities	17	(4,640)
(8,144)	Net cash flows from investing activities	18	7,788
10,438	Financing activities	19	1,950
(1,401)	Net (increase) or decrease in cash and cash equivalents		5,098
8,866	Cash and cash equivalents at the beginning of reporting period		10,267
10,267	Cash and cash equivalents at the end of reporting period		5,169
1,401	Net increase or (decrease) in cash and cash equivalents		(5,098)

NOTES TO THE MAIN FINANCIAL STATEMENTS

Transition to International Reporting Standards (IFRS)

The Statement of Accounts for 2010/2011 is the first set of Accounts to be prepared on an IFRS basis. Adoption of the IFRS-based code has resulted in the re-statement of figures that formed the basis for the 2009/2010 Statement of Accounts.

An explanation of the differences between the amounts presented in the2009/2010 Financial Statements and the equivalent amounts presented in the 2010/2011 Financial Statements is set out in the following tables and notes that accompany the tables.

Reconciliation of Net Worth Reported under Previous GAAP to Net Worth under IFRS at the date of Transition to IFRS (1st April 2009):

	Previous GAAP	Code Related Changes	Cash & Cash Equivalents	Inventories	Capital Grants Unapplied	Capital Grants - Receipts in Advance	Government Grants Deferred	Accumulat-ed Absences	**IFRS**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
FIXED ASSETS									
Intangible Fixed Assets	85	(85)							0
Property Plant and Equipment									
Other Land and Buildings	16,679								16,679
Vehicles, Plant, Furniture & Equipment	4,596								4,596
Infrastructure Assets	1,105								1,105
Community Assets	329								329
Assets under Construction	0	29							29
Surplus Assets Not Held for Sale	0								0
Investment Properties	0	7,948							7,948
Assets Under Construction	29	(29)							0
Investment Properties	7,948	(7,948)							0
Intangible Fixed Assets		85							85
TOTAL FIXED ASSETS	**30,771**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**30,771**
LONG TERM INVESTMENTS	10,264								10,264
LONG TERM DEBTORS	1,491								1,491
TOTAL LONG TERM ASSETS	**42,526**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**42,526**
CURRENT ASSETS									
Short Term Investments	30,412		(8,821)						21,591
Inventories	0			92					92
Stocks and Work-in Progress	92			(92)					0
Short-term Debtors (net of bad debt provision)	2,861								2,861
Cash and Cash Equivalents	0		8,866						8,866
Cash and Bank	45		(45)						0
Assets Held for Sale	0								0
TOTAL ASSETS	**75,936**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**75,936**
CURRENT LIABILITIES									
Short-term Borrowing	(46)								(46)
Short-term Creditors	(4,339)							(50)	(4,389)
Contributions Unapplied	(666)				632	34			0
TOTAL ASSETS LESS CURRENT LIABILITIES	**70,885**	**0**	**0**	**0**	**632**	**34**	**0**	**(50)**	**71,501**
LONG TERM LIABILITIES									
Long-term Creditors	(5,600)					5,600			0
Government Grants Deferred	(873)						873		0
Provisions - General	(14)								(14)
Capital Grants Receipts in Advance	0				2	(5,634)			(5,632)
Pensions Liability Account	(22,593)								(22,593)
TOTAL ASSETS LESS LIABILITIES	**41,805**	**0**	**0**	**0**	**634**	**0**	**873**	**(50)**	**43,262**
USEABLE RESERVES									
General Fund Balance	3,345								3,345
Usable Capital Receipts Reserve	20,489				1				20,490
Earmarked Reserves	8,102	54							8,156
Capital Grants Unapplied (Reserves)	0				633				633
UNUSEABLE RESERVES									
Revaluation Reserve	5,663						(141)		5,522
Capital Adjustments Account	26,414						1,014		27,428
Financial Instruments Adjustment Account	(94)								(94)
Deferred Capital Receipts	321								321
Pension Reserve	(22,593)								(22,593)
Collection Fund Adjustment Account	104								104
Accummulated Absences Adjustment Account	0							(50)	(50)
Other Funds	54	(54)							0
TOTAL NET WORTH	**41,805**	**0**	**0**	**0**	**634**	**0**	**873**	**(50)**	**43,262**

NOTES TO THE MAIN FINANCIAL STATEMENTS

Reconciliation of Net Worth Reported under Previous GAAP to Net Worth under IFRS at the end of the Latest Period Presented in the Most Recent Financial Statements under Previous GAAP (31st March 2010):

	Previous GAAP	Code Related Changes	Cash & Cash Equivalents	Inventories	Capital Grants Unapplied	Capital Grants - Receipts in Advance	Government Grants Deferred	Accumulated Absences	**IFRS**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
FIXED ASSETS									
Intangible Fixed Assets	148	(148)							0
Property Plant and Equipment									
Other Land and Buildings	15,365								15,365
Vehicles, Plant, Furniture & Equipment	4,229								4,229
Infrastructure Assets	2,080								2,080
Community Assets	329								329
Assets under Construction	0	99							99
Surplus Assets Not Held for Sale	0								0
Investment Properties		7,965							7,965
Assets Under Construction	99	(99)							0
Investment Properties	7,965	(7,965)							0
Intangible Fixed Assets	0	148							148
TOTAL FIXED ASSETS	**30,215**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**30,215**
LONG TERM INVESTMENTS	4,003								4,003
LONG TERM DEBTORS	1,473								1,473
TOTAL LONG TERM ASSETS	**35,691**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**35,691**
CURRENT ASSETS									
Short Term Investments	29,042		(10,099)						18,943
Inventories	0			10					10
Stocks and Work-in Progress	20			(20)					0
Short-term Debtors (net of bad debt provision)	7,798			10					7,808
Cash and Cash Equivalents	0		10,266						10,266
Cash and Bank	167		(167)						0
Assets Held for Sale	0								0
TOTAL ASSETS	**72,718**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**72,718**
CURRENT LIABILITIES									
Short-term Borrowing	(54)								(54)
Short-term Creditors	(4,058)							(65)	(4,123)
Contributions Unapplied	(591)				450	141			0
TOTAL ASSETS LESS CURRENT LIABILITIES	**68,015**	**0**	**0**	**0**	**450**	**141**	**0**	**(65)**	**68,541**
LONG TERM LIABILITIES									
Long-term Creditors	(5,148)					5,148			0
Government Grants Deferred	(1,029)						1,029		0
Provisions - General	(8)								(8)
Capital Grants Receipts in Advance	0	2				(5,148)	(142)		(5,288)
Pensions Liability Account	(40,774)								(40,774)
TOTAL ASSETS LESS LIABILITIES	**21,056**	**2**	**0**	**0**	**450**	**141**	**887**	**(65)**	**22,471**
USEABLE RESERVES									
General Fund Balance	2,840								2,840
Usable Capital Receipts Reserve	19,214								19,214
Earmarked Reserves	8,051	54							8,105
Capital Grants Unapplied (Reserves)	0	1			450				451
UNUSEABLE RESERVES									
Revaluation Reserve	5,298	(220)							5,078
Capital Adjustments Account	26,068	221				141	887		27,317
Financial Instruments Adjustment Account	(76)								(76)
Deferred Capital Receipts	288								288
Pension Reserve	(40,774)								(40,774)
Collection Fund Adjustment Account	93								93
Accummulated Absences Adjustment Account	0							(65)	(65)
Other Funds	54	(54)							0
TOTAL NET WORTH	**21,056**	**2**	**0**	**0**	**450**	**141**	**887**	**(65)**	**22,471**

NOTES TO THE MAIN FINANCIAL STATEMENTS

Reconciliation to Total Comprehensive Income and Expenditure under IFRS for the Latest Period in the Most Recent Annual Financial Statements (Year Ended 31st March 2010):

	Previous GAAP	Re-classify	Assets	Capital Grants	Government Grants Deferred	Accumulat-ed Absences	**IFRS**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Central Services to the Public:							
Local Taxation and Council Tax Benefits	793						793
Elections and Electoral Registration	290						290
Emergency Planning	29						29
Local Land Charges	32						32
Grants to Parish Councils	0						0
General Grants	23						23
Cultural, Environmental and Planning Services							
Cultural and Related Services	2,769				6		2,775
Environmental Services	5,006		51		112		5,169
Planning Services	1,641		24		10		1,675
Highways, Roads & Transport	667				9		676
Housing Services							
Housing General Fund	1,628						1,628
Corporate & Democratic Core	2,408						2,408
Trading Undertakings	0						0
Non Distributed Cost	51						51
Net Cost of Services	**15,337**	**0**	**75**	**0**	**137**	**0**	**15,549**
Other Operating Expenditure:							
Other Operating Income and Expenditure	274	(129)			40	15	200
Precepts to Non Principal Authorities	1,938						1,938
Housing Pooled Receipts	16						16
Gains/Losses on Disposal of Non Current Assets	(101)						(101)
Trading Undertakings	(303)		303				0
Financing and Investment Income:							
Interest Payable and Similar Charges	0						0
Pensions Interest Cost	3,693						3,693
Expected Return on Pension Assets	(2,117)						(2,117)
Income and Expenditure in relation to Investment Properties	0		(378)				(378)
Interest Income	(1,224)						(1,224)
Taxation and Non Specific Grant Income:							
Council Tax Income	(7,067)						(7,067)
NNDR Distribution	(5,733)						(5,733)
Revenue Support Grant	(1,324)						(1,324)
Other Non-ringfenced Grants	(415)						(415)
Capital grants and contributions	0			(21)			(21)
Surplus or Deficit on Provision of Services	**(12,363)**	**(129)**	**(75)**	**(21)**	**40**	**15**	**(12,533)**
Other Comprehensive Income and Expenditure:							
Surplus/Deficit on Revaluation of Non Current Assets	156						156
Impairment of Fixed Assets	4						4
Surplus/Deficit on Revaluation of Available for Sale Assets	0						0
Actuarial Gains/Losses on Pension Assets & Liabilities	17,615						17,615
Gain or Loss on Collection Fund	0						0
Other Comprehensive Income and Expenditure	**17,775**	**0**	**0**	**0**	**0**	**0**	**17,775**
Total Comprehensive Income and Expenditure	**20,749**	**(129)**	**0**	**(21)**	**177**	**15**	**20,791**

NOTES TO THE MAIN FINANCIAL STATEMENTS

Notes to the above Transition to IFRS Statements

Short Term Accumulating Compensated Absences:
Short-term accumulating compensated absences are the additional amounts that the Authority expects to pay as a result of untaken annual leave entitlement that has accumulated at the balance sheet date. This will include employer's national insurance and pension contributions.

The Code makes it clear that the short term accumulated absences must be recognized when employees render the services which increase their entitlement to future compensated absences.

The amounts involved are transferred to the Accumulated Absences Account until the benefits are used. The accruals at 1st April 2009 and 31st March 2010 are £50,000 and £65,000 respectively. The effect in the accounts is to reduce the net assets in the year by £15,000, with the appropriate adjustment to the Accumulated Absences Account. The impact on the Comprehensive Income and Expenditure Account for the year is an increase in expenditure of £15,000.

Investment Property:

The Code (following IFRS 1) requires local authorities to classify and account for investment properties in their opening IFRS Balance Sheet as at 1st April 2009. The Council has therefore reclassified their Investment Properties from Non-Operational Assets to Investment Properties at that date. The amounts transferred at 1st April 2009 and 31st March 2010 is £7,948,000 and £7,965,000 respectively.

IFRS requires authorities who have revalued their Investment Properties and effected the change in value through the Revaluation Reserve, to restate the 2009/2010 position by reversing these transactions. The change to fair value has to be reflected in the Surplus or Deficit on the Provision of Services in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure account. This has resulted in a reduction of £221,000 to the Revaluation Reserve balance by writing the fair value changes off to the Capital Adjustment account during 2009/2010.

Income and Expenditure in Relation to Investment Properties was originally recorded in the previous GAAP Statement of Accounts under Trading Undertakings. This needs to be transferred to the Financing and Investment Income section of the Comprehensive Income and Expenditure account on its own unique line. The expenditure and income transferred is £366,000 and £744,000 respectively.

