



**Councillor A. Barnes**  
Council Leader



**Councillor T. Aldred**  
Chair of Audit and  
Accounts Committee



**Councillor G. Sandiford**  
Mayor

**H. Lockwood**  
Chief Executive



**P. Seddon**  
Head of Finance

# Statement of Accounts 2010/2011

presented to the  
Audit & Accounts Committee  
6<sup>th</sup> September 2011

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Chairman of the Audit & Accounts Committee

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# Auditor's Report

## Opinion on the Authority and Group accounting statements

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

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

### Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance Responsibilities, the Head of Finance is responsible for the preparation of the Authority and Group's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority

Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on accounting statements

In my opinion the accounting statements:

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

### Opinion on other matters

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

### Matters on which I report by exception

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

# Auditor's Report

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

### Authority's responsibilities

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

### Auditor's responsibilities

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

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

### Basis of conclusion

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

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

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

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

### Conclusion

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

### Certificate

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

Clive Portman  
District Auditor  
Audit Commission  
2nd Floor, Aspinall House, Aspinall Close  
Middlebrook, Bolton, BL6 6QQ

September 2011

# Explanatory Foreword

## Introduction by the Head of Finance

This booklet presents the Council's accounts for the year ended 31<sup>st</sup> March 2011. In doing so it now conforms to the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code), which is based on the International Financial Reporting Standards (IFRSs).

The layout and purpose of each statement is as follows:-

### Explanatory Statements

- Explanatory Foreword - *provides interested parties with an easily understandable guide to the most significant matters reported in the accounts, including a summary of operating activity during the year.*
- Annual Governance Statement – *explains the way the Council ensures responsible stewardship of its assets.*
- Statement of Responsibilities - *explains the responsibilities of the Council and its Chief Financial Officer in relation to the Council's financial affairs and the Statement of Accounts.*

### Core Statements

- Movement in Reserves Statement – *this statement shows the movement in year on the different reserves held by the Council, analysed into 'useable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.*
- Comprehensive Income and Expenditure Statement - *a summary of the resources generated and consumed by the authority in the year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.*
- Balance Sheet - *this shows the value of the assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the value of reserves held.*
- Cash Flow Statement - *summarises changes in cash and cash equivalents during the year, including how the Council generates and uses cash through operating, investing and financing activities.*

### Notes to the core financial statements

All the notes to the core statements above are now collected in one place, including at Note 1 an explanation of the policies used in the preparation of the figures in these accounts, especially changes made during the year.

### Other Statements

- The Collection Fund – *this agency statement reflects the Council's statutory obligation to maintain a separate Collection Fund for its transactions as a billing authority in relation to council tax and non-domestic rates.*
- The Group Accounts - *the Group Accounts show the consolidated financial position of the Council, its interest in Rosendale Transport Limited and the Trust Funds it administers.*
- Capital Expenditure Report - *a detailed analysis of the capital projects and funding during the year.*

### Glossary

- Glossary - *an explanation of some of the key technical terms used in these accounts.*



# Explanatory Foreword

## General Fund

The General Fund holds the income and expenditure associated with the day to day running of all the services that the Council provides.

Full Council on the 25th February 2010 approved a total General Fund Services Budget for 2010/2011 of £11,756k and received a request for a precept on the Collection Fund of £54k to fund expenditure by Whitworth Town Council. In total this resulted in a Collection Fund Precept of £5,540k and central government Formula Grant of £6,270k.

The net amount transferred to Earmarked Reserves in 2010/2011 was £149k, as shown at Note 34a. Transfers to reserves amounted to £1,138k and included £169k in Performance Reward Grant received for 2010/2011 and £241k in Area Based Grant. Both these two grant schemes have now been closed as part of the 2010 Comprehensive Spending Review.

Transfers from reserves totaled £989k and in addition to the planned use of £70k from the Single Status Reserve and £34k from the Area Based Grant Reserve, 2010/2011 saw the application of other reserves to projects such as:

- use of the Economic Regeneration Reserve - to support regeneration and tourism, partly as a consequence of the North West Development Agency being disbanded;
- almost £52k used from the Planning Reserve to support the Core Strategy review;
- £58k of the Change Management Reserve was used to support the closure costs of Bacup Leisure Hall and Ski Rossendale following the 2009 Leisure Review;
- £312k has been transferred to other reserves in a straight swap of capital resources;
- as a result of the housing stock transfer in March 2006 the Council received £350k VAT shelter receipts in 2010/2011. These receipts were transferred to the Pension Reserve to match the payments specifically related to the former housing staff.

Overall there was a revenue budget underspend of £170k in 2010/2011. Within this net amount, the Council made a number of restructures which contributed £240k of savings. Of the operational efficiencies within the Place directorate £188k was allocated to a Vehicle Replacement Provision. Some of the adverse variances, primarily due to the economic downturn, are noted as follows:

- unprecedented fuel price increases cost the Council £48k more than original budgets;
- a decline of £20k in land charges search income and £39k in building control fees, though conversely planning income rose by £44k against the budget;
- utility costs for the Council's properties saw mixed changes – increases of £12k on water and £6k on gas were offset by savings on a new electricity contract. To improve the long-term utility costs the Council has begun to invest in renewable energy sources, such as solar panels on office roofs. At the same time, pressures within the property sector saw rental income drop by £36k.

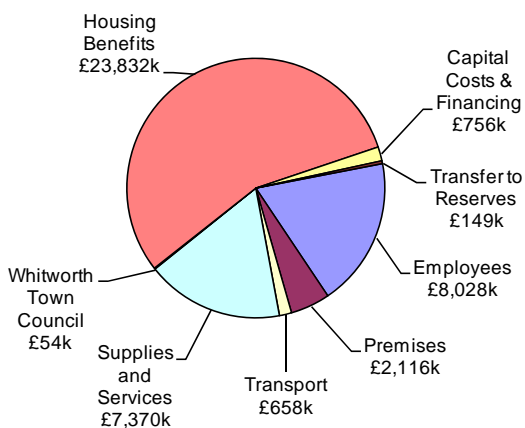
A strong monthly financial monitoring regime, reporting to Cabinet throughout the year, has ensured that the budget plan was adhered to, resulting in an underspend of £170k. In accordance with the Council's policy on carrying forward 50% of unspent revenue budgets, £123k was transferred into the Directorate Investment Reserve, leaving a net addition to the General Fund Reserve of £49k which in turn gave a closing balance at 31<sup>st</sup> of March 2011 of £963k.

