

## Statement of Accounts for year ended 31 March 2011

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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).

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

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:

<b>Expenditure/(Income)</b>	<b>£'000</b>
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:

<b>Actual to Original Estimate</b>	<b>Underspending or Slippage ( ) /Overspending +</b>		
	<b>%</b>	<b>£'000</b>	<b>£'000</b>
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 business authority 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:

	<b>Expenditure/ (Income)</b>
	<b>£'000</b>
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:

<b>Actual to Original Estimate</b>	<b>Underspending or Slippage ( ) /Overspending +</b>	
	<b>%</b>	<b>£'000</b>
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 £9.64 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 £1.4 million, consisting of the usable capital receipts reserve. The capital programme has been revised from an original estimate £8.00million 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.

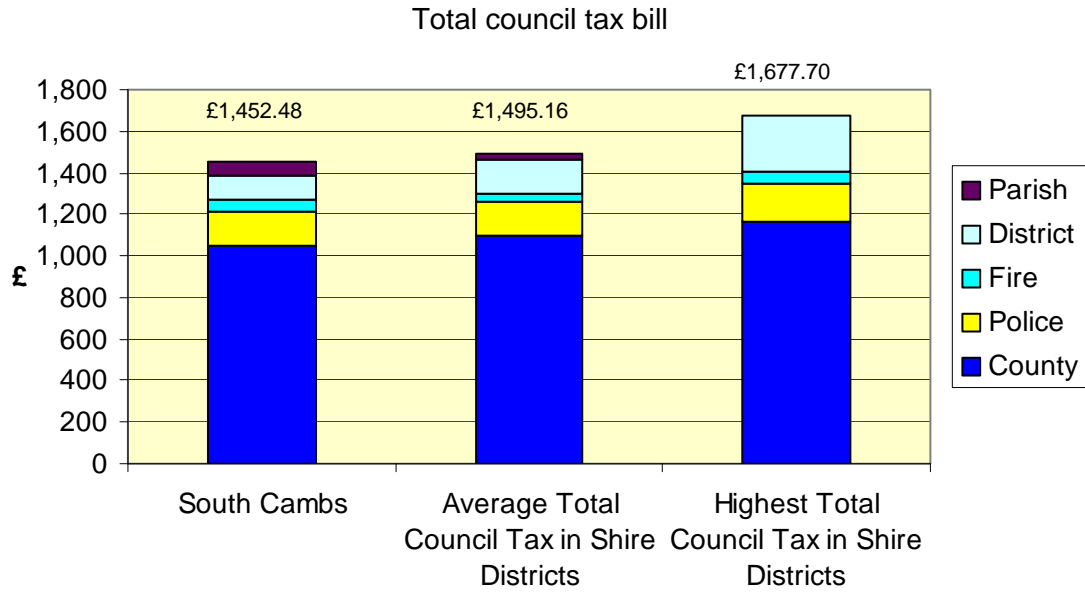
South Cambridgeshire's pension deficit is estimated at £31.3 million as at 31 March 2011 on an IAS 19 basis. With 73% of the pension fund attributable to South Cambridgeshire invested in equities, the deficit can vary greatly from one year to the next.

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.

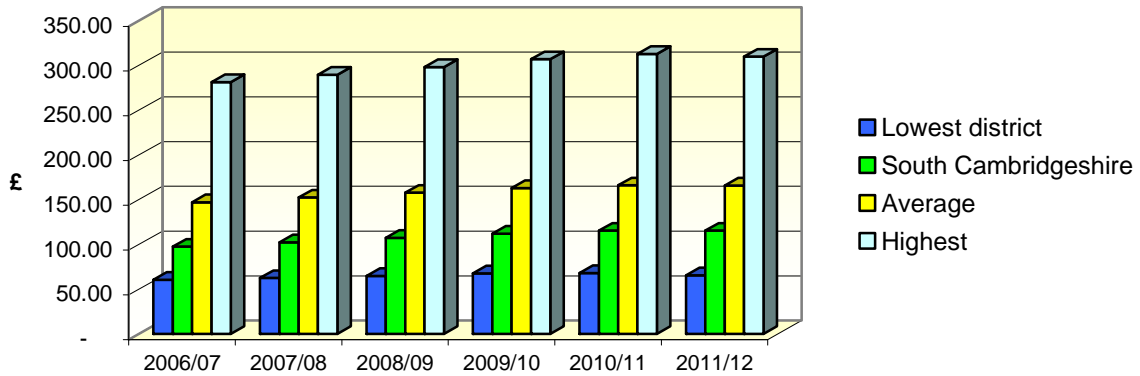
The triennial valuation discounts future liabilities at a rate based on the expected return from the pension fund's investments which are mainly stocks and shares. A valuation using a risk free discount rate, that is, based on Government Bonds, would give a much lower funding level and the employer's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



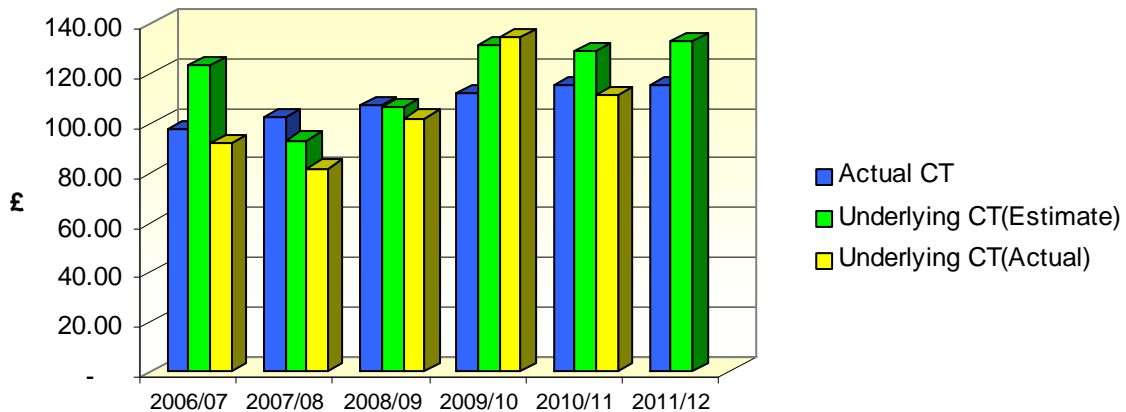
The ranking is:

	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 31 March 2012 or in 2012/13 on 1 April 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 are issued subject to audit.

