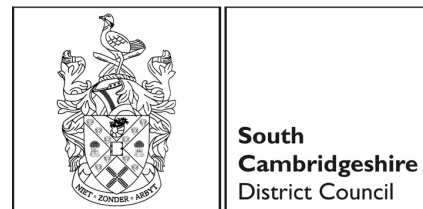


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26 September 2011

To: Chairman – Councillor Francis Burkitt
Vice-Chairman – Councillor David McCraith
Members of the Corporate Governance Committee – Councillors John Batchelor,
Richard Barrett, Douglas de Lacey, Charles Nightingale and John Williams
Quorum: 3

Dear Councillor

This is a supplement to the previously-published agenda for the meeting of **CORPORATE GOVERNANCE COMMITTEE** on **FRIDAY, 30 SEPTEMBER 2011**, containing those reports which had not been received by the original publication deadline.

Yours faithfully
JEAN HUNTER
Chief Executive

Requests for a large print agenda must be received at least 48 hours before the meeting.

AGENDA

5. Approval of the Statement of Accounts 2010-11

PAGES
1 - 88

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee

30 September 2011

AUTHOR/S: Executive Director (Corporate Services)

APPROVAL OF THE 2010/11 STATEMENT OF ACCOUNTS**Purpose**

1. To approve the amended 2010/11 Statement of Accounts (to be circulated later) and to discuss and agree the letter of representation.
2. This is not a key decision but are legal and auditing requirements.

Recommendations

3. That the 2010/11 Statement of Accounts is approved and the letter of representation discussed and agreed.

Reasons for Recommendations

4. It is a legal requirement under the Accounts and Audit (England) Regulations 2011 for the Statement of Accounts to be considered and approved no later than 30 September.
5. It is an auditing requirement under International Auditing Standard (UK and Ireland) 580 for the letter of representation to be discussed and agreed by those charged with governance.

Background

6. The Statement of Accounts 2010/11 (subject to audit) was certified by the Executive Director (Corporate Services) as the Council's responsible financial officer and noted by this Committee on 8 July 2011.

Considerations

7. The results of the audit are now known and are set out in the Auditor's Annual Governance Report, which is a separate item on this agenda. The amendments required by the Auditors to the financial statements are set out in Appendix 2 of their Report. These amendments have been incorporated in the amended Statement of Accounts 2010/11, which will be distributed to Members of this Committee as soon as possible.
8. The letter of representation is Appendix 5 of the Auditor's Report. This needs to be discussed and agreed by this Committee and then signed by the Executive Director (Corporate Services) as the Council's responsible financial officer

Options

9. None.

Implications

10.	Financial	<p>Members were informed of the balances, i.e. how much money have we got to spend in the future, in the weekly bulletin of 6 July 2011. These were the balances on the General Fund, Housing Revenue Account and Capital account as at 31st March 2011 as set out in the draft Statements of Accounts.</p> <p>The audit of the accounts has confirmed these balances.</p> <p>The amendments required by the auditors to the accounts are technical adjustments to conform strictly with accounting standards, which are then reversed out and have a net nil effect; minor corrections to the notes; additional disclosures; and typographical errors; some of which were reported by officers at the last meeting.</p>
	Legal	None
	Staffing	None
	Risk Management	There is a reputational risk to the Council if the accounts cannot be agreed with the Auditors and issued with an unqualified audit opinion
	Equality and Diversity	None
	Equality Impact Assessment completed	No Not applicable
	Climate Change	None

Consultations

11. None.

Consultation with Children and Young People

12. None.

Effect on Strategic Aims

13. The amended Statement of Accounts confirms the balances available for inclusion in the medium term financial strategy.

Conclusions / Summary

14. None.

Background Papers: the following background papers were used in the preparation of this report:

Contact Officer: Adrian Burns - Head of Accountancy
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 Sally Smart - Principal Accountant
 Telephone: (01954) 713706
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Statement of Accounts for year ended 31 March 2011

Contents	Page Number
Explanatory Foreword	2
Statement of Responsibilities	9
Auditors Report	10
Main Financial Statements	13
Movement in Reserves Statement	14
Comprehensive Income and Expenditure Statement	15
Balance Sheet	16
Cash Flow Statement	18
Notes to Main Financial Statements	19
Supplementary Financial Statements	67
Housing Revenue Income and Expenditure Account	68
Statement of Movement on Housing Revenue Income and Expenditure Account	69
Collection Fund	70
Notes to Supplementary Financial Statements	72
Appendix A – Restated Primary Statements	80
Glossary of Financial Terms and Abbreviations	83

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Explanatory Foreword

Introduction

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which, for 2010/11, is now based on International Financial Reporting Standards. This introduces significant changes to the layout and content of the financial statements and accompanying notes and has required the restatement of various amounts for the previous financial year 2009/10 and of various balances as at 31st March 2010.

The Statement of Accounts brings together on the following pages the major financial statements of the Council and consists of:

a) Core financial statements:

- i) the Movement in Reserves Statement which shows the movement in the year on the different reserves analysed into usable reserves that can be applied to fund expenditure or reduce local taxation and other reserves;
- ii) the Comprehensive Income and Expenditure Statement which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices;
- iii) the Balance Sheet which shows the value at the year end of assets and liabilities recognised by the Council; and
- iv) the Cash Flow Statement which shows the changes in cash and cash equivalents during the year arising from the inflows and outflows of cash;

with associated notes, including the accounting policies, grouped together for all the core financial statements.

b) Supplementary financial statements:

- i) the Housing Revenue Account which shows revenue expenditure and income on Council housing for the year and is a ring-fenced account within the General Fund to prevent any cross-subsidy between general income and rents; and
- ii) the Collection Fund which includes the council taxes and business rates collected by South Cambridgeshire District Council on behalf of those authorities responsible for services within the district and the government, and the way in which these monies have been distributed among the authorities and the government.

Comprehensive Income and Expenditure Statement

This Statement records the day-to-day expenditure incurred in providing services such as salaries and wages, other running costs and financing costs and income due from fees and charges and government grants. Also included are various costs to comply with the generally accepted accounting practices which do not impact on the level of council tax. This Statement consolidates the General Fund (services for the whole community) and the Housing Revenue Income and Expenditure Account (Council housing).

The additional costs to comply with accounting practices are reversed out in the Movement in Reserves Statement. If the two Statements are combined, then the position for General Fund Services and the council tax can be summarised as:

Expenditure/(Income)	£'000
Net Portfolio expenditure excluding depreciation	14,848
Internal drainage boards	141
Interest and investment income	<u>(545)</u>
Amount to be met from Government Grant and local taxpayers	14,444
 Principal sources of finance	
District element of Council Tax	(6,828)
Formula Grant (a general Government grant towards expenditure)	(7,823)
Other Government Grants	(41)
Other items	<u>(10)</u>
	(14,702)
 Surplus for the year	<u><u>(258)</u></u>

When the council tax for the financial year ending 31 March 2011 was set in February 2010, the deficit was estimated at £774,270. The variance of £1,032,440 is attributable to the following:

Actual to Original Estimate	Underspending or Slippage () /Overspending +		
	%	£'000	£'000
Services			
Rent Allowances	(1)	(141)	
Corporate Management	11	148	
Cost of NNDR Collection	(37)	(99)	
Cost of Council Tax Collection	(8)	(77)	
Dry Recycling Collection Service	(21)	(313)	
Homelessness	(24)	(91)	
Recharge - Piper Lifeline Alarms	(45)	(95)	
Development Control	6	150	
Growth Agenda	11	142	
Net cuts/savings now allocated to services	100	159	
Reduction for vacancies now allocated to services	100	<u>200</u>	
			(17)
Precautionary Items	(100)		(75)
Provision for redundancy and early retirement now allocated	100		(500)
Local authority business growth incentive grant ended	100		92
Other items individually under £75,000			<u>(532)</u>
			<u>(1,032)</u>

Housing Revenue Account

This Account deals with the provision, management and maintenance of Council dwellings, as summarised below:

	Expenditure/ (Income)
	£'000
Repairs and maintenance	3,175
Management and services	5,492
Major Repairs Allowance	3,276
Payment to Government	11,672
Capital expenditure met from revenue	1,298
Other	<u>25</u>
	24,938
Rents and charges	(24,180)
Receipt from General Fund	(286)
Interest	<u>(16)</u>
	<u>(24,482)</u>
Deficit for the year	<u>456</u>

These figures exclude items which are subsequently reversed in or out through the Movement on the Housing Revenue Account Statement.

When rents for the financial year ending 31 March 2011 were set in February 2010, the deficit was estimated at £105,970. The variance of £349,705 is attributable to the following:

Actual to Original Estimate	Underspending or Slippage () /Overspending +	
	%	£'000
Administration	(9)	(254)
Sheltered housing	(10)	(200)
Contribution to Repairs Account	(2)	(51)
Reduction for vacancies now allocated to services	100	50
Revenue funding of capital expenditure	333	998
Gross rent income	0	(73)
Other items individually under £50,000		<u>(120)</u>
		<u>350</u>

Capital

Capital expenditure produces assets capable of providing benefits to the community for several years to come. Total expenditure for the year amounted to £9.35 million. The major part of the programme involved the provision of housing; with £4.11 million being invested in the Council's own housing stock.

Treasury Management

At the 31 March 2011, investments (excluding accrued interest) totalled £9.55 million, a decrease of £9.45 million over the previous year-end. These investments produced interest of over £0.55 million, which was used to pay for the cost of services.

The Council has no outstanding loans and has been debt free since 1 April 1996.

Balances and Reserves

The balances on the General Fund and the Housing Revenue Account were at £7.41 million and £2.29 million respectively as at 31 March 2011 - this compares to the proposed minimum level of balances of £1.5 million (General Fund) and £2.0 million (Housing Revenue Account). These will be used to meet the cost of services in future years and to keep down any increases in council tax/rents.

Reserves available for capital expenditure stood at £2.02 million, consisting of the usable capital receipts reserve and capital grants unapplied. The capital programme has been revised from an original estimate £8.0 million in 2010/11 to £8.33 million in 2011/12 and then to £6.85 million in 2012/13 to take account of the reduction in available funding.

Pensions

The accounting policy relating to pensions reflects International Accounting Standard 19 Employee Benefits whereby pension liabilities incurred during the year are charged to the cost of services and then reversed out with the pension deficit being shown as a liability in the balance sheet.

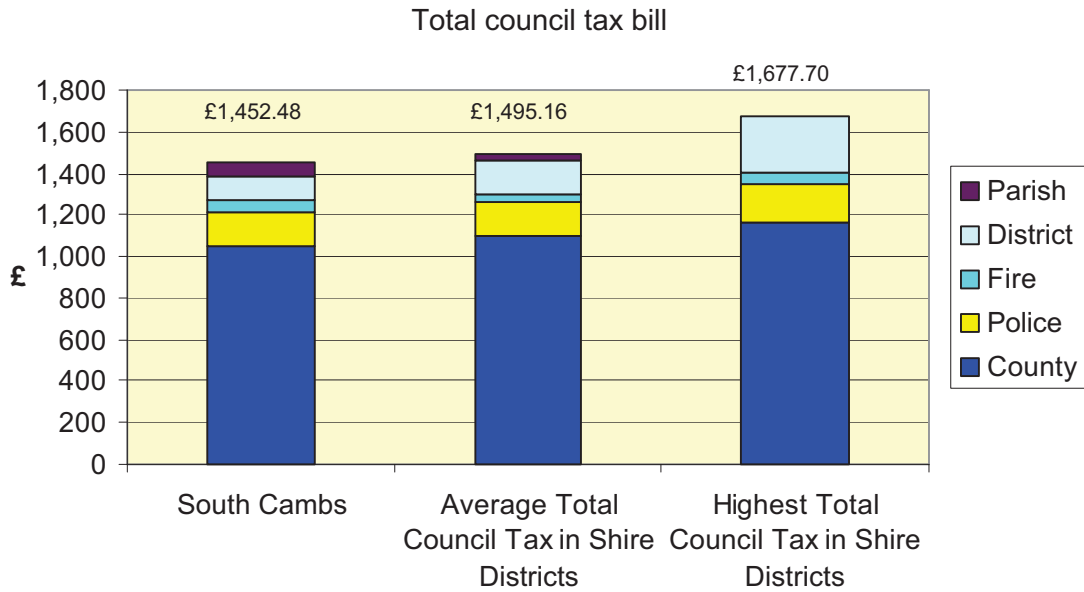
South Cambridgeshire's pension deficit is estimated at £31.6 million as at 31 March 2011 on an IAS 19 basis. With 73% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

The employer's contribution rate for 2010/11 was 21.7%. The formal triennial valuation as at 31 March 2010 of assets and liabilities, for the purposes of determining contribution rate to be effective from 1 April 2011, showed a 70% funding level, being the extent to which assets cover liabilities. The Council's five-year financial projections allow for an increase in predicted rates up to a maximum of 25% in view of the Government's intention to review the long-term affordability of public sector pensions.

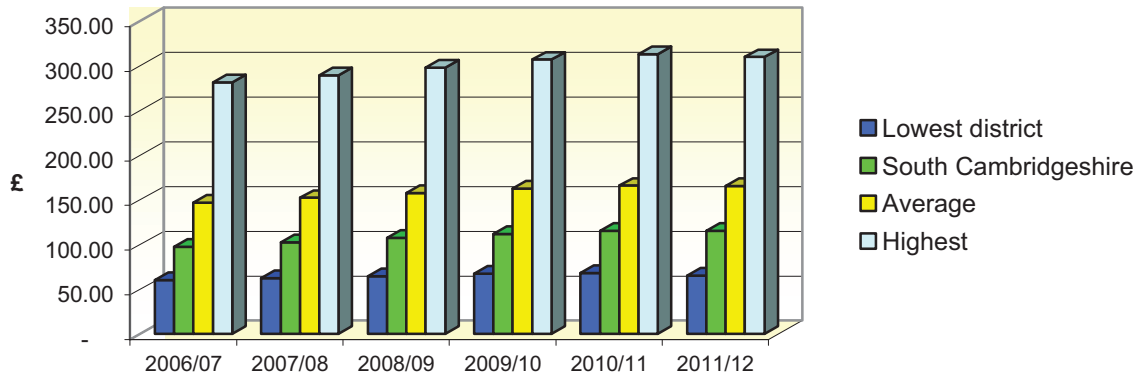
The triennial valuation discounts future liabilities at a rate based on the expected return from the pension fund's investments which are mainly stocks and shares. A valuation using a risk free discount rate, that is, based on Government Bonds, would give a much lower funding level and the employer's contribution rate would be substantially higher.