# Explanatory Foreword

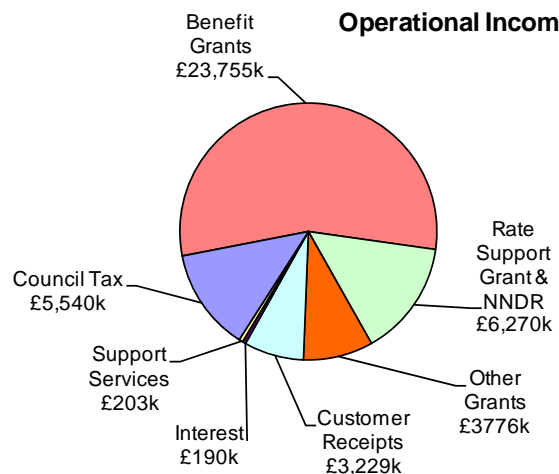
GENERAL FUND SERVICES	2009/2010	2010/2011		Note
	Actual £000s	Original Budget £000s	Actual £000s	
Place Directorate				
Communities	1,121	1,353	1,262	
Customer Services & E-govt	1,853	1,757	1,724	
Leisure Services	804	1,110	1,228	
Operations	3,705	4,133	4,112	
Business Directorate				
Building Control	168	159	210	
Planning	806	597	636	
Local Land Charges	52	45	31	
Licensing	208	223	229	
Democratic Services	909	975	895	
Regeneration, Health & Housing	1,266	1,107	1,158	
Corporate Management				
Executive Team	173	136	(26)	
Finance and Property Services	4,318	320	198	
People and Organisational Development	202	188	150	
Non-distributed Costs	(3,921)	(245)	(478)	
<b>Total cost of General Fund Services</b>	<b>11,664</b>	<b>11,858</b>	<b>11,329</b>	
Whitworth Town Council Precept	53	54	54	
Revenue Contribution to Capital Outlay	260	-	271	35b
Contribution to/(from) General Fund Reserves	57	-	47	
Transfers to/(from) Capital Adjustment Account	-	-	3	
Contributions to/(from) Earmarked Reserves	702	(102)	516	34a
<b>Amount to be met from government grants &amp; local tax payers</b>	<b>12,736</b>	<b>11,810</b>	<b>12,220</b>	
Precept on the Collection Fund	5,542	5,540	5,540	
Rate Support Grant	1,170	795	795	10
Non-service related Government Grants	955	-	410	10
Distribution from NNDR Pool	5,069	5,475	5,475	
<b>Amounts received from government grants &amp; local tax payers</b>	<b>12,736</b>	<b>11,810</b>	<b>12,220</b>	

The General Fund operations shown above can be split into expenditure and income as follows

**Operational Expenditure**



**Operational Income**



For further analysis please refer to the segmental report at Note 40.

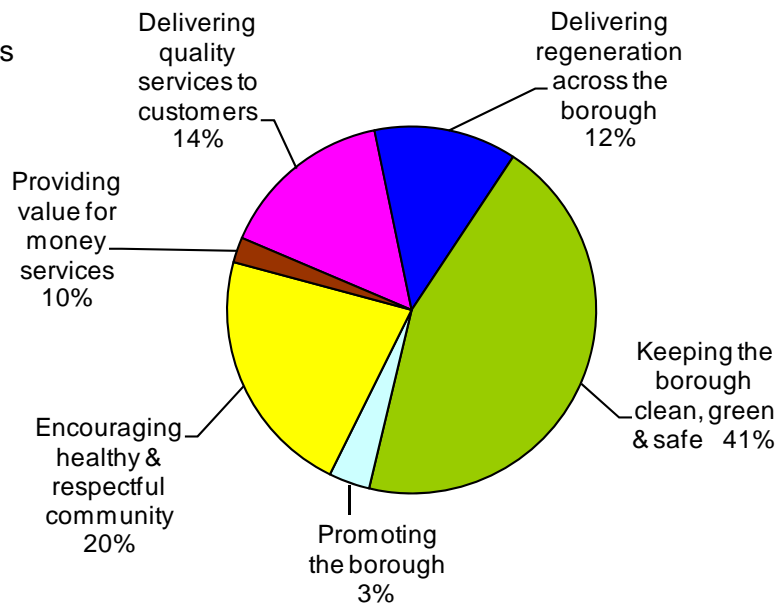


# Explanatory Foreword

For 2010/2011 the Council identified 6 corporate priorities for the services it provides:

- delivering quality services to our customers,
- delivering regeneration across the borough,
- keeping the borough clean, green and safe,
- promoting the borough,
- encouraging healthy and respectful communities,
- providing value for money services.

The operational expenditure shown on the previous pages can be split over these priorities as follows:



## Capital Expenditure and Income

The capital works undertaken by the Council in 2010/2011 amounted to £3,994k of which £2,015k related to work on the Council's own assets, which are summarised in Notes 17, 19 and 20 to the Core Statements and shown in more detail in the Capital Expenditure Report in Section 3.

Expenditure included £310k at the commencement of the Leisure Investment project and the conclusion of the fleet replacement programme at a cost of £824k. New projects within the year included £139k on the acquisition of a mobile one-stop shop and emergency road and culvert works costing £164k. Works on private housing stock included £798k of disabled facilities improvements and £1,113k of housing market renewal works.

Funding of these capital works was predominantly through government grants and other external contributions, with £1,864k received in relation to the private housing works and £333k received to support playground improvements, the mobile one stop shop and culvert works.

Capital receipts are shown in Note 34b and in 2010/2011 the sale of the Council's own assets resulted in £192k in new receipts and former Compulsory Purchase Order deposits lodged with the courts were reclaimed to a total of £86k.

In March 2006 the Council transferred its entire housing stock to Green Vale Homes. Under the transfer arrangements the Council has been entitled to a proportion of the income from any houses sold to tenants under the Right to Buy scheme until March 2011. In 2010/2011 the income from these sales was £217k.

In order to meet the Council's ambitions following the Leisure Services Review, a loan of £4.6m was entered into with the Public Works Loan Board in March 2010 for a period of 25 years at 4.49%. This loan is reflected in the Balance Sheet and the Financial Instruments at Notes 24 and 31 to the Core Statements.

## Treasury Management

Treasury management during the year was conducted within the borrowing limits and investment criteria approved by the Council in the Medium Term Financial Strategy. Treasury Management is conducted in-house with advice provided by Sector. Investment performance was slightly above the model portfolio suggested by Sector, providing £14k more income than originally budgeted. Local custom and practice is not to invest in any foreign currency investments or foreign institutions.

## Pensions and IAS19

Note 36 explains how the Council has accounted for the under-lying long term commitments in relation to the retirement benefits for employees. The Local Government Pension Scheme administered by Lancashire County Council underwent a full valuation in March 2010, which was published in March 2011. This valuation saw an increase in the net deficit of the overall Fund to £993m (£710m in 2007), of which Rossendale Borough Council's net liability in the Balance Sheet has dropped to almost £22m at 31<sup>st</sup> March 2011.