Cash and Cash Equivalents:

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

This is a change in accounting policy and as a result transfers have taken place from Short Term Investments to Cash and Cash Equivalents in 2009/2010 and 2010/2011 of £10.1m and £4.93m respectively.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Capital Grants:

The code stipulates that grants and contributions for capital purposes must be recognised immediately, unless any conditions attaching to them have not been met. Under previous regulation the grants were held in a Government Grant Deferred account and released to revenue over the life of the asset.

The Accounting Policies have been amended to accommodate this change and the financial statements have been amended accordingly.

The main changes have been the elimination of the Government Grants Deferred account at the 1st April 2009 by transferring the balance to the Capital Adjustment account. The amount transferred at that date was £873,000. As a consequence of this the amounts of Government Grants Deferred that were credited to the Income and Expenditure account in 2009/2010 have been removed from the comparative figures in the Comprehensive Income and Expenditure account. The amount removed was £177,000.

Capital grants received during 2009/2010 amounted to £943,000. Of this £636,000 was recognised in the Taxation and Non-Specific Grant Income section of the Comprehensive Income and Expenditure Statement and applied to the finance of capital schemes and transferred to the Capital Adjustment account. A further £168,000 was unused and this was recognised in the Taxation and Non-Specific Income section of the Comprehensive Income and Expenditure Statement and transferred to the Capital Grants Applied account. Finally £139,000 was not recognised in the Comprehensive Income and Expenditure account as conditions attaching to the grant had not been satisfied. This sum was transferred to the Capital Grants – Receipts in Advance account.

Section 106 Developer Contributions have been transferred from Long Term Creditors to Capital Grants – Receipts in Advance at 1st April 2009 – these totalled £5,600,000.

Where income has been recognised in the Comprehensive Income and Expenditure Statement and not used to finance capital expenditure, the unused amounts are now transferred to the Capital Grants Unapplied account which is now recognised as a Usable Reserve on the Balance Sheet. Under GAAP accounting this was previously recognised as a liability. As at the 1st April 2009 any Contributions Unapplied under the Liabilities section of the Balance Sheet were split between those where conditions still applied and those where the conditions were satisfied. In the event £34,000 was transferred to the Capital Grants – Receipts in Advance account and £632,000 into the Capital Grants Unapplied Reserve.

Notes to the Financial Statements

NOTES TO THE MAIN FINANCIAL STATEMENTS

1. Accounting Policies

GENERAL

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011. The Council is required to prepare an annual statement of accounts by the accounts and audit regulations 2003 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

The accounts have been prepared on a going concern basis. The assumption is that the council will continue in operation for the foreseeable future (disclosure required by IAS 1).

ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, in particular:

Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the council.

Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

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.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Where revenue 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The one exception to the above is accounting for leasing where, under the terms of, The Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2010 No 454 the previously held policy for the treatment of leases that were operational leases but under the IFRS rules would have been determined a finance lease will continue as an operating lease.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

EXCEPTIONAL ITEMS

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Account or in the notes to the account, depending on how significant the items are to an understanding of the Council's financial performance.

PRIOR YEAR ADJUSTMENTS, CHANGES IN ACCOUNTING POLICY AND ESTIMATES AND ERRORS

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more clear and reliable 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 (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

There has been a change in policy and consideration of the role performed by authorities responsible for the collection of Council Tax and National Non Domestic Rates (NNDR). The existing SORP dictated that the billing authority is an agent, collecting council tax on behalf of major preceptors and the Council. Council Tax and NNDR transactions and balances therefore need to be allocated between the Billing Authority, Major Preceptors and Central Government.

NOTES TO THE MAIN FINANCIAL STATEMENTS

A prior year adjustment was necessary in the 2009/10 accounts to reflect the change in policy.

Changes were made to the Comprehensive Income and Expenditure Account, the statement of movement in the General Fund balance, the balance sheet, statement of recognised gains and losses and the cash flow statement. This is in line with the IFRS principle of determining the substance of a transaction rather than its form
Material errors discovered in prior periods are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

Depreciation attributable to the assets used by the relevant service

Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation reserve against which the losses can be written off

Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. Depreciation, revaluation, and impairment losses are therefore reversed out of the General Fund and into an unusable capital reserve. It is, however, required to make an annual contribution from revenue 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 council is debt free and is not required to make a minimum revenue provision.

EMPLOYEE BENEFITS

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages, salaries, paid annual leave and paid sick leave, bonuses and non monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which the employees render service for the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu, compassionate, maternity/paternity) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the movement in reserves statement so that the short term accumulating compensated absences are recognized when the employee renders the service, which increases their entitlement to future compensated absences.

The converse is true of leave taken in advance.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer’s appointment before the normal retirement date, or an officer’s decision to accept voluntary redundancy. These are charged on an accruals basis to the non distributed costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers 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 authority to the pension fund or pensioner in the year, 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 debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme administered by Nottinghamshire County Council. The scheme is a defined benefit scheme in that it provides defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

The Local Government Pension scheme

The Local Government Scheme is accounted for as a defined benefits scheme.
The liabilities of the Nottinghamshire County Council pension scheme attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of current earnings for current employees.

Liabilities are discounted to their current value using a discount rate of 8% based on the indicative rate of return on high quality corporate bonds.

The assets of Nottinghamshire County Council pension fund attributable to the council are included in the balance sheet at their fair value;

Quoted Securities – current bid price

Unquoted securities – professional estimate

Unitised securities- current bid price

Property – market value

The change in the net pension's 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 services for which the employee 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 surplus or deficit on the Provision 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 the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

Expected Return on Assets: the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long term return - credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement

Gains or 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 or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non distributed costs

Actuarial gains and losses: changes in the net pension's 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.

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 or directly to pensioners 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 pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve therefore measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than benefits which are earned by employees.

Discretionary Benefits

The Council 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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date are those, both favourable and unfavourable that occur between the end of the reporting period and the date on which the accounts are presented for authorisation to issue. Two types of events can be identified:

Those **that provide evidence of conditions** that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events:

Those **that are indicative of conditions** that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the authorisation to issue are not reflected in the statement of accounts.

FINANCIAL INSTRUMENTS

General Comment

A financial instrument is any contract that gives rise to a financial asset in one entity, and a financial liability in another. Most straight forward financial assets (debtors, bank deposits, investments etc) and liabilities (creditors, borrowings etc) are covered, together with more complex ones not used by the Council (debt instruments with embedded swaps and options).

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable, are based on the carrying amount of the liability, multiplied by the effected rate of interest for the investment. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The Council has no long term debt or present plans to raise any within its prudential framework. There is therefore no agreed policy for this contingency until it manifests itself.

Financial Assets

Financial Assets are classified into two types:

Loans and receivables-assets that have fixed or determinable payments but are not quoted in the active market such as the loan to the cricket club

NOTES TO THE MAIN FINANCIAL STATEMENTS

Available for sale assets-assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the provisions of a financial instrument and are initially measured at 'fair value'. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in 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. When such a soft loan is made, a loss has been recorded in the comprehensive Income and Expenditure Statement (debited to the appropriate service) 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 to the Financing and Investment Income and expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the cricket club, with the difference serving to increase the amortised cost of the loan in the Balance Sheet

If an asset was identified as impaired because of the likelihood arising from a past event that payments due under a contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment income and Expenditure line in the comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains or losses that result from the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line on the comprehensive Income and Expenditure Statement.

Available for Sale Assets

The Council does not currently hold any of these assets.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears government grants and third party contributions and donations are recognised as due to the authority where there is reasonable assurance that;

a) The Authority will comply with the conditions attached to the payments

b) The grants or contributions will be received

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the balance sheet as creditors and are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution are satisfied.

When conditions are satisfied, the grant or contribution is credited to the relevant service line, in either attributable revenue grants and contributions or taxation and non specific grant income for non ring fenced revenue grants and all capital grants in the Comprehensive Income and Expenditure Statement

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General fund balance in the movement in reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it is applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants unapplied reserve are transferred to the Capital Adjustments account once they have been used to finance capital expenditure.

Area Based Grant

Area Based Grant (ABG) is a non-ringfenced grant – no stipulations as to its use are imposed as part of the grant determination, ensuring full control over how funding can be used. ABG is paid directly to the authority that benefits from the grant and, as a general grant, is included in the Comprehensive Income and Expenditure Statement.

INTANGIBLE ASSETS

Expenditure on non monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licenses) is capitalised when it is expected that the future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to use or sell the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase. Research expenditure cannot be capitalised.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice the intangible assets held at Rushcliffe do not meet this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might have suffered a diminution of value. Any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising from the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the general fund balance in the movement of reserves statement and posted to the Capital Adjustment Account and (if sales proceeds exceed £10,000) to the Capital Receipts Reserve.

INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the balance sheet at cost. IFRS requires stocks to be valued at the lower of cost or net realisable value. This departure from the code is excused by;

- The immateriality of the stock value
- Using the justification in the International Accounting Standards Board Framework that the cost of such an analysis would outweigh the value to the users of accounts
- Using the justification in IFRS 1 paragraph 31 that the first year's accounts are in line with the estimates produced under the old accounting system

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 and services received under the contract during the financial year.

INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or the production of goods held for sale.

At Rushcliffe, as a result of a review of the previous accounting policy, all investment properties have remained in this category.

JOINTLY CONTROLLED OPERATIONS AND JOINTLY CONTROLLED ASSETS

There are no jointly controlled operations that the council is party to.

The council does however operate pooled budget schemes with other authorities. These do not constitute entities and involve no significant risk or opportunity to the Council. Each council controls its own share of the budget.

However, in line with the principles of the IASB framework, a separate disclosure is made in these accounts.

LEASES

Leases are classified as Finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of property from the lessor to the lessee.

Leases classified as Investment Properties are not required to show a split between the land and building elements.

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

The Council as lessee

Finance Leases

Property, Plant and equipment held under Finance leases will be recognised on the balance sheet at the commencement of the lease at its fair value measured at the leases inception (or the present value of the minimum lease payments if lower). The asset recognised will be matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments will be apportioned between;

A charge for the acquisition of the **interest** in the property, plant or equipment-applied to write down the lease liability.

A **finance charge** (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore reversed out of the General Fund and transferred to an unusable reserve.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased property, plant and equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (i.e. there is a rent free period at the commencement of the lease)

The Council as lessor

Finance Leases

Where the Council grants a finance lease over an item of plant or equipment, 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 in the balance sheet (whether Property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authorities net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of a gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal) matched by a lease (long term debtor) asset in the balance sheet

Lease rentals receivable will be apportioned between

A charge for the **acquisition of the interest** in the property, plant or equipment-applied to write down the lease debtor (together with any premiums received)

Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement is not permitted by Statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due is to be settled by the payment of rentals in future financial years, this is posted out of the General fund to the Deferred Capital Receipts Reserve in the movement in reserves statement. (When the future rentals are received, the element for the capital receipt for the disposal of the asset 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, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital Adjustment Account from the General Fund balance in the movement in Reserves statement.

Operating leases

Where the Council grants an operating lease over a property or an item of Plant or Equipment, the asset is retained in the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement

NOTES TO THE MAIN FINANCIAL STATEMENTS

Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (i.e. there is a premium paid at the commencement of the lease).

Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the term on the same basis of rental income.

OVERHEAD AND SUPPORT SERVICES

The costs of overhead and support services 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 – the full cost of overheads and support services are shared between users in proportion to the benefits received with the exception of;

Corporate and democratic Core- costs relating to the Council's status as a as a multi functional, democratic organisation

Non distributed Costs—the cost of discretionary benefits awarded to employees retiring early and impairment losses 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 Account, as part of net expenditure on continuing services.