Council Tax and Collection Fund

The council tax is set in terms of a band D property which is in the valuation band from £68,001 to £88,000 at 1991 prices. For a band D property, the council tax for 2010/11 was £1,452.48. This was one of the lowest tax levels in the country and most of the money was raised on behalf of the County Council as shown below:



However, looking only at the district element of the overall tax bill, South Cambridgeshire is the 13th lowest in 2010/11 at £115.46 in a range of £67.93 to £312.84, with the average being £165.83:



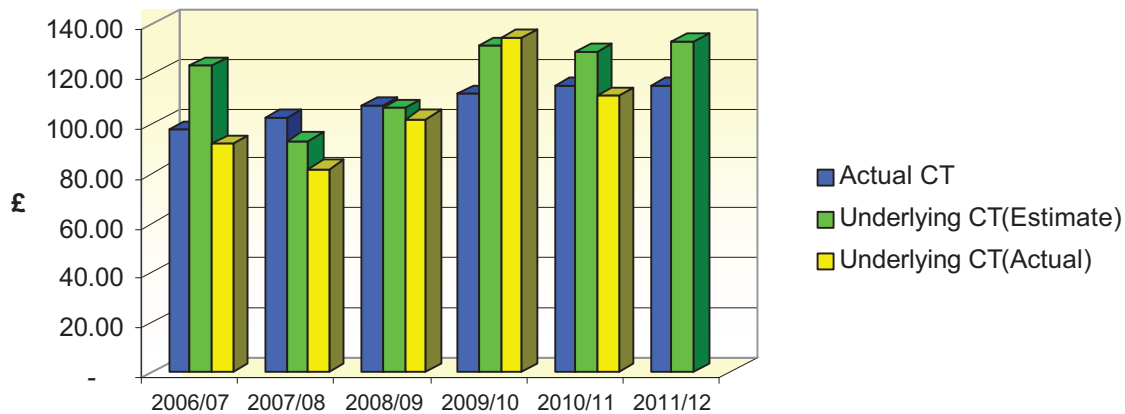
The ranking is:

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
South Cambridgeshire	9th lowest	10th lowest	13th lowest	12th lowest	13th lowest	13th lowest
Total number of shire districts	238	238	238	201	201	201

Current and future developments

Council Tax and capping

Council Tax was introduced in 1993/94 and since then the Council Tax set by this Council has been substantially below the average charged by other shire districts as the Council was using its reserves (savings) to keep down the amount of Council Tax residents would have to pay. Without the use of reserves, the Council Tax would be at its underlying level:



The Council has to provide the same services and meet the same demands as other district councils but with substantially less council tax income. The Council Tax was increased by less than 5% for the years from 2006/07 to 2008/09, by 4.5% for 2009/10, by just under 3% for 2010/11 to reduce the risk of being capped with no increase in 2011/12 in order to qualify for council tax freeze grant.

Corporate plan

The Council has published a Corporate Plan setting out its vision, aims and values for the coming year and how it intends to deliver them. This provided the blueprint for 2010/11 showing how service delivery links through approaches and actions directly to the agreed corporate aims and is available on the website at:

<http://www.scams.gov.uk/CouncilAndDemocracy/CorporatePriorities/Corpplan.htm>

Population growth

The District population of 131,000 people in 2001 is projected to increase to 169,800 by 2021, the figure for June 2011 being 147,803. This is a reflection of the development of large numbers of additional houses in the district, particularly through the creation of a new settlement at Northstowe and the development of the Cambridge fringe areas. The officer capacity to develop these policies has to be paid for now. These initial costs are not reflected in Government grants or in the Council's tax base for raising income locally. However, when new dwellings come into use, the Council now receives the New Homes Bonus government grant.

The Current Economic Climate

The income of the Council in terms of planning and other fees, interest, council tax income and receipts from sale of assets has fallen and demand for services such as homelessness and benefits has increased due to the economic downturn. The Council set aside £150,000 in 2009/10 and 2011/12 to support businesses during the economic downturn.

The Government's actions to reduce the fiscal deficit mainly by reducing public spending has resulted in substantial cuts for local government. The Council's medium term financial strategy is in its strategic risk register with an assessed risk of high impact / likely to happen. The financial situation is dependent amongst other things on the continuation of New Homes Bonus and the outcome of the local government resource review

The Future for Council Housing in South Cambridgeshire

The Government is replacing the current subsidy system whereby the Council now pays around £12.5 million per year (54% of its rent income) to the government with a self-financing system under which the Council would keep all its rent income but would take on a debt provisionally calculated at £205 million in 2011/12 on 28 March 2012 with the consequent cost of servicing the debt.

Affordable housing

In the last few years the Council has transferred some of its non-traditionally built dwellings, some sheltered bedsits and various land sites to housing associations for the development of affordable and supported housing. These show in the relevant year as disposals written out of the balance sheet but in most cases the disposal is at nominal consideration. These transfers are an important contribution to the Council approaches of working through partnership and making affordable housing more available to local people.

Auditor's Opinion

The Statement of Accounts has been audited with the Auditor's opinion on page 10.

Alex Colyer
Executive Director and Chief Finance Officer

Dated: 30 September 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 Executive Director (Corporate Services) who is the chief financial officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The responsibilities of the Executive Director (Corporate Services) as chief financial officer

The Executive Director (Corporate Services) as chief financial officer is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice on Local Authority Accounting in the United Kingdom - (the Code).

In preparing this Statement of Accounts, the Executive Director (Corporate Services) as chief financial officer has:

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

The Executive Director (Corporate Services) as chief financial officer has also:

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

The Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2011 and its income and expenditure for the year then ended.

Alex Colyer

Executive Director (Corporate Services) as chief financial officer

Dated: 30 September 2011

I confirm that these accounts were approved by the Corporate Governance Committee held on 30 September 2011.

Chairman of the Corporate Governance Committee

Dated: 30 September 2011

Independent auditors' report to the Members of South Cambridgeshire District Council

Opinion on the Authority accounting statements

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

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

Respective responsibilities of the Executive Director Corporate Service and auditor

As explained more fully in the Statement of the Executive Director Corporate Services' Responsibilities, the Executive Director Corporate Services 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 annual report and the introduction to the statement of accounts to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

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

Opinion on other matters

In my opinion, the information given in the annual report and the introduction to the statement of accounts for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

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

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

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

Auditor's responsibilities

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

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

Basis of conclusion

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

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

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

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

Conclusion

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

Certificate

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

Paul King

Officer of the Audit Commission

Audit Commission,
3rd Floor,
Eastbrook,
Shaftesbury Road,
Cambridge CB2 8BF

30 September 2011

Main Financial Statements

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement

Movement in Reserves

This statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other resources. The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Note	General Fund Balance £	Earmarked General Fund Reserves £	Housing Revenue Account (HRA) £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance as at 31st March 2009		(6,137,117)	(3,895,081)	(3,106,275)	(4,349,916)	(588,750)	(20,077,139)	(396,882,962)	(416,960,101)
Movement in reserves during 2009/10									
Deficit / (Surplus) on provision of services (accounting basis)		4,893,004	0	6,493,249	0	0	11,186,253	0	11,186,253
Other comprehensive expenditure and income	5	0	0	0	0	0	0	(19,033,932)	(19,033,932)
Total comprehensive income and expenditure		4,893,004	0	6,493,249	0	0	11,186,253	(19,033,932)	(7,847,679)
Adjustments between accounting basis and funding basis under regulations	5	(3,594,014)	0	(6,133,067)	2,649,581	(1,100)	(7,078,600)	7,078,600	0
Net (increase) / decrease before transfers to earmarked reserves		1,098,990	0	360,182	2,649,581	(1,100)	4,107,653	(11,955,332)	(7,847,679)
Transfers (to) / from earmarked reserves	6	(110,936)	110,936	0	0	0	0	0	0
(Increase) / Decrease in year		988,054	110,936	360,182	2,649,581	(1,100)	4,107,653	(11,955,332)	(7,847,679)
Balance as at 31st March 2010		(7,149,063)	(3,784,145)	(2,746,093)	(1,700,335)	(589,650)	(15,969,486)	(408,838,294)	(424,807,780)
Movement in reserves during 2010/11									
Deficit / (Surplus) on provision of services (accounting basis)		(6,023,703)	0	38,475,218	0	0	32,451,515	0	32,451,515
Other comprehensive expenditure and income	5	0	0	0	0	0	0	20,013,025	20,013,025
Total comprehensive income and expenditure		(6,023,703)	0	38,475,218	0	0	32,451,515	20,013,025	62,464,540
Adjustments between accounting basis and funding basis under regulations	5	6,360,173	0	(38,019,543)	274,419		(31,384,951)	31,384,951	0
Net (increase) / decrease before transfers to earmarked reserves		336,470	0	455,675	274,419	0	1,066,564	51,397,976	52,464,540
Transfers (to) / from earmarked reserves	6	(594,640)	594,640	0	0	0	0	0	0
Increase / Decrease in year		(258,170)	594,640	455,675	274,419	0	1,066,564	51,397,976	52,464,540
Balance as at 31st March 2011		(7,407,233)	(3,189,505)	(2,290,418)	(1,425,916)	(589,850)	(14,902,922)	(357,440,318)	(372,343,240)

Comprehensive Income and Expenditure Statement

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

	2009/10 Gross Expenditure £	2009/10 Gross Income £	2009/10 as restated Net Expenditure £	Note	2010/11 Gross Expenditure £	2010/11 Gross Income £	2010/11 Net Expenditure £
Expenditure on services							
Central Services	2,957,229	(115,239)	2,841,990		3,214,806	(107,551)	3,107,255
Central Services to the Public	8,181,043	(7,028,567)	1,152,476		8,590,864	(7,486,936)	1,103,928
Cultural, Environmental and Planning Services							
Cultural and Related Services	2,140,344	(516,828)	1,623,516		1,213,602	(175,064)	1,038,538
Environmental Services	7,514,313	(1,566,437)	5,947,876		7,561,024	(1,831,470)	5,729,554
Planning and Development Services	7,053,674	(3,610,106)	3,443,568		6,190,150	(2,056,144)	4,134,006
Highways, Roads and Transport Services	788,109	(186,981)	601,128		701,405	(77,311)	624,094
Non HRA Housing							
Personal Social Services	336,618	(47,719)	288,899		585,843	(398,710)	187,133
Housing Benefit and Administration	22,471,634	(22,296,225)	175,409		24,687,107	(24,561,976)	125,131
Private Sector Housing Renewal	1,162,800	(359,123)	803,677		1,049,645	(475,998)	573,647
Supporting People	361,239	(321,846)	39,393		376,339	(256,129)	120,210
Other Non HRA Housing Services Expenditure	745,038	(260,118)	484,920		1,188,427	(239,601)	948,826
Other Contributions to/from HRA	151,570	0	151,570		137,399	0	137,399
Non -distributed Costs	(166,000)	0	(166,000)	10	(10,777,000)	0	(10,777,000)
General Fund Services-Continuing operations	53,697,611	(36,309,189)	17,388,422		44,719,611	(37,666,890)	7,052,721
Housing Revenue Account Services	29,532,513	(23,726,775)	5,805,738		61,851,418	(24,497,620)	37,353,798
Net cost of services	83,230,124	(60,035,964)	23,194,160		106,571,029	(62,164,510)	44,406,519
Other operating expenditure	4,974,574		4,974,574			Note 7	5,443,434
Financing and investment income	1,022,100		1,022,100			Note 8	905,856
Taxation and non-specific grant income	(18,004,581)		(18,004,581)			Note 9	(18,304,293)
Deficit for the year on provision of services	11,186,253		11,186,253				32,451,516
(Surplus)/Deficit on revaluation of non-current assets	(47,139,853)		(47,139,853)			Note 22	31,305,023
Actuarial losses on pension assets and liabilities	27,860,000		27,860,000				(11,292,000)
Prior period adjustments	168,575		168,575				0
Total comprehensive income and expenditure	(7,925,025)		(7,925,025)				52,464,539

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital receipts Reserves that may only be used to fund capital or repay debt). The second category of reserves are 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'.

1 April 2009 (as restated) £	31 March 2010 (as restated) £		Notes	31 March 2011 £
420,849,154	460,218,478	Property, Plant and Equipment	28	392,245,512
73,422	117,745	Intangible Assets	26	143,815
5,000,110	7,000,110	Long Term Investments	37	6,000,110
449,841	429,696	Long Term Debtors		421,540
426,372,527	467,766,029	Long Term Assets		398,810,977
17,982,837	12,268,538	Short Term Investments	37	3,750,692
107,396	55,688	Inventories	30	46,017
3,073,879	2,588,989	Short Term Debtors	31	7,641,448
1,229,702	490,620	Cash and Cash Equivalents	15	408,372
1,082,002	2,244,337	Assets held for sale	28	0
23,475,816	17,648,172	Current Assets		11,846,529
(1,457,090)	(774,923)	Cash and Cash Equivalents	15	(509,158)
(7,558,355)	(6,610,784)	Short Term Creditors	32	(5,812,253)
(189,077)	(241,901)	Provisions	33	(278,320)
(9,204,522)	(7,627,608)	Current Liabilities		(6,599,731)
(23,672,000)	(52,478,812)	Other Long Term Liabilities	22/38	(31,714,533)
(11,719)	(500,000)	Capital Grants Receipts in Advance	38	0
(23,683,719)	(52,978,812)	Long Term Liabilities		(31,714,533)
416,960,102	424,807,781	Net Assets		372,343,242
(20,077,139)	(15,969,487)	Usable reserves	11	(14,902,924)
(396,882,962)	(408,838,294)	Unusable Reserves	12	(357,440,318)
(416,960,101)	(424,807,781)	Total Reserves		(372,343,242)

Balance Sheet

The unaudited accounts were issued on 30 June 2011 and the audited accounts were authorised for issue on 30 September 2011

Signed:

Alex Colyer
Executive Director (Corporate Services) and as Chief Finance Officer

Dated: 30 September 2011

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 operations 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.

2009/10		2010/11
£		£
	Note	
	Cash Flows from operating activities	
(60,342,073)	Cash receipts	(71,609,581)
<u>61,950,984</u>	Cash payments	<u>75,568,994</u>
1,608,911	Net cash flows from Operating Activities	13 3,959,413
(1,932,397)	Investing Activities	14 (4,751,846)
<u>301,250</u>	Financing Activities	<u>608,917</u>
(22,236)	Net increase or decrease in cash and cash equivalents	(183,516)
306,538	Cash and cash equivalents at the beginning of the reporting period	284,302
284,302	Cash and cash equivalents at the end of the reporting period	15 100,786

Notes to Main Financial Statements

Notes to the Statement of Accounts

1 Statement of Accounting Policies

a. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11 supported by International Financial Reporting Standards.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of non-current assets.

b. Accruals of Income and Expenditure

The accounts of the Council are maintained on an accruals basis, that is, sums due to the Council for goods/services provided or due from the Council for goods/services received during the year are included as income or expenditure whether or not the cash has actually been received or paid in the year.