Alex Colyer  
Executive Director and Chief Finance Officer

Dated: 30 June 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 June 2011

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

( to be included)

**Independent auditors' report to the Members of South  
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( to be included)

**Independent auditors' report to the Members of South  
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( to be included)

## **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.

	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 £
<b>Balance as at 31st March 2009</b>	(8,137,117)	(3,895,081)	(3,106,275)	(4,349,916)	(588,750)	(20,077,139)	(396,802,728)	(416,879,867)
<b>Movement in reserves during 2009/10</b>								
Deficit / (Surplus) on provision of services (accounting basis)	4,693,004	0	6,352,191	0	0	11,045,195	0	11,045,195
Other comprehensive expenditure and income	5 0	0	0	0	0	0	(19,111,277)	(19,111,277)
<b>Total comprehensive income and expenditure</b>	4,693,004	0	6,352,191	0	0	11,045,195	(19,111,277)	(8,066,082)
Adjustments between accounting basis and funding basis under regulations	5 (3,594,014)	0	(5,992,009)	2,649,581	(1,100)	(6,937,542)	6,937,542	0
<b>Net increase / decrease before transfers to earmarked reserves</b>	1,098,990	0	360,182	2,649,581	(1,100)	4,107,653	(12,173,735)	(8,066,082)
Transfers to / from earmarked reserves	6 (110,936)	110,936	0	0	0	0	0	0
<b>Increase / Decrease in year</b>	988,054	110,936	360,182	2,649,581	(1,100)	4,107,653	(12,173,735)	(8,066,082)
<b>Balance as at 31st March 2010</b>	(7,149,063)	(3,784,145)	(2,746,093)	(1,700,335)	(589,850)	(15,969,486)	(408,976,463)	(424,945,949)
<b>Movement in reserves during 2010/11</b>								
Deficit / (Surplus) on provision of services (accounting basis)	(5,540,051)		37,999,056	0	0	32,459,005	0	32,459,005
Other comprehensive expenditure and income	5 0	0	0	0	0	0	19,961,914	19,961,914
<b>Total comprehensive income and expenditure</b>	(5,540,051)	0	37,999,056	0	0	32,459,005	19,961,914	52,420,919
Adjustments between accounting basis and funding basis under regulations	5 5,876,521	0	(37,543,381)	274,419		(31,392,441)	31,392,441	0
<b>Net increase / decrease before transfers to earmarked reserves</b>	336,470	0	455,675	274,419	0	1,066,564	51,354,355	52,420,919
Transfers to / from earmarked reserves	6 (594,640)	594,640	0	0	0	0	0	0
<b>Increase / Decrease in year</b>	(258,170)	594,640	455,675	274,419	0	1,066,564	51,354,355	52,420,919
<b>Balance as at 31st March 2011</b>	(7,407,233)	(3,189,505)	(2,290,418)	(1,425,916)	(589,850)	(14,902,922)	(357,622,108)	(372,525,030)

## 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 Net Expenditure £		2010/11 Gross Expenditure £	2010/11 Gross Income £	2010/11 Net Expenditure £
2,791,229	(115,239)	2,675,990	<b>Expenditure on services</b>			
8,181,043	(7,028,567)	1,152,476	Central Services	3,214,806	(107,551)	3,107,255
			Central Services to the Public	8,590,864	(7,486,936)	1,103,928
			Cultural, Environmental and Planning Services			
2,140,344	(516,828)	1,623,516	Cultural and Related Services	1,213,602	(175,064)	1,038,538
7,514,313	(1,566,437)	5,947,876	Environmental Services	7,561,024	(1,831,470)	5,729,554
7,053,674	(3,610,106)	3,443,568	Planning and Development Services	6,190,150	(2,056,144)	4,134,006
788,109	(186,981)	601,128	Highways, Roads and Transport Services	701,405	(77,311)	624,094
			Non HRA Housing			
336,618	(47,719)	288,899	Personal Social Services	1,631,851	(398,710)	1,233,141
22,471,634	(22,296,225)	175,409	Housing Benefit and Administration	24,687,107	(24,561,976)	125,131
1,162,800	(359,123)	803,677	Private Sector Housing Renewal	1,049,645	(475,998)	573,647
361,239	(321,846)	39,393	Supporting People	376,339	(256,129)	120,210
745,038	(260,118)	484,920	Other Non HRA Housing Services Expenditure	626,071	(239,601)	386,470
151,570	0	151,570	Other Contributions to/from HRA	137,399	0	137,399
			Non -distributed Costs	(10,777,000)	0	(10,777,000)
53,697,611	(36,309,189)	17,388,422	General Fund Services-Continuing operations	45,203,263	(37,666,890)	7,536,373
29,391,454	(23,726,775)	5,664,679	Housing Revenue Account Services	61,142,097	(24,497,620)	36,644,477
<b>83,089,065</b>	<b>(60,035,964)</b>	<b>23,053,101</b>	<b>Net cost of services</b>	<b>106,345,360</b>	<b>(62,164,510)</b>	<b>44,180,850</b>
		4,974,574	Other operating expenditure		Note 7	5,676,593
		1,022,100	Financing and investment income		Note 8	905,856
		(18,004,581)	Taxation and non-specific grant income		Note 9	(18,304,293)
		<b>11,045,194</b>	<b>Deficit for the year on provision of services</b>			<b>32,459,006</b>
		(47,139,853)	<b>(Surplus) / Deficit on revaluation of non-current assets</b>			31,253,913
		27,860,000	<b>Net Actuarial (gains)/losses on pension assets and liabilities</b>	Note 22		(11,292,000)
		168,575	Prior period adjustments			0
		<b>(8,066,084)</b>	<b>Total comprehensive income and expenditure</b>			<b>52,420,919</b>

## 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	38	6,000,110
449,841	429,696	Long Term Debtors		421,540
<b>426,372,527</b>	<b>467,766,029</b>	<b>Long Term Assets</b>		<b>398,810,977</b>
17,982,837	12,268,538	Short Term Investments	38	3,750,692
107,396	55,688	Inventories	30	46,017
3,073,879	2,588,989	Short Term Debtors	31	7,747,943
1,229,702	490,620	Cash and Cash Equivalents	15	408,372
1,082,002	2,244,337	Assets held for sale		0
<b>23,475,816</b>	<b>17,648,172</b>	<b>Current Assets</b>		<b>11,953,256</b>
(1,457,090)	(774,923)	Cash and Cash Equivalents	15	(509,159)
(7,220,689)	(6,822,594)	Short Term Creditors	32	(6,041,281)
(189,077)	(52,824)	Provisions	33	(36,419)
<b>(8,866,856)</b>	<b>(7,650,341)</b>	<b>Current Liabilities</b>		<b>(6,587,090)</b>
(24,089,901)	(52,317,909)	Other Long Term Liabilities	22/39	(31,652,111)
(11,719)	(500,000)	Capital Grants Receipts in Advance	39	0
<b>(24,101,620)</b>	<b>(52,817,909)</b>	<b>Long Term Liabilities</b>		<b>(31,652,111)</b>
<b>416,879,867</b>	<b>424,945,951</b>	<b>Net Assets</b>		<b>372,525,032</b>
(20,077,139)	(15,969,487)	Usable reserves	11	(14,902,924)
(396,802,728)	(408,976,464)	Unusable Reserves	12	(357,622,108)
<b>(416,879,867)</b>	<b>(424,945,951)</b>	<b>Total Reserves</b>		<b>(372,525,032)</b>



Balance Sheet

Signed:

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

Dated: 30 June 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
<b><u>284,302</u></b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b><u>15 100,786</u></b>

# **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 tangible fixed 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 normally 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 is debt free, 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 and are charged on an accruals basis to non-distributed costs 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 which is accounted for as a defined benefit scheme whereby:

- 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;
- 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 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 normally 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 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 Fixed 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 other operating expenditure section 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.

There were no extant or new finance or operating leases in the year.

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 consisting of the 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. These costs 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.