PROPERTY PLANT AND EQUIPMENT

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

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 authority and the cost of them can be measured reliably. Expenditure that remains but does not add to an assets potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising:
-The purchase price
-Any costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
-The initial estimate of the costs of dismantling and removing the item and restoring the site upon which it is located

NOTES TO THE MAIN FINANCIAL STATEMENTS

-The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying value of the asset given up by the Authority. **Donated assets** are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non specific grant income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General fund balance to the Capital Adjustments account in the movement in reserves statement
Assets are then carried in the Balance Sheet using the following measurement bases:

Infrastructure, community assets and assets under construction – depreciated historical cost

Non HRA dwellings and rented property, fair value, determined using the basis of existing use

All other assets-fair value, determined by the amount that would be paid for the asset in its existing use

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

Where non property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the balance sheet at fair value are revalued sufficiently regularly to ensure that there carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. (Exceptionally gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service)

Where decreases in value are identified, they are accounted for as follows:

-Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the Asset is written down against that balance (up to the amount of accumulated gains)

-Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

The revaluation reserve contains gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may have suffered a diminution in its value. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the Asset is written down against that balance (up to the amount of accumulated gains).

Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all property, Plant and Equipment, assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets such as Parks), assets that are not available for use (i.e. assets under construction) and assets held for a commercial return (i.e. investment properties)

Depreciation is accounted for on the following bases:

-Dwellings (non HRA) and other buildings – straight line allocation over the useful life of the property as estimated by the Property Estates Manager.

-Vehicles, Plant and Equipment – straight line allocation over the useful life of the asset as advised by a suitably qualified officer. Vehicles are depreciated in the year of acquisition.

-Infrastructure – Straight line allocation over the useful life of the asset as advised by a suitably qualified officer.

Where an item of Property Plant or Equipment asset has major components whose cost is significant in relation to the total cost of the item, then the components are depreciated separately. There will be a transition period to identify major components of assets on their future new revaluations.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost. This sum is transferred each year from the revaluation reserve to the capital adjustment account.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Disposals and non current assets held for sale

When an asset is disposed of or decommissioned, the carrying amount of the asset is written out of the Balance Sheet to the Comprehensive Income and Expenditure Statement. In 2010/11 the Council disposed of Property, Plant and Equipment assets that had a net book value of £0.030m. Amounts received for a disposal, in excess of £10,000, are categorised as capital receipts and credited to the Capital Receipts reserve. In 2010/11 the Council generated £0.393m in capital receipts. These primarily arose from the Right to Buy Clawback agreement which allows the Authority to recover money from the disposal of ex-Council Houses now managed by a Registered Social Landlord.

When it is probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continued use, it is reclassified as an Asset Held for Sale. The Authority had no assets held for sale at 31 March 2011.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.
Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year in which the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried within the balance sheet. Estimated settlements are reviewed at the end of each financial year where it becomes probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.
Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. an insurance claim), this is only recognised as income for the relevant service if it is virtually certain the reimbursement will be received if the Council settles the obligation.

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 authority.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Contingent liabilities also arise in circumstances where a provision could 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 disclosed in a note to the accounts.

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 authority.

Contingent Assets are not recognised in the balance sheet but disclosed in a note to the accounts.

RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves statement. When the expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the general fund balance in the movement of reserves statement so that there is no net change against council tax for expenditure.

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 authority. These reserves are explained in the relevant notes and policies

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or from borrowing, a transfer in the movement in Reserves statement from the General Fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of Council tax.

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.

2. (a) Accounting Standards that have been issued but have not yet been adopted

Heritage assets are to be recognised as a separate class of assets from 2011/12 in line with FRS 30. The authority has reclassified the Civic Regalia and the Borough Art Collection. Heritage assets are to be recognised as a separate class of assets for the first time in the 2011/12 financial statements. A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture. The Council owns and holds Civic Regalia and the Borough Art Collection. Historically these assets were classified as Community Assets and held at historical cost. The value of the Civic Regalia is below the value (de-minimus) recognised for capitalisation and the Borough Art Collection has been donated over previous years thereby having a historical cost of nil. The Council does not have current information available to assign a value to these heritage assets but this could be obtained in the future at a cost. The cost of undertaking such valuations would have to be assessed to ensure that it is commensurate with the benefits to users of the financial statements.

(b) 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, we do not consider that the actual results will be materially different from the assumptions and estimates. Major estimates are pensions and depreciation which are identified in note 1 – Accounting Policies.

3. Events after the balance sheet date

There are no events after 1 April 2011 that requires an adjustment to these accounts.

NOTES TO THE MAIN FINANCIAL STATEMENTS

4. Transfers to/from Earmarked Reserves

General Fund Earmarked Reserves	Balance at 1st April 2009 £000s	Transfers In £000s	Transfers Out £000s	Balance at 31st March 2010 £000s	Transfers In £000s	Transfers Out £000s	Balance at 31st March 2011 £000s
Planning Front Runners				0	20		20
Community & Consultation Reserve	7	-	-	7			7
VAT Reserve	-	322	-	322	231	(69)	484
Risk Management Reserve	106	0	(24)	82		(8)	74
Revenue Balances set aside for Capital Purposes	2,106	100	(79)	2,127	100	(6)	2,221
Leisure Centres Maintenance Reserve	186	53	(30)	209			209
Information Technology Development Reserve	546	130	(297)	379	30	(97)	312
Partnership Reserve	145	-	-	145			145
Superannuation	313	-	-	313		(56)	257
Planning Delivery Grant	199	47	(46)	200		(17)	183
Building Control	59	-	(5)	54		(13)	41
Equal Pay Audit Reserve	345	-	-	345			345
Planning Appeals Reserve	330	170	-	500			500
Lottery Reserve	54			54			54
Planned Maintenance Reserve	-	100	-	100			100
Local Area Agreement Reserve	-	131	-	131	44	(33)	142
E-Petitions Reserve	-	-	-	0	4		4
Civil Emergencies Reserve	75	-	-	75			75
Interest Equalisation Reserve	1,520	-	(546)	974			974
Property Rationalisation Fund	250	-	-	250			250
Invest to Save Reserve	1,915	44	(121)	1,838		(504)	1,334
Total	**8,156**	**1,097**	**(1,148)**	**8,105**	**429**	**(803)**	**7,731**

An explanation for each reserve is provided as follows:-

Planning Front Runners Reserve – the Council was successful in a bid to be a pilot on a Neighbourhood Plan for Keyworth. £20,000 has been received and transferred to this newly created reserve.

Community and Consultation Reserve - to provide for additional public consultation required on the annual budget cycle.

VAT Reserve – this reserve was set up due to the windfall refund of VAT from HMRC. The aim is to use this reserve to reduce general fund expenditure in the short term. In 2010/11 the sum of £69,000 was released to the Comprehensive Income and Expenditure Account to offset costs. The reserve was topped up by the receipt of a further £231,000 windfall refund of VAT in the year.

Risk Management Reserve – to be used to reduce the risk of loss or injury in the provision of Council services, with the objective of reducing future insurance costs. The sum of £8,000 was used to undertake land drainage works at Brierfield Avenue.

Revenue Balances set aside for Capital Purposes – to be used to fund environmental improvements and play areas in West Bridgford. A sum of £6,000 was used to fund replacement goal posts at Alford Road Park.

Leisure Centre Maintenance Reserve – to provide for dilapidation works required at leisure centres as a result of the transfer of the management of the leisure centres to Parkwood and maintenance not covered as part of the contract.

Information Technology Development Reserve – to provide for the cost of replacing personal computing facilities based on a rolling programme and for future IT developments. The reserve was increased by a planned contribution of £30,000 and a sum of £97,000 was used on projects, namely disaster recovery, implementation and licenses for upgrading the revenues and benefits and finance systems and development of customer relationship management.

Partnership Reserve – this reserve is to provide for the facilitation of partnership working with other local authorities or agencies.

Superannuation Reserve – the reserve is to fund the pension strain and, where necessary, other costs associated with early retirements. The sum of £56,000 was used in the year.

Planning Delivery Grant – the reserve is used to provide for improvements in performance in planning and local plan delivery. A total of £17,000 was utilised most of which was committed in prior years.

Building Control Reserve – over a three year period, Building Control costs should equate to income from fees. The deficit of £13,000 was transferred from this reserve in the year.

Equal Pay Audit Reserve – this reserve was set up to provide for any pay inequalities within the Council.

Planning Appeals Reserve – this reserve was set up to cover potential legal and other costs in respect of a number of large schemes.

Planned Maintenance Reserve – this reserve has been set up to provide for higher value repairs to and maintenance of existing buildings and land.

Local Area Agreement (LAA) Reserve – this reserve has been set up to fund Local Strategic Partnership (LSP) initiatives where monies are held by the Council on behalf of the LSP as the Accountable body.

E-Petitions Reserve - this new reserve was set up to recognise the duty on local authorities to have a petitions scheme in place and to provide a facility for receiving electronic petitions.

Civil Emergencies Reserve – this reserve was set up to fund costs of any civil emergency up to a prescribed threshold. Costs incurred above this level are funded by Central Government.

Interest Equalisation Reserve – the purpose of this reserve is to smooth interest rate fluctuations. A transfer to the reserve is made where excess interest is earned over the budgeted rate. A transfer can be made from the reserve when interest rates have fallen below the level estimated.

Property Rationalisation Fund – this purpose of this reserve was set up to facilitate the optimum rationalisation of the council’s assets.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Invest to Save Reserve – this reserve has been set up from monies received from government in respect of Local Authorities Business Growth Initiative. The sums have been set aside to fund invest to save projects and expenditure on the "fit for purpose" initiatives. A sum of £504,000 has been utilised in the year.

NOTES TO THE MAIN FINANCIAL STATEMENTS

5. Property, Plant and Equipment

Movements in 2010/2011

Cost or Valuation	**Other Land and Buildings** £000s	**Vehicles Plant Furniture and Equipment** £000s	**Infrast-ructure Assets** £000s	**Community Assets** £000s	**Surplus Assets** £000s	**Assets Under Construction** £000s	**Total** £000s
At 1st April 2010	16,177	9,888	2,416	329		99	28,909
additions	880	456	16			123	1,475
donations	1,571		244				1,815
revaluation increases/(decreases) recognised in revaluation reserve	(128)						(128)
revaluation increases/(decreases) recognised in surplus/deficit on the provision of services	(393)						(393)
derecognition - disposals		(770)				(3)	(773)
derecognition - other							0
assets reclassified to/(from)	13	26				(89)	(50)
other movements in cost or valuation							0
At 31st March 2011	18,120	9,600	2,676	329	0	130	30,855
Accumulated depreciation and Impairment:							
At 1st April 2010	(812)	(5,659)	(336)				(6,807)
depreciation charge	(396)	(1,014)	(160)				(1,570)
depreciation written out to revaluation reserve	175						175
depreciation written out to surplus/deficit on provision of services	146						146
impairment losses/(reversals) recognised in the revaluation reserve	0						0
impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	0						0
derecognition - disposals		743					743
derecognition - other							0
other movements in epreciation and impairment							0
At 31st March 2011	(887)	(5,930)	(496)	0	0	0	(7,313)
Net Book Value:							
At 31st March 2010	15,365	4,229	2,080	329	0	99	22,102
At 31st March 2011	17,233	3,670	2,180	329	0	130	23,542

Comparative Movements 2009/2010

Cost or Valuation	Other Land and Buildings £000s	Vehicles Plant Furniture and Equipment £000s	Infrast-ructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
At 1st April 2009	17,182	9,600	1,319	329		29	28,459
additions	37	600	223			92	952
donations							0
revaluation increases/(decreases) recognised in revaluation reserve	(194)						(194)
revaluation increases/(decreases) recognised in surplus/deficit on the provision of services	4						4
derecognition - disposals		(312)					(312)
derecognition - other							0
assets reclassified (to) /from	(852)		874			(22)	0
other movements in cost or valuation							0
At 31st March 2010	16,177	9,888	2,416	329	0	99	28,909
Accumulated depreciation and Impairment:							
At 1st April 2019	(503)	(5,004)	(213)				(5,720)
depreciation charge	(344)	(954)	(123)				(1,421)
depreciation written out to revaluation reserve	16						16
depreciation written out to surplus/deficit on provision of services							0
impairment losses/(reversals) recognised in the revaluation reserve	19						19
impairment losses/(reversals) recognised in the surplus/deficit on the provision of services							0
derecognition - disposals		299					299
derecognition - other							0
other movements in epreciation and impairment							0
At 31st March 2010	(812)	(5,659)	(336)	0	0	0	(6,807)
Net Book Value:							
At 31st March 2009	16,679	4,596	1,106	329	0	29	22,739
At 31st March 2010	15,365	4,229	2,080	329	0	99	22,102

Depreciation

Depreciation, where applicable, is charged on a straight line basis. The following useful lives have been used in the calculation of depreciation:

- Other Land and Buildings – from 5 to 100 years
- Vehicles, Plant, Furniture and Equipment – from 3 to 30 years
- Infrastructure – from 3 to 50 years

Capital Commitments

At 31st March 2011, the authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2011/2012 and future years budgeted to cost £1.529m gross and £1.242m net. Similar commitments at 31st March 2010 were £1.456m gross and £0.946m net. The major commitments are:

- Support for Registered Providers £350k gross : £350k net
- Disabled Facilities Grants £279k gross : £59k net
- Information Systems Strategy £232k gross : £232k net
- Play Areas £121k gross : £121k net

Effects of Changes in Estimates

In 2010/11 the Authority made no changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

In accordance with the Code of Practice, the Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. The Council have reviewed this policy and will be revaluing a third of its land and buildings portfolio every year.