The key conclusions from the valuation are:

- The Fund showed a deficit of £993m at the valuation date based on the assumptions made for calculating its funding target. This measure compares the Fund's assets with the value of the past service benefits at 31 March 2010. It represents a funding level of 80% relative to the Fund's funding target.
- Based on the assumptions made for assessing the cost of future accrual, the Common Contribution Rate (i.e. the average employer contribution rate in respect of future service only) was 12.5% of Pensionable Pay.
- If the actuarial assumptions were to be based purely on the returns available on conventional and index-linked gilts (a so-called "least risk" basis) the deficiency would have increased to £2,841m.
- If the deficit is recovered through additional employer contributions over a 19 year period then the employer contributions rate required to meet the deficit emerging from the valuation is an additional 6.6% of Pensionable Pay per annum.
- The current average employer contribution rate is 19.1% of Pensionable Pay subject to any transitional phasing arrangements in accordance with the FSS. Contributions for each separate employer will be levied as a percentage of payroll under the recovery plan. These contributions will commence from 1 April 2011.
- Employee contributions are payable in addition to the employer contributions. These contributions are adequate to meet the funding objective based on the actuarial assumptions detailed in this report. No additional contributions are required from employers to meet normal scheme expenses since allowance for these are included in the recommended contributions.

The methodology and assumptions by which the funding target and contribution rates are calculated have also been determined in accordance with the Fund's Funding Strategy Statement (FSS). The FSS specifies a maximum period for achieving full funding of 19 years in most circumstances, compared to a maximum period of 22 years adopted at the 2007 valuation. The maximum deficit recovery period is now three years shorter so that the same target date for achieving full funding is being maintained as at the 2007 valuation. For each individual employer, the funding objective, method and assumptions depend on the particular employer's circumstances and different approaches have been adopted where applicable including any transitional arrangements ("phasing") for the implementation of revised employer contribution requirements, in accordance with the FSS.

## Annual Governance Statement: Year Ended 31st March 2011

### Scope of Responsibility

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

In discharging this overall responsibility, Rossendale Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

Rossendale Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy is on our website at

[http://www.rossendale.gov.uk/downloads/E1b\\_Appendix\\_Local\\_Code\\_Corp\\_Gov\\_v2.pdf](http://www.rossendale.gov.uk/downloads/E1b_Appendix_Local_Code_Corp_Gov_v2.pdf)

or it can be obtained from the Council's One Stop Shop at Rawtenstall. This statement explains how Rossendale Borough Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

### The Purpose of the Governance Framework

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

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

The governance framework has been in place at Rossendale Borough Council in previous years, throughout 2010/2011 and up to the date of approval of the annual report and Statement of Accounts.

### The Governance Framework

The key elements of the systems and processes that comprise the governance arrangements include:

- The Constitution, which establishes arrangements for policy setting and decision making (including ensuring legal and financial probity). This defines roles, responsibilities, statutory officer protocols, the delegation of powers to members and officers including the role of the Overview and Scrutiny Management Board and its work with other scrutiny committees. The Constitution is subject to annual review and amendment to meet the changing needs of the Council and the governance environment;

# Annual Governance Statement

- The Audit and Accounts Committee which complies with CIPFA's *Audit Committee – Practical Guidance for Local Authorities* and which, inter alia, oversees the production of the authority's Annual Governance Statement;
- Comprehensive codes of conduct for members and officers, supported through a training programme, that set out clear expectations for standards of behaviour together with job descriptions that make clear senior officer duties in matters of financial, performance and risk management;
- Well publicised and effective arrangements for dealing with complaints and whistle-blowing, and for combating fraud and corruption;
- An award winning officer and member training and development programme to support, amongst other things, their strategic roles;
- An award winning Council for Standard and Ethics as recognised by The Standards Board for England;
- Established terms of reference for Member led working groups and securing independent Members on Standards Committee and co-opted Members on Audit & Accounts committees;
- Encouraging fair and representative public participation through the adoption of a "Procedure for Public Speaking" at public meetings;
- Online accessibility to Council meeting agendas and minutes including information on availability in different formats;
- An established business planning process, which sets clear objectives and targets in light of the Local Strategic Partnership's Sustainable Community Strategy, the Council's policy priorities and the financial resources available, all of which are summarised annually in the Council's Corporate Plan;
- The Medium Term Financial Strategy, budget setting and budgetary management systems which aim to economically, effectively and efficiently use resources in line with corporate priorities and the regular reporting of financial performance to officers and members;
- Financial Regulations and Contract Procedure Rules and a clear supporting framework of financial procedures;
- A performance management system of regular monitoring and reporting to members of the Council's performance and financial standing against its plans together with its own assurance framework ensuring the accuracy and completeness of data;
- A partnership with Lancashire County Council for the management of the internal audit service that works with officers to assess and develop the governance framework and which supports management's assessment of compliance with established policies, procedures, laws and regulations;
- Annual quality assurance statements by all Heads of Service and specific senior managers (signed together with line Director and Portfolio Holders) which both acknowledge officer responsibilities in matters of governance and internal control and make an annual evaluation of their adequacy within the service area;
- A risk management framework, which ensures that risks to the Council's objectives are identified and appropriately managed, including the assignment of a Member risk champion;
- A structure of centrally monitored, yet devolved financial management, that promotes management of the Council's finances at the appropriate organisational level;
- A Customer Access Strategy, designed amongst other things, to empower employees to deal with customer queries quickly and satisfactorily, increase customer satisfaction with the Council ultimately to deliver better access to improved public services;
- Through improved Neighbourhood Forums and localised plans we enable groups to, amongst other things, feedback on how grants awarded by the forums have improved the community;

# Annual Governance Statement

- A centrally held partnership register together with developing terms of reference for outside bodies;
- Active participation in the Lancashire Procurement Hub which aims to ensure maximum value for money for the Council through collaborative procurement exercises;
- Participation in the nationwide National Fraud Initiative;
- Health and Safety arrangements with Burnley Borough Council who check compliance with both legal and internal requirements as part of their audits.