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

## 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 £		2010/11 £
	<b>General Fund</b>	
	<b>Reversal of items included in the Comprehensive Income and Expenditure Account</b>	
(761,979)	Depreciation of non-current assets	(744,018)
0	Impairment of non-current assets	(959,112)
0	Reversal of impairment of non-current assets	163,636
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	
(541,197)		9,683,552
	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	
60,043		(52,808)
	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	
(29,055)		(39,093)
	<b>Insertion of items not included in the Comprehensive Income and Expenditure Account</b>	
	Transfer from Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	
(1,206,679)		(856,003)
<b><u>(3,594,014)</u></b>	<b>Total adjustments</b>	<b><u>5,876,522</u></b>
	<b>Housing Revenue Account</b>	
	<b>Reversal of items included in the Comprehensive Income and Expenditure Account</b>	
(1,950,690)	Impairment of non-current assets	(29,569,315)
	Excess of depreciation over major repairs allowance element of housing subsidy	
(4,427,823)		(8,389,167)
205,520	Net gain/(loss) on sale of non-current assets	(584,620)
	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	
(193,803)		(300,552)
	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	
(23,769)		2,674
	<b>Insertion of items not included in the Comprehensive Income and Expenditure Account</b>	
	Capital expenditure charged against the Housing Revenue Account	
398,557		1,297,599
<b><u>(5,992,008)</u></b>	<b>Total adjustments</b>	<b><u>(37,543,381)</u></b>
	<b>Capital Receipts Reserve</b>	
(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	
(3,216,580)		(2,111,496)
4,613,706	Use of Capital Receipts Reserve to finance new capital expenditure	1,553,146
60,396	Capital receipts transferred to reserves	(23,234)
	Use of Capital Receipts Reserve to finance payment to the Government housing capital receipts pool	
1,206,679		856,003
<b><u>2,649,581</u></b>	<b>Total adjustments</b>	<b><u>274,419</u></b>
<b><u>(6,936,441)</u></b>	<b>Total adjustments</b>	<b><u>(31,392,440)</u></b>



## Movement in other comprehensive income and expenditure

Decrease / (Increase) 2009/10 £		Decrease / (Increase) 2010/11 £
	<b>Movement in Unusable Reserves</b>	
3,781,391	Capital Adjustment Account	39,687,479
(44,353,829)	Revaluation Reserve	32,305,471
28,595,000	Pensions Reserve	(20,675,000)
(60,043)	Collection Fund Adjustment Account	52,808
(136,253)	Accumulating Compensated Absences Adjustment Account	(16,405)
<u>(12,173,734)</u>		<u>51,354,353</u>
	<b>Adjustment between accounting basis and funding basis under regulations</b>	
(3,594,014)	General Fund	5,876,521
(5,992,009)	Housing Revenue Account	(37,543,381)
2,649,581	Capital Receipts	274,419
(1,100)	Capital Grants Unapplied	0
<u>(6,937,542)</u>		<u>(31,392,441)</u>
<u><b>(19,111,276)</b></u>		<u><b>19,961,912</b></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 £
<b>Capital</b>							
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)
<b>Revenue</b>							
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)
	<b>(3,895,082)</b>	<b>1,539,723</b>	<b>(1,428,786)</b>	<b>(3,784,145)</b>	<b>1,252,817</b>	<b>(658,177)</b>	<b>(3,189,505)</b>
<b>Total - Capital</b>	(2,005,041)	1,218,145	(318,198)	(1,105,094)	542,640	(314,547)	(877,001)
<b>Revenue</b>	(1,890,041)	321,578	(1,110,588)	(2,679,051)	710,177	(343,630)	(2,312,504)
	<b>(3,895,082)</b>	<b>1,539,723</b>	<b>(1,428,786)</b>	<b>(3,784,145)</b>	<b>1,252,817</b>	<b>(658,177)</b>	<b>(3,189,505)</b>

## 7 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

2009/10			2010/11	
Net			Net	
Expenditure			Expenditure	
£	Other operating expenditure		£	
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		1,024,277	
<b>4,974,574</b>			<b>5,676,593</b>	

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

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

## 9 Comprehensive Income and Expenditure Statement - Taxation

2009/10			2010/11	
Net			Net	
Expenditure			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 ring-fenced Government Grants		(1,032,894)	
(63,988)	Capital Grants and Contributions		0	
<b>(18,004,581)</b>			<b>(18,304,293)</b>	

## 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 revaluation loss of £61.65 million on the Housing Revenue Account resulting from the reduction from 46% to 39% in the % 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

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
£	£		£
(4,349,916)	(1,700,335)	Usable Capital Receipts Reserve	(1,425,916)
(3,895,081)	(3,784,145)	Earmarked Reserves	(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)
<b>(20,077,139)</b>	<b>(15,969,487)</b>		<b>(14,902,924)</b>

## 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 £
(2,004,657)	(46,358,486)	Revaluation Reserve	(14,053,014)
(418,707,239)	(414,925,850)	Capital Adjustment Account	(375,238,369)
23,672,000	52,267,000	Pensions Reserve	31,592,000
48,091	(11,952)	Collection Fund Adjustment Account	40,856
189,077	52,824	Accumulated Absences	36,419
<b>(396,802,728)</b>	<b>(408,976,464)</b>		<b>(357,622,108)</b>

### 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 £
<b>(55,076,799)</b>	<b>(2,004,656)</b>	<b>Balance at 1 April</b>	<b>(46,358,486)</b>
0	(3,141)	Prior year adjustments	0
7441832	18,326	Prior year adjustments	(13,989)
-6171039	(49,204,741)	Revaluation gains during the year	(1,010,713)
4619103	3982352	Impairment reversal	24532
46252660	206,446	Revaluation losses during the year	31,632,821
129931	633,351	Release of revaluation gains/losses on disposal	497,457
799656	13,577	Depreciation adjustment	1,175,364
<b>(2,004,656)</b>	<b>(46,358,486)</b>	<b>Balance at 31 March</b>	<b>(14,053,014)</b>

## 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 £
<b>(441,121,604)</b>	<b>(418,707,239)</b>	<b>Balance at beginning of year</b>	<b>(414,925,848)</b>
(4,975,170)	168,012	Prior year adjustment	22,500
(384,224)	0	Write back of revenue expenditure funded from capital under statute-renovation loans	0
(7,246,627)	(4,613,706)	Add capital expenditure financed from;	
(72,732)	(398,557)	capital receipts	(1,556,015)
(364,810)	(1,805,810)	revenue	(1,301,299)
(550,020)	(231,397)	grants and reserves	(1,402,726)
(3,178,408)	(3,286,870)	Government grants deferred amortisation	0
(129,931)	(633,351)	Major Repairs Allowance	(3,275,871)
3,040,391	3,318,587	Write out of revaluation gain/loss on disposal	(497,457)
39,786,854	19,652,977	Less disposal of assets	3,187,480
(4,619,102)	(10,999,173)	Less depreciation, amortisation and impairment	43,052,027
1,108,144	2,610,679	Reversal of prior year impairment on revaluation	(252,764)
(418,707,239)	(414,925,848)	Write out of revenue expenditure funded from capital under statute and loans repaid	1,711,604
<b>(418,707,239)</b>	<b>(414,925,848)</b>		<b>(375,238,369)</b>