Valuations of land and buildings were carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (Red Book) 6th Edition. Every Fair Value valuation was carried out using the assumptions as set out in the Red Book. Where assumptions additional to those which are set out in the Red Book have been made these are stated on the relevant valuation certificates. Ms Leanne Baines MRICS is responsible for revaluation of property assets. An impairment review is carried out annually on the Land & Buildings portfolio.

Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost as a proxy for current prices. Valuations of vehicles, plant and equipment are reviewed annually to ensure that assets are recorded at no more than their recoverable amount.

All valuations were carried out internally.

The following table shows the progress of the council's rolling programme for the revaluation of fixed assets. These figures are shown at gross book value.

	Land & Buildings Operational	Investment Properties	Assets Under Construction	Community Assets	Vehicles/ Plant/ Equipment	Intangible Assets	Infrastructure	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Valued at historic cost	954	-	129	329	9,600	1,171	2,432	14,615
Valued at current value in:								
2006/07	-	811	-	-	-	-	-	811
2007/08	-	-	-	-	-	-	-	0
2008/09	6,781	2,919	-	-	-	-	-	9,700
2009/10	2,873	5	-	-	-	-	-	2,878
2010/11	7,513	4,164	-	-	-	-	244	11,921
TOTAL	18,121	7,899	129	329	9,600	1,171	2,676	39,925

6. Investment Properties

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 £000s	2009/2010 £000s	2008/2009 £000s
Rental Income from Investment Property	769	713	664
Direct operating expenses arising from Investment Property	(216)	(205)	(201)
Net gain/(loss)	**553**	**508**	**463**

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 with the exception of industrial units at Hollygate Lane (Phase I) and those on The Pithead site in Cotgrave. A rental income clawback arrangement is in place for both these sites, this will expire in 2015. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement (except for voids).

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

	2010/2011 £000s	2009/2010 £000s	2008/2009 £000s
Balance at start of the year	7,965	7,948	9,826
Additions:			
Purchases			
Construction			
Subsequent expenditure		17	
Disposals			
Net gains/losses from fair value adjustments	(66)		(1,880)
Transfers:			
To/from inventories			
To/from Property, Plant and Equipment			2
Other changes			
Balance at the end of the Year	**7,899**	**7,965**	**7,948**

7. Intangible Assets

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

The useful lives assigned to the major software suites used by the Authority are 3 years.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The carrying amount of intangible assets is amortised on a straight line basis. Amortisation of £60k was charged to revenue in 2010/2011. Of this £22k was charged to the IT administration cost centre and then absorbed as an overhead across all service headings in the Net Expenditure of Services. The balance was taken direct to service.

The movement on Intangible Asset balances during the year is as follows:

	2010/2011			2009/2010			2008/2009		
	Internally Generated Assets £000s	Other Assets £000s	Total £000s	Internally Generated Assets £000s	Other Assets £000s	Total £000s	Internally Generated Assets £000s	Other Assets £000s	Total £000s
Balances at start of year:									
Gross carrying amounts		792	792		683	683		683	683
Accumulated amortisation		(644)	(644)		(599)	(599)		(494)	(494)
Net carrying amount at start of year	0	148	148	0	84	84	0	189	189
Additions:									
Internal development			0			0			0
Purchases		426	426		109	109			0
Transfers into group		50	50						
Disposals		(98)	(98)						
Amortisations for the period		(60)	(60)		(45)	(45)		(105)	(105)
Amortisation written back on disposals		98	98						
Net carrying amount at end of year	0	564	564	0	148	148	0	84	84
Comprising:									
Gross carrying amounts		1,170	1,170		792	792		683	683
Accumulated amortisation		(606)	(606)		(644)	(644)		(599)	(599)
	0	564	564	0	148	148	0	84	84

Material items of capitalised software during the year were:

Revenues & Benefits System	-	£165k
Financial Management System	-	£133k
Human Resource System	-	£58k
Server Virtualisation	-	£56k

NOTES TO THE MAIN FINANCIAL STATEMENTS

8. Financial Instruments

The following categories of financial instrument are carried in the balance sheet at fair value:

	Long-term			Current		
	31st March 2011 £000s	**31st March 2010 £000s**	**31st March 2009 £000s**	**31st March 2011 £000s**	**31st March 2010 £000s**	**31st March 2009 £000s**
Investments						
Loans and receivables - net of bad debt provision	**7,022**	**4,003**	**10,264**	**27,129**	**29,042**	**30,412**
Available for sale financial assets						
Financial assets at fair value through profit an loss						
Total Investments	7,022	4,003	10,264	27,129	29,042	30,412
Debtors						
Loans and receivables - net of bad debt provision	1,460	1,473	1,491	1,773	7,808	2,861
Financial assets carried at contract amounts						
Total Debtors	1,460	1,473	1,491	1,773	7,808	2,861
Borrowings						
Financial liabilities at amortised cost	0	0	0	(54)	(54)	(46)
Financial liabilities at fair value through profit and loss						
Total borrowings	0	0	0	(54)	(54)	(46)
Creditors						
Financial liabilities at amortised cost	(5,328)	(5,288)	(5,632)	(2,195)	(4,123)	(4,389)
Financial liabilities carried at contract amounts						
Total Creditors	(5,328)	(5,288)	(5,632)	(2,195)	(4,123)	(4,389)

Current investments include any investments that are now categorised as cash and cash equivalents. Investments categorised as cash and cash equivalents at 31st March 2009, 31st March 2010 and 31st March 2011 were £8,821k, £10,099k and £4,927k respectively.

Income, Expense, Gains and Losses

Investments held at 31 March 2011 amounted to £34.1m, consisting of £31.2m of fixed term investments, where the instrument carries the same interest rate for the whole term, and £2.9m of deposits in the Money Market fund where, in general, the rate only alters with movements in the Bank rate. No formal calculation of the effective interest rate (EIR) is necessary, and the carrying amount is a reasonable approximation of the fair value.

Debtors and creditors, both of which are instruments of short duration, with no formal EIR, are a required approximation of fair value.

An assessment has been made whether any impairment write-downs or provisions previously made need to be reversed, or if any new ones need to be made. A full review of bad debt provisions has been completed and appropriate adjustments to the provisions have been made based on the age analysis of debtors involved.

9. Inventories

	Consumable Stores			Client Services Work in Progress			Total		
	2010/2011 £000s	2009/2010 £000s	2008/2009 £000s	2010/2011 £000s	2009/2010 £000s	2008/2009 £000s	2010/2011 £000s	2009/2010 £000s	2008/2009 £000s
Balance outstanding at start of the year	10	24	16		68	30	10	92	46
Purchases	448	403	455			53	448	403	508
Recognised as an expense in the year	(433)	(417)	(446)		(68)	(4)	(433)	(485)	(450)
Written off balances			(1)			(11)	0	0	(12)
Reversals of write offs in previous year							0	0	0
Balance outstanding at end of the year	**25**	**10**	**24**	**0**	**0**	**68**	**25**	**10**	**92**

10. Debtors

	31st March 2011	31st March 2010	31st March 2009
	£000s	**£000s**	**£000s**
Government Departments and Agencies	1,519	6,256	1,724
Nottinghamshire County Council	60	38	65
Mortgages	4	4	4
Sundry Debtors	1,187	1,426	939
Council Tax - Arrears	56	50	49
Pre-payments	46	34	80
Net Debtors	2,872	7,808	2,861

11. Cash and Cash Equivalents

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

	March 2011	March 2010	March 2009
	£000s	**£000s**	**£000s**
Cash held by the Authority	1	0	0
Bank current accounts	240	167	45
Short-term deposits with building societies	4,928	10,099	8,821
Total Cash and Cash Equivalents	**5,169**	**10,266**	**8,866**

12. Assets Held for Sale

At 31 March 2011, the Authority had no assets classified as held for sale.

NOTES TO THE MAIN FINANCIAL STATEMENTS

13. Creditors

	31st March 2011	31st March 2010	31st March 2009
	£000s	**£000s**	**£000s**
Central Government Bodies	(356)	(461)	(1,140)
Other Local Authorities	(896)	(1,512)	(1,228)
Mortgages	0	0	(1)
Sundry Creditors	(1,892)	(1,911)	(1,714)
Council Tax - Receipts in Advance	(64)	(79)	(77)
Notts Police Authority	(79)	(111)	(163)
Notts Fire Authority	(35)	(49)	(66)
Total	(3,322)	(4,123)	(4,389)

14. Provisions

	Insurance Provision
	£000s
Balance at 1st April 2009	**(14)**
Additional provisions made in 2009/2010	0
Amounts used in 2009/2010	6
Unused amounts reversed in 2009/2010	0
Balance at 1st April 2010	**(8)**
Additional provisions made in 2010/2011	0
Amounts used in 2010/2011	7
Unused amounts reversed in 2010/2011	0
Balance at 31st March 2011	**(1)**

15. Usable Reserves

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

16. Unusable Reserves

	31st March 2011 £000s	31st March 2010 £000s	31st March 2009 £000s
Revaluation Reserve	5,055	5,078	5,522
Capital Adjustments Account	29,129	27,317	27,428
Financial Instruments Adjustment Account	(56)	(76)	(94)
Deferred Capital Receipts	252	288	321
Pension Reserve	(20,309)	(40,774)	(22,593)
Collection Fund Adjustment Account	79	93	104
Accummulated Absences Adjustment Account	(91)	(65)	(50)
Total Unusable Reserves	**14,059**	**(8,139)**	**10,638**

Revaluation Reserve

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

- Re-valued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

31st March 2009 £000s	31st March 2010 £000s		31st March 2011 £000s	31st March 2011 £000s
4,433	**5,522**	**Balance at 1st April**		**5,078**
(141)		**Re-statements to opening balance**		
4,292	**5,522**			
	(221)	Investment Properties Balance to Capital Adjustment Account		
1,808	31	Upward revaluation of assets	223	
(455)	(190)	downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(176)	
0	0	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		47
(123)	(64)	Difference between fair value depreciation and historical cost depreciation	(69)	
		Accumulated gains on assets sold or scrapped	0	
0	0	Amounts written off to the Capital Adjustment Account		(69)
		Historical rounding adjustment		(1)
5,522	**5,078**	**Balance at 31st March**		**5,055**

NOTES TO THE MAIN FINANCIAL STATEMENTS

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 cost 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 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

NOTES TO THE MAIN FINANCIAL STATEMENTS

31st March 2009 £000s	Re-stated 31st March 2010 £000s		31st March 2011 £000s	31st March 2011 £000s
27,879	27,428	**Balance at 1st April**		27,317
1,014		Re-statements to opening balance		
28,893	27,428	**Revised balance at 1st April**		
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account:		
(1,380)	(1,421)	Charges for depreciation and impairment of non-current assets	(1,570)	
(3,017)	4	Revaluation losses on Property, Plant and Equipment	(247)	
(104)	(45)	Amortisation of Intangible Assets	(61)	
(1,758)	(1,554)	Revenue expenditure funded from capital under statute	(2,118)	
(21)	(13)	Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(30)	
22,613	**24,399**			**(4,026)**
123	285	Adjusting amounts written out of the Revaluation Reserve		69
22,736	**24,684**	Net written out amount of the cost of non-current assets consumed in the year		**(3,957)**
		Capital financing applied in the year:		
3,724	1,407	Use of the Capital Receipts Reserve to finance new capital expenditure	2,541	
683	1,018	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,785	
0	0	Application of grants to capital financing from the Capital Grants Unapplied Account	0	
285	208	Capital expenditure charged against the General Fund balance	508	
27,428	**27,317**			**5,834**
0	0	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(65)
0	0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Account		0
27,428	**27,317**	**Balance at 31st March**		**29,129**