Exceptions to this principle relate, for example, to quarterly payments where payments are charged in the year rather than apportioning charges between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts. Grants payable to other organisations are included in the accounts on a payments basis.

Where income and expenditure has been recognised in the accounts but cash has not been received or paid, a debtor or creditor is recorded in the balance sheet.

c. 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 Authority's cash management.

d. Prior Period Adjustments, Changes in Accounting Policies 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 policies are only made when required by proper accounting practices or the change provides more reliable or relevant information on the Authority's financial position or performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period.

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

e. Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

Any depreciation, revaluation and impairment losses and amortisation charged to the relevant accounts is reversed out in the movement in reserves statement and transferred to the capital adjustment account so that these charges are not met by council tax or rents.

The Authority is required to charge an annual provision to revenue as a contribution towards reducing its overall borrowing requirement. This provision, known as the Minimum Revenue Provision (MRP), would be an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance but, as the Council has a negative capital financing requirement, no charge is made for MRP.

f. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render services to the Authority.

An accrual is made for the cost of holiday entitlements and/or other forms of leave earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the cost of services in the comprehensive income and expenditure account but then reversed out in the movement in reserves statement and transferred to the accumulating compensated absences adjustment account.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service account in the comprehensive income and expenditure account when the Authority is demonstrably committed to the termination of the employment of an officer.

Post employment benefits

Employees and Councillors of the Authority are eligible to be members of the Local Government Pension Scheme, administered by Cambridgeshire County Council, which is accounted for as a defined benefit scheme whereby:

- the Authority's share of the liabilities of the pension fund are included in the balance sheet on an actuarial basis using the projected unit cost method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees;
- these liabilities are then discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds;
- the Authority's share of the assets of the pension fund are included in the balance sheet at their fair value being

quoted securities	current bid price
unquoted securities	professional estimate
unitised securities	current bid price
property	market value;
- the change in the net pensions liability is analysed into seven components:
 - i. current service cost being the increase in liabilities as a result of the years of service earned in the current year where the cost is allocated in the comprehensive income and expenditure account to the services on which the employees worked;
 - ii. past service cost being the increase or decrease in liabilities arising from decisions in the current year affecting liabilities incurred in past years where the cost is charged or credited to non-distributed costs in the comprehensive income and expenditure account;
 - iii. interest cost being the expected increase in the present value of liabilities as they move one year closer to being paid where the cost is charged to the financing and investment section of the comprehensive income and expenditure account;
 - iv. expected return on assets being expected annual investment return on the fund assets based on the average of the expected long term returns where the return is credited to the financing and investment section of the comprehensive income and expenditure account;

- v. gains or losses on settlements, being the result of actions to relieve the Authority of liabilities, and curtailments, being events that reduce the expected future service or accrual of benefits of employees, where the gains or losses are credited or charged to non-distributed costs in the comprehensive income and expenditure account;
- vi. actuarial gains and losses being 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 where the gains and losses are credited or charged to the pensions reserve; and
- vii. contributions paid to the pension fund in the year being the payments made by the Authority as employer.

The charges and credits to the comprehensive income and expenditure account mentioned above are reversed out in the movement in reserves statement to the pensions reserve and replaced with the contributions paid.

The negative balance on the pensions reserve in the balance sheet measures the future liability in respect of benefits due to members of the fund.

Discretionary benefits

The Authority also has powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any employee are accrued in the year of the decision to make the award.

g. Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types of events:

- 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; and
- those that are indicative of conditions that arose after the end of the reporting period; the Statement of Accounts is not adjusted to reflect such events but, where an event would have a material effect, disclosure is made in the notes of the event and its estimated financial effect.

h. Financial Instruments

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 carried at their amortised cost. Annual charges to the financing and investment section of the Income and Expenditure Account for interest are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that discounts estimated future cash payments over the life of the instrument to the fair value at which it was originally recognised.

The Council is debt free and the only financial liabilities are trade payables of short duration measured at original or estimated invoice amount.

Financial assets

Financial assets consist of:

- loans and receivables and
- available-for-sale assets

The only financial assets applicable to this Council are loans and receivables which have the defining characteristics of fixed and determinable payments and are not quoted in an active market.

Loans and receivables 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. They are subsequently carried at amortised cost. Annual credits to the financing and investment section of the comprehensive income and expenditure account for interest are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans and receivables owed to the Council, the amount shown in the balance sheet is the outstanding principal or invoice amount receivable and interest credited to the comprehensive income and expenditure account is the amount receivable for the year in the loan agreement.

The Council has made a number of loans for disabled facilities and renovation of dwellings to individuals and landlords at a nil rate of interest repayable on the sale/transfer of the property. As these loans have no fixed or determinable repayment, they have not been classified as loans and receivables but have been shown as long-term debtors.

i. Government and Other Grants and Contributions

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

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

Amounts recognised as due to the Authority are 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, i.e. if the grant or contribution is not used as intended, then it has to be repaid.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors (receipts in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service (attributable revenue grants and contributions) or to the taxation and non-specific grant income section (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 in the movement in reserves statement:

- to the capital grants unapplied reserve if the grant has yet to be used to finance capital expenditure; or
- to the capital adjustment account if the grant has been used to finance capital expenditure.

Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account when they are applied to fund capital expenditure.

j. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion and intangible assets are, therefore, carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the comprehensive income and expenditure statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are charged to the other operating expenditure section in the comprehensive income and expenditure statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is charged to the relevant service line in the comprehensive income and expenditure statement.

Amortisation, impairment losses and disposal gains and losses charged to the comprehensive income and expenditure statement are reversed out in the movement in reserves statement and transferred to the capital adjustment account and the capital receipts reserve for any sale proceeds greater than £10,000.

k. Inventories

Inventories are included in the balance sheet at the lower of cost or net realisable value.

I. Leases

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

Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as an expense of the service benefiting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease

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

m. Overheads and Support Services

The costs of overheads and support services are charges to those services which benefit from the provision of the overheads and support services in accordance with the costing principles in the Best Value Accounting code of Practice 2010/11. The full cost of overheads and support services are charged out to users in proportion to the benefits received, with the exception of:

- the corporate and democratic core costs relating to the Authority's status as a multi-functional, democratic organisation; and
- non-distributed costs include pension costs, relating to past service costs and gains and losses on settlements and curtailments, and any depreciation and impairment losses chargeable on surplus assets in property, plant and equipment. Pension costs, depreciation and impairment are reversed out in the movement in reserves statement.

n. 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.

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 asset will flow to the Authority and the cost of the asset can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver future economic benefits or service potential, i.e. repairs and maintenance, is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority.

Assets are then carried in the balance sheet using the following measurement bases:

- infrastructure, community assets and assets under construction
 - depreciated historical cost;
- dwellings
 - fair value, determined using the basis of existing use value for social housing;
- non-property assets that have short useful lives and/or low values
 - depreciated historical cost basis is used as a proxy for fair value; and
- all other assets
 - fair value, determined as the amount that would be paid for the asset in its existing use

Assets included in the balance sheet at fair value are revalued sufficiently regularly (at least every five years) to ensure that their carrying amount is not materially different from their fair value at the year-end.

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.

Decreases in valuations are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining decrease in value to the relevant service in the comprehensive income and expenditure statement.

The revaluation reserve only contains revaluation gains recognised since 1st April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

Impairment

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

Impairment losses are accounted for by writing down the balance (if any) of revaluation gains in the revaluation reserve for that asset and then charging any remaining impairment to the relevant service in the comprehensive income and expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charges if the loss had not been recognised.

Depreciation

Depreciation is provided on all property, plant and equipment calculated on a straight-line allocation over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, if any, and assets that are not yet available for use, i.e. assets under construction, if any.

Where property, plant and equipment assets have major components whose cost is significant in relation to the total cost of the asset, depreciation on the components has been calculated and is not materially different from depreciation on the depreciable part of the whole asset. Components have not, therefore, been depreciated separately.

Revaluation gains are also depreciated by an amount equal to the difference between the current value depreciation charges on the assets and the historic cost depreciation charges on the assets, with this difference being transferred each year from the revaluation reserve to the capital adjustment account.

Disposals and non-current assets held for sale

An asset is reclassified as an asset held for sale when it becomes probable that the carrying amount of the asset will be recovered principally through a sale transaction. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any subsequent decrease to fair value less costs to sell is posted to the other operating expenditure section in the comprehensive income and expenditure account but any gains in fair value are only recognised up to the amount of any previously recognised losses. Depreciation is not charged on assets held for sale.

Assets no longer meeting the criteria to be classified as assets held for sale are reclassified back to non-current assets and valued at the lower of
their carrying amount before they were classified as held for sale adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and
their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of, the carrying amount of the asset in the balance sheet is written off and any receipts on disposal are credited to the other operating expenditure section in the comprehensive income and expenditure account so that this section shows the net gain or loss on the disposal of non-current assets. The net gain or loss is then reversed out in the movement in reserves statement with the carrying amount transferred to the capital adjustment account and the receipts on disposal credited to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

Any revaluation gains in the revaluation reserve in respect of the asset are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

A proportion of capital receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government and shown in the other operating expenditure section in the comprehensive income and expenditure. This is then reversed out in the movement in reserves statement to the capital receipts reserve so that the net gain or loss is not met by council tax or rents.

o. 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 in the future that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service in the comprehensive income and expenditure statement in the year that the Authority 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 the relevant risks and uncertainties. Any payments eventually made are charged against the provision, provisions are reviewed at the end of each financial year and any reduction in the need for the provision is credited back to the relevant service.

Contingent Liabilities

Contingent liabilities arise where events have taken place that give the Authority possible obligations whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise where a provision would otherwise be made but either it is not probable that a settlement 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

Contingent assets arise where events have taken place that give the Authority possible assets 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 where it is probable that there will be an inflow of economic benefits or service potential.

p. Reserves and Developers' Contributions

The Authority sets aside certain amounts as reserves for expenditure in future years by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it

is charged to the relevant service in the comprehensive income and expenditure account and an equivalent amount is appropriated back to the general fund balance in the movement in reserves statement so that the expenditure in future years is not a charge against the council tax.

Some reserves, as set out in the unusable reserves note to the accounts, are kept for accounting purposes and do not represent usable resources for the Authority.

Developers contributions are monies received from developers under Section 106 of the Town and Country Planning Act 1990 for future expenditure on drainage, community costs and development. Any unused balances of these contributions are shown as receipts in advance under creditors.

q. Revenue Expenditure Funded from Capital under Statute

Expenditure which is incurred during the year and which may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement. Such expenditure which is met from capital resources or from borrowing is then transferred out in movement in reserves statement so that there is no impact on the council tax.

r. VAT

VAT is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

2 Accounting Standards that have been issued but not yet adopted

The only accounting standard issued but not yet adopted relates to heritage assets. The only heritage assets are civic regalia and the impact of adopting this standard is not expected to be material.

3 Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. There no critical judgements made in the Statement of Accounts that are likely to have a material effect on the accounts.

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

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

Pensions Liability

The main item in the Council's balance sheet as at 31st March 2011 for which there is a significant risk of material adjustment is the estimation of the pensions liability by a consulting Actuary engaged by the pension fund administrator, Cambridgeshire County Council.

The estimation is over several decades where a small change in one of the assumptions can have a large effect on the liability and the Actuary has provided the following sensitivity analysis:

Change in assumption	Increase in liability (£ million)
0.5% decrease in real discount rate	9.02
1 year increase in member life expectancy	2.87
0.5% increase in salary increase rate	1.94
0.5% increase in pensions increase rate	6.73

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council did not sustain its current spending on repairs and maintenance the useful lives currently assigned to assets may be reduced.

If the useful life of assets is reduced, depreciation increases and the carrying value of the asset will decrease. The largest category of assets is Council dwellings and it is estimated that the annual depreciation charge for these would increase by approximately £396,000 for every year that useful lives had to be reduced.

5 Adjustments between Accounting Basis and Funding Basis under Regulations and other comprehensive expenditure and income

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper practices to arrive at the movement in funds on a statutory basis which are available to meet future expenditure.