## Pensions Reserve

<b>31 March 2010 £'000</b>		<b>31 March 2011 £'000</b>
59,803	Fair value of scheme assets	64,074
<u>(112,621)</u>	Present value of scheme liabilities	<u>(95,703)</u>
(52,818)		(31,629)
	Less capital contribution to early retirement	
0	included in scheme assets	(293)
	Liability for cost of early retirement shown separately	
505	under creditors in balance sheet	269
(15)	Additional liability not included in Actuary's report	0
	Adjustment required by auditors in 2008/09 for	
61	employer's contribution	61
<b>(52,267)</b>	<b>Amount recognised in balance sheet</b>	<b>(31,592)</b>

## 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.

<b>2009/10 £</b>		<b>2010/11 £</b>
<b>48,091</b>	<b>Balance at 1 April</b>	<b>(11,952)</b>
	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
<b>(11,952)</b>	<b>Balance at 31 March</b>	<b>40,856</b>

## 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 £
<b>189,077</b>	<b>Balance at 1 April</b>	<b>241,901</b>
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
<b>241,901</b>	<b>Balance at 31 March</b>	<b>278,320</b>

### 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)
<b>1,608,911</b>		<b>3,959,413</b>



## 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
<b>(1,932,397)</b>		<b>(4,751,846)</b>

## 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
<u>(227,388)</u>	Increase in net debt from cash flow	<u>183,516</u>
(56,914)	Net debt at 1 April	(284,302)
<b>(284,302)</b>	<b>Net debt at 31 March</b>	<b>(100,786)</b>

## 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 £	New Communities £	Leader £	Policy and Performance £	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)	(1,262)	(89,503)	(30,320,221)
Government grants	(30,203,200)		(69,290)	0	(76,666)	(16,835)	(83,897)	0	0	(30,449,888)
<b>Total income</b>	<b>(31,535,756)</b>	<b>(1,704,150)</b>	<b>(944,210)</b>	<b>(23,746,239)</b>	<b>(1,776,637)</b>	<b>(859,991)</b>	<b>(112,361)</b>	<b>(1,262)</b>	<b>(89,503)</b>	<b>(60,770,109)</b>
Employee expenses	299,838	10,109	0	944,097	0	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	31,770	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	17,043,128
Depreciation, amortisation and impairment	1,600	166,394	89,116	3,275,871	63,474	42,827	0	0	0	3,639,282
<b>Total expenditure</b>	<b>35,039,374</b>	<b>7,389,099</b>	<b>2,111,391</b>	<b>24,201,916</b>	<b>4,432,593</b>	<b>2,477,477</b>	<b>575,890</b>	<b>310,229</b>	<b>249,311</b>	<b>76,787,280</b>
<b>Net expenditure</b>	<b>3,503,618</b>	<b>5,684,949</b>	<b>1,167,181</b>	<b>455,677</b>	<b>2,655,956</b>	<b>1,617,486</b>	<b>463,529</b>	<b>308,967</b>	<b>159,808</b>	<b>16,017,171</b>

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

Cost of services on Segmental Reporting (Portfolio) basis	16,017,171
Additional segments not included in the Portfolio analysis	30,359
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	28,820,352
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(687,032)
	<u>44,180,850</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	(30,320,221)	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)
<b>Total Income</b>	<b>(60,770,109)</b>	<b>0</b>	<b>0</b>	<b>1,003,119</b>	<b>(82,134)</b>	<b>(59,849,124)</b>	<b>(18,865,437)</b>	<b>(78,714,561)</b>
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	3,639,282	0	38,753,958	0	373,815	42,767,055	0	42,767,055
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	1,024,277	1,024,277
<b>Total operating expenses</b>	<b>76,787,280</b>	<b>30,359</b>	<b>28,820,352</b>	<b>(1,690,151)</b>	<b>82,134</b>	<b>104,029,974</b>	<b>7,143,593</b>	<b>111,173,567</b>
<b>Surplus or deficit on the provision of services</b>	<b>16,017,171</b>	<b>30,359</b>	<b>28,820,352</b>	<b>(687,032)</b>	<b>0</b>	<b>44,180,850</b>	<b>(11,721,844)</b>	<b>32,459,006</b>

## 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.

Portfolio:	Finance and Staffing £	Environmental Services £	Housing (General Fund) £	Housing Revenue A/c £	Planning £	New Communities £	Leader £	Policy and Performance £	Northstowe £	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)	(1,588)	(99,739)	(30,174,778)
Government grants	(27,665,444)	(57,017)	(61,080)	0	(186,981)	(16,835)	(193,065)	0	0	(28,180,422)
<b>Total income</b>	<b>(28,972,049)</b>	<b>(1,369,352)</b>	<b>(754,031)</b>	<b>(23,243,934)</b>	<b>(2,818,365)</b>	<b>(885,077)</b>	<b>(211,065)</b>	<b>(1,588)</b>	<b>(99,739)</b>	<b>(58,355,200)</b>
Employee expenses	288,315	14,298	0	1,031,422	0	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	52,757,682
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	18,003,094
Depreciation, amortisation and impairment	200	302,165	15,270	3,286,870	56,776	42,827	0	0	0	3,704,108
<b>Total expenditure</b>	<b>32,511,717</b>	<b>7,586,925</b>	<b>2,138,626</b>	<b>23,604,115</b>	<b>5,769,623</b>	<b>2,981,480</b>	<b>676,951</b>	<b>277,400</b>	<b>252,082</b>	<b>75,798,919</b>
<b>Net expenditure</b>	<b>3,539,668</b>	<b>6,217,573</b>	<b>1,384,595</b>	<b>360,181</b>	<b>2,951,258</b>	<b>2,096,403</b>	<b>465,886</b>	<b>275,812</b>	<b>152,343</b>	<b>17,443,719</b>

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

Cost of services on Segmental Reporting (Portfolio) basis	17,443,719
Additional segments not included in the Portfolio analysis	59,059
Amounts not included in reports to Portfolio Holders but included in the Comprehensive Income and Expenditure Statement net cost of services	5,985,863
Amounts included in reports to Portfolio Holders but not included in the Comprehensive Income and Expenditure Statement net cost of services	(435,540)
	<u>23,053,101</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	0	(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)
<b>Total Income</b>	<b>(58,355,200)</b>	<b>0</b>	<b>(296,038)</b>	<b>1,243,500</b>	<b>(92,444)</b>	<b>(57,500,182)</b>	<b>(18,878,481)</b>	<b>(76,378,663)</b>
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	6,210,169	0	452,025	10,366,302	0	10,366,302
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
<b>Total operating expenses</b>	<b>75,798,919</b>	<b>59,059</b>	<b>6,281,901</b>	<b>(1,679,040)</b>	<b>92,444</b>	<b>80,553,283</b>	<b>6,870,574</b>	<b>87,423,857</b>
<b>Surplus or deficit on the provision of services</b>	<b>17,443,719</b>	<b>59,059</b>	<b>5,985,863</b>	<b>(435,540)</b>	<b>0</b>	<b>23,053,101</b>	<b>(12,007,907)</b>	<b>11,045,194</b>

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

## 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 an amount of £60,417 due to the pension fund was accrued for.



## Senior Officer Remuneration

In 2010/11 Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year were:

		Actual Salary Paid £	Returning Officer Fees £	Benefits in Kind (e.g. Car Allowance £	Compensation for loss of office £	Total Remuneration excluding pension contributions £	Employers Pension contributions £	Total Remuneration including pension contributions £
<b>Chief Executive<sup>1</sup></b>	<b>2010/11</b>	51,637	12,696	2,944	103,387	170,663	41,154	211,817
	2009/10	123,928	205	7,220	0	131,353	25,676	157,029
<b>Chief Executive<sup>2</sup></b>	<b>2010/11</b>	61,333	477	566	0	62,376	13,309	75,686
<b>Executive Director (Operational Services)</b>	<b>2010/11</b>	104,075		1,362	0	105,437	22,584	128,021
	2009/10	102,835	0	4,003	0	106,838	20,156	126,994
<b>Executive Director (Corporate Services)</b>	<b>2010/11</b>	99,319		56	0	99,375	21,552	120,927
	2009/10	47,901	0	23	0	47,924	9,389	57,313

Chief Executive<sup>1</sup>

date of termination of service: 31 August 2010

Chief Executive<sup>2</sup>

date of commencement of service : 27 September 2010

## 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
<b>178,468</b>		<b>178,445</b>	<b>(9,116)</b>	<b>169,329</b>

## 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		31 March 2011
£'000		£'000
59,803	Fair value of scheme assets	64,074
(112,621)	Present value of scheme liabilities	(95,703)
(52,818)		(31,629)
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
61	Adjustment required by auditors in 2008/09 for employer's contribution	61
<b>(52,267)</b>	<b>Amount recognised in balance sheet</b>	<b>(31,592)</b>



**Transactions in the Comprehensive Income and Expenditure Account**

<b>2009/10</b>		<b>2010/11</b>
<b>£'000</b>		<b>£'000</b>
	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:

<b>2009/10</b>		<b>2010/11</b>
<b>£'000</b>		<b>£'000</b>
<u>44,797</u>	<b>Opening balance as at 1 April</b>	<u>59,803</u>
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>
<u>59,803</u>	<b>Closing balance as at 31 March</b>	<u>64,074</u>

\* 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:

<b>2009/10</b>		<b>2010/11</b>
<b>£'000</b>		<b>£'000</b>
<b>(68,964)</b>	<b>Opening balance as at 1 April</b>	<b>(112,621)</b>
(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
<b>(112,621)</b>	<b>Closing balance as at 31 March</b>	<b>(95,703)</b>

The analysis of the fair value of scheme assets is:

<b>31 March 2010</b>			<b>31 March 2011</b>	
<b>£'000</b>	<b>%</b>		<b>£'000</b>	<b>%</b>
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 Statement of Total Recognised Gains and Losses are:

<b>2009/10</b>		<b>2010/11</b>
<b>£'000</b>		<b>£'000</b>
(39,637)	Actuarial (loss) / gain on scheme liabilities	11,288
11,777	Actuarial losses on scheme assets	4
<b>(27,860)</b>	<b>Actuarial (losses) / gains</b>	<b>11,292</b>

The principal assumptions used by the Actuary are:

<b>31 March 2010</b>		<b>31 March 2011</b>
	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%	pre April 2008 service	63%

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

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
	<b><u>4,740</u></b>	<b><u>4,755</u></b>	<b><u>(7,630)</u></b>	<b><u>(27,860)</u></b>	<b><u>11,292</u></b>
	(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. 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 53.

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

## 25 Leases

There were no new 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).

In respect of contract hire agreements for vehicles, the Council is committed to make payments of £1,121,303 in the financial year 2011/12 analysed as:

2009/10		DLO/DSO	Cars	2010/11
Total		£	£	Total
£		£	£	£
53,772	commitments expiring in the year 2010/11			
0	commitments expiring in the year 2011/12	26,362	20,745	47,107
621,656	commitments expiring in the years 2012/16 and later	421,192	12,595	433,787
137,118	commitments expiring in the years 2016/17 and later	640,409	0	640,409
<b>812,546</b>		<b>1,087,963</b>	<b>33,340</b>	<b>1,121,303</b>

## 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:

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

## **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).

## 28 Property, Plant and Equipment - Financial year 2010/11

	Council dwellings £	Other land and buildings £	Vehicles, Plant and Equipment £	Infrastructure assets £	Surplus Assets held not for sale £	Surplus Assets for disposal £	Total property Plant and Equipment £
<b>Cost or valuation</b>							
<b>At 1 April 2010</b>	<b>438,696,547</b>	<b>18,669,064</b>	<b>3,260,847</b>	<b>95,404</b>	<b>1,587,500</b>	<b>2,244,337</b>	<b>464,553,699</b>
Additions	5,933,872	243	1,538,790	0	0	0	7,472,905
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(43,787,557)	166,930	0	0	371,937	0	(43,248,690)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(29,569,315)	(11,684)	0	0	(978,324)	0	(30,559,323)
Derecognition-disposals	(2,103,730)	(242,163)	(83,250)	0	(758,336)	0	(3,187,479)
Other movements in cost or valuation	55,602	0	0	0	2,180,223	(2,244,337)	(8,512)
<b>At March 2011</b>	<b>369,225,419</b>	<b>18,582,390</b>	<b>4,716,387</b>	<b>95,404</b>	<b>2,403,000</b>	<b>0</b>	<b>395,022,600</b>
<b>Accumulated Depreciation and impairment</b>							
<b>At 1 April 2010</b>	<b>0</b>	<b>(124,164)</b>	<b>(1,932,887)</b>	<b>(33,835)</b>	<b>0</b>	<b>0</b>	<b>(2,090,886)</b>
Depreciation Charge	(11,739,705)	(200,635)	(422,547)	(11,279)	0	0	(12,374,166)
Depreciation written out to the Revaluation Reserve	1,192,773	7,124	0	0	0	0	1,199,897
Depreciation written out to the Surplus/Deficit on the Provision of Services	10,546,932	0	0	0	0	0	10,546,932
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	4,560	0	0	0	0	4,560
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	(35,691)	(5,175)	0	0	0	0	(40,866)
Derecognition-disposals	0	0	(58,250)	0	0	0	(58,250)
Other movements in Depreciation and Impairment	35,691	0	0	0	0	0	35,691
<b>At March 2011</b>	<b>0</b>	<b>(318,290)</b>	<b>(2,413,684)</b>	<b>(45,114)</b>	<b>0</b>	<b>0</b>	<b>(2,777,088)</b>
<b>Net Book Value</b>							
<b>At March 2010</b>	<b>438,696,547</b>	<b>18,544,900</b>	<b>1,327,960</b>	<b>61,569</b>	<b>1,587,500</b>	<b>2,244,337</b>	<b>462,462,813</b>
<b>At March 2011</b>	<b>369,225,419</b>	<b>18,264,100</b>	<b>2,302,703</b>	<b>50,290</b>	<b>2,403,000</b>	<b>0</b>	<b>392,245,512</b>