NOTES TO THE MAIN FINANCIAL STATEMENTS

Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

31st March 2010 £000s		31st March 2011 £000s
(94)	**Balance at 1st April**	(76)
18	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	20
(76)	**Balance at 31st March**	**(56)**

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

31st March 2010 £000s		31st March 2011 £000s
(22,593)	**Balance at 1st April**	(40,774)
(17,614)	Actuarial gains or losses on pension assets and liabilities	15,505
(2,228)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,327
1,661	Employers pension contributions and direct payments to pensioners payable in the year	1,633
(40,774)	**Balance at 31st March**	**(20,309)**

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 deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

31st March 2010 £000s		31st March 2011 £000s
(321)	**Balance at 1st April**	(288)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
33	Transfer to the Capital Receipts Reserve upon receipt of cash	36
(288)	**Balance at 31st March**	**(252)**

Collection Fund Adjustment Account

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

31st March 2010 £000s		31st March 2011 £000s
104	**Balance at 1st April**	93
(11)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(14)
93	**Balance at 31st March**	**79**

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, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

NOTES TO THE MAIN FINANCIAL STATEMENTS

31st March 2010 £000s		31st March 2011 £000s	31st March 2011 £000s
(50)	**Balance at 1st April**		(65)
50	Settlement or cancellation of accrual made at the end of the preceding year	65	
(65)	Amounts accrued at the end of the current year	(91)	
(15)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(26)
(65)	**Balance at 31st March**		**(91)**

17. Cash Flow Statement – Operating Activities

Restated 2009/2010 £000s		2010/2011 £000s
3,016	**Net (surplus) or deficit on the provision of services**	**(3,718)**
	Adjustments to net surplus or deficit on the provision of services for non-cash movements:	
(1,462)	Depreciation	(1,878)
-	Impairment and downward valuations	
-	Amortisations	-
6	Increase/ (decrease) in impairment for provision for bad debts	(128)
15	(Increase)/decrease in creditors	553
547	Increase/ (decrease) in debtors	(1,324)
(72)	Increase/ (decrease) in stock	15
(566)	Pension liability	3,327
-	Carrying amount of non-current assets sold	(30)
	Movement on provisions	7
	Collection fund adjustment account	(15)
(5,280)	Other non-cash items charged to the net surplus or deficit on the provision of services	(1,751)
(6,812)		**(1,224)**
	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities:	
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	329
-	Capital grants	(27)
(3,796)	**Net cash flows from operating activities**	**(4,640)**

Cash flows for operating activities include the following sums:

31st March 2010 £000s		31st March 2011 £000s
(1,224)	Interest received	(534)
-	Interest paid	-
-	Dividends received	-
(1,224)		**(534)**

18. Cash Flow Statement – Investing Activities

31st March 2010 £000s		31st March 2011 £000s
1,038	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	1,879
132,549	Purchase of Short-term and Long-term Investments	106,385
(92)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(329)
(141,459)	Proceeds from Short-term and Long-term Investments	(100,119)
(180)	Other Receipts from Investing Activities	(28)
(8,144)		**7,788**

19. Cash Flow Statement – Financing Activities

31st March 2010 £000s		31st March 2011 £000s
10,438	Other Receipts from Financing Activities	5,550
-	Other Payments for Financing Activities	(3,600)
10,438		**1,950**

20. 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 Cabinet on the basis of budget reports that analyse across service areas. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation 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 pension's contributions) rather than current service cost of benefits accrued in the year.

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

Service Areas Income and Expenditure 2010/2011	Community Shaping	Corporate Services	Environment and Waste Management	Partnership & Performance	Planning & Place Shaping	Revenues, Property and ICT	Finance	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees charges and other income	(428)	(29)	(1,063)	(423)	(1,098)	(894)	(2)	**(3,936)**
Internal recharges	(1,306)	(2,034)	(8,545)	(1,402)	(1,550)	(3,777)	(1,615)	**(20,229)**
Government Grants	(322)	(23)	(870)	(677)	(38)	(21,256)	(6,587)	**(29,773)**
Total Income	**(2,056)**	**(2,086)**	**(10,477)**	**(2,502)**	**(2,686)**	**(25,927)**	**(8,204)**	**(53,938)**
Employee expenses	1,069	1,574	3,812	1,023	1,070	1,851	1,869	**12,268**
Other service expenses	1,424	844	7,989	1,745	254	22,304	7,758	**42,318**
Support service recharges	1,761	2,477	2,719	536	2,047	2,912	309	**12,761**
Total Expenditure	**4,254**	**4,895**	**14,520**	**3,304**	**3,371**	**27,067**	**9,936**	**67,346**
Net Expenditure	**2,199**	**2,809**	**4,042**	**802**	**685**	**1,140**	**1,732**	**13,408**

Service Areas Income and Expenditure 2009/2010	Community Shaping	Corporate Services	Environment and Waste Management	Partnership & Performance	Planning & Place Shaping	Revenues, Property and ICT	Finance	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees charges and other income	(396)	(17)	(1,034)	(329)	(924)	(828)	(2)	**(3,530)**
Internal recharges	(1,084)	(2,026)	(4,663)	(1,265)	(1,474)	(3,324)	(1,398)	**(15,234)**
Government Grants	(508)	(195)	(1,116)	(803)	(56)	(19,908)	(430)	**(23,016)**
Total Income	**(1,988)**	**(2,238)**	**(6,813)**	**(2,397)**	**(2,454)**	**(24,060)**	**(1,830)**	**(41,780)**
Employee expenses	1,110	1,720	3,926	996	1,144	1,740	1,837	**12,473**
Other service expenses	1,403	1,050	3,901	1,910	313	20,805	1,342	**30,724**
Support service recharges	1,432	2,173	2,511	501	1,882	2,668	195	**11,362**
Total Expenditure	**3,945**	**4,943**	**10,338**	**3,407**	**3,339**	**25,213**	**3,374**	**54,559**
Net Expenditure	**1,957**	**2,705**	**3,525**	**1,010**	**885**	**1,153**	**1,544**	**12,779**

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

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

	2010/2011 £000s	2009/2010 £000s
Net expenditure in the Service Area Analysis	13,408	12,779
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	-3,228	2,059
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	459	711
Cost of Services in Comprehensive Income and Expenditure Statement	**10,639**	**15,549**

Reconciliation to Subjective Analysis

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

2010/2011	Service Analysis	Services not in Analysis	Not Reported to Management	Not Included in Comp I & E	Recharges	Net Cost of Services	Corporate Amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	(24,164)		(819)	20,192		**(4,791)**	(450)	**(5,241)**
Financing and investment income				806		**806**	(4,201)	**(3,395)**
Income from council tax						**0**	(7,218)	**(7,218)**
Government grants and contributions	(22,644)			470		**(22,174)**	(9,366)	**(31,540)**
Total Income	**(46,808)**	**0**	**(819)**	**21,468**	**0**	**(26,159)**	**(21,235)**	**(47,394)**
Employee expenses	12,267		(97)	(11,801)		**369**		**369**
other service area expenses	34,953		(4,193)	(4,327)		**26,433**		**26,433**
support services recharge	12,761			(3,020)		**9,741**		**9,741**
Operating accounts expenditure						**0**	456	**456**
Depreciation, amortisation and impairment			1,881	(1,287)		**594**		**594**
Financing and investment payments				(339)		**(339)**	4,416	**4,077**
Precepts and levies	235			(235)		**0**	2,004	**2,004**
Payments to Housing Receipts Pool						**0**	2	**2**
Total Expenditure	**60,216**	**0**	**(2,409)**	**(21,009)**	**0**	**36,798**	**6,878**	**43,676**
Surplus or Deficit on the Provision of Services	**13,408**	**0**	**(3,228)**	**459**	**0**	**10,639**	**(14,357)**	**(3,718)**

2009/2010 Comparative figures	Service Analysis	Services not in Analysis	Not Reported to Management	Not Included in Comp I & E	Recharges	Net Cost of Services	Corporate Amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	(17,943)			15,711		**(2,232)**	(4,045)	**(6,277)**
Interest and investment income						**0**	(114)	**(114)**
Income from council tax						**0**	(7,067)	**(7,067)**
Government grants and contributions	(23,015)			570		**(22,445)**	(7,492)	**(29,937)**
Total Income	**(40,958)**	**0**	**0**	**16,281**	**0**	**(24,677)**	**(18,718)**	**(43,395)**
Employee expenses	12,473		(1,059)	(9,675)		**1,739**	15	**1,754**
other service area expenses	30,498			(3,343)		**27,155**	-129	**27,026**
support services recharge	10,540		422	(2,387)		**8,575**		**8,575**
Deficit on operating accounts						**0**	274	**274**
Depreciation, amortisation and impairment			3,119	(362)		**2,757**		**2,757**
Interest payments						**0**	4,059	**4,059**
Precepts and levies	226			(226)		**0**	1,937	**1,937**
Payments to Housing Receipts Pool						**0**	16	**16**
Gain or loss on disposal of Fixed Assets						**0**	13	**13**
Total Expenditure	**53,737**	**0**	**2,482**	**(15,993)**	**0**	**40,226**	**6,185**	**46,411**
Surplus or Deficit on the Provision of Services	**12,779**	**0**	**2,482**	**288**	**0**	**15,549**	**(12,533)**	**3,016**

NOTES TO THE MAIN FINANCIAL STATEMENTS

21. Trading Operations

The trading accounts of the Authority are summarised below.

Trading Operation		2008/2009 £000s	2008/2009 £000s	2009/2010 £000s	2009/2010 £000s	2010/2011 £000s	2010/2011 £000s
Bingham Market	**Turnover**	(41)		(33)		(34)	
The figures show the cost of repair and maintenance and the rental income in relation to the market stalls.	**Expenditure**	49		42		35	
	Surplus		8		9		1
Building Control	**Turnover**	(316)		(278)		(289)	
	Expenditure	537		293		302	
The figures show the costs and income associated with ensuring compliance with Building Regulations including checking plans and making site visits.	**Surplus**		221		15		13
Trade Waste							
The figures show the cost of collection of commercial waste and of clinical waste in both Rushcliffe and Gedling and the income received from charging for the service.	**Turnover**	(394)		(417)		(413)	
	Expenditure	431		468		486	
	Surplus		37		51		73
Net surplus on trading operations			**266**		**75**		**87**

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. All are an integral part of the net cost of services.

22. Pooled Budgets

Pooled budgets are not legal entities. The partners in a pool will nominate one partner to be the “host” to the pool. That host has responsibility for the administration of the pool, and is required to produce a memorandum account of the activity of the pool. Disclosure of an authority’s involvement in a pooled scheme is required for a proper understanding of the Authority’s accounts.

“First Lets” is a partnership project between Rushcliffe (the host), Gedling and Broxtowe Borough Councils. It has been developed to create stronger links with local landlords and letting agents, to help more people enter into private rented accommodation. The ‘pooled’ budget comprises Government Grant and contributions from participant authorities. Total expenditure on the First Lets partnership amounted to £31,612, of which £2,152 was met by Government Grant and £9,868 was attributed to Rushcliffe Borough Council.

“Choice Based Lettings” (CBL) is a partnership project between Broxtowe, Gedling and Rushcliffe Borough Councils that allows applicants for social housing to apply for available vacancies which are advertised widely. Rushcliffe Borough Council was appointed as the host authority for the implementation of the CBL scheme and received the DCLG grant aid and contributions from the other two partners towards the total cost accordingly. Following discussion between the three authorities, it was agreed that Broxtowe Borough Council would take the host status for this project and approval was formally received from DCLG on 11 November 2008.