## Review of Effectiveness

Rossendale Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review has been completed/informed by the work of executive managers within Rossendale Borough Council who have the responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The roles and processes that have been applied in maintaining and reviewing the effectiveness of the governance framework are as follows:

### *Rossendale Borough Council*

- Regular formal meetings of the Leader of Council and Chief Executive,
- Regular meetings of Cabinet, Portfolio Holders and Heads of Service
- Monitoring Officer and s.151 Officer protocols
- Regular review of The Constitution and Code of Corporate Governance
- Terms of reference for all Council committees
- Member / Officer protocols
- Annual Corporate and Directorate Business plans, including a mechanism for identifying and managing risks, which continues to be consolidated and embedded across the Council

### *The Cabinet*

- Cabinet Member terms of reference
- Portfolio Holder role descriptions

### *The Overview and Scrutiny Management Board and The Audit and Accounts Committee*

- Overview and scrutiny annual reports, task and finish reports, etc
- Integrated performance, financial and risk reporting
- Robust Member call-in procedures
- Published committee agendas and minutes
- Customer complaints reviewed by Performance Scrutiny Committee

### *The Standards Committee*

- Annual work programme
- Annual end of year report
- A "Planning Code of Conduct" (within the Constitution) replacing the previous "Code of Good Practice"
- A protocol for Standards Committee members

### *Internal and External Audit*

- Audit scrutiny which seeks assurance, from a variety of sources, that controls have been adequately designed and are operating effectively in practice
- Member training (eg: risk management, internal controls, end of year statutory reporting)



# Annual Governance Statement

- Annual Audit Reports (from both external and internal auditors) and the assurances they give around internal controls in place
- Follow up work undertaken by internal audit to ensure remedial action is being taken by management to mitigate the risks (and control any deficiencies) identified
- Confirmation that internal audit operate in accordance with the CIPFA code of practice for internal audit in local government
- Regular reports from internal audit to the Audit and Accounts Committee on progress against the audit plan.
- Audit Commission annual inspections and judgements (eg: Value for Money) and any specific in year inspections, together with their triennial review of the Council's Internal Audit service which they have previously found to be 'fully compliant with professional standards'.

## *The explicit review and assurance mechanisms*

- Executive led "Programme Board" for significant projects
- Formal reporting mechanism for significant events ("Significant Event Review" reports)
- Member Development Strategy and annual Personal Development Plans

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the audit committee, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

This statement is signed by the current Chief Executive, the time period for which is entirely under her tenure.

## Significant Governance Issues

We are satisfied that no matters of significance in relation to governance have been identified. We will, however, continue to make improvements to the effectiveness of governance where a need has been identified and will monitor their implementation and operation as part of our next annual review and in light of the impact on governance issues arising out of the 2010 Spending Review and the Council's two year Finance Settlement. In particular we remain focused on the areas for improvements (some of which have been identified in previous years) the key areas now being:

- The continued consolidation of performance, risk and financial management across the Council
- Further strategic development and action (eg: regeneration, leisure, waste management, housing, etc.)
- Partnership working and governance arrangements
- The implications arising from the Council's Medium Term Financial Strategy and its requirement to save £1m over the medium term.



**Councillor Alyson Barnes**  
Council Leader



**Helen Lockwood**  
Chief Executive



# Statement of Responsibilities

The following responsibilities are placed upon the authority and the Head of Finance in relation to the Council's financial affairs.

## 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 Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the statement of accounts.

## The Head of Finance's Responsibilities

As Head of Finance, I am responsible for the preparation of the authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (referred to as "the code"), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March, 2011.

In preparing this Statement of Accounts, I have:-

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

I have also:-

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

## Certificate of Head of Finance

I certify that this Statement of Account presents fairly the financial position of Rosendale Borough Council at 31<sup>st</sup> March 2011, and its income and expenditure for the year ended 31<sup>st</sup> March 2011, including any known post balance sheet events as at 6<sup>th</sup> September 2011.



**Phil Seddon**  
Head of Finance

6<sup>th</sup> September 2011

# Core Financial Statements

## Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The 'Surplus/(deficit) on Provision of Services' line shows the true economic cost of providing the authority's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes and details of the adjustments required can be found at Note 15.

The 'Net increase/(decrease) before transfers to reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. Details of these transfers can be found at Note 34a.

MOVEMENT IN RESERVES STATEMENT	General Fund Balance £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Govt Grants Unapplied £000s	Total Useable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s	Note
Balance at 31st March 2009	871	4,732	1,338	515	7,456	(4,870)	2,586	
<b>Movement in Reserves during 2009/10</b>								
Surplus/(deficit) on Provision of Services	(3,920)	-	-	-	(3,920)	-	(3,920)	
Other Comprehensive Expenditure & Income	128	-	-	-	128	(7,081)	(6,953)	
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>(3,792)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,792)</b>	<b>(7,081)</b>	<b>(10,873)</b>	
Adjustments between accounting basis & funding basis under regulations	4,537	-	16	64	4,617	(4,617)	-	15
<b>Net increase/(decrease) before transfers to Reserves</b>	<b>745</b>	<b>-</b>	<b>16</b>	<b>64</b>	<b>825</b>	<b>(11,698)</b>	<b>(10,873)</b>	
Transfers (to)/from Reserves	(702)	702			-		-	34a
<b>Increase/(decrease) in year</b>	<b>43</b>	<b>702</b>	<b>16</b>	<b>64</b>	<b>825</b>	<b>(11,698)</b>	<b>(10,873)</b>	
Balance at 31 March 2010	914	5,434	1,354	579	8,281	(16,568)	(8,287)	
<b>Movement in Reserves during 2010/11</b>								
Surplus/(deficit) on Provision of Services	4,559				4,559		4,559	
Other Comprehensive Expenditure and Income	18				18	6,926	6,944	
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>4,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,577</b>	<b>6,926</b>	<b>11,503</b>	
Adjustments between accounting basis & funding basis under regulations	(4,012)		(130)	835	(3,307)	3,307	-	15
<b>Net increase/(decrease) before transfers to Reserves</b>	<b>565</b>	<b>-</b>	<b>(130)</b>	<b>835</b>	<b>1,270</b>	<b>10,233</b>	<b>11,503</b>	
Transfers to/from Reserves	(516)	516			-		-	34a
<b>Increase/(decrease) in year</b>	<b>49</b>	<b>516</b>	<b>(130)</b>	<b>835</b>	<b>1,270</b>	<b>10,233</b>	<b>11,503</b>	
Balance at 31 March 2011	963	5,950	1,224	1,414	9,551	(6,335)	3,216	