## Financial year 2009/10 (as restated)

	Council dwellings £	Other land and buildings £	Vehicles, Plant and Equipment £	Infrastructure assets £	Surplus Assets held not for sale £	Surplus Assets for disposal £	Total property Plant and Equipment £
<b>Cost or valuation</b>							
<b>At 1 April 2009</b>	<b>398,502,167</b>	<b>17,359,489</b>	<b>2,994,067</b>	<b>95,403</b>	<b>3,347,044</b>	<b>1,082,002</b>	<b>423,380,172</b>
Additions	7,075,967	63,378	343,312	38,567	850	0	7,522,074
Revaluation increases / (decreases) recognised in the Revaluation Reserve	45,489,506	1,857,859	0	19,465	991,763	0	48,358,593
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,877,244)	(230,591)	(3,340)	0	(1,951,562)	0	(11,062,737)
Derecognition-disposals	(1,910,191)	(339,467)	(13,518)	0	38,033	(1,082,002)	(3,307,145)
Other movements in cost or valuation	(1,583,658)	(41,604)	(59,675)	(58,031)	(838,628)	2,244,337	(337,259)
<b>At March 2010</b>	<b>438,696,547</b>	<b>18,669,064</b>	<b>3,260,846</b>	<b>95,404</b>	<b>1,587,500</b>	<b>2,244,337</b>	<b>464,553,698</b>
<b>Accumulated Depreciation and impairment</b>							
<b>At 1 April 2009</b>	<b>0</b>	<b>(124,164)</b>	<b>(1,302,296)</b>	<b>(22,556)</b>	<b>0</b>	<b>0</b>	<b>(1,449,016)</b>
Depreciation Charge	(7,851,567)	(200,635)	(630,590)	(11,279)	0	0	(8,694,071)
Depreciation written out to the Revaluation Reserve	7,828,586	200,635	0	0	(26,334)	0	8,002,887
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	26,334	0	26,334
Other movements in Depreciation and Impairment	22,981	0	0	0	0	0	22,981
<b>At March 2010</b>	<b>0</b>	<b>(124,164)</b>	<b>(1,932,886)</b>	<b>(33,835)</b>	<b>0</b>	<b>0</b>	<b>(2,090,885)</b>
<b>Net Book Value</b>							
<b>At March 2009</b>	<b>398,502,167</b>	<b>17,235,325</b>	<b>1,691,771</b>	<b>72,847</b>	<b>3,347,044</b>	<b>1,082,002</b>	<b>421,931,156</b>
<b>At March 2010</b>	<b>438,696,547</b>	<b>18,544,900</b>	<b>1,327,960</b>	<b>61,569</b>	<b>1,587,500</b>	<b>2,244,337</b>	<b>462,462,813</b>



## 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 fixed assets may not be realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 10. 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 fixed assets is:

<b>31 March 2010 (numbers)</b>		<b>31 March 2011 (numbers)</b>
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

Capital expenditure was financed as follows:

	£		£
<b>Expenditure</b>		<b>Financing</b>	
Intangible assets	76,717	Capital Receipts	2,431,999
Fixed Assets	7,539,648	Revenue	2,237,476
Revenue funded from capital under statute	1,731,707	Grant and contributions	1,097,307
		Major Repairs Allowance	3,275,871
		Reserves	305,419
	<b><u>9,348,072</u></b>		<b><u>9,348,072</u></b>

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	<b>Balance as at 1 April</b>	0
922,106	Improvement Grants	746,344
1,683,571	Other	965,261
(2,605,677)	Written out	(1,711,605)
<b><u>0</u></b>	<b>Balance as at 31 March</b>	<b><u>0</u></b>

**30 Inventories**

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

**31 Debtors**

<b>31 March 2010 £</b>	<b>Debtors</b>	<b>31 March 2011 £</b>
910,108	Government Departments - other	1,706,122
55,380	Government Departments - Business Rates	4,006,605
114,694	Council Tax	98,045
491,979	Housing Rents	337,628
191,398	Cambridgeshire County Council	285,941
2,060,881	Sundry Debtors	2,548,355
<hr/>		
3,824,440		8,982,696
 <b>Provision for Doubtful Debts</b>		
(58,003)	Council Tax	(72,759)
(384,500)	Housing	(321,738)
(792,948)	Sundry Debtors	(840,256)
<hr/>		
(1,235,451)		(1,234,753)
<hr/>		
<b>2,588,989</b>	<b>Total Debtors</b>	<b>7,747,943</b>

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 Creditors**

<b>Restated</b>		<b>31 March 2011</b>
<b>31 March 2010</b>		<b>£</b>
<b>£</b>		
(1,257,987)	Government Departments - other	(577,162)
(95,465)	Council Tax	(86,290)
(292,417)	Housing Rents	(241,394)
(1,321,079)	Cambridgeshire County Council	(1,066,789)
(48,490)	Cambridgeshire Police Authority	(19,011)
(16,556)	Cambridgeshire Fire Authority	(6,488)
(99,773)	Cambridge City Council	(73,632)
	Employee Transport Loans	0
(2,562,878)	Sundry Debtors/Creditors	(2,666,905)
	Provision for Doubtful Debts	0
(156,668)	Provision	(56,611)
(971,281)**	Developers Contributions	(1,246,999)
<hr/> <b>(6,822,594) Total Creditors</b>		<b>(6,041,281)</b>

**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:

	<b>Balance</b>		<b>Balance</b>
	<b>31 March 2010</b>	<b>Movement in year</b>	<b>31 March 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Capital</b>			
Commuted Sums	(65,740)		(65,740)
Saxon Close, Oakington	(16,249)		(16,249)
Partnership works on Awarded Watercourses	(400,545)	(20,582)	(421,127)
Affordable Housing S106	(201,692)	(301,226)	(502,918)
<b>Revenue</b>			
Sustainability S106 Arbury Camps	(115,036)	46,128	(68,908)
Public Art S106 Arbury Camps	(153,286)	39,962 (40,000)	(153,324)
Community Development S106	(11,517)		(11,517)
Open Space S106	0		0
Electoral Arrangements	(7,216)		(7,216)
	<hr/> (971,281)	86,090 (361,808)	<hr/> (1,246,999)
<b>Capital</b>	(684,226)	0 (321,808)	(1,006,034)
<b>Revenue</b>	(287,055)	86,090 (40,000)	(240,965)
	<hr/> <b>(971,281)</b>	<b>86,090 (361,808)</b>	<hr/> <b>(1,246,999)</b>

### **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 £36,419 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
<hr/> <b>(3,509,388)</b>		<hr/> <b>(2,487,759)</b>

### 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 SORP 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.

<b>31 March 2010</b>		<b>31 March 2011</b>
<b>£</b>		<b>£</b>
	Local Authorities	
6,059,112	Clearing Banks	1,597,768
0	Subsidiaries of Clearing Banks	0
1,500,572	Banks, other	2,000,263
185,412	Money Market Funds	193
	Building Societies with assets:	
6,580,380	greater than £10,000 million	5,107,853
0	between £5,000 million and £10,000 million	0
5,128,474	between £1,500 million and £5,000 million	1,044,846
0	between £350 million and £1,500 million	0
110	Government Securities	110
19,454,060		9,751,033
	Less:	
(185,412)	Cash and cash equivalents	(231)
<b>19,268,648</b>	<b>Total</b>	<b>9,750,802</b>
	<b>Principal Investments analysed by maturity</b>	
12,000,000	2010/11	0
1,000,000	2011/12	3,550,690
2,000,000	2012/13	2,000,000
2,000,000	2013/14	2,000,000
2,000,000	2014/15	2,000,000
110	Government Securities	110
19,000,110		9,550,800
268,538	Accrued interest	200,002
<b>19,268,648</b>		<b>9,750,802</b>



**38 Deferred credits and liabilities**

<b>31 March 2010</b>		Note	<b>31 March 2011</b>
£			£
(50,909)	Deferred Capital Receipts		(60,111)
(52,267,000)	Liability related to defined benefit pension scheme	22	(31,592,000)
(500,000)	Capital Receipts in Advance		0
<hr/>			
<b>(52,817,909)</b>	<b>Total</b>		<b>(31,652,111)</b>

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.