The 'pooled' budget comprises Government Grant and contributions from participating authorities. Total expenditure on the Choice Based Lettings partnership amounted to £135,739 in 2010/11. Total capital expenditure was £91,516 and was financed by grants from the East Midlands Improvement and Efficiency Partnership (£50,000) and DCLG (£41,516). Total revenue expenditure was £44,223 of which £8,208 was met by Government Grant and the remainder by a revenue contribution of £12,005 from each participating authority, including Rushcliffe Borough Council.

The 'South Nottinghamshire Community Safety Partnership' is another partnership project between Broxtowe, Gedling and Rushcliffe Borough Councils. The Partnership aims to reduce crime and disorder issues across the three council areas. Broxtowe Borough Council acts as lead Authority and manages funding from the Home Office, Nottinghamshire County Council and the Government Office for the East Midlands.

Total revenue expenditure attributable to Rushcliffe Borough Council amounted to £166,772 in 2010/11 and was funded by grants of £98,020 and £68,752 from the Home Office and Nottinghamshire County Council respectively. Total capital expenditure attributable to Rushcliffe Borough Council amounted to £15,949 in 2010/11 and was funded by grants of £15,949 from the Home Office.

23. Members Allowances

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

	2010/2011 £000s	2009/2010 £000s
Allowances	301	300
Expenses	14	11
Total	**315**	**311**

The information for each member is disclosed on the Council's website. The link is Members Allowances 2010-11.

24. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

Post Holder		Salary, Fees and Allowances £	Lease Car £	Pension Contribution £	Total £
Chief Executive	2010/2011	112,282	5,784	13,104	131,170
	2009/2010	109,000	5,784	12,753	127,537
Deputy Chief Executive 1	2010/2011	83,508	5,660	9,685	98,853
	2009/2010	81,822	5,788	9,573	97,183
Deputy Chief Executive 2	2010/2011	83,508	5,833	9,685	99,026
	2009/2010	81,822	5,904	9,573	97,299
Deputy Chief Executive 3	2010/2011	83,508	4,098	9,685	97,291
	2009/2010	81,822	4,098	9,573	95,493
Head of Environment Waste Management	2010/2011	65,556	3,604	7,670	76,830
	2009/2010	61,740	3,570	7,224	72,534
Head of Financial Services	2010/2011	60,702	3,624	7,102	71,428
	2009/2010	57,363	3,624	6,711	67,698
Head of Partnership and Performance	2010/2011	63,012	3,624	7,372	74,008
	2009/2010	63,012	3,624	7,372	74,008
Head of Planning and Place Shaping	2010/2011	61,740	3,624	7,224	72,588
	2009/2010	61,740	3,624	7,224	72,588
Head of Revenues and ICT	2010/2011	61,740	3,624	7,224	72,588
	2009/2010	60,188	3,624	7,042	70,854
Head of Corporate Services	2010/2011	61,740	3,708	7,224	72,672
	2009/2010	60,188	2,472	7,042	69,702
Head of Community Shaping	2010/2011	31,222	3,563	6,786	41,571
	2009/2010	55,349	3,616	6,544	65,509

The figures in the pension contributions column do not include the back-funding element as they are not part of the officer's remuneration.

The authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2010/2011	2009/2010
£50,000 - £54,999	0	1

25. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

	2010/11 £000s	2009/10 £000s
Fees Payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	88	86
Fees payable to the Audit Commission in respect of statutory inspections	2	9
Fees payable to the Audit Commission for the certification of grant claims and returns	22	26
Total	**112**	**121**

26. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/2011.

	2010/2011 £000s		2009/2010 £000s		2008/2009 £000s	
Credited to Taxation and Non Specific Grant Income						
Non-Domestic Rates		(6,284)		(5,733)		(6,085)
Revenue Support Grant		(912)		(1,324)		(847)
Local Authority Business Growth Incentive	0		(44)		(537)	
Planning Delivery Grant	0		(217)		(104)	
Area Based Grant	(39)		(23)		(22)	
LAA - Performance Reward Grant	0		(131)			
		(39)		(415)		(663)
Regional Housing Capital Pot Adjustment	168		117		0	
DEFRA - Waste Infrastructure Grant	(30)		(82)		(78)	
WREN	0		(20)		0	
Efficiency Grant	0		(5)		(5)	
IEG Grant	0		(32)		0	
SSCF - Leisure	(10)		0		0	
NCC - Leisure	(5)		0		0	
Police - Contact Centre	(90)		0		0	
NIEG - Contact Centre	(20)		0		0	
		13		(22)		(83)
Donated Assets - Gresham land and buildings		(1,815)		0		0
		(9,037)		**(7,494)**		**(7,678)**
Credited to Services						
NIEG - Customer Services Partnership	(35)		0		0	
LSP - Community Engagement	(19)		(19)		(19)	
DCLG - Land Charges	(34)		0		0	
DCLG Decent Homes Funding	(360)		(557)		(55)	
DCLG Disabled Facilities Grant	(224)		(201)		(218)	
LAA - Performance Reward Grant	(135)		0		0	
NCC - Leisure Centres	(141)		0		0	
NCC - Climate Change	(26)		0		0	
PCT - Health Activator	(34)		(18)		0	
DCLG - Housing Benefit Subsidy	(20,433)		(18,974)		(16,235)	
DCLG - Housing Benefit Administration	(494)		(555)		(489)	
DCLG - Homelessness Prevention	(34)		(34)		(33)	
Planning Front Runners	(20)		0		0	
NCC - Partnerships and Performance	(25)		0		0	
NCC Sports Development	(23)		(27)		(12)	
Anti Social Behaviour	(21)		(21)		(21)	
Play Partnership - Big Lottery	0		0		(60)	
Play Builder Grant	0		(56)		(43)	
DCLG Mortgage Rescue	0		(38)		0	
SSCF - Leisure	0		0		(15)	
Other Small Grants and Contributions	(45)		(55)		(70)	
		(22,103)		**(20,555)**		**(17,270)**
		(31,140)		**(28,049)**		**(24,948)**

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:

NOTES TO THE MAIN FINANCIAL STATEMENTS

	2010/2011 £000s		2009/2010 £000s		2008/2009 £000s	
Capital Grants Received in Advance						
S106 Planning Agreements:						
Health Contributions	(891)		(1,101)		(1,064)	
Transport Contributions	(741)		(711)		(931)	
Education Contributions	(2,218)		(1,842)		(1,820)	
Open Space Contributions	(66)		(103)		(102)	
Leisure	(71)		(80)		(89)	
Affordable Housing	(6)		(125)		(300)	
Nature Conservation	(79)		(78)		(77)	
Community Facilities	(1,126)		(1,102)		(1,209)	
Other	(6)		(6)		(6)	
		(5,204)		**(5,148)**		**(5,598)**
Implementing Electronic Government	0				(32)	
Safer Stronger Communities	0		(10)		(2)	
LAA Grant - LSP Initiatives	(84)		(130)		0	
NCC - Joint Use	(1)		0		0	
NEIG - Web Content Management	(40)		0		0	
		(124)		**(140)**		**(34)**
		(5,328)		**(5,288)**		**(5,632)**

27. 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 Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Housing Benefits). Grants received from government departments are set out in note 28 on reporting for resource 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 2010/2011 is shown in note 26. The members of the Council could potentially have a material related party transaction with the Authority. The Authority, in accordance with the National Code of Local Government Conduct, maintains a register of pecuniary and non-pecuniary interest disclosed by members. This register has been reviewed and was found to contain nothing that would suggest a material related party transaction occurred.

Officers

Similarly, a register for officers' outside interests and hospitality is also maintained. Again this has been reviewed and found to contain no entry that would suggest a material related party transaction.

Other Public Bodies

The Council has determined that material transactions have occurred in 2010/11 with the following parties and most transactions with related parties are disclosed elsewhere in the Statement of Accounts, as follows:

Joint Use arrangements with Nottinghamshire County Council.

Spirita. The Council makes payments to Spirita as the landlord for Housing Benefits of £7.404m and also takes cash at the cash office for rents which is paid over to Spirita and amounted to £0.273m. Councillors D Mason and P McGowan are on the Spirita Board and have been disclosed accordingly.

Parish precepts £1.8m – disclosed in the Income and Expenditure Account. Internal Drainage Boards are shown under precepts and levies on the Income and Expenditure Account and total £0.2m.

Other local authorities, central government, the Nottinghamshire Police Authority and Nottinghamshire Fire Authority – disclosed in notes 3 and 4 to the Collection Fund Income and Expenditure Account.

Central Government – disclosed in all of the appropriate statements and notes.

Pension Fund – administered by Nottinghamshire County Council and disclosed in note 34.

In addition, members and senior officers of the Council have been requested to complete a specific return on the matter. These returns have shown no transactions which are material to the individuals concerned.

28. 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 and PFI/PP contracts), 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.

	2010/11 £000s	2009/10 £000s
Opening Capital Financing Requirement	(505)	(505)
Capital Investment :		
Property, Plant and Equipment	3,290	952
Investment Properties	0	17
Intangible Fixed Assets	426	109
Revenue Expenditure Funded from Capital under Statute	2,118	1,554
Sources of Finance :		
Capital receipts	(2,541)	(1,406)
Government grants and other contributions	(2,785)	(1,226)
Sums set aside from revenue		
Direct revenue contributions	(508)	
Closing Capital Financing Requirement	**(505)**	**(505)**
Explanation of movements in year:		
Increase in underlying need to borrow - supported	0	0
Increase in underlying need to borrow - unsupported	0	0
Assets acquired under finance leases	0	0
Assets acquired under PFI contracts	0	0
Increase/decrease in Capital Financing Requirement	**0**	**0**

29. Leases

Authority as Lessee

Finance Leases

The authority does not have any finance leases as a lessee.

Operating Leases

The authority leases a portion of land at a current cost of £200 per annum which is charged to Revenues and ICT Services. This is subject to a rent review.

This land is sub-let out to a Mobile Home Park. Income of £30,000 per annum is currently received from this sub-let.

Authority as a Lessor

Finance Leases

There are currently no finance leases.

Operating Leases

The Authority leases out property and equipment under operating leases for investment purposes as rental income or capital appreciation.

The minimum lease payments receivable under non-cancellable leases were:

	31st March 2011 £000s	31st March 2010 £000s
Not later than one year	250	120
Later than one year and not later than five years	309	416
Later than five years	252	264
	811	**800**

30. Impairment Losses

Paragraph 4.7.4.2(1) of 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 note 12 reconciling the movement over the year in the Property, Plant and Equipment Asset Balances.

During 2010/11, the Authority has recognised an impairment loss of £247k. This is made up of £319k impairment of the Depot Building from consumption of economic benefit, offset by £72k reversal of previously recognised valuation losses for Gamston Community Hall and Rushcliffe Lodge Hostel.

31. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment 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 employees earn their future entitlement.

The authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered by Nottinghamshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet those pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in

NOTES TO THE MAIN FINANCIAL STATEMENTS

the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme 2010/2011 £000s	2009/2010 £000s	Discretionary Benefit Arrangements 2010/2011 £000s	2009/2010 £000s
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service costs	1,833	601		
Past service costs	(6,311)	-		
Settlements and curtailments	-	51		
Financing and Investment Income and Expenditure				
Interest cost	4,011	3,693		
Expected return on scheme assets	(2,860)	(2,117)		
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(3,327)**	**2,228**	**0**	**0**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
Actuarial gains and losses	(15,505)	17,614		
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(18,832)**	**19,842**	**0**	**0**
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	18,832	(19,842)		
Actual amount charged against the General Fund Balance for Pensions in the year				
Employers contributions payable to the scheme	1,533	1,557		
Retirement benefits payable to pensioners			100	105

The cumulative amount of actuarial gain recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2011 is £15,505,000.