2009/10 £ as restated	General Fund	2010/11 £
	Reversal of items included in the Comprehensive Income and Expenditure Account	
(761,979)	Depreciation of non-current assets	(725,497)
0	Impairment of non-current assets	(510,196)
0	Reversal of impairment of non-current assets	179,851
62,888	Capital grants and contributions applied to capital financing	0
1,100	Capital grants and contributions unapplied	0
(878,049)	Revenue expenditure funded from capital under statute	(879,975)
(301,086)	Net gain/(loss) on sale of non-current assets	(439,657)
	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	9,683,552
(541,197)	Amount by which Council tax income in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	(52,808)
60,043	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	(39,093)
(29,055)		
	Insertion of items not included in the Comprehensive Income and Expenditure Account	
(1,206,679)	Transfer from Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	(856,003)
<u>(3,594,014)</u>	Total adjustments	<u>6,360,174</u>
	Housing Revenue Account	
	Reversal of items included in the Comprehensive Income and Expenditure Account	
(1,950,690)	Impairment of non-current assets	(32,041,460)
	Excess of depreciation over major repairs allowance element of housing subsidy	(6,626,343)
(4,568,882)	Net gain/(loss) on sale of non-current assets	(351,461)
205,520	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	(300,552)
(193,803)	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	2,674
(23,769)		
	Insertion of items not included in the Comprehensive Income and Expenditure Account	
398,557	Capital expenditure charged against the Housing Revenue Account	1,297,599
<u>(6,133,067)</u>	Total adjustments	<u>(38,019,543)</u>
	Capital Receipts Reserve	
(14,620)	Prior year adjustment	0
	Transfer of sale proceeds credited to net gain/ loss on disposal of non-current assets in the Comprehensive Income and Expenditure Statement	(2,111,496)
(3,216,580)	Use of Capital Receipts Reserve to finance new capital expenditure	1,553,146
4,613,706	Capital receipts transferred to reserves	(23,234)
60,396	Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	856,003
1,206,679		
<u>2,649,581</u>	Total adjustments	<u>274,419</u>
<u>(7,077,500)</u>	Total adjustments	<u>(31,384,950)</u>

Movement in other comprehensive income and expenditure

Decrease / (Increase) 2009/10 £		Decrease / (Increase) 2010/11 £
	Movement in Unusable Reserves	
(44,353,829)	Revaluation Reserve	32,357,549
3,781,391	Capital Adjustment Account	39,635,401
28,595,000	Pensions Reserve	(20,675,000)
(60,043)	Collection Fund Adjustment Account	52,808
29,326	Deferred Capital Receipts	(9,202)
52,824	Accumulating Compensated Absences Adjustment Account	36,419
<u>(11,955,331)</u>		<u>51,397,975</u>
	Adjustment between accounting basis and funding basis under regulations	
(3,594,014)	General Fund	6,360,174
(6,133,067)	Housing Revenue Account	(38,019,543)
2,649,581	Capital Receipts	274,419
(1,100)	Capital Grants Unapplied	0
<u>(7,078,600)</u>		<u>(31,384,950)</u>
<u>(19,033,931)</u>		<u>20,013,025</u>

6 Movement in Reserves Statement – Transfers to/from Earmarked Reserves

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

	31 March 2009 £	Transfers out 2009/10	Transfers in 2009/10	31 March 2010 £	Transfers out 2010/11	Transfers in 2010/11	31 March 2011 £
Capital							
Preservation of Historic Buildings Fund	(54,622)			(54,622)			(54,622)
Arts Grants	(62,000)	23,350	(34,026)	(72,676)	67,026	(40,000)	(45,650)
Dual Use Recreational Facilities	(1,213,000)	895,000		(318,000)	111,875	0	(206,125)
Planning Projects	(74,343)	64,343		(10,000)	10,000	0	0
Community Development	(138,799)	90,033	(105,651)	(154,417)	173,728	(99,978)	(80,667)
Sports Development	(247,063)	79,498	(99,980)	(267,545)	103,624	(99,981)	(263,902)
Other	(215,214)	65,921	(78,541)	(227,834)	76,387	(74,588)	(226,035)
Revenue							
Conservation Reserves	(2,744)	1,654	0	(1,090)	0	0	(1,090)
Building Control Reserve	(437,343)	147,120	0	(290,223)	87,446	0	(202,777)
Arts Reserve	(1,893)	0	(11,302)	(13,195)	8,566	(30,242)	(34,871)
Planning Reserve	(598,997)	0	(716,065)	(1,315,062)	299,480	(16,835)	(1,032,417)
Community Safety & Grants Reserve	(47,403)	19,009	(9,671)	(38,065)	16,670	(900)	(22,295)
Sports Reserve	0	15,465	(49,213)	(33,748)	44,748	(44,313)	(33,313)
Travellers Reserve	(559,328)	76,577	(66,410)	(549,161)	53,274	(132,513)	(628,400)
Other	(242,333)	61,753	(257,927)	(438,507)	199,993	(118,827)	(357,341)
	(3,895,082)	1,539,723	(1,428,786)	(3,784,145)	1,252,817	(658,177)	(3,189,505)
Total - Capital	(2,005,041)	1,218,145	(318,198)	(1,105,094)	542,640	(314,547)	(877,001)
Revenue	(1,890,041)	321,578	(1,110,588)	(2,679,051)	710,177	(343,630)	(2,312,504)
	(3,895,082)	1,539,723	(1,428,786)	(3,784,145)	1,252,817	(658,177)	(3,189,505)

7 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

2009/10				2010/11
Net				Net
Expenditure				Expenditure
£	Other operating expenditure		Note	£
3,532,876	Precepts of Local Precepting Authorities			3,655,380
139,453	Internal Drainage Boards			140,933
1,206,679	Payment to the Government for Housing Pooled Capital Receipts			856,003
95,566	Loss on disposal of non-current assets		5	791,118
4,974,574				5,443,434

The loss on disposal of non-current assets relates to the transfer of properties at nil consideration to housing associations and the disposal of vehicles.

8 Comprehensive Income and Expenditure Statement - Financing and Investment Income –CIES

2009/10				2010/11
Net				Net
Expenditure			Note	Expenditure
£	Financing and investment income			£
1,896,000	Pensions interest cost and expected return on pension assets		22	1,467,000
(873,900)	Interest and investment income			(561,144)
1,022,100				905,856

9 Comprehensive Income and Expenditure Statement - Taxation

2009/10				2010/11
Net				Net
Expenditure			Note	Expenditure
£	Taxation and non-specific grant income			£
(10,076,188)	Income from Council Tax			(10,440,056)
(6,296,396)	Distribution from Non-Domestic Rate Pool			(6,831,343)
(1,568,009)	Non-ringfenced Government Grants		39	(1,032,894)
(63,988)	Capital Grants and Contributions			0
(18,004,581)				(18,304,293)

10 Material items of income and expenditure

The main material items in the comprehensive income and expenditure statement are:

- a reduction in expenditure on non-distributed costs of £10.98 million for the reduction in the cost of previously accumulated pension liabilities resulting from the move from the retail price index to the (expected to be lower) consumer price index for up-rating future pensions; and
- a net revaluation loss of £32.04m on the Housing Revenue Account. During 2010/11 the social housing adjustment factor changed from 46% to 39% in the percentage prescribed by the Department of Communities and Local Government to be applied to the market value with vacant possession of dwellings to arrive at the value on an existing use for social housing basis. This change in prescribed percentage resulted in a loss of £66.42m with a further £4.3m loss on revaluation (Note 43); impairment is first charged to the Revaluation Reserve where an existing credit is available, the balance being recognised and charged to the surplus or deficit on the provision of services and with, if appropriate, the reversal of prior year impairment previously recognised in the Comprehensive Income and Expenditure Account.

Both these material items are reversed out in the movement in reserves statement.

11 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and notes 5 and 6.

1 April 2009 (as restated)	31 March 2010 (as restated)			31 March 2011
£	£		Note	£
(4,349,916)	(1,700,335)	Usable Capital Receipts Reserve		(1,425,916)
(3,895,081)	(3,784,145)	Earmarked Reserves	6	(3,189,504)
(588,750)	(589,850)	Capital Grants Unapplied		(589,850)
(8,137,117)	(7,149,064)	General Fund		(7,407,235)
(3,106,275)	(2,746,093)	Housing Revenue Account		(2,290,419)
(20,077,139)	(15,969,487)			(14,902,924)

Capital Receipts Reserve

1 April 2009	31 March 2010		31 March 2011
(as restated)	(as restated)		
£	£		£
(9,288,546)	(4,349,916)	Balance at 1 April	(1,700,335)
(3,313,984)	(3,216,580)	Capital receipts received	(2,111,496)
7,246,627	4,613,706	Capital Receipts applied	1,553,146
970,814	1,206,679	Payments to DCLG	856,003
35,173	60,396	Transfers to/(from) reserves	(42,856)
0	(14,620)	Deferred Capital Receipts	19,622
(4,349,916)	(1,700,335)	Balance at 31 March	(1,425,916)

Capital Grants Unapplied

1 April 2009	31 March 2010		31 March 2011
(as restated)	(as restated)		
£	£		£
(584,050)	(584,050)	Planning Delivery Grant	(584,050)
(4,700)	(5,800)	Council Tax-efficiency changes	(5,800)
(588,750)	(589,850)	Balance at 31 March	(589,850)

12 Unusable Reserves

Movements in the Authority's unusable reserves are detailed in the Movement in Reserves Statement and detailed below.

1 April 2009 (as restated) £	31 March 2010 (as restated) £		31 March 2011 £
(2,004,656)	(46,358,486)	Revaluation Reserve	(14,000,936)
(418,707,239)	(414,925,848)	Capital Adjustment Account	(375,290,447)
23,672,000	52,267,000	Pensions Reserve	31,592,000
48,091	(11,952)	Collection Fund Adjustment Account	40,856
(80,235)	(50,909)	Deferred Capital Receipts	(60,111)
189,077	241,901	Accumulated Absences	278,320
(396,882,962)	(408,838,294)	Balance at 31 March	(357,440,318)

Deferred capital receipts are amounts derived from the sales of assets that will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when the gain is lost through a downward revaluation or impairment, when used in the provision of services and the gains are consumed through depreciation or, when the assets are disposed of and the gains realised.

1 April 2009 (as restated) £	31 March 2010 (as restated) £		31 March 2011 £
(55,076,799)	(2,004,656)	Balance at beginning of year	(46,358,486)
(6,171,039)	(49,204,741)	Revaluation gains	(6,955,561)
4,619,103	3,982,352	Reversal of impairment	4,105,071
53,694,492	221,631	Revaluation impairment	34,462,595
129,931	633,351	Release of revaluation gains on disposal	440,673
799,656	13,577	Depreciation adjustment	304,772
(2,004,656)	(46,358,486)	Balance at 31 March	(14,000,936)

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 the financing of the acquisition or enhancement of assets. The account is debited with the cost of depreciation, impairment losses or reversals and amortisation which are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic basis. The account is credited with amounts provided by the Council for the costs of acquisition and enhancement of assets.

1 April 2009 (as restated) £	31 March 2010 (as restated) £		31 March 2011 £
(441,121,604)	(418,707,239)	Balance at beginning of year	(414,925,848)
		Write back of Revenue Expenditure Funded under Statute	
(384,224)	0	Capital expenditure financed from:	
		Capital Receipts	(1,556,015)
(7,246,627)	(4,613,706)	Revenue	(1,301,299)
(72,732)	(398,557)	Grants and Reserves	(1,402,726)
(364,810)	(1,805,810)	Government Grants	0
(550,020)	(231,397)	Major Repairs Allowance	(3,275,871)
(3,178,408)	(3,286,870)	Write out of revaluation gain on disposal	(440,673)
(129,931)	(633,351)	Disposal of assets	2,878,272
3,040,391	3,318,587	Depreciation, amortisation and impairment	47,127,180
34,811,684	19,820,989	Reversal of impairment on revaluation	(4,105,071)
(4,619,102)	(10,999,173)	Write out of Revenue Expenditure Funded from Capital under Statute and loans repaid	1,711,604
(418,707,239)	(414,925,848)	Balance at 31 March	(375,290,447)

Pensions Reserve

31 March 2010 £'000		31 March 2011 £'000
59,864	Fair value of scheme assets	64,135
(112,621)	Present value of scheme liabilities	(95,703)
(52,757)		(31,568)
	Less capital contribution to early retirement included in scheme assets	(293)
0	Liability for cost of early retirement shown separately under creditors in balance sheet	269
505	Additional liability not included in Actuary's report	0
(15)		
(52,267)	Amount recognised in balance sheet	(31,592)

Collection Fund Adjustment Account

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

2009/10 £		2010/11 £
48,091	Balance at 1 April	(11,952)
	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	
(60,043)		52,808
(11,952)	Balance at 31 March	40,856

Accumulated Absences

The Accumulating Compensated Absences Adjustment 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. The amounts accrued at the end of each year reflect untaken leave, time off in lieu and flexitime balances. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2009/10 £		2010/11 £
189,077	Balance at 1 April	241,901
	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	
52,824		36,419
241,901	Balance at 31 March	278,320

13 Operating Activities

The cash flows for operating activities include the following items:

2009/10		2010/11
£		£
(9,996,813)	Housing rents	(10,521,588)
(1,453,289)	Revenue Support Grant	(1,032,894)
(6,296,396)	Council share of National Non-Domestic Rates from National pool	(6,831,343)
(6,530,105)	Council tax receipts - Council share	(6,827,785)
50,727	Collection Fund -Council share	20,147
(26,549,188)	Housing Benefit grant	(28,504,534)
11,562,826	Negative Housing Subsidy	11,672,371
16,709,307	Housing Benefit	19,230,166
17,005,733	Cash paid to and on behalf of employees	16,845,984
14,425,529	Other operating cash payments	26,985,139
2,605,677	Revenue funded from revenue under statute	1,711,604
1,711,144	Payments to the Capital Receipts Pool	1,506,629
(8,126,853)	Cash received for goods and services	(17,806,724)
(3,509,388)	Other grants and contributions	(2,487,759)
1,608,911		3,959,413

14 Investing Activities

The cash flows for investing activities include the following items:

2009/10		2010/11
£		£
7,558,798	Purchase of property, plant and equipment and intangible assets	7,636,467
(4,395,950)	Purchase of Short-term and long-term investments	(9,717,848)
(3,216,581)	Proceeds from the sale of property, plant and equipment	(2,119,652)
(873,900)	Proceeds from short-term and long-term investments	(561,375)
(1,004,764)	Other receipts from investing activities	10,562
(1,932,397)		(4,751,846)

15 Cash and Cash Equivalents

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

Restated 2009/10 £		2010/11 £
(227,388)	(Increase)/Decrease in Cash	183,516
(227,388)	Increase in net debt from cash flow	183,516
(56,914)	Net debt at 1 April	(284,302)
(284,302)	Net debt at 31 March	(100,786)

16 Amounts Reported for Resource Allocation Decision- 2010/11

For the year ended 31st March 2011

The income and expenditure by service in the Comprehensive Income and Expenditure Statement has to be analysed on the basis set out in the Best Value Accounting Code of Practice. Internal management reporting is on the basis of Portfolios as set out below and this basis is then reconciled to the net cost of services and to the surplus or deficit on the provision of services in the comprehensive Income and Expenditure Statement.