**39 Non ring-fenced Government Grant**

<b>2009/10</b>		<b>2010/11</b>
£		£
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/>		
<b>1,568,009</b>		<b>1,032,894</b>

## **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)
	<b>Contributions towards expenditure</b>	
(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>	<b>Total Income</b>	<u>(24,497,620)</u>
	<b>EXPENDITURE</b>	
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
9,689,735	Depreciation and impairment of Fixed Assets	41,234,353
15,246	Treasury Management Costs	17,794
(1,300)	Increased/(Decreased) Provision for Bad or Doubtful Debt	7,226
<u>29,391,454</u>	Total Expenditure	<u>61,142,097</u>
<b>5,664,679</b>	<b>Net Cost of Services as included in the whole authority</b>	<b>36,644,477</b>
	<b>Income and Expenditure Account</b>	
	HRA services share of Corporate and	
503,266	Democratic Core	469,595
(2,927)	Mortgage Interest	(2,428)
<u>6,165,018</u>	<b>Net Cost of HRA Services</b>	<u>37,111,644</u>
(205,520)	Gain or loss on sale of HRA assets	584,620
(15,132)	Interest and investment income	(13,499)
	Pensions Interest Cost and Expected Return	
407,825	on Pension Assets	316,291
<b>6,352,191</b>	<b>Deficit for the year on HRA services</b>	<b>37,999,056</b>

## 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 £		2010/11 £
6,352,191	(Surplus)/deficit for the year on the HRA Income and Expenditure Account	37,999,056
	Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute	2,674
(23,769)		
(1,950,690)	Impairment taken to Capital Adjustment Account	(29,569,315)
205,520	Gain/(Loss) on sale of HRA fixed assets	(584,620)
(193,803)	HRA share of contributions to the Pensions Reserve	(300,552)
(4,427,823)	Transfer from Major Repairs Reserve	(8,389,167)
398,557	Capital expenditure funded by the Housing Revenue Account	1,297,599
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)
<b>(2,746,092)</b>	<b>Housing Revenue Account balance carried forward</b>	<b>(2,290,417)</b>

**The Collection Fund**

<b>2009/10</b>			<b>2010/11</b>
<b>£</b>	<b>INCOME</b>		<b>£</b>
(76,865,611)	Income from Council Tax		(79,773,962)
	Transfers from General Fund		
(5,602,108)	Council Tax Benefits		(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	0
<u>(142,708,046)</u>			<u>(147,835,346)</u>
	<b>EXPENDITURE</b>		
	<b>Demands and Precepts</b>		
	Precepts		
	Cambridgeshire County Council	61,960,994	
	Cambridgeshire Police Authority	10,027,015	
	Cambridgeshire Fire Authority	<u>3,422,171</u>	
72,134,626			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		
	Cambridgeshire County Council	57,110	
	Cambridgeshire Police Authority	9,246	
	Cambridgeshire Fire Authority	3,163	
0	District Council	<u>9,700</u>	79,219
	<b>Business Rate</b>		
59,638,741	Payment to National Pool	61,802,506	
220,660	Cost of Collection	<u>220,600</u>	62,023,106
	<b>Bad and Doubtful Debts</b>		
222,609	Write Offs	154,856	
<u>(60,385)</u>	Provision for Bad and Doubtful Debts	110,458	<u>265,314</u>
<u>142,219,232</u>			<u>148,260,984</u>
(488,814)	<b>Deficit/(Surplus) of income over expenditure</b>		425,638
391,128	Fund Balance at Beginning of year		(97,686)
<u>(97,686)</u>	<b>Fund Balance at end of year</b>		<u>327,952</u>

**Collection Fund balance:**

<b>Attribution of deficit carried forward</b>	
Cambridgeshire County Council	235,893
Cambridgeshire Police Authority	38,174
Cambridgeshire Fire Authority	13,029
District Council	40,856
	<hr/>
	<b>327,952</b>
	<hr/>

## **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
	<b>5,539</b>	<b>(67)</b>	<b>9</b>	<b>(17)</b>	<b>5,464</b>

#### Disposals

Right to buy	6
Equity Share	10
Other	0
	<b>17</b>

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
£	£		£	£
		<b>Property, Plant and Equipment</b>		
438,696,547	7,710,607	Council Dwellings	365,956,555	11,665,038
4,484,000	4,086	Other land and Buildings	4,484,000	6,406
1,587,500	0	Surplus assets not held for sale	2,403,000	0
2,244,337	0	<b>Assets held for sale</b>	0	0
<b>447,012,384</b>	<b>7,714,693</b>		<b>372,843,555</b>	<b>11,671,444</b>



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 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 £
<b>Expenditure</b>		
1,931,997	Acquisitions of existing dwellings	1,027,282
5,236,779	Improvement of housing stock	4,111,545
<b>7,168,776</b>		<b>5,138,827</b>
<b>Financing</b>		
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
<b>7,168,776</b>		<b>5,138,827</b>

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
<b>3,214,362</b>		<b>2,087,453</b>

## 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	
(22,981)	Prior period adjustments/transfers	0
7,714,693	In year	11,665,038
0	Non Operational	0
(7,691,712)	Depreciation adjustment on revaluation	(11,665,038)
<b>0</b>		<b>0</b>

## 43 Impairment

Impairment is a reduction in the value of fixed 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.

2009/10 as restated		2010/11	2010/11
£	Operational assets	£	£
	Impairment charged to Housing Revenue Income and Expenditure Account	28,550,411	
11,479,146		<u>32,214,977</u>	
8,826	Impairment charged to Revaluation Reserve		60,765,388
	<b>Non operational assets</b>		
	Impairment charged to Housing Revenue Income and Expenditure Account	1,018,904	
1,379,716		<u>657,929</u>	
184,036	Impairment charged to Revaluation Reserve		1,676,833
<b>13,051,724</b>	<b>Total impairment</b>		<b>62,442,221</b>

#### 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
£	£
<b>0</b>	<b>0</b>
<hr/>	
(7,714,693) Transfer to Capital Adjustment Account	(11,665,038)
4,427,823 Amount transferred to Statement of Movement on the HRA balance	8,389,167
3,286,870 HRA Capital expenditure charged to Major Repairs Reserve	3,275,871
<hr/>	
<b>0</b>	<b>0</b>
<hr/>	
<b>0</b>	<b>0</b>
<hr/>	

#### 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	
<hr/>		<hr/>	
<b>(11,562,826)</b>	<b>Payable to the Government</b>	<b>(11,672,371)</b>	
<hr/>		<hr/>	

#### 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 Financial Reporting Standard 17 (FRS 17) Retirement Benefits has no effect on the deficit/surplus for the year.