Assets and Liabilities in Relation to Post-employment Benefits

The table below details the reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities: Local Government Pension Scheme 2010/2011 £000s	2009/2010 £000s	Unfunded Liabilities: Discretionary Benefit Arrangements 2010/2011 £000s	2009/2010 £000s
Opening balance at 1st April	83,242	54,451	1,533	1,377
Current service costs	1,833	601		
Interest cost	4,011	3,693		
Contributions by scheme participants	470	475		
Actuarial gains and losses	(16,603)	26,491	(259)	156
Benefits paid (net of transfers in)	(3,012)	(2,415)		
Past service costs	(6,311)	-		
Curtailments	-	51		
Settlements	-	-		
Unfunded Pension Payments	(100)	(105)		
Closing balance at 31st March	63,530	83,242	1,274	1,533

NOTES TO THE MAIN FINANCIAL STATEMENTS

One significant issue affecting the preceding table is that the Government has announced that it plans to increase future pensions in line with the consumer Price Index (CPI) rather than the Retail Price Index (RPI). The actuary's approach has been to deal with this as a "past service gain" and this manifests itself as a reduction in a previous estimate and as such should be shown as a reversal against the original accounting entry. The rationale behind this being that the CPI will increase at a slower rate than the RPI (see "past service costs" of £6,311,000 in the table).

Detailed below is a reconciliation of fair value of the scheme assets:

	Funded Liabilities: Local Government Pension Scheme		**Unfunded Liabilities: Discretionary Benefit Arrangements**	
	2010/2011 £000s	**2009/2010 £000s**	**2010/2011 £000s**	**2009/2010 £000s**
Opening balance at 1st April	44,001	33,235	n/a	n/a
Expected rate of return	2,860	2,117	n/a	n/a
Actuarial gains and losses	(1,357)	9,033	n/a	n/a
Employer contributions	1,633	1,661	n/a	n/a
Contributions by scheme participants	470	475	n/a	n/a
Benefits paid	(3,112)	(2,520)	n/a	n/a
Settlements	-	-	n/a	n/a
Closing balance at 31st March	**44,495**	**44,001**		

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 expected return on scheme assets in the year was £2,860,000 (2009/2010 £2,117,000).

Scheme History

	2006/2007 £000s	2007/2008 £000s	2008/2009 £000s	2009/2010 £000s	2010/2011 £000s
Present value of liabilities:					
Local Government Pension Scheme	(58,789)	(64,352)	(54,451)	(83,242)	(63,530)
Discretionary Benefits	(1,330)	(1,536)	(1,377)	(1,533)	(1,274)
	(58,789)	(64,352)	(54,451)	(83,242)	(64,804)
Fair Value of assets in the Local Government Pension Scheme:	40,993	40,865	33,235	44,001	44,495
Surplus/(deficit) in the Scheme:					
Local Government Pension Scheme	(17,796)	(23,487)	(21,216)	(39,241)	(19,035)
Discretionary Benefits	(1,330)	(1,536)	(1,377)	(1,533)	(1,274)
Total	**(19,126)**	**(25,023)**	**(22,593)**	**(40,774)**	**(20,309)**

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £20.309m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, reducing it by

32.73%. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of the employees (i.e. before the payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2012 is £1,391,000. Expected contributions for the Discretionary Benefits Scheme in the year to 31st March 2012 are £101,000.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates and salary levels. Both the Nottinghamshire County Council Pension Fund and the Discretionary Benefits liabilities have been assessed by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31st March 2010.

The actuaries have changed the basis of their estimates to reflect the change from percentage increase in pensions from RPI to CPI. The impact of this change is a credit of £6,311,000 to the Comprehensive Income and Expenditure Statement.

The principal assumptions used by the actuary have been:

NOTES TO THE MAIN FINANCIAL STATEMENTS

	Local Government Pension Scheme		Discretionary Benefits	
	2010/2011	2009/2010	2010/2011	2009/2010
Long term expected rate of return on assets in the scheme:				
Equity investments	7.3%	7.4%	n/a	n/a
Government bonds	4.4%	4.5%	n/a	n/a
Bonds	5.5%	5.5%	n/a	n/a
Property	6.8%	6.9%	n/a	n/a
Cash liquidity	3.0%	3.0%	n/a	n/a
Mortality assumptions:				
Longevity at 65 for current pensioners				
Men	18.5	20.3	18.5	20.3
Women	22.6	23.9	22.6	23.9
Longevity at 65 for future pensioners				
Men	20.5	21.2	20.5	21.2
Women	24.5	24.9	24.5	24.9
Rate of inflation				
Increase in RPI - real	-	-	-	-
Increase in RPI - per annum	3.5%	3.9%	3.5%	3.9%
Increase in CPI - real	-0.8%	n/a	-0.8%	n/a
Increase in CPI - per annum	2.7%	n/a	2.7%	n/a
Rate of increase in salaries				
real	1.5%	1.5%	1.5%	1.5%
per annum	5.0%	5.4%	5.0%	5.4%
Rate of increase in pensions				
real	-0.8%	0.0%	-0.8%	0.0%
per annum	2.7%	3.9%	2.7%	3.9%
Rate for discounting scheme liabilities				
real	1.9%	1.5%	1.9%	1.5%
per annum	5.5%	5.5%	5.5%	5.5%
Take up of option to convert annual pension into retirement lump sum	50.0%	50.0%	50.0%	50.0%

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31st March 2011 %	31st March 2010 %
Equity investments	73%	68%
Debt instruments	11%	15%
Other assets	16%	17%
	100%	**100%**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March.

	2006/2007 %	2007/2008 %	2008/2009 %	2009/2010 %	2010/2011 %
Difference between the expected and actual return on assets	2.1	(8.6)	(30.8)	20.5	(3.0)
Experience gains and losses on liabilities	0.0	1.1	0.0	0.1	4.6

32. Contingent Liabilities

The Council is part of the Nottinghamshire Parking Partnership, which manages the Civil Parking Enforcement and commenced in May 2008. The Council has a potential liability relating to the operation in the Borough if the income does not cover the costs in the first two years. The value of any liability is estimated to be £20,000 at present. However this will depend on the value of parking control notices enforced and collected.

The Council gave an environmental warranty as part of the housing stock transfer in 2003, both to Rushcliffe Homes – now Spirita and to their lender, Nationwide Building Society. The former is expected to run for 15 years until 2018 and the latter for 32 years to 2035. The value of the liability is unknown and to date there have not been any issues identified.

33. Contingent Assets

Following the large scale voluntary transfer of council houses to Spirita Ltd (formerly Rushcliffe Homes Ltd) the Council is still entitled to preserved right to buy receipts. There were £347,000 receipts in respect of 2010/11 disposals compared to £114,000 in 2009/10. Future receipts will depend on further right to buy sales and it is difficult to predict the amount to be received in any one year.

In addition, the Council has identified a contingent asset relating to an overage agreement for Land at Sharphill, Edwalton. The agreement arises from a transfer back of a piece of agricultural land to the original seller. The transfer back included a provision giving the Council a percentage of the uplift of the value of the land in the event of it being sold with the benefit of planning permission. Cabinet (January 2005) approved that the Council would receive 40% of such uplift thus giving rise to a significant capital receipt.

The overage agreement defines the events which could trigger a payment or payments to the Council.

34. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.

- Market risk – the possibility that financial loss might arise 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 central 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 risk, credit risk and the investment of surplus cash.

Credit Risk

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

This risk is minimised through the Treasury Management Policy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. This means that, ordinarily, the counterparty must have long-term credit ratings of AA or above, but due to the current economic climate the Council is only lending money to institutions that can **also** access the Government's credit guarantee scheme.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £29.2m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2011 that this was likely to crystallise.

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

The Authority does not generally allow credit to its customers. The past due but not impaired amount can be analysed by age as follows:

	30th March 2011 £000s	30th March 2010 £000s
Less than three months	70	100
Three to six months	19	155
Six months to one year	56	117
More than one year	61	169
	206	**541**

NOTES TO THE MAIN FINANCIAL STATEMENTS

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrow from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The authority sets limits on the proportion of its fixed rate borrowing during specific periods. All trade and other payables are due to be paid in less than one year.

Market Risk:

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates could have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services would rise.
- Borrowings at fixed rates – fair value of the liabilities will fall.
- Investments at variable rates – interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income or Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. The Authority is cushioned to some degree as it does not have any debt at the balance sheet date. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

As the Council does not have any borrowings at the balance sheet date the management of interest rate exposure is focused on its investments. 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 during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at 31st March 2011, if interest rates had been 1% higher with all other variables held constant, the effect would be:

	30th March 2011 £000s	
Increase in interest receivable on variable rate investments	90	
Impact on Surplus or Deficit on the Provision of Services		**90**
Decrease in fair value of fixed rate investment assets	0	
Impact on Other Comprehensive Income and Expenditure		**0**

NOTES TO THE MAIN FINANCIAL STATEMENTS

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Authority has no equity shareholdings and therefore no exposure to risk arising from movements in share prices.

Foreign Exchange Risk

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

Other Financial Statements

NOTES TO THE MAIN FINANCIAL STATEMENTS

COLLECTION FUND REVENUE ACCOUNT

2009/10			2010/11
£000s		Notes	£000s
	INCOME		
60,288	Income from Council Tax	1	60,833
	Transfers from General Fund:		
5,037	- Council Tax Benefits		5,252
20,447	Income collectable from Business Ratepayers	2	20,858
85,772	**TOTAL INCOME**		**86,943**
	EXPENDITURE		
64,684	Precepts	3	65,533
	Business rate:		
20,345	- Payment to National Pool		20,752
102	- Costs of Collection		107
	Bad and Doubtful Debts/Appeals:		
(102)	- Bad Debt Provisions		228
187	- Write Offs		(81)
	Contributions:		
655	- Distribution of previous year's estimated surplus/(deficit)	4	545
85,871	**TOTAL EXPENDITURE**		**87,084**
(99)	**SURPLUS (DEFICIT) FOR THE YEAR**		**(141)**

NOTES TO THE COLLECTION FUND ACCOUNT

This Account reflects the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to National Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the Authority.

1. INCOME FROM COUNCIL TAX

This figure represents the amount of Council Tax income due net of any reduction for Council Tax Benefit or Council Tax Transitional Relief.

The Council determined the Council Tax Base for charging purposes in 2010/11 as follows, with comparative figures for 2009/10:-

BAND	Number of Chargeable Dwellings		Band "D" Equivalent	
YEAR	**2010/11**	**2009/10**	**2009/10**	**2009/10**
A	5,649	5,609	3,174	3,150
B	9,121	9,028	6,236	6,154
C	10,012	10,031	8,100	8,104
D	8,612	8,603	8,027	8,015
E	6,051	5,999	7,035	6,958
F	3,702	3,642	5,126	5,027
G	2,198	2,189	3,536	3,515
H	104	104	188	186
TOTAL	45,449	45,205	41,422	41,109

The Council set an average Band "D" charge of £1,597.89 (including Parish precepts and Special Expenses) in 2010/11 (£1,585.47 in 2009/10).