Portfolio:	Finance and Staffing	Environmental Services	Housing (General Fund)	Housing Revenue A/c	Planning Communities	New Communities	Leader Performance	Policy and Northstowe	Total
	£	£	£	£	£	£	£	£	£
Fees, charges and other service income	(1,332,556)	(1,704,150)	(874,920)	(23,746,239)	(1,699,971)	(843,156)	(28,464)	(89,503)	(30,320,221)
Government grants	(30,203,200)		(69,290)	0	(76,666)	(16,835)	0	0	(30,449,888)
Total income	(31,535,756)	(1,704,150)	(944,210)	(23,746,239)	(1,776,637)	(859,991)	(112,361)	(89,503)	(60,770,109)
Employee expenses	299,838	10,109	0	944,097	0	0	0	0	1,254,044
Other service expenses	30,414,999	4,950,422	614,895	16,914,398	1,112,467	458,311	269,258	84,306	54,850,826
Operational and support service recharges	4,322,937	2,262,174	1,407,380	3,067,550	3,256,652	1,976,339	306,632	278,459	165,005
Depreciation, amortisation and impairment	1,600	166,394	70,595	3,275,871	63,474	42,827	0	0	3,620,761
Total expenditure	35,039,374	7,389,099	2,092,870	24,201,916	4,432,593	2,477,477	575,890	249,311	76,768,759
Net expenditure	3,503,618	5,684,949	1,148,660	455,677	2,655,956	1,617,486	463,529	308,967	15,998,650

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

Cost of services on Segmental Reporting (Portfolio) basis

Additional segments not included in the Portfolio analysis

Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services

Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services

Net cost of services

	15,998,650
	30,359
	29,064,542
	(687,032)
	<u>44,406,519</u>

Reconciliation from Portfolio basis to total income and expenditure in the Comprehensive Income and Expenditure Statement

	Portfolio analysis	Services not in analysis	Not reported in management	Not included in Comp I & E	Allocation of recharges	Net cost of services	Corporate amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(30,320,221)	0	0	1,003,119	(43,106)	(29,360,208)		(29,360,208)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(561,144)	(561,144)
Income from council tax	0	0	0	0	0	0	(10,440,056)	(10,440,056)
Government grants and contributions	(30,449,888)	0	0	0	(39,028)	(30,488,916)	(7,864,237)	(38,353,153)
Total Income	(60,770,109)	0	0	1,003,119	(82,134)	(59,849,124)	(18,865,437)	(78,714,561)
Employee expenses	1,254,044	0	(10,813,581)	0	15,505,674	5,946,137	1,467,000	7,413,137
Other service expenses	54,850,826	30,359	879,975	(1,690,151)	1,245,773	55,316,782	0	55,316,782
Operational and support service recharges	17,043,128	0	0	0	(17,043,128)	0	0	0
Depreciation, amortisation and impairment	3,620,761	0	38,998,148	0	373,815	42,992,724	0	42,992,724
Interest payments	0	0	0	0	0	0	0	0
Precepts & levies	0	0	0	0	0	0	3,796,313	3,796,313
Payments to housing capital receipts pool	0	0	0	0	0	0	856,003	856,003
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	791,118	791,118
Total operating expenses	76,768,759	30,359	29,064,542	(1,690,151)	82,134	104,255,643	6,910,434	111,166,077
Surplus or deficit on the provision of services	15,998,650	30,359	29,064,542	(687,032)	0	44,406,519	(11,955,003)	32,451,516

Amounts Reported for Resource Allocation Decision- 2009/10

For the year ended 31st March 2010

The income and expenditure by service in the Comprehensive Income and Expenditure Statement has to be analysed on the basis set out in the Best Value Accounting Code of Practice. Internal management reporting is on the basis of Portfolios as set out below and this basis is then reconciled to the net cost of services and to the surplus or deficit on the provision of services in the comprehensive Income and Expenditure Statement.

	Finance and Staffing	Environmental Services	Housing (General Fund)	Housing Revenue A/c	Planning	New Communities	Leader Performance	Policy and Northstowe Performance	Total
	£	£	£	£	£	£	£	£	£
Fees, charges and other service income	(1,306,605)	(1,312,335)	(692,951)	(23,243,934)	(2,631,384)	(868,242)	(18,000)	(99,739)	(30,174,778)
Government grants	(27,665,444)	(57,017)	(61,080)	0	(186,981)	(16,835)	(193,065)	0	(28,180,422)
Total income	(28,972,049)	(1,369,352)	(754,031)	(23,243,934)	(2,818,365)	(885,077)	(211,065)	(99,739)	(58,355,200)
Employee expenses	288,315	14,298	0	1,031,422	0	0	0	0	1,334,035
Other service expenses	27,822,213	4,933,476	580,301	16,024,616	2,211,647	673,767	364,802	43,623	103,237
Operational and support service recharges	4,400,989	2,336,986	1,543,055	3,261,207	3,501,200	2,264,886	312,149	233,777	148,845
Depreciation, amortisation and impairment	200	302,165	15,270	3,286,870	56,776	42,827	0	0	3,704,108
Total expenditure	32,511,717	7,586,925	2,138,626	23,604,115	5,769,623	2,981,480	676,951	277,400	75,798,919
Net expenditure	3,539,668	6,217,573	1,384,595	360,181	2,951,258	2,096,403	465,886	275,812	17,443,719

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

Cost of services on Segmental Reporting (Portfolio) basis

Additional segments not included in the Portfolio analysis

Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services

Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services

Net cost of services

	17,443,719
	59,059
	6,126,922
	(435,540)
	<u>23,194,160</u>

Reconciliation from Portfolio basis to total income and expenditure in the Comprehensive Income and Expenditure Statement

	Portfolio analysis	Services not in analysis	Not reported to management	Not included in Comp I & E	Allocation of recharges	Net cost of services	Corporate amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(30,174,778)	0	0	1,243,500	(78,929)	(29,010,207)		(29,010,207)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(873,900)	(873,900)
Income from council tax	0	0	0	0	0	0	(10,076,188)	(10,076,188)
Government grants and contributions	(28,180,422)	0	(296,038)	0	(13,515)	(28,489,975)	(7,928,393)	(36,418,368)
Total Income	(58,355,200)	0	(296,038)	1,243,500	(92,444)	(57,500,182)	(18,878,481)	(76,378,663)
Employee expenses	1,334,035	0	(1,108,176)	0	16,215,801	16,441,660	1,896,000	18,337,660
Other service expenses	52,757,682	59,059	1,179,908	(1,679,040)	1,427,712	53,745,321	0	53,745,321
Operational and support service recharges	18,003,094	0	0	0	(18,003,094)	0	0	0
Depreciation, amortisation and impairment	3,704,108	0	6,351,228	0	452,025	10,507,361	0	10,507,361
Interest payments	0	0	0	0	0	0	0	0
Precepts & levies	0	0	0	0	0	0	3,672,329	3,672,329
Payments to housing capital receipts pool	0	0	0	0	0	0	1,206,679	1,206,679
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	95,566	95,566
Total operating expenses	75,798,919	59,059	6,422,960	(1,679,040)	92,444	80,694,342	6,870,574	87,564,916
Surplus or deficit on the provision of services	17,443,719	59,059	6,126,922	(435,540)	0	23,194,160	(12,007,907)	11,186,253

17 Acquired and Discontinued Operations

There are no transactions to report under these headings in 2010/11 or in 2009/10.

18 Trading Operations

2009/10 £		2010/11 £
Direct Labour Organisation		
	Building Maintenance	
3,271,428	Turnover	2,786,394
(16,077)	(Surplus)	(27,875)
(50,956)	Accounting adjustments for pensions and impairment	(2,964)
(67,033)	Total (Surplus)	(30,839)

19 Members Allowances

The total of Members' allowances paid in the year was £369,121 (£366,846 in 2009/10). Further information is available upon request from the Democratic Services Manager, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA.

20 Officers' Remuneration

The number of employees, excluding Senior Officers shown below, whose remuneration was £50,000 or more were:

Remuneration band	2010/11 number of employees	2009/10 number of employees
£50,000 - £54,999	6	6
£55,000 - £59,999	3	2
£60,000 - £64,999	4	2
£65,000 – £69,999	3	3
£70,000 - £74,999	1	2
£75,000 – £79,999	1	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	1

Remuneration for these purposes includes all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits other than in cash. As remuneration includes redundancy and compensation for loss of office, the number of employees in each salary band can vary from year to year. Pension contributions payable by either the employee or employer are excluded.

Termination Benefits

During the year, termination benefits were paid to a senior officer as shown below and the Council also incurred liabilities of £172,655 and £159,283 relating to redundancy and pensions respectively with regard to other employees.

21 External Audit Costs

Expenditure during the year on audit costs was:

2009/10	Audit Commission	Fees & Costs	One-off rebates	2010/11
£		£	£	£
124,500	Auditing Fee	120,000	(9,116)	110,884
9,152	Inspection fee	21,491	0	21,491
44,816	Certifying grant claims	36,954	0	36,954
178,468		178,445	(9,116)	169,329

22 Defined Benefit Pension Scheme

The Council participates in the national Local Government Pension Scheme which is a funded defined benefit (final salary) scheme and which also provide historic unfunded discretionary benefits, both of which are administered by Cambridgeshire County Council. With the funded scheme, the Council (the employer) and employees both pay contributions into the pension fund with the employer's contribution calculated every three years at a level intended to balance the scheme assets and liabilities over a twenty year period.

The pension costs allocated to services and shown in the revenue accounts in the Net Cost of Services section is the present value of the cost of retirement benefits earned by employees during the year, which will eventually be paid out as pensions. These costs are reversed out in the Movement in Reserves Statement with the cash contributions payable to the pension fund during the year being included as shown:

The net position of the pension fund is:

31 March 2010 £'000		31 March 2011 £'000
59,864	Fair value of scheme assets	64,135
(112,621)	Present value of scheme liabilities	(95,703)
(52,757)		(31,568)
0	Less capital contribution to early retirement included in scheme assets	(293)
505	Liability for cost of early retirement shown separately under creditors in balance sheet	269
(15)	Additional liability not included in Actuary's report	0
(52,267)	Amount recognised in balance sheet	(31,592)

Transactions in the Comprehensive Income and Expenditure Account

2009/10		2010/11
£'000		£'000
	Net cost of services	
1,382	Current service cost apportioned to services	2,396
0	Past service costs (non-distributed cost)	(10,983)
0	Losses on curtailment (non-distributed cost)	99
	Net operating expenditure	
4,734	Interest cost	5,715
<u>(2,838)</u>	Expected return on assets	<u>(4,248)</u>
<u>3,278</u>		<u>(7,021)</u>

Transactions in the Movement in Reserves Statement

(3,278)	Reversal of pension costs earned in year	7,021
2,377	Employer's payment to pension fund	2,469
<u>110</u>	Employer's payment for unfunded pensions	<u>114</u>
(791)		9,604
61	Adjustment required by auditor's in 2008/09	0
(15)	Additional liability accrued for in 2009/10	15
<u>10</u>	Movement in creditor	<u>(236)</u>
<u>(735)</u>		<u>9,383</u>

The movement in the fair value of scheme assets is:

2009/10		2010/11
£'000		£'000
44,858	Opening balance as at 1 April	59,864
2,838	* Expected return on assets	4,248
821	Contributions by Members	772
2,377	** Contributions by Employer	2,762
110	Contributions in respect of unfunded benefits	114
11,777	Actuarial gain / (losses)	4
(110)	Unfunded benefits paid	(114)
<u>(2,807)</u>	Benefits paid	<u>(3,515)</u>
59,864	Closing balance as at 31 March	64,135

* The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

**The estimated contributions by the employer in 2011/12 are £2,442,000. In addition, the employer is contributing approximately £200,000 in 2011/12 to an internal reserve.

The movement on the present value of scheme liabilities is:

2009/10		2010/11
£'000		£'000
(68,964)	Opening balance as at 1 April	(112,621)
(1,382)	Current service cost	(2,396)
(4,734)	Interest cost	(5,715)
(821)	Contributions by Members	(772)
(39,637)	Actuarial gains / (losses)	11,288
0	Past service (costs) / gains	10,983
0	Losses on curtailment	(99)
110	Estimated unfunded benefits paid	114
2,807	Estimated benefits paid	3,515
(112,621)	Closing balance as at 31 March	(95,703)

The analysis of the fair value of scheme assets is:

31 March 2010			31 March 2011		
£'000	%		£'000	%	
43,102	72%	Equities	46,819	73%	
8,980	15%	Bonds	9,620	15%	
4,789	8%	Property	5,131	8%	
2,993	5%	Cash	2,565	4%	
<u>59,864</u>	<u>100%</u>	Total	<u>64,135</u>	<u>100%</u>	

The amounts recognised in the Comprehensive Income and Expenditure Statement are:

2009/10		2010/11
£'000		£'000
(39,637)	Actuarial (loss) / gain on scheme liabilities	11,288
11,777	Actuarial losses on scheme assets	4
(27,860)	Actuarial (losses) / gains for the year	11,292
(39,475)	Cumulative actuarial (losses) at year end	(28,183)

The principal assumptions used by the Actuary are:

31 March 2010		31 March 2011
	Financial assumptions	
3.3%	Inflation/pensions increase rate	2.8%
5.3%	Salary increase rate	5.1%
7.1%	Expected return on assets	6.8%
5.5%	Discount rate	5.5%
	Analysis of the expected return on assets	
7.8%	Equities	7.5%
5.0%	Bonds	4.9%
5.8%	Property	5.5%
4.8%	Cash	4.6%
	Life expectancy at age 65	
	Current pensioners	
20.8 years	Males	21 years
24.1 years	Females	23.8 years
	Future pensioners	
22.3 years	Males	22.9 years
25.7 years	Females	25.7 years
	Employees electing to take additional tax-free lump sum up to HMRC limits	
25%	pre April 2008 service	25%
63%	post April 2008 service	63%

The five year scheme history as stated in the Actuary's report before any accounting adjustments is:

	2006/07	2007/08	2008/09	2009/10	2010/11
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	53,526	54,650	44,858	59,864	64,135
Present value of scheme liabilities	(73,216)	(70,075)	(68,964)	(112,621)	(95,703)
Surplus/deficit	<u>(19,690)</u>	<u>(15,425)</u>	<u>(24,106)</u>	<u>(52,757)</u>	<u>(31,568)</u>
Actuarial gains/ (losses) on asset obligation					
Experience gains/(losses) on assets	510	(2,690)	(14,294)	11,777	4
Experience (gains)/losses on liabilities	4,230	7,445	6,664	(39,637)	11,288
	<u>4,740</u>	<u>4,755</u>	<u>(7,630)</u>	<u>(27,860)</u>	<u>11,292</u>
	(5.8%)	(10.6%)	(9.7%)	35.2%	11.8%

23 Events after the Balance Sheet Date

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 30 June 2011 and the audited accounts were authorised for issue on 30 September 2011. This is the date up to which events after the balance sheet date have been considered.

24 Related Parties

The Council 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 the reader 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 Council.

Central Government is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties, for example Collection Fund surplus or deficit. Details of transactions with government departments and Precepting authorities are set out in Notes 35 and 51.

In 2010/11, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

25 Leases

There were no finance lease agreements during 2010/11.

The Council leases in vehicles under operating leases. Payments of £998,382 in respect of vehicle contract hire were made in 2010/11 (£847,702 in 2009/10).

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

2009/10		2010/11
£		£
497,768	Not later than one year	1,057,065
1,441,423	Later than one year and not later than five years	3,382,456
65,138	Later than five years	575,271
2,004,329		5,014,792

26 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 licences and software.