# Core Financial Statements

## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 on the previous page.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	31st March 2010			31st March 2011			Note
	Gross		Net	Gross		Net	
	Expend	Income	Expend	Expend	Income	Expend	
	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Continuing Operations</b>							
Central Services to the Public	1,276	(560)	716	1,288	(476)	812	
Cultural, Environmental & Planning	9,780	(2,103)	7,677	10,051	(1,984)	8,067	
Highways, Roads & Transport Services	1,219	(323)	896	1,195	(263)	932	
Housing General Fund	26,626	(26,268)	358	27,407	(27,708)	(301)	
Corporate & Democratic Core	1,878	(197)	1,681	1,719	(137)	1,582	
Other Central Services	798	(602)	196	451	(873)	(422)	
Non-Distributed Costs	118	-	118	(42)	(19)	(61)	
Exceptional Item - Pensions past service gain	-	-	-	-	(3,926)	(3,926)	36
<b>Cost of Services</b>	<b>41,695</b>	<b>(30,053)</b>	<b>11,642</b>	<b>42,069</b>	<b>(35,386)</b>	<b>6,683</b>	
<b>Other Operating Expenditure</b>							
Whitworth Town Council Precept	53	-	53	54	-	54	
Capital receipts paid to Government Pool	7	-	7	5	-	5	34b
(Gain)/Loss on disposal of fixed assets	17	(61)	(44)	10	57	67	29, 34b
Other Income	-	(148)	(148)	-	(320)	(320)	34b
<b>Financing and Investments</b>							
Interest payable on debt	13	-	13	1	-	1	24
Interest and investment income	-	(225)	(225)	-	(188)	(188)	24
Pensions - interest cost	3,998	-	3,998	4,154	-	4,154	36
Pensions - curtailments	-	-	-	3	-	3	36
Pensions - expected return on assets	-	(2,095)	(2,095)	-	(2,732)	(2,732)	36
(Surplus)/Deficit on Trading Undertakings	633	(423)	210	345	(411)	(66)	8
Exceptional Item - Trading Undertakings	3,224	-	3,224	-	-	-	8
<b>Taxation and Non-Specific Grants</b>							
Council Tax	-	(5,521)	(5,521)	-	(5,540)	(5,540)	
National Non-Domestic Rates	-	(5,069)	(5,069)	-	(5,475)	(5,475)	
Rate Support Grant	-	(1,170)	(1,170)	-	(795)	(795)	10
Non service related Government Grants	-	(955)	(955)	-	(410)	(410)	10
<b>(Surplus)/Deficit on Provision of Services</b>	<b>49,640</b>	<b>(45,720)</b>	<b>3,920</b>	<b>46,641</b>	<b>(51,200)</b>	<b>(4,559)</b>	
(Surplus)/deficit on revaluations:-							
<b>Fixed assets</b>							
Property, Plant & Equipment			(21)			(176)	17
Investment Properties			-			-	18
Intangible Assets			-			-	19
Assets held for sale			(107)			158	29
<b>Available-for-sale financial assets</b>			-			-	24
<b>Pension fund assets</b>			7,081			(6,926)	36
<b>Other Comprehensive (Income)/Expenditure</b>			6,953			(6,944)	
<b>Total Comprehensive (Income)/Expenditure</b>			<b>10,873</b>			<b>(11,503)</b>	

# Core Financial Statements

## 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 (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories, **useable reserves** and **unusable reserves** (see Notes 34 and 35 for further details and the Glossary for further explanation).

BALANCE SHEET	1st April 2009 £000s	31st March 2010 £000s	31st March 2011 £000s	Note
Property, Plant & Equipment				
Other Land and Buildings	16,201	12,815	12,528	
Vehicles, Plant, Furniture & Equipment	1,386	2,770	3,280	
Infrastructure	125	278	355	
Community Assets	303	327	336	
Assets under construction	-	-	310	
Surplus Assets	925	1,090	1,090	
	<b>18,940</b>	<b>17,280</b>	<b>17,899</b>	17
Investment Property	-	-	-	18
Intangible Assets	378	260	210	19
Long-term Investments	2,102	2,102	2,102	22
Long-term Debtors	111	118	101	23
<b>Long-term Assets</b>	<b>21,531</b>	<b>19,760</b>	<b>20,312</b>	
Short-term Investments	5,500	8,000	7,500	28
Inventories	12	28	37	26
Short Term Debtors	5,672	6,437	4,197	27
Cash and cash equivalents	380	1,225	1,865	28
Assets held for sale within one year	281	101	94	29
Provision for Impairment	(918)	(922)	(1,066)	30
<b>Current Assets</b>	<b>10,927</b>	<b>14,869</b>	<b>12,627</b>	
Short-term Borrowing	(1,500)	(184)	(184)	24 & 31
Short-term Creditors	(3,822)	(5,371)	(2,349)	32
<b>Current Liabilities</b>	<b>(5,322)</b>	<b>(5,555)</b>	<b>(2,533)</b>	
Long Term Borrowing	-	(4,416)	(4,232)	31 & 34
Provisions	(711)	(986)	(1,029)	33
Net Pensions Liability	(23,839)	(31,959)	(21,929)	36
<b>Long- term Liabilities</b>	<b>(24,550)</b>	<b>(37,361)</b>	<b>(27,190)</b>	
<b>Net Assets</b>	<b>2,586</b>	<b>(8,287)</b>	<b>3,216</b>	
<b>Represented by:</b>				
General Fund	871	914	963	
Earmarked Reserves	4,732	5,434	5,950	34a
Capital Receipts Reserve	1,338	1,354	1,224	34b
Government Grants Unapplied	515	579	1,414	34c
<b>Useable Reserves</b>	<b>7,456</b>	<b>8,281</b>	<b>9,551</b>	
Revaluation Reserve	2,779	2,935	3,037	35a
Available-for-sale Financial Instruments Reserve	1,455	1,455	1,455	22 & 24
Pension Reserve	(23,839)	(31,959)	(21,929)	36
Capital Adjustment Account	14,706	11,000	11,105	35b
Deferred Capital Receipts	18	10	6	
Collection Fund Adjustment Account	11	(9)	(9)	15
<b>Unusable Reserves</b>	<b>(4,870)</b>	<b>(16,568)</b>	<b>(6,335)</b>	
<b>Total Reserves</b>	<b>2,586</b>	<b>(8,287)</b>	<b>3,216</b>	

# Core Financial Statements

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting periods. The statement shows how the authority uses cash and cash equivalents, classified separately between 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 Council 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. The cash outflows here relate to capital spend on assets held by the Council, such as buildings, vehicles and equipment, which will be used to provide services in the future. Cash inflows relate to the sale of assets no longer required by the Council to provide its services, or capital grants and contributions received by the Council.