2. INCOME FROM BUSINESS RATEPAYERS

Income from business ratepayers is collected by the Council as charging authority as shown in the table below:

INCOME from BUSINESS RATEPAYERS	2010/11	2009/10
Local rateable values	£70.922m	£54.457m
Due to the national pool after allowing for uncollectable amounts and other adjustments	£20.752m	£20.345m
National rate poundage	41.4p	48.5p

NOTES TO THE COLLECTION FUND ACCOUNT

3. PRECEPTS AND DEMANDS

PRECEPT and DEMANDS	2010/11	2009/10
Borough Council demand on the Collection Fund	£7.173m	£7.006m
Nottinghamshire County Council precept	£48.935m	£48.679m
Police Authority precept	£6.566m	£6.235m
Fire Authority precept	£2.858m	£2.763m

4. COLLECTION FUND SURPLUS – COUNCIL TAX

The Collection Fund Surplus in relation to Council Tax Charges estimated on 15 January 2010 to be £0.545m (£0.655m in 2009/10) has been distributed between the precepting authorities in accordance with the Local Authorities (Funds)(England)Regulations 1992 (SI2428/1992). A breakdown of the distribution is shown below:

SHARE OF (SURPLUS) OR DEFICIT	2010/11	2009/10
Borough Council	£59,078	£71,103
Nottinghamshire County Council	£410,438	£494,117
Police Authority	£52,563	£61,676
Fire Authority	£23,297	£27,912
Total	£545,376	£654,808

5. ACCOUNTING FOR THE COLLECTION FUND BALANCE

On the basis that surpluses and deficits are shared with Nottinghamshire County Council, Nottinghamshire Police Authority, Nottinghamshire Fire Authority and the Rushcliffe Borough Council pro-rata to the precepts levied, the Council accounted for the Collection Fund balance in the 2010/11 Statement of Accounts as follows:

The deficit on the Collection fund will be redistributed to the major preceptors as follows:-

	£
Nottinghamshire Police Authority	14,078
Nottinghamshire Fire Authority	6,128
Nottinghamshire County Council	104,914
Rushcliffe Borough Council	15,380
Total	**140,500**

NOTES TO THE MAIN FINANCIAL STATEMENTS

If you have any queries, or you require this document in an alternative format, please contact the Financial Services 0115 9148338, and we will endeavour to make alternative arrangements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUSHCLIFFE BOROUGH COUNCIL

Opinion on the Authority accounting statements

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

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

Respective responsibilities of the *Chief Financial Officer* and auditor

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

Scope of the audit of the financial statements

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

Opinion on accounting statements

In my opinion the accounting statements:

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

Opinion on other matters

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

Matters on which I report by exception

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

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

Authority's responsibilities

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

Auditor's responsibilities

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

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

Basis of conclusion

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

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

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

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

Conclusion

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

Certificate

The audit cannot be formally concluded and an audit certificate issued until I have completed my consideration of a matter brought to my attention by officers. I am satisfied that this matter does not have a material effect on the financial statements or a significant impact on my value for money conclusion.

John R Cornett
District Auditor

Audit Commission
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicestershire LE19 1SU

20 October 2011

Annual Governance Statement 2010/11

<u>Scope of responsibility</u>

Rushcliffe Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Rushcliffe Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Rushcliffe Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

In accordance with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government,* this statement explains how Rushcliffe Borough Council has complied with the principles and also meets the requirements of regulation 4(2) and 4(3) of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Rushcliffe Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Rushcliffe Borough Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

1. The governance framework

1.1 Vision and priorities

The Cabinet approved a refresh of the corporate strategy in March 2010 which includes a corporate vision for 2020 together with the corporate priorities, cross cutting themes and objectives for the authority through to 2011. The plan, which was drawn up after extensive consultation with many external organisations and service users, has been used to support the Council's future budget plans and detailed service delivery plans. The plan is available on the Council's website.

The integration of service and financial planning has continued and this is demonstrated within the service plans for 2011/12, which incorporate the financial plans within the service plans. The budget for 2011/12 and financial strategy for 2011/12 to 2015/16 also link the budget back both to service areas, but also to the corporate priorities. This enabled the Council to ensure that the impact of any service development proposals were clearly taken account of within the Council's financial and budget arrangements and that spending decisions were better focused on the Council's priorities as laid down in the corporate plan.

This was the most extensive budget process the authority has undertaken to ensure the issues affecting the Borough were considered fully by Members. The budget process was started earlier in the year than normal as a result of the expected cuts in central government funding. As part of the process the authority has looked at a strategy of business cost reduction, income maximisation and service redesign. This has resulted in a four year plan being approved by Council in March 2011, which is set up to achieve the required savings targets over a four year period. Initially officers found savings to reduce the deficit without impacting on the services valued by residents and Members. The process for this year involved Members, the Youth Assembly and residents who considered further options to reduce the deficit. The views and options from these groups were used to inform the budget decisions and actions to reduce the deficit.

Looking more long term, the Council has approved a four year strategy to tackle the budget deficit and this involves a series of service reviews to ascertain how the service can be delivered differently in the future.

Progress against previous priorities and actions, as laid down in previous service plans, has been reported to Performance Management Board for scrutiny during the course of the year. All key tasks within the current service delivery plans have been linked directly to the Council's objectives

1.2 Quality of services

The Council undertakes a range of activities to ensure the services it delivers are of a high quality and meet the needs of residents.

Each service area has a comprehensive set of performance indicators. These are monitored by managers on a weekly basis and challenged in a seven week cycle by other managers and members of the Senior Management Team. These weekly Performance Clinics ensure performance in each service area is meeting the targets set, and that any issues are spotted early and appropriate action is taken to address the problem. Performance Clinics also contain information about key tasks and projects, sickness, training and financial monitoring.

Council-wide performance is examined on a quarterly basis at the Performance Management Board.

The Council has a comprehensive system for monitoring compliments and complaints (including those received by way of whistleblowing). The Council's Performance Management Board reviews annually the results and those complaints that are referred to the ombudsman.

Regular benchmarking and consultation initiatives help the Council to assess quality, value for money and customer satisfaction. The last large scale survey of residents was the 2008 Place Survey found 92.7% of residents thought Rushcliffe was a great place to live.

The Council is also a member of the county-wide Nottinghamshire Listens panel and has used this method to gain more in-depth knowledge of customer access, health and wellbeing and resident views on recycling over the last few years. Each year, the Council recruits residents from the panel to take part in budget setting workshops. These are very well received by residents and have impacted positively on Member decisions.

Individual service areas carry out regular customer satisfaction exercises to ensure customer needs are being met. In addition, consultation is used to aid the decision-making process. Recently, this approach was taken to find out what shoppers in West Bridgford thought about the public toilets. As a result of the consultation, the toilets were replaced.

2. Improvement and Efficiency

The Council continues to seek and achieve cashable and non-cashable efficiencies. For the 2011/12 budget exercise, Managers identified cashable savings of £560,000, much of them through efficiencies. The Fit for Purpose programme that has now ended also identified efficiencies and the four year plan will continue this work by redesigning services.

2.1 Constitutional matters

A comprehensive document setting out the Council's constitution exists which sets out the clearly defined structure for the Council's organisational arrangements based upon a cabinet executive model. During 2010, this document was reviewed and amended to make it more comprehensive and clearer. This thorough exercise was undertaken by engaging a cross party panel of Members who considered and scrutinised options before reporting to the Corporate Governance scrutiny group and finally having their recommendations approved by Council via the Cabinet. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere including the setting of the council tax;
- Cabinet is allocated authority by council to approve policies not reserved for consideration by Council, deliver policies and to take most significant executive decisions;
- Cabinet works to a Forward Plan of forthcoming decisions for up to three months ahead;
- The work of cabinet is supported by four scrutiny groups;
- Scrutiny groups develop their own work programme for the review of council services in addition to scrutinising the work of the cabinet;
- Separate committees exist for Development Control, Employment Appeals, Alcohol and Entertainments Licensing, Interviewing and Licensing;
- Delegation arrangements to officers are set out in detail within the constitution. This is currently under review;
- Regular meetings take place between relevant senior officers and members of the Council to discuss and propose policy;
- A protocol defining the relationship between Members and Officers has been adopted.

The constitution document also includes sections on standing orders, financial regulations and conduct of meetings. The constitution as a whole is reviewed periodically with interim updates as and when appropriate.

2.2 Codes of conduct

The Council's constitution contains codes of conduct applying to members and officers as well as a protocol for councillor/officer relationships. The codes include reference to the need to declare any interests which may conflict with the individual's role at the Council and such registers for councillors and officer are maintained by the Head of Corporate Services and Human Resources Manager respectively. The Council has in place a whistleblowing policy and any referrals under the policy are fully investigated.

3. Policies, Procedures, Laws and Regulations

The Council's statutory officers are the Chief Executive, the Section 151 Officer and the Monitoring Officer. They are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources.

Heads of Service are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice.

4. Risk Management

The Council's risk management policy and risk register has been in place since October 2002. The Corporate Risk Register is reviewed, on a quarterly basis, by the Risk Management Group and the findings/progress of this group is reported to the Corporate Governance Group on a regular basis.

All action points within service plans and significant projects are required to be risk assessed.

5. Development and training needs

Development needs are identified from regular feedback from members and personal development reviews with officers. A Member Development Group is established which advise upon training requirements, particularly for new members. Member training has been assisted by NIEG funding during the last year.

Appropriate training has been provided to members and officers on a number of areas, particularly with regard to new IT systems introduced in the year. The service area training plans are reviewed as part of the performance clinics reviewed by senior management.

6. Communication

Three editions of Rushcliffe Reports, the Council's newsletter for residents, are circulated to all households each year. Satisfaction with the newsletter is very high amongst residents and it is used extensively for communicating with residents.

The Council's website is continually being developed to provide more information, enable more services to take place electronically and to receive comments from all stakeholders. In October 2011, a new website will be launched.

7. Partnerships

The Council has in place a scrutiny group that has reviewed a list of all partnerships that the Council are party to. This has been used as the basis for a review and a work programme will be developed to ensure that the scrutiny group can review significant partnerships with which the Council is involved. The

Council has put in place strong governance arrangements around the major contracts to deliver leisure services and car parking enforcement.

8. Review of effectiveness

Rushcliffe Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates and this review is considered by Corporate Governance Group.

9. The Council

The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including:

- The Constitution
- The Corporate Performance Plan
- The Corporate Strategy
- The Capital Programme and Revenue Budget
- The Housing Strategy
- The Local Development Framework

10. The Cabinet

The cabinet carries out the executive functions of the Council as required by the legislation and the Council's constitution. It accordingly:

- Takes key executive decisions
- Approves policies other than those reserved for Council
- Recommends to Council policies and budgetary decisions

11. Corporate Governance Group

The Corporate Governance Group is the group within the Council that is charged with Governance and has a number of responsibilities including:

- Overseeing corporate governance arrangements
- Overseeing strategic risk management

- Scrutinising the Statement of Accounts and the Annual Governance Statement
- Reviewing the plans and work of Internal Audit
- Receiving reports from external audit in relation to the audit arrangements

12. Performance Management Board

The Performance Management Board reviews the performance of the Council against the approved targets. Other reports are taken to this group and during the last year the group has considered the equality and diversity plan and the local Home Improvement Agency performance.

<u>Other Scrutiny Groups</u>

The Council has two other scrutiny groups. The first, Community Development looks at areas that affect the community like the Council's climate change action plan and affordable housing in rural areas. The other group is Partnership Delivery which is tasked with looking at the performance of current partnerships and future potential partnerships.

13. Heads of Service

Heads of Service are responsible for ensuring proper standards of internal control within their departments. Ongoing reviews are undertaken throughout the year.

14. Internal Audit

Internal Audit is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. The Council tendered during 2009/10 for a new 5 year audit contract which was awarded to RSMTenon. An Audit Strategy has been developed covering all activities of the Council at a level and frequency determined using a risk management methodology. The current Strategy now covers the period up to March 2015.

An annual audit plan governs each year's activity and at the completion of each audit, a report is produced for management with recommendations for improvement. Regular reports covering internal audit activities are submitted to the Corporate Governance Group for scrutiny.

A detailed annual review of the effectiveness of the Council's system of internal audit is undertaken every year and reported to Corporate Governance Group.

15. External Audit

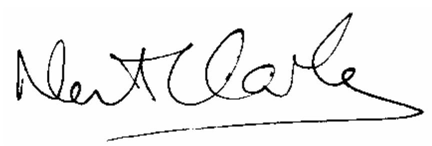
The external auditors review the Council's arrangements for:

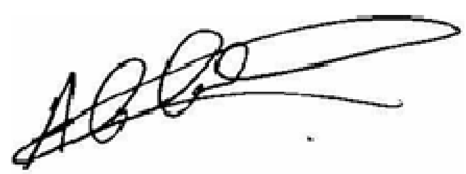
- Preparing accounts in compliance with statutory and other relevant requirements
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- Managing performance to secure economy, efficiency and effectiveness in the use of resources

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made.

16. Significant governance issues

Significant initiatives that require new governance arrangements are the Cotgrave Masterplan – a project to regenerate the centre of Cotgrave - and the reviews arising from the four year plan. A new board consisting of elected Members has been set up in relation to the former initiative and this is supported by relevant documentation such as a concordat and governance arrangements approved by Cabinet in September 2011. Additionally, two major reviews within the four year plan are being guided through Member Groups set up by Cabinet.





J.N.Clarke, Leader

A.Graham, Chief Executive

On behalf of members and senior officers of Rushcliffe Borough Council