All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the Authority and is reviewed annually, the useful lives assigned to the software used by the Authority are:

Cash Receipting System	5 years
Financial Management System	5 years
Corporate DIP System	5 years
Other	5 years

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £50,646 charged to revenue in 2010/11 was charged to the IT administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	Intangible Assets 2010/11	Intangible Assets 2009/10
Balance at start of year		
Gross carrying amount	217,893	121,494
accumulated amortisation	(100,148)	(48,072)
Net carrying amount at start of year	117,745	73,422
Additions		
Purchases	76,717	36,724
Assets reclassified from PPE	0	59,675
Amortisation for the period	(50,646)	(52,076)
Net carrying amount at end of year	143,816	117,745
Comprising:		
Gross carrying amounts	294,610	217,893
Accumulated amortisation	(150,794)	(100,148)
	143,816	117,745

27 Impairment Losses

During 2010/11 revaluation impairment losses have been recognised and charged to the surplus or deficit on the provision of services, and relates primarily to council dwellings as a result of the change to the prescribed percentage applied to market value (note 10).

Impairment is first charged to the Revaluation Reserve where an existing credit is available, the balance being recognised and charged to the surplus or deficit on the provision of services. At the 1 April the social housing adjustment factor changed from 46% to 39% this impairment, together with revaluation impairment and the reversal of prior year impairment previously recognised in the Comprehensive Income and Expenditure Account, is identified below:

Property, Plant and Equipment		
Council dwellings (Housing Revenue Account and General Fund)		
Impairment	39,304,571	
Reversal	<u>(3,900,899)</u>	
		35,403,672
Other land and buildings		
Impairment	11,684	
Reversal	<u>0</u>	
		11,684
Vehicles, Plant and Equipment		
Impairment	58,250	
Reversal	<u>0</u>	
		58,250
Surplus assets not held for sale		
Impairment	1,018,904	
Reversal	<u>(40,580)</u>	
		978,324

28 Property, Plant and Equipment and Surplus assets held for sale

Depreciation starting in the year after acquisition is provided for on non-current assets by writing down the cost (or re-valued amount) less estimated residual value, on a straight-line basis to the appropriate revenue account over the following periods:

Council dwellings – 16/45 years,

Buildings other than dwellings – 10/51 years,

Vehicles, plant and equipment – 7/10 years.

No depreciation is charged on freehold land in accordance with standard accounting policies. The depreciation charged on dwelling stock is reversed out at 31 March each year when the housing stock is re-valued so this charge has no impact on the fair value of the housing stock as recorded in the Balance Sheet.

Property, Plant and Equipment for the financial year 2010/11

	Council dwellings £	Other land and buildings £	Vehicles, Plant and Equipment £	Infrastructure assets £	Surplus Assets held not for sale £	Total property Plant and Equipment £
Cost or valuation						
At 1 April 2010	438,696,550	18,669,064	3,260,847	95,404	1,587,500	462,309,365
Additions	6,000,615	243	1,538,790	0	0	7,539,648
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(38,315,217)	166,930	0	0	371,937	(37,776,350)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(35,403,672)	(11,684)	(58,250)	0	(978,324)	(36,451,930)
Derecognition-disposals	(1,794,523)	(242,163)	(83,250)	0	(758,336)	(2,878,272)
Other movements in cost or valuation	41,667	0	0	0	2,180,223	2,221,890
At March 2011	369,225,419	18,582,390	4,658,137	95,404	2,403,000	394,964,350
Accumulated Depreciation and impairment						
At 1 April 2010	0	(124,164)	(1,932,887)	(33,835)	0	(2,090,886)
Depreciation Charge	(9,965,153)	(200,635)	(422,547)	(11,279)	0	(10,599,614)
Depreciation written out to the Revaluation Reserve	306,653	7,124	0	0	0	313,777
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,658,500	0	0	0	0	9,658,500
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	4,560	0	0	0	4,560
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services		(5,175)	0	0	0	(5,175)
Derecognition-disposals	0	0	0	0	0	0
Other movements in Depreciation and Impairment		0	0	0	0	0
At March 2011	(0)	(318,290)	(2,355,434)	(45,114)	0	(2,718,838)
Net Book Value						
At March 2010	438,696,550	18,544,900	1,327,960	61,569	1,587,500	460,218,479
At March 2011	369,225,419	18,264,100	2,302,703	50,290	2,403,000	392,245,512

Property, Plant and Equipment for the financial year 2009/10 (as restated)

	Council dwellings	Other land and buildings	Vehicles, Plant and Equipment	Infrastructure assets	Surplus Assets held not for sale	Total property Plant and Equipment
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2009	398,502,167	17,359,489	2,994,067	95,403	3,347,044	422,298,170
Additions	7,075,967	63,378	343,312	38,567	850	7,522,074
Revaluation increases / (decreases) recognised in the Revaluation Reserve	38,403,510	1,857,859	0	19,465	991,763	41,272,597
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,950,690)	(230,591)	(3,340)	0	(1,951,562)	(4,136,183)
Derecognition-disposals	(1,921,578)	(339,467)	(13,518)	0	38,033	(2,236,530)
Other movements in cost or valuation	(1,412,829)	(41,604)	(59,675)	(58,031)	(838,628)	(2,410,767)
At March 2010	438,696,547	18,669,064	3,260,846	95,404	1,587,500	462,309,361
Accumulated Depreciation and impairment						
At 1 April 2009	0	(124,164)	(1,302,296)	(22,556)	0	(1,449,016)
Depreciation Charge	(7,851,567)	(200,635)	(630,590)	(11,279)	0	(8,694,071)
Depreciation written out to the Revaluation Reserve	7,522	200,635	0	0	(26,334)	181,823
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,844,045	0	0	0	0	7,844,045
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	26,334	26,334
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0
At March 2010	0	(124,164)	(1,932,886)	(33,835)	0	(2,090,885)
Net Book Value						
At March 2009	398,502,167	17,235,325	1,691,771	72,847	3,347,044	420,849,154
At March 2010	438,696,547	18,544,900	1,327,960	61,569	1,587,500	460,218,476

Surplus assets held for sale

	Assets held for sale 2010/11 £	Assets held for sale 2009/10 £
Cost or valuation		
At 1 April	2,244,337	1,082,002
Additions	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0
Derecognition-disposals	0	(1,082,002)
Other movements in cost or valuation	(2,244,337)	2,244,337
At 31 March	0	2,244,337
Accumulated Depreciation and impairment		
At 1 April	0	0
Depreciation Charge	0	0
Depreciation written out to the Revaluation Reserve	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0
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	0	0
Other movements in Depreciation and Impairment	0	0
At 31 March	0	0
Net Book Value		
At March 2010	2,244,337	1,082,002
At March 2011	0	2,244,337

Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years

Valuations on the bases set out in the statement of accounting policies have been carried out for:

- a) Council dwellings and non operational assets relating to the Housing Revenue Account as at 31 March 2010 by Mr Andrew Wilcox, MRICS, District Valuer, East of England; and reviewed as at 31 March 2011 by Ms Dawn Pape, Bsc (Hons) PGDipSurv MRICS and
- b) Other land and buildings and valued as at 31 March 2010 by Mr. Gary Bradbury, MRICS, District Valuer, East of England, and reviewed as at 31 March 2011 by Ms Dawn Pape, Bsc (Hons) PGDipSurv MRICS

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 40. In the event that the dwellings are transferred to a housing association, then the valuation method for such a transfer is entirely different and produces a much lower valuation.

An analysis of non-current assets is:

31 March 2010 (numbers)		31 March 2011 (numbers)
5,539	Council dwellings(HRA & GF)	5,523
1	Offices	1
1	Depot and workshop	1
0	Country Park, visitors centre and toilet block (99 year lease granted to Cambridge Sports Lake Trust Ltd at 31 March 2008)	0
4	Car Parks, (Histon and Melbourn car parks -99 year lease granted, Linton car park 125 year lease granted in 2010/11)	0
0	Car Park, High Street, Sawston (99 year lease granted at 23 March 2010)	0
30.23 (acres)	Land	30.23 (acres)

Capital commitments as at 31 March 2011 were £1.09 million on Housing and £0.7 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

29 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Capital expenditure was financed as follows:

Expenditure		Financing	
Intangible assets	76,717	Capital Receipts	1,573,250
Non-current Assets	7,539,648	Revenue	1,301,299
Revenue funded from capital under statute	1,711,605	Grants and contributions	1,097,307
Long term debtors	20,102	Major Repairs Allowance	3,275,871
		Reserves	305,419
		Cash overdrawn (closing capital financing requirement)	1,794,926
	9,348,072		9,348,072

Legislation allows some items to be funded from capital resources that under normal accounting practice would be charged to surplus or deficit on the provision of Services; expenditure for this purpose is shown below.

2009/10		2010/11
£		£
0	Balance as at 1 April	0
922,106	Improvement Grants	746,344
1,683,571	Other	965,261
(2,605,677)	Written out	(1,711,605)
0	Balance as at 31 March	0

30 Inventories

31 March 2010 £		31 March 2011 £
49,317	DSO - Recycling and refuse bins and sacks	39,991
2,426	Catering	1,948
3,945	Post	4,078
55,688		46,017

31 Short Term Debtors

1 April 2009 £	31 March 2010 £	Debtors	31 March 2011 £
552,841	910,108	Government Departments - other	1,706,122
0	55,380	Government Departments - Business Rates	4,006,605
151,375	114,694	Council Tax	98,045
414,991	491,979	Housing Rents	337,628
493,267	191,398	Cambridgeshire County Council	179,446
28,875	0	Cambridgeshire Police Authority	0
10,099	0	Cambridgeshire Fire Authority	0
2,552,643	2,060,881	Sundry Debtors	2,548,355
4,204,091	3,824,440		8,876,201
		Provision for Doubtful Debts	
(65,575)	(58,003)	Council Tax	(72,759)
(385,800)	(384,500)	Housing	(321,738)
(678,837)	(792,948)	Sundry Debtors	(840,256)
(1,130,212)	(1,235,451)		(1,234,753)
3,073,879	2,588,989	Total Debtors	7,641,448

The credit risk associated with accounts payable to the Council is reflected in the provisions made in the accounts for doubtful debts the methodology applied being given in Note 36.

32 Short Term Creditors

	Restated		
1 April 2009	31 March		31 March
£	2010		2011
	£		£
(198,406)	(1,257,987)	Government Departments - other	(577,162)
(1,797,628)	(95,465)	Council Tax	(86,290)
(102,940)	(292,417)	Housing Rents	(241,394)
(228,003)	(1,321,079)	Cambridgeshire County Council	(956,178)
(962,224)	(48,490)	Cambridgeshire Police Authority	(38,174)
0	(16,556)	Cambridgeshire Fire Authority	(13,089)
0	(99,773)	Cambridge City Council	(73,632)
(3,206,332)	(2,562,878)	Sundry Creditors	(2,522,724)
0	(156,668)	Provision	(56,611)
(1,062,822)	(971,281)**	Developers Contributions	(1,246,999)
(7,558,355)	(6,822,594)	Total Creditors	(5,812,253)

Developer's contributions

**Developers' contributions are monies received from developers under section 106 of the Town and Country Planning Act 1990 which contribute to the infrastructure costs for drainage and to community arts and development and are detailed below:

Balance at		Balance at	Movement	Balance at
1 April		31 March	during year	31 March
2009		2010	£	2011
£		£		£
	Capital			
(65,740)	Commuted Sums	(81,989)	0	(81,989)
(444,215)	Partnership works on Awarded Watercourses	(400,545)	(20,582)	(421,127)
(260,055)	Affordable Housing S106	(201,692)	(301,226)	(502,918)
	Revenue			
(133,397)	Sustainability S106 Arbury Camps	(115,036)	46,128	(68,908)
(126,673)	Public Art S106 Arbury Camps	(153,286)	(38)	(153,324)
(25,526)	Community Development S106	(11,517)	0	(11,517)
(7,216)	Electoral Arrangements	(7,216)	0	(7,216)
(1,062,822)		(971,281)	(275,718)	(1,246,999)
(770,010)	Capital	(684,226)	(321,808)	(1,006,034)
(292,812)	Revenue	(287,055)	46,090	(240,965)
(1,062,822)		(971,281)	(275,718)	(1,246,999)

33 Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts which have been netted off debtors, and Accumulated Compensated Absences of £278,320 as shown in the Balance Sheet and Note 12.

34 Contingent Liabilities

Contingent liabilities as at the balance sheet date include:

1. the Council has an equity share scheme for the elderly under which Council owns part shares in approximately 282 properties. The terms of the leases include an obligation for the Council to buy back the equity share upon surrender by the tenant or his/her executors. There are also other equity share schemes covering approximately 85 properties where a similar obligation exists. The Council would then look to resell the properties under the equity share schemes so that the in and out transactions would have had an approximately nil financial effect. As a result of the introduction of the pooling of capital receipts arrangements in local government from 1 April 2004, the Council may be exposed to a liability to pay 75% of the value of any capital receipts from the resale of these properties to Central Government. During 2010/11, 213 properties were transferred from the Housing revenue Account to the General Fund. Any potential liability relates to the remaining properties in the Housing Revenue Account and cannot be quantified at this time;
2. the Council has undertaken an equal pay audit; there might be claims for back-pay plus interest and legal costs together with additional pension and redundancy costs and possibly additional future payroll costs.

35 Grant Income

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

2009/10		2010/11
£		£
	Revenue	
(687,944)	Housing Benefit Administration and Fraud	(663,100)
(220,660)	NNDR Cost of Collection Allowance	(220,600)
(90,121)	Building Safer Communities	(60,279)
(16,835)	Habitat regulation	(16,385)
(77,167)	Supporting People	(77,167)
(39,430)	Homelessness	(36,050)
0	Mortgage Rescue	(1,622)
0	Homelink	(31,618)
(336,738)	Improvement Grant	(325,288)
(21,020)	Council tax efficiency information	(9,183)
(29,293)	Housing and Council Tax Benefits	(38,675)
(186,981)	Concessionary Fares	(76,666)
(334,396)	Growth Agenda/ New Communities	(631,537)
(22,811)	Area Based Grant	(40,920)
0	Housing Association Support	(180,000)
0	Sports Development	(44,313)
0	Land Charges	(34,356)
(1,330,474)	Planning Delivery Grant	0
(1,591)	Elections	0
(22,017)	Environmental Health	0
(91,909)	Local Authority Business Incentive Grant	0
(3,509,388)		(2,487,759)

36 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Council has the following financial instruments:

- financial liabilities: trade payables
- financial assets: loans and receivables comprising bank deposits, trade receivables, investments and long term mortgages

For trade payables, bank deposits and trade receivables, being of short duration, and for long term mortgages, being at variable rates, the carrying value in the balance sheet is considered approximate to their fair value.