Cash flows arising from financing activities show the net movements in investments and borrowing during the period in accordance with the Council's treasury management strategy. These can be useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

CASH FLOW STATEMENT	2009/2010	2010/2011	Note
	£000	£000	
<b>Operating Activities</b>			
Net surplus/(deficit) on the provision of services	(3,920)	4,559	38
Adjustment for noncash movements	7,044	(3,893)	38
Adjustment for items that are investing and financing activities	104	(604)	38
<b>Net cash flows from Operating Activities</b>	<b>3,228</b>	<b>62</b>	
<b>Investing Activities</b>			
Additions to property, plant and equipment & intangible assets	(2,420)	(2,015)	17 & 19
Proceeds from the sale of property, plant and equipment	280	182	15 & 34b
Increase in Unapplied Government Grants	64	835	34c
Increase/(decrease) in long-term debtors	7	(7)	23
Other income	148	320	15 & 34b
<b>Net Cash Flows from Investing Activities</b>	<b>(1,921)</b>	<b>(685)</b>	
<b>Management of Liquid Resources</b>			
Net (increase)/decrease in short-term deposits	(2,500)	500	28
<b>Financing</b>			
Cash (Outflows)/Inflows - agency operations			
National non-domestic rates	(990)	932	
Council Tax	(72)	16	
Cash Outflows - Repayments of amounts borrowed	(1,500)	(184)	31
Cash Inflows - New long-term loans	4,600	-	31
Cash Inflows - New short-term loans	-	-	
<b>Net Cash Flows from Financing Activities</b>	<b>(462)</b>	<b>1,263</b>	
<b>Net increase/(decrease) in Cash and Cast Equivalents</b>	<b>845</b>	<b>640</b>	39
Cash and Cash Equivalents at the beginning of the year	380	1,225	
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,225</b>	<b>1,865</b>	

## Introduction

Rossendale Borough Council, as a local authority in England, is subject to the Local Government Act 2001, section 21, which stipulates that the preparation of the Statement of Accounts is governed by the proper practice requirements of CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2010 (the Code).

This Code replaces CIPFA's Statement of Recommended Practice 2009 (SORP) and is now based on the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) adapted as interpreted for the public sector by the International Public Sector Accountancy Standards (IPSASs). Any changes in accounting policies as a result of the new Code are explained below. In order to maintain comparability the 2009/2010 position has been restated to incorporate these changes, the financial effects of which are shown in Note 1 to the Core Statements.

These financial statements are for the year ended 31<sup>st</sup> March 2011 and in this draft format have been approved for release for audit by the Audit and Accounts Committee on the 14 June 2011.

## Note 1 Accounting Policies

### Accounting Concepts & Principles

The Code specifies many of the accounting policies and estimation techniques to be adopted for material items. The financial statements give a true and fair view of the financial position, financial performance and cash flows of the authority through faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria for assets, liabilities, income and expenses set out in the Code.

The authority has adopted the following accounting concepts to be followed in the preparation of the Statement of Accounts and the selection and application of accounting policies and estimation techniques and in the exercise of professional judgement.

- The qualitative characteristics of financial information
  - *relevance*
  - *reliability*
  - *comparability*
  - *understandability*
- Materiality
- Pervasive accounting concepts
  - *accruals*
  - *going concern*
  - *primacy of legislative requirements*

Policies are reviewed regularly to ensure they remain appropriate to the Authority's circumstances with a full disclosure of any changes to accounting policies where necessary.

### Changes to Accounting Policies

Upon the adoption of the Code four significant changes in policy have been applied to the Council's accounts. The financial effects of retrospective application of these changes to the 2009/2010 comparator accounts can be seen in Note 2.

#### Amendments to the definition of Investment Assets

In line with IAS 40 Investment Property all assets formerly classified as Investment Assets have now been reclassified as either operational Land and Buildings or non-operational Surplus Assets.

#### Separation of current and non-current surplus assets held for sale

In line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, surplus assets are now separated into current and non-current classifications. Current assets held for sale are those which are intended to be marketed and sold within the normal operating cycle in their present condition and expected to be realised within 12 months after the reporting date.

Non-current surplus assets are not used in the provision of services, but held to meet longer-term intentions, such as regeneration plans.



Both current and non-current surplus assets for sale are held at fair value, interpreted as the amount which would be paid for the asset in its highest and best use, i.e. market value.

## Government and non-government grants

In line with the Code's adaptation of IAS 20 *Accounting for Government Grants*, grants and contributions for capital purposes should be recognised immediately, unless any conditions have not been met; an authority shall not include grants and contributions deferred on the Balance Sheet.

At Rossendale Borough Council the value of Government Grants Deferred in previous financial statements relates to grants received to finance capital works to tangible and intangible assets. The value of the grant was then amortised through the Comprehensive Income and Expenditure Statement over the economic useful life of the asset, along the same straight-line basis as depreciation.

Retrospective application of the change in policy has resulted in all remaining Government Grants Deferred being incorporated into the Capital Adjustment Account as if they had been recognised when the asset was first created. This has also meant that the value of amortised grant formerly recognised in 2009/2010 has been reversed. Full details of both these impacts can be seen in Note 2 to the Core Statements.

## Accrual for Employee Benefit Expenses

The only change which applies at Rossendale Borough Council is in the treatment of short-term compensated absences, ie. the value of annual leave entitlement which is carried forward at the year-end and due to be settled within 12 months after the year-end.

Retrospective application of this change to the 2009/2010 financial statements has meant that an accrual of £71,000 should have been made at 31<sup>st</sup> March 2009 and this value increased to £85,000 by the 31<sup>st</sup> March 2010. The effects of this change on the 2009/2010 statements are shown in Note 2.

## Revenue Recognition

Revenue is the gross inflow of economic benefit, in cash and cash equivalents, in the reporting period. Revenue is measured at the fair value of the consideration received or receivable. In most cases the consideration receivable is in the form of cash or cash equivalents.

The term 'revenue' is also used to refer to the operational activities of the Council within each financial year, as distinct from 'capital' which refers to transactions affecting assets or liabilities with an economic life covering more than one accounting period.

## Accruals of Expenditure & Income

Under the accruals principle the Comprehensive Income & Expenditure Statements matches expenditure relating to the production of goods or delivery of services during the financial period with the income to finance those goods and services, regardless of whether the cash transactions have taken place. Income due at the year-end pertaining to services provided are shown in the Balance Sheet as debtors and payments due for goods and services received but not paid for are shown as creditors. The Cash Flow Statement and its Notes reconcile the expenditure and income on an accruals basis with the true cash inflows and outflows during the financial period.

Further details of the Council's expenditure and income on provision of services for the year can be found in the segmental reporting analysis in the Explanatory Foreword.

## Employee Benefit Expenses – Note 2, Note 12 and Note 32

The code has interpreted IAS 19 *Employee Benefits* and confirmed that local authorities should account for:

- benefits payable during employment,
- termination benefits
- post-employment benefits
- pension fund accounts

Short-term benefits to be accrued for include:

- wages, salaries and social security contributions
- short-term compensated absences
- bonuses and similar payments
- non-monetary benefits

Full details of Employee Benefits paid during employment are shown at Note 12. Accruals for short-term compensated absences, calculated per employee at each year-end, are also shown as a separate item within the Creditors at Note 32.