**47 Rent arrears on dwellings**

<b>As at 31 March 2010</b>		<b>As at 31 March 2011</b>
£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	Upto £40,000	8.28	5/9	4.6
A	Upto £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
		55,345.40		59,432.7
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				£1,452.48
Estimated income due				£85,893,131
Actual income due				
Net of write offs and provisions			£79,729,564	
Council Tax Benefit net of subsidy limitation			£6,038,279	
				£85,767,843
Difference in income due to variations in tax base and rate of collection				(£125,288)

## **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 £174,395,776 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	Restated 2009/10 Net Expenditure
	£	£	£	£	£	
<b>Expenditure on services</b>						
Central Services	2,681,099	(31,159)			26,050	2,675,990
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
General Fund Services-Continuing operations	17,190,858					17,388,422
Housing Revenue Account Services	5,204,221	(30,217)	436,689		53,986	5,664,679
<b>Net cost of services</b>	<b>22,395,079</b>					<b>23,053,101</b>
<b>Other operating expenditure</b>						
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 fixed assets	95,566					95,566
	4,974,574					4,974,574
<b>Financing and Investment Income</b>						
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
<b>Net operating expenditure</b>	<b>28,391,753</b>					<b>29,049,775</b>
<b>Taxation and non-specific grant income</b>						
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				(63,988)		(63,988)
	(17,940,593)					(18,004,581)
<b>Deficit for the year on the provision of services</b>	<b>10,451,160</b>					<b>11,045,194</b>
<b>Other Comprehensive Income and Expenditure</b>						
(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)
<b>Total Comprehensive Income and Expenditure</b>	<b>(9,563,214)</b>					<b>(8,066,084)</b>

## South Cambridgeshire District Council

<b>BALANCE SHEET</b>	<b>31 March 2009</b>	Fixed assets	Fixed assets	Cash and cash equivalents	Capital Grants and Contributions	Benefits payable during Employment	<b>Restated</b>
	£	£	£	£	£	£	<b>31 March 2009</b>
							£
<b>Property, plant and equipment</b>							
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
Assets held for sale		1,082,002					1,082,002
Long Term Investments	5,000,110						5,000,110
Long Term Debtors-Mortgages/loans	449,841						449,841
<b>Total Long Term Assets</b>	<u>422,722,508</u>						<u>427,454,529</u>
<b>Current Assets</b>							
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
	<u>22,393,814</u>						<u>22,393,814</u>
<b>Current Liabilities</b>							
Creditors	(7,220,689)						(7,220,689)
Provisions							
Accumulated Absences						(189,077)	(189,077)
Cash overdrawn	(1,457,090)						(1,457,090)
	<u>(8,677,779)</u>						<u>(8,866,856)</u>
<b>Net Current Assets</b>	<u>13,716,035</u>						<u>13,526,958</u>
<b>Total Assets less Current Liabilities</b>	<u>436,438,543</u>						<u>440,981,487</u>
Deferred Liabilities	(337,666)						(337,666)
Deferred Capital Receipts	(80,235)						(80,235)
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)
<b>Net Assets</b>	<u>411,377,901</u>						<u>416,879,867</u>
<b>Accounts, Balances and Reserves</b>							
Capital Adjustment Account	(413,717,865)		(4,619,102)		(370,272)		(418,707,239)
Revaluation Reserve	(1,891,738)		(112,919)				(2,004,657)
Usable Capital Receipts Reserve	(4,349,916)						(4,349,916)
Capital Grants Unapplied Account (Reserves)					(588,750)		(588,750)
Earmarked Reserve	(3,895,081)						(3,895,081)
Pensions Reserve	23,672,000						23,672,000
Revenue Balances							
General Fund	(8,137,117)						(8,137,117)
Housing Revenue Account	(3,106,275)						(3,106,275)
Collection Fund	48,091						48,091
Unusable Reserves							
Accumulated Absences						189,077	189,077
	<u>(411,377,901)</u>	0	0	0	0	0	<u>(416,879,867)</u>



## South Cambridgeshire District Council

<b>BALANCE SHEET</b>	<b>31 March 2010</b>	Capital Grants and Contributions £	Benefits payable during Employment £	Fixed assets £	Fixed assets £	Fixed assets £	Cash and cash equivalents £	Capital Grants and Contributions £	Benefits payable during Employment £
<b>Property, plant and equipment</b>									
Council dwellings	435,493,390					4,632,386	(1,429,229)		
Other land and buildings	18,544,900					41,604	(41,604)		
Vehicles, plant and equipment	1,327,960					58,031	(58,031)		
Infrastructure	61,569								
Surplus assets held for disposal	3,831,837			(2,244,337)					
	<u>459,259,656</u>								
Intangible Assets	117,745								
Assets held for sale				2,244,337					
Long Term Investments	7,000,110								
Long Term Debtors-Mortgages/loans	429,696								
<b>Total Long Term Assets</b>	<u>466,807,207</u>								
<b>Current Assets</b>									
Stocks	55,688								
Debtors	2,588,989								
Investments	12,453,950						(185,412)		
Cash and Bank	305,208						(305,208)		
Cash and cash equivalents							490,620		
	<u>15,403,835</u>								
<b>Current Liabilities</b>									
Creditors	(6,577,408)							(33,374)	
Provisions									
Accumulated Absences			189,077						(241,901)
Cash overdrawn	(774,923)								
	<u>(7,352,331)</u>								
<b>Net Current Assets</b>	<u>8,051,504</u>								
<b>Total Assets less Current Liabilities</b>	<u>474,858,711</u>								
Deferred Liabilities	(211,812)								
Deferred Capital Receipts	(50,909)								
Grants Unapplied Account (Liabilities)	(1,123,224)	600,469						522,755	
Grants Deferred Account	(264,651)	370,272						(105,621)	
Liability related to defined benefit pension schemes	(52,267,000)								
Capital Grants (Receipts in Advance)		(11,719)						(488,281)	
<b>Net Assets</b>	<u>420,941,115</u>								
<b>Accounts, Balances and Reserves</b>									
Capital Adjustment Account	(410,478,784)	(370,272)			(4,619,102)	436,689		105,621	
Revaluation Reserve	(47,337,742)				(112,919)	1,092,175			
Usable Capital Receipts Reserve	(1,700,335)								
Capital Grants Unapplied Account (Reserves)		(588,750)						(1,100)	
Earmarked Reserve	(3,784,145)								
Pensions Reserve	52,267,000								
Revenue Balances									
General Fund	(7,149,064)								
Housing Revenue Account	(2,746,093)								
Collection Fund	(11,952)								
Unusable Reserves									
Accumulated Absences			(189,077)						241,901
	<u>(420,941,115)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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)**

### **Fixed 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 Planning Delivery Grant, 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

**GAAP**

Generally Accepted Accounting Practice

**FRS**

Financial Reporting Standard

**HRA**

Housing Revenue Account

**MRA**

Major Repair Allowance

**NNDR**

National Non-Domestic Rates (Business Rates)

**RR**

Revaluation Reserve

**SORP**

Statement of Recommended Practice