For investments, which are mainly at fixed rates, fair value has not been calculated and the Code has not been complied with in this respect.

Fair value is the amount determined by knowledgeable, willing parties in an arm's length transaction.

The Council has given interest free loans, repayable on the sale/transfer of charged properties, which have not been classified as financial instruments. These loans are included in the balance sheet as long term debtors, the outstanding amount was £381,053 as at 31 March 2011 (£378,788 in 2009/10).

The financial risks arising from financial instruments are:

a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the up-most limit not more than £5 million of its surplus balances to any one institution.

With no historical experience of default, the exposure to credit risk on bank deposits and investments is not considered material. The main exposure to credit risk relates to housing rents where a provision for bad debts is made.

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt based on an assessment of the risks for each type and the age of those debts, the Council does not generally extend credit beyond 21 days.

b) Liquidity Risk

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

c) Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments as most investments are at fixed rates. Movement in interest rates can have an impact on the Council's interest receipts from investments; for example, a rise in interest rates would have the following effects:

Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise

Investments at fixed rates – the fair value of the assets will fall (but the carrying amount will not change)

As most investments are at fixed rates and the Council is debt free, a sensitivity analysis for interest rate changes has not been carried out.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget which is used to update the Council's medium term financial strategy periodically during the year, this allows any adverse changes to be accommodated.

Price risk and foreign exchange risk are not applicable.

37 Nature and extent of risks arising from Financial Instruments

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

The following shows the original principal sum invested at 31 March analysed by the nature of the financial institution and by maturity, these investments are fixed time and callable deposits where the deposits are redeemed for the same value as the amount invested. The deposits are with United Kingdom banks and building societies and, therefore, no provision is made for possible loss of principal.

1 April 2009 £	31 March 2010 £		31 March 2011 £
		Local Authorities	
4,041,651	6,059,112	Clearing Banks	1,597,768
	0	Subsidiaries of Clearing Banks	0
1,503,493	1,500,572	Banks, other	2,000,263
867,063	185,412	Money Market Funds	193
		Building Societies with assets:	
4,154,813	6,580,380	greater than £10,000 million	5,107,853
1,024,493	0	between £5,000 million and £10,000 million	0
11,224,235	5,128,474	between £1,500 million and £5,000 million	1,044,846
1,034,152	0	between £350 million and £1,500 million	0
110	110	Government Securities	110
23,850,010	19,454,060		9,751,033
		Less:	
(867,063)	(185,412)	Cash and cash equivalents	(231)
22,982,947	19,268,648	Total	9,750,802
		Principal Investments analysed by maturity	
17,500,000	0	2009/10	0
1,000,000	12,000,000	2010/11	0
1,000,000	1,000,000	2011/12	3,550,690
1,000,000	2,000,000	2012/13	2,000,000
2,000,000	2,000,000	2013/14	2,000,000
0	2,000,000	2014/15	2,000,000
110	110	Government Securities	110
22,500,110	19,000,110		9,550,800
482,837	268,538	Accrued interest	200,002
22,982,947	19,268,648		9,750,802

38 Long Term Liabilities

31 March 2010 £		Note	31 March 2011 £
(52,267,000)	Liability related to defined benefit pension scheme	22	(31,592,000)
(500,000)	Capital Receipts in Advance		0
(211,812)	Deferred Liability -Pension		(122,533)
<hr/>			
(52,978,812)	Total		(31,714,533)
<hr/>			

39 Non ring-fenced Government Grant

2009/10 £		2010/11 £
1,453,289	Revenue Support Grant	991,974
91,909	Local Authority Business Growth Incentive Grant	0
22,811	Area Based Grant	40,920
<hr/>		
1,568,009		1,032,894
<hr/>		

Supplementary Financial Statements

- **Housing Revenue Income and Expenditure
Account**
- **Collection Fund**

Housing Revenue Income and Expenditure Account

This statement sets out details of the income and expenditure in relation to the provision of council dwellings.

2009/10		2010/11
£	INCOME	£
(21,251,864)	Dwelling Rents(Gross)	(21,893,430)
(326,987)	Non-dwelling Rents(Gross)	(348,589)
(1,721,556)	Charges for Services and Facilities	<u>(1,938,463)</u>
		(24,180,482)
	Contributions towards expenditure	
(204,936)	General Fund	(163,799)
(154,399)	Other sources	<u>(122,500)</u>
		(286,299)
(67,033)	Transfer of DLO surplus	(30,839)
<u>(23,726,775)</u>	Total Income	<u>(24,497,620)</u>
	EXPENDITURE	
3,217,017	Repairs and Maintenance	3,203,348
	Supervision and Management	
1,369,422	General	1,519,457
831,328	Repairs and Maintenance	945,732
2,613,586	Special Services	2,451,338
93,594	Rent, Rates and Other Charges	90,478
11,562,826	Payment to Government in to National Pool	11,672,371
9,830,794	Depreciation and impairment of assets	Notes 42 & 43 41,943,674
15,246	Treasury Management Costs	17,794
(1,300)	Increased/(Decreased) Provision for Bad or Doubtful Debt	7,226
<u>29,532,513</u>	Total Expenditure	<u>61,851,418</u>
5,805,738	Net Cost of Services as included in the whole authority Income and Expenditure Account	37,353,798
	HRA services share of Corporate and	
503,266	Democratic Core	469,595
(2,927)	Mortgage Interest	(2,428)
<u>6,306,077</u>	Net Cost of HRA Services	<u>37,820,965</u>
(205,520)	Gain or loss on sale of HRA assets	Note 5 351,461
(15,132)	Interest and investment income	(13,499)
	Pensions Interest Cost and Expected Return	
407,825	on Pension Assets	316,291
6,493,250	Deficit for the year on HRA services	38,475,218

Statement of Movement on the Housing Revenue Income and Expenditure Account

Additional items required by statute and proper practices to be taken into account in determining the movement in the Housing Revenue Account balance;

2009/10 £		Note	2010/11 £
6,493,250	(Surplus)/deficit for the year on the HRA Income and Expenditure Account		38,475,218
(23,769)	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute		2,674
(1,950,690)	Impairment taken to Capital Adjustment Account	43	(32,041,460)
205,520	Gain/(Loss) on sale of HRA assets	5	(351,461)
(193,803)	HRA share of contributions to the Pensions Reserve	46	(300,552)
(4,568,882)	Transfer from Major Repairs Reserve	44	(6,626,343)
<u>398,557</u>	Capital expenditure funded by the Housing Revenue Account	41	<u>1,297,599</u>
360,183	Decrease/(increase) in Housing Revenue Account balance for the year		455,675
(3,106,275)	Housing Revenue Account balance brought forward		(2,746,092)
(2,746,092)	Housing Revenue Account balance carried forward		(2,290,417)

The Collection Fund

2009/10			2010/11
£	INCOME	Note	£
(76,865,611)	Income from Council Tax		(79,773,962)
	Transfers from General Fund		
(5,602,108)	Council Tax Benefits	49	(6,038,279)
(59,859,401)	Income collectable from Business Ratepayers		(62,023,105)
	Contribution towards previous year's estimated Collection Fund Deficit		
(274,784)	Cambridgeshire County Council		0
(44,025)	Cambridgeshire Police Authority		0
(15,281)	Cambridgeshire Fire Authority		0
(46,836)	District Council		0
<u>(142,708,046)</u>			<u>(147,835,346)</u>
	EXPENDITURE		
	Demands and Precepts		
	Precepts		
59,258,521	Cambridgeshire County Council	61,960,994	
9,594,187	Cambridgeshire Police Authority	10,027,015	
3,281,918	Cambridgeshire Fire Authority	<u>3,422,171</u>	75,410,180
	Demands - District Council		
6,530,105	General Expenses	6,827,785	
<u>3,532,876</u>	Special Expenses - Parish Precepts	<u>3,655,380</u>	10,483,165
82,197,607			85,893,345
	Contribution towards previous year's estimated Collection Fund Surplus		
0	Cambridgeshire County Council	57,110	
0	Cambridgeshire Police Authority	9,246	
0	Cambridgeshire Fire Authority	3,163	
0	District Council	<u>9,700</u>	79,219
	Business Rate		
59,638,741	Payment to National Pool	61,802,506	
220,660	Cost of Collection	<u>220,600</u>	62,023,106
	Bad and Doubtful Debts		
222,609	Write Offs	154,856	
<u>(60,385)</u>	Provision for Bad and Doubtful Debts	<u>110,458</u>	265,314
<u>142,219,232</u>			<u>148,260,984</u>
(488,814)	Deficit/(Surplus) of income over expenditure		425,638
391,128	Fund Balance at Beginning of year		(97,686)
(97,686)	Fund Balance at end of year		327,952

Collection Fund balance:

Attribution of (surplus) / deficit carried forward:

31 March 2010 £		31 March 2011 £
(70,433)	Cambridgeshire County Council	235,893
(11,402)	Cambridgeshire Police Authority	38,174
(3,899)	Cambridgeshire Fire Authority	13,029
(11,952)	District Council	40,856
(97,686)		327,952

Notes to Supplementary Statements

- **Notes to the Housing Revenue Income and Expenditure Account**

- **Notes to the Collection Fund**

Notes to the Housing Revenue Account (HRA)

40 Housing stock

The Housing Revenue Account includes all the expenditure and income associated with the following stock of Housing Revenue Account dwellings:

	As at 31 March 2010	Conversions/ transfers to General Fund during year	Additions during year	Disposals during year	As at 31 March 2011
1 Bedroom	1,124	(20)	3	(6)	1,101
2 Bedroom	2,369	(47)	5	(9)	2,318
3 Bedroom	1,971	0	1	(2)	1,970
4 or more Bedrooms	75	0	0	0	75
	5,539	(67)	9	(17)	5,464

Disposals

Right to buy	6
Equity Share	11
Other	0
	17

During 2010/11 the Secretary of State for Communities and Local Government consented to the transfer of 213 equity share properties from the Housing Revenue Account to the Council's General Fund as a consequence these properties will no longer be accounted for within the Housing Revenue Account.

The total balance sheet values of dwellings and other property and land within the HRA are;

31 March 2010			31 March 2011	
Asset value	Depreciation		Asset value	Depreciation
£	£		£	£
Property, Plant and Equipment				
438,696,547	7,851,567	Council dwellings	365,956,555	9,895,808
4,484,000	4,185	Other land and buildings	4,484,000	6,406
1,587,500	0	Surplus assets not for sale	2,403,000	0
2,244,337	0	Assets held for sale	0	0
447,012,384	7,855,752		372,843,555	9,902,214

The dwellings are valued in accordance with Guidance on Stock Valuation for Resource Accounting issued by the Office of the Deputy Prime Minister. This requires the dwellings to be valued at open market value with vacant possession, which is then adjusted to reflect tenancies at less than open market rents by using an adjustment factor based on the ratio of local authority rents to open market rents for the relevant region. The adjustment factor for the eastern region is 39% (46% in 2009/10).

The value of council dwellings (Housing Revenue Account and General Fund) at 31 March 2011, based on vacant possession, was £946,731,844.

41 Capital expenditure, financing and receipts

Capital expenditure and financing relating to the HRA during the financial year was:

2009/10 £		2010/11 £
	Expenditure	
1,931,997	Acquisitions of existing dwellings	1,027,282
5,236,779	Improvement of housing stock	4,111,545
7,168,776		5,138,827
	Financing	
3,419,268	Capital receipts	490,560
3,286,870	Major Repairs Allowance	3,275,871
398,557	Revenue	1,297,599
64,081	Grants and Contributions	74,797
7,168,776		5,138,827

Capital receipts relating to the HRA during the financial year were:

2009/10 £		2010/11 £
425,673	Sale of Land	0
	Sale of dwellings	
886,553	Right to Buy	854,408
1,902,136	Other	1,233,045
3,214,362		2,087,453

42 Depreciation

In 2010/11, depreciation on buildings is based on the asset lives as assessed by the District Valuer. Land is not depreciated.

The charge for depreciation within the HRA was:

2009/10		2010/11
£		£
	Operational assets	
7,855,752	In year	9,902,214
0	Non operational	0
(7,855,752)	Depreciation adjustment on revaluation	(9,902,214)
0		0

43 Impairment

Impairment is a reduction in the value of no-current assets. When this occurs through the clear consumption of economic benefit or through market value reduction, it has been identified and is written off against any revaluation gains in the Revaluation Reserve for that (group of) asset(s) until the gain is reduced to zero and then any balance is charged to Housing Revenue Income and Expenditure Account. In 2010/11 the total impairment charged to the Housing Revenue Account included impairment due to the reduction in the social housing adjustment from 46% to 39%.

2009/10 as restated		2010/11
£		£
	Operational assets	
(872)	Impairment charged to Housing Revenue Income and Expenditure Account (net)	31,063,136
221,153	Impairment charged to Revaluation Reserve	<u>34,090,237</u>
		65,153,373
	Non operational assets	
1,951,562	Impairment charged to Housing Revenue Income and Expenditure Account (net)	978,324
193,682	Impairment charged to Revaluation Reserve	<u>657,929</u>
		1,636,253
2,365,525		66,789,626
	Impairment charged to Housing Revenue Income and Expenditure Account (net)	32,041,460
414,835	Impairment charged to Revaluation Reserve	<u>34,748,166</u>
2,365,525		66,789,626

Operational assets			
0	Social housing factor adjustment	Note 10	66,418,229
<u>8,967,896</u>	Impairment		<u>2,620,441</u>
8,967,896			69,038,670
<u>(8,747,715)</u>	Impairment reversal		<u>(3,885,297)</u>
<u>220,181</u>			<u>65,153,373</u>
Non operational assets			
<u>2,145,244</u>	Impairment		<u>1,676,833</u>
2,145,244			1,676,833
<u>0</u>	Impairment reversal		<u>(40,580)</u>
<u>2,145,244</u>			<u>1,636,253</u>

44 Major Repairs Reserve

This reserve effectively shows how the Major Repairs Allowance element of housing subsidy, is used to finance capital expenditure relating to the HRA.