## Pensions – Note 36

The requirements of IAS 19 in relation to post-employment benefits, ie pensions, have been fully incorporated into the Comprehensive Income & Expenditure Statement with actuarial gains and losses being recognised in Other Comprehensive Income and Expenditure, as Note 36 explains in detail.

Under local government finance legislation local authorities in England are required not to charge to revenue expenditure amounts in respect of liabilities for retirement benefits, but instead to maintain a Pension Reserve to which the pension liabilities are charged.

The amount charged to the General Fund for providing pensions for employees is the amount payable in the year. Where this amount does not match the amount charged to the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement, the Code stipulates that the difference is taken to the Pension Reserve.

Rossendale Borough Council participates in the Local Government Pension Scheme administered by Lancashire County Council. More details about this scheme and its valuations can be found in Note 36 and the Explanatory Foreword.

## Interest – Note 24

Interest paid on external borrowings is accrued in the accounts of the period to which it relates and interest earned on the external investment of surplus funds is credited to the General Fund using the effective interest method as set out in the Code.

Interest is also transferred internally to the Trust Funds held by the Council based on the average balances in each fund and the average interest rates earned by the Council in the year. The values transferred to each Trust Fund can be found in the Group Accounts at Section 3.

## Area Based Grant – Note 10

Rossendale is a participant in a Local Area Agreement (LAA) – a partnership with other public bodies involving the pooling of Area Based Grants (ABG) from the government to finance work towards jointly agreed objectives for local public services. In 2008/09 the LAA laid down a three-year agreement.

In accordance with IAS 20 *Accounting for Government Grants*, the Council's entitlement is recognised as soon as the conditions have been met, accruing for any grant due but not received at the year-end. Note 10 gives greater detail on the nature and conditions of this grant and the amounts received and accrued for.

## Operations acquired or discontinued

### Acquired Operations

In December 2009 Rossendale Borough Council acquired the operational management of The Business Centre, Futures Park, Bacup. No other operations have been acquired during the reporting periods disclosed within this Statement of Accounts.

### Discontinued Operations

No services have been discontinued during the reporting periods disclosed within this Statement of Accounts.

## Value Added Tax

VAT incurred by the Council on goods and service is procures is fully recoverable from HM Customs & Revenue, except in certain exceptional cases. Consequently, all expenditure shown in the Comprehensive Income & Expenditure Statement excludes VAT.

Where the Council charges for goods and services which are subject to VAT, the income included in the Comprehensive Income & Expenditure Statement is shown excluding the VAT element which must be passed on to HM Customs and Revenue.

Due to the nature of local government services the net position of VAT payable and recoverable generally results in a debtor in the Balance Sheet.

## Cost of Support Services (Overheads)

Local authorities in England prepare their Comprehensive Income & Expenditure Statement in accordance with the Service Reporting Code of Practice for Local Authorities (SeRCOP). The SeRCOP stipulates the service divisions to be used in the Comprehensive Income & Expenditure Statement, including the collection of central managerial costs under 'Other Central Services'. The SeRCOP also stipulates that such costs of service management and support services are apportioned across operational services as 'users', rather than being retained as administrative overheads. The cost of service strategy and regulation of any service to the public is allocated to a separate objective expenditure head in the accounts of that service.

These recharges are generally made at a rate to recover staff costs and typical overheads incurred, although in cases where overheads for IT services are particularly high the services are recharged on the basis of a full allocation of the costs incurred. The basis of apportionment is calculated either as time spent by support staff, usage of technology or space occupied in buildings. With the exception of a small balance, all used portions of these overheads have been allocated on the above basis

In accordance with the SeRCOP, unused but unrealisable elements of central support services are charged to Non-Distributed Costs.

## Landfill Allowances Scheme

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities to reduce the amount of biodegradable municipal waste disposed of into landfill sites. Rossendale Borough Council, as waste collection authority for the borough, is a partner in a cost-share agreement with Lancashire County Council, who are the disposal authority for this area.

Rossendale Borough Council operated within its allocated landfill allowances under the cost-share agreement during the reporting periods covered by these statements. As a result confirmation has been received from Lancashire County Council that no charges will be incurred in 2011/2012.

The Carbon Reduction Commitment scheme, which applies from 1<sup>st</sup> April 2010, is operating on a reporting basis only for the 2010/11 financial year. No allowances will be required for 2010/2011, and consequently no accounting for the scheme is required within these accounts.

## Property, Plant and Equipment – Note 17

Local authorities now account for tangible fixed assets in accordance with IAS 16 *Property, Plant and Equipment*. Property, plant and equipment are tangible assets (ie assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one accounting period. These assets are further classified as follows:

- Operational land and buildings,
- Operational plant, furniture, equipment, and motor vehicles.
- Infrastructural assets which are the fixed utility systems, and
- Community assets.
- Surplus Assets – held for future regeneration opportunities

## Recognition and Measurement

Under IAS 16 property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. However, for the public sector the following adaptations have been applied:

- Infrastructure, community assets and assets under construction (excluding investment properties) are measured at historical cost. Historical cost is deemed to be the carrying amount of an asset at 1<sup>st</sup> April 2007 or at the date of acquisition, whichever is the later, and adjusted for subsequent depreciation or impairment (if applicable).
- All other classes of assets are measured at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value for land and buildings is interpreted as the amount that would be paid for the asset in its existing use, in accordance with UK Policy Statement (UKPS) 1.3 of the valuation standards issued by The Royal Institution of Chartered Surveyors (RICS)
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, or such assets are rarely sold, the Council may need to estimate fair value using a depreciated replacement cost approach, accounting for all physical deterioration and all relevant forms of obsolescence and optimisation.

Cost is defined as the cash or cash equivalents paid in relation to:-

- the acquisition, reclamation, enhancement or laying out of land;
- the acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures, including insulation works and disabled adaptations;
- the acquisition, installation or replacement of movable or immovable plant, machinery, vehicles, apparatus or vessels;

All expenditure on the acquisition, creation or enhancement of assets is capitalised on an accruals basis in the accounts, provided that the asset yields benefits to the authority and the services it provides for a period of more than one year and that the total costs are above a de-minimis threshold of £10k. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to provision of services within the Comprehensive Income and Expenditure Statement.

## Revaluation

Revaluations of fixed assets are undertaken by professionally qualified valuers on a five year rolling basis. Any unrealised gains on revaluation are shown in the Comprehensive Income & Expenditure Statement then removed in the Movement in Reserves Statement to the Revaluation Reserve on the Balance Sheet.

Revaluation gains are depreciated in line with the asset to which they relate. Future revaluation losses are matched against any balance in the Revaluation Reserve in the first instance on a strict per-asset basis, with the remaining balance being transferred to the Capital Adjustment Account.