2009/10		2010/11
£		£
0	Balance at 1 April	0
(7,855,752)	Transfer to Capital Adjustment Account	(9,902,214)
4,568,882	Amount transferred to Statement of Movement on the HRA balance	6,626,343
3,286,870	HRA capital expenditure charged to Major Repairs Reserve	3,275,871
0	Balance at 31 March	0

45 Housing subsidy

The amount of negative housing subsidy payable to the Government from the HRA for the financial year consists of:

2009/10 £		2010/11 £
2,134,213	Allowance for management	2,235,852
5,163,223	Allowance for maintenance	5,212,511
3,286,870	Allowance for major repairs	3,275,871
8,960	Other items	9,050
<u>10,593,266</u>		<u>10,733,284</u>
(22,147,164)	Rent	(22,404,227)
(8,928)	Interest on receipts	(3,995)
<u>(11,562,826)</u>		<u>(11,674,938)</u>
0	Adjustment for previous year	2,567
<u>(11,562,826)</u>	Payable to the Government	<u>(11,672,371)</u>

46 HRA share of contributions to or from the Pensions Reserve

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of International Accounting Standard 19 (IAS 19) Employee Benefits has no effect on the deficit/surplus for the year.

47 Rent arrears on dwellings

As at 31 March 2010		As at 31 March 2011
£420,706	Arrears	£337,628
1.87%	Arrears as a percentage of gross rents collectable	1.46%
£330,000	Provision for uncollectable amounts	£270,000

Notes to the Collection Fund Account

48 General

This account represents the transactions of the Collection Fund, which have been prepared on the accruals basis.

49 Council tax

The Council Tax is raised to finance local authority net expenditure which is not met from government grants, and there is one bill for each dwelling based on the valuation band in which the dwelling is placed. There is a discount scheme for dwellings with fewer than two liable persons, a benefit scheme for persons on low incomes and a reduction for people with disabilities.

The Council Tax base for tax setting purposes is calculated as:

Band	Valuation	Number of dwellings adjusted for discount, exemptions, etc.	Ratio to Band D	Band D equivalents
-A	Up to £40,000	8.28	5/9	4.6
A	Up to £40,000	1,848.90	6/9	1,232.6
B	£40,001 - £52,000	5,530.36	7/9	4,301.4
C	£52,001 - £68,000	17,261.63	8/9	15,343.7
D	£68,001 - £88,000	10,370.10	9/9	10,370.1
E	£88,001 - £120,000	9,764.49	11/9	11,934.4
F	£120,001 - £160,000	6,579.30	13/9	9,503.4
G	£160,001 - £320,000	3,666.13	15/9	6,110.2
H	More than £320,000	316.20	18/9	632.4
		<u>55,345.40</u>		<u>59,432.7</u>
	Assumed rate of collection		99.5%	
	Tax base for tax setting purposes (number of Band D equivalent dwellings)			59,135.5
	Tax rate for a Band D property			<u>£1,452.48</u>
	Estimated income due			<u>£85,893,131</u>
	Actual income due			
	Net of write offs and provisions	£79,729,564		
	Council Tax Benefit net of subsidy limitation	£6,038,279		
				<u>£85,767,843</u>
	Difference in income due to variations in tax base and rate of collection			<u>(£125,288)</u>

50 Income from business rates

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. The total non-domestic rateable value as at 31 March 2011 was £175,277,166 and the standard uniform rate was 41.4 pence in the £, and the small business uniform rate 40.7 pence in the £. The total amount, less certain reliefs and other deductions, is paid to a national pool managed by Central Government, which in turn pays back to authorities their share of the pool pro rata to Formula Grant.

51 Collection Fund deficit

The deficit relating to Council Tax transactions due to Cambridgeshire County Council, Cambridgeshire Police Authority and Cambridgeshire Fire Authority of £287,096 on the Collection Fund as at 31 March 2011 is included as a creditor in the Council's Balance Sheet and will be distributed in subsequent financial years.

APPENDIX A - Restated Primary Statements

COMPREHENSIVE INCOME AND EXPENDITURE

	2009/10 Net Expenditure	Benefits payable during Employment	Fixed assets	Capital Grants and Contributions	Benefits payable during Employment	Negative past service	Restated 2009/10 Net Expenditure
	£	£	£	£	£		
Expenditure on services							
Central Services	2,681,099	(31,159)			26,050		2,841,990
Central Services to the Public	1,146,629	(8,674)		1,600	12,921		1,152,476
Cultural, Environmental and Planning Services							
Cultural and Related Services	1,623,516						1,623,516
Environmental Services	5,908,554	(66,252)		64,556	41,018		5,947,876
Planning and Development Services	3,288,017	(39,561)		102,353	92,759		3,443,568
Highways, Roads and Transport Services	601,128						601,128
Non HRA Housing							
Personal Social Services	288,899						288,899
Housing Benefit and Administration	170,575	(6,960)			11,794		175,409
Private Sector Housing Renewal	803,677						803,677
Supporting People	39,393						39,393
Other Non HRA Housing Services Expenditure	487,801	(6,254)			3,373		484,920
Other Contributions to/from HRA	151,570						151,570
Non Distributed Costs	0						(166,000)
General Fund Services-Continuing operations	17,190,858	(30,217)	577,748		53,986		17,388,422
Housing Revenue Account Services	5,204,221						5,805,738
Net cost of services	22,395,079						23,194,160
Other operating expenditure							
Precepts of Local Precepting Authorities	3,532,876						3,532,876
Internal Drainage Board levies	139,453						139,453
Payment to the Government for Housing Pooled Capital Receipts	1,206,679						1,206,679
(Gain) / loss on disposal of assets	95,566						95,566
	4,974,574						4,974,574
Financing and Investment Income							
Pensions interest cost and expected return on pension assets	1,896,000						1,896,000
Interest and investment income	(873,900)						(873,900)
	1,022,100						1,022,100
Net operating expenditure	28,391,753						29,190,834
Taxation and non-specific grant income							
Income from Council Tax	(10,076,188)						(10,076,188)
Distribution from Non-Domestic Rate Pool	(6,296,396)						(6,296,396)
Non-ringfenced Government Grants	(1,568,009)						(1,568,009)
Capital Grants and Contributions	(17,940,593)			(63,988)			(18,004,581)
Deficit for the year on the provision of services	10,451,160						11,186,253
Other Comprehensive Income and Expenditure							
(Surplus) or deficit arising on the revaluation of non-current assets	(48,042,949)		903,096				(47,139,853)
Actuarial (gains) and losses on pension fund assets and liabilities	27,860,000						27,860,000
Prior Period Adjustments	168,575						168,575
	(20,014,374)						(19,111,278)
Total Comprehensive Income and Expenditure	(9,563,214)	(189,077)	1,480,844	104,521	241,901	0	(7,925,025)

South Cambridgeshire District Council

	31 March 2009 £	Fixed assets £	Cash and cash equivalents £	Capital Grants and Contributions £	Benefits payable during Employment £	Deferred Capital Receipts £	Restated 31 March 2009 £
BALANCE SHEET							
Property, plant and equipment							
Council dwellings	393,869,781	4,632,386					398,502,167
Other land and buildings	17,193,721	41,604					17,235,325
Vehicles, plant and equipment	1,691,771						1,691,771
Infrastructure	14,816	58,031					72,847
Surplus assets held for disposal	4,429,046	(1,082,002)					3,347,044
	<u>417,199,135</u>						<u>420,849,154</u>
Intangible Assets	73,422						73,422
Long Term Investments	5,000,110						5,000,110
Long Term Debtors-Mortgages/loans	449,841						449,841
Total Long Term Assets	<u>422,722,508</u>						<u>426,372,527</u>
Current Assets							
Stocks	107,396						107,396
Debtors	3,073,879						3,073,879
Investments	18,849,900		(867,063)				17,982,837
Cash and Bank	362,639		(362,639)				0
Cash and cash equivalents			1,229,702				1,229,702
Assets held for sale	22,393,814	1,082,002					1,082,002
	<u>(7,220,689)</u>						<u>23,475,816</u>
Current Liabilities							
Creditors							
Provisions							
Accumulated Absences					(189,077)		(189,077)
Cash overdrawn							
	<u>(1,457,090)</u>						<u>(1,457,090)</u>
	<u>(8,677,779)</u>						<u>(8,866,856)</u>
Net Current Assets	<u>13,716,035</u>						<u>14,608,960</u>
Total Assets less Current Liabilities	<u>436,438,543</u>						<u>440,981,487</u>
Deferred Liabilities	(337,666)						(337,666)
Deferred Capital Receipts	(80,235)				80,235		0
Grants Unapplied Account (Liabilities)	(600,469)			600,469			0
Grants Deferred Account	(370,272)			370,272			0
Liability related to defined benefit pension schemes	(23,672,000)						(23,672,000)
Capital Grants (Receipts in Advance)				(11,719)			(11,719)
Net Assets	<u>411,377,901</u>						<u>416,960,102</u>
Accounts, Balances and Reserves							
Usable Reserves							
Capital Receipts Reserve	(4,349,916)						(4,349,916)
Earmarked Reserve	(3,895,081)						(3,895,081)
Capital Grants Unapplied Account (Reserves)				(588,750)			(588,750)
General Fund	(8,137,117)						(8,137,117)
Housing Revenue Account	(3,106,275)						(3,106,275)
Unusable Reserves							
Revaluation Reserve	(1,891,738)						(2,004,657)
Capital Adjustment Account	(413,717,865)			(370,272)			(418,707,239)
Pensions Reserve	23,672,000						23,672,000
Collection Fund Adjustment Account	48,091						48,091
Deferred Capital Receipts					(80,235)		(80,235)
Accumulated Absences					189,077		189,077
	<u>(411,377,901)</u>	0	0	0	0	0	<u>(416,960,102)</u>

South Cambridgeshire District Council

	31 March 2010 £	Fixed assets £	Fixed assets £	Fixed assets £	Fixed assets £	Capital Grants and Contributions £	Cash and cash equivalents £	Capital Grants and Contributions £	Deferred Capital Receipts £	Benefits payable during Employment £	Restated 31 March 2010
BALANCE SHEET											
Property, plant and equipment											
Council dwellings	435,493,390		4,632,386	(1,429,229)							438,696,547
Other land and buildings	18,544,900		41,604	(41,604)							18,544,900
Vehicles, plant and equipment	1,327,960		58,031	(58,031)							1,327,960
Infrastructure	61,569										61,569
Surplus assets held for disposal	3,831,837	(2,244,337)									1,587,500
	<u>459,259,656</u>										<u>460,218,476</u>
Intangible Assets	117,745										117,745
Long Term Investments	7,000,110										7,000,110
Long Term Debtors-Mortgages/loans	429,696										429,696
Total Long Term Assets	<u>466,807,207</u>										<u>467,766,027</u>
Current Assets											
Stocks	55,688										55,688
Debtors	2,588,989										2,588,989
Investments	12,453,950						(185,412)				12,268,538
Cash and Bank	305,208						(305,208)				0
Cash and cash equivalents							490,620				490,620
Assets held for sale	15,403,835	2,244,337									2,244,337
	<u>(6,577,408)</u>					(33,374)					<u>(6,610,782)</u>
Current Liabilities											
Creditors											
Provisions											
Accumulated Absences	(774,923)									(241,901)	(241,901)
Cash overdrawn	(7,352,331)										(7,774,923)
	<u>8,051,504</u>										<u>(7,627,606)</u>
Net Current Assets											
	<u>474,858,711</u>										<u>477,786,593</u>
Total Assets less Current Liabilities											
Deferred Liabilities	(211,812)										(211,812)
Deferred Capital Receipts	(50,909)								50,909		0
Grants Unapplied Account (Liabilities)	(1,123,224)					600,469		522,755			0
Grants Deferred Account	(264,651)					370,272		(105,621)			0
Liability related to defined benefit pension schemes	(52,267,000)										(52,267,000)
Capital Grants (Receipts in Advance)	0					(11,719)		(488,281)			0
	<u>420,941,115</u>										<u>(500,000)</u>
Net Assets											424,807,781
Accounts, Balances and Reserves											
Usable Reserves											
Capital Receipts Reserve	(1,700,335)										(1,700,335)
Earmarked Reserve	(3,784,145)										(3,784,145)
Capital Grants Unapplied Account (Reserves)	(7,149,064)					(588,750)		(1,100)			(589,850)
General Fund	(2,746,093)										(2,746,093)
Housing Revenue Account											
Unusable Reserves											
Revaluation Reserve	(47,337,742)										(46,358,486)
Capital Adjustment Account	(410,478,784)										(414,925,848)
Pensions Reserve	52,267,000					(370,272)		105,621			52,267,000
Collection Fund Adjustment Account	(11,952)										(11,952)
Deferred Capital Receipts	0								(50,909)		(50,909)
Accumulated Absences	(420,941,115)	0	0	0	0	0	0	0	0	241,901	241,901
	<u>(424,807,781)</u>										<u>(424,807,781)</u>

Glossary of Financial Terms and Abbreviations

Accounting Period

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

Accruals

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

Capital Charges

A depreciation charges made to service revenue accounts based on the value of the assets they use.

Capital Expenditure

Expenditure on new assets such as land, buildings, vehicles, plant or equipment, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

Capital Receipt

Income received from the sale of capital assets such as council houses, land or other buildings.

Contingent Liabilities

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

Creditors

Amounts owed by the Council at 31 March for goods or services rendered but not yet paid for.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Debtors

Amounts owed to the Council which are collectable or outstanding at 31 March.

Depreciation

The estimated losses in value of an asset due to age, deterioration or obsolescence.

Finance Lease

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

Glossary of Financial Terms and Abbreviations (continued)

Non-current Asset

Assets which can be expected to be of use or benefit to the Council in providing its service for more than one accounting period.

Government Grant

Payments by central government towards local authority expenditure. Grants may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

Impairment

An asset is impaired when the amount at which an asset is recognised in the Balance Sheet is higher than the asset value.

Operating Lease

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

Precepting Authorities

Those authorities which are not billing authorities, for example County Councils, Fire, Police, Parish and Town councils.

Precepts

The levy made by precepting authorities on billing authorities, for example District Councils, requiring the billing authority to collect income from council tax payers on their behalf.

Provisions

Monies set aside for liabilities which are likely to be incurred but where exact amounts or dates are uncertain.

Reserves

Amounts set aside in the accounts for the purpose of meeting future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Revenue Expenditure

Spending on day to day items including employee's pay, premises costs and supplies and services.

Revenue Expenditure funded from capital under statute

Capital expenditure for which there is no tangible asset, for example renovation grants.

Revenue Support Grant

The main grant paid by central government to a local authority towards the costs of its services.

Abbreviations used in the accounts

CAA

Capital Adjustment Account

CIPFA

Chartered Institute of Public Finance and Accountancy

The Code

Code of Practice on Local Authority Accounting

DLO

Direct Labour Organisation

DSO

Direct Service Organisation

HRA

Housing Revenue Account

IFRS

International Financial Reporting Standards

IAS

International Accounting Standards

MRA

Major Repair Allowance

NNDR

National Non-Domestic Rates (Business Rates)

RR

Revaluation Reserve