## Impairment

In accordance with IAS 36 *Impairment of Assets*, an impairment review is undertaken at the end of each accounting period and material changes to asset valuations are adjusted as they occur. Impairment loss on a re-valued asset is recognised in the Revaluation Reserve to the extent that the impairment does not exceed the balance in the Revaluation Reserve for that asset and thereafter as a cost to the provision of services in the Comprehensive Income & Expenditure Statement.

However, the Code stipulates that impairments do not impact on the council tax, hence an adjusting transaction can be found in the Movement in Reserves Statement (see workings at Note 15).

## Depreciation

Depreciation is provided for on all operational assets with a finite useful life (which can be determined at the time of acquisition or revaluation over the useful life of the asset) using the straight-line method calculated on a daily basis.

Charges for Depreciation cover buildings, vehicles, plant, furniture and equipment. Infrastructure, community assets and surplus non-operational assets are not depreciated each year but measured at historical cost.

Depreciation is charged to the Comprehensive Income and Expenditure Statement as a cost of the provision of services. As with impairments, the Code stipulates that depreciation does not impact on the council tax, hence an adjusting transaction can be found in the Movement in Reserves Statement (see workings at Note 15).

## Component Accounting

Where the asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful life. Componentisation has been introduced officially from 1<sup>st</sup> April 2010 without retrospective applications, therefore components will be considered as assets are professionally revalued within the 5-year programme. However, the major components of land and buildings have already been separated for many years, with no depreciation being applied to the land element.

## Investment Properties – Note 18

Authorities now account for investment properties in accordance with IAS 40 *Investment Property*, except where the Code has provided definition interpretation for the public sector. Under this definition, an investment property is one that is used solely to earn rentals or for capital appreciation, or both.

Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet this definition and is hence accounted for as property, plant and equipment. Therefore, assets earning rentals as an outcome of regeneration policy, such as industrial units and the Business Centre at Futures Park, are accounted for as property, plant and equipment.

## Recognition and Measurement

The Code requires investment property to be accounted for under the fair value model and this applies to the measurement of investment property interests held under a lease and to investment property provided to a lessee under an operating lease. Investment assets are recognised only when it is probable that the future economic benefits will flow to the authority and the cost or fair value of the asset can be measured reliably.

The fair value must reflect the market conditions at the Balance Sheet date. Therefore the periodic revaluation approach used for other property is only used where the carrying amount does not differ materially from that which is determined using fair value at the Balance Sheet date. With the fair value being reviewed at each Balance Sheet date, investment properties are not depreciated.

Rental incomes and direct operating expenses from investment properties are also disclosed at Notes 8 and 21.

## Intangible Assets – Note 19

IAS 38 *Intangible assets* defines intangible assets as non-financial assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights, such as software, which are expected to provide future service benefits or be used in the provision of services over several years to come.

## Recognition and Measurement

This Council does not have any internally-generated intangible assets.

Other intangible assets are capitalised at cost incurred to acquire and bring to use, eg the implementation costs of specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.



An intangible asset may be acquired by way of government grant or other contribution, either in full or in part. In such instances both the asset and the grant or contribution are recognised initially at fair value.

## Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income and Expenditure as a cost of using the asset in the provision of services. The useful lives and associated amortisation rates of computer software have been estimated at 5 years.

## Assets held for sale – Note 17 and 29

In line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These assets are not depreciated or amortised.

Surplus assets are now separated into two categories. Those with specific intentions to be sold in the following accounting period are classified under Current Assets as 'Assets held for sale within one year' – see Note 29. Those held for inclusion in longer-term regeneration plans are classified as Surplus Assets under Property, Plant and Equipment at Note 17.

## Capitalisation of Borrowing Costs – Note 20

For the first time in 2010/11 the Council has capitalised the borrowing costs associated with the new Leisure Investment project. More details can be found in Note 20.

## Leases – Note 21

This Council has not entered into any Finance Leases, either as lessee or as lessor.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Where assets are acquired under operating leases the leasing rentals payable are recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The value of the assets subject to leasing agreements are not shown in the Balance Sheet, but are disclosed in Note 21.

Assets held by the Council for use in operating leases (acting as a lessor) are recorded in the Balance Sheet as fixed assets and depreciated over their useful life. Rental incomes from such assets are recognised on a straight line basis and matched against costs of insurance and maintenance in the Comprehensive Income and Expenditure Statement. The value of such assets and the incomes receivable are disclosed in Note 21.

## Revenue Expenditure funded from Capital under Statute

Legislation allows some items of expenditure to be funded from capital resources that under IFRS and normal accounting practice would be charged to Surplus of Deficit on the Provision of Services. Such expenditure termed 'Revenue Expenditure funded from Capital under Statute' within the Code and is written off to the Comprehensive Income and Expenditure Statement in the year incurred and matched by the grants received.

The types of expenditure to which this usually refers are improvement grants and decent homes assistance where the local authority does not receive the economic benefits arising from the expenditure. A reversing entry in the Movement in Reserves Statement ensures there is no impact on the Council Tax or General Fund Balance, see workings at Note 15.



## Government Grants and Other Contributions – Note 10 and 34c

In line with the Code's adaptation of IAS 20 *Accounting for Government Grants*, grants and contributions for capital purposes should be recognised immediately, unless any conditions have not been met; an authority shall not include grants and contributions deferred on the Balance Sheet. Retrospective application of the change in policy has resulted in all remaining Government Grants Deferred being incorporated into the Capital Adjustment Account as if they had been recognised when the asset was first created

From April 2010, government grants and other contributions are now accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Grants received in advance of these conditions being met are held as Unapplied Government Grants until released into the Comprehensive Income & Expenditure Statement as entitlement allows (see Notes 10 and 34c).

## Capital Receipts – Note 34b

Amounts to be treated as capital receipts are defined by statute and usually arise from disposal of an interest in a fixed asset. Any difference between the receipt value and the carrying value of the asset in the balance sheet at the time of disposal is shown in the Comprehensive Income & Expenditure Statement as a gain or loss on disposal.

However, some statutorily defined capital receipts do not arise from the disposal of an interest in a fixed asset and as such are treated separately in the Comprehensive Income and Expenditure Statement as 'Other Income'. One example of such income arises from retained Right to Buy receipts following the transfer of housing stock to Green Vale Homes in March 2006.

Capital receipts are not attributable to the General Fund Balance and are therefore transferred to the Useable Capital Receipts Reserve in the Movement in Reserves Statement (see workings at Note 15).

## Long-term Investments – Note 22

Long-term investments are those with a remaining life of more than 1 year at the Balance Sheet date and are shown in the Balance Sheet at fair value.

The largest long-term investment consists of 100% of the share capital in Rossendale Transport Ltd., a company set up under the Transport Act 1985. Further details are in Note 22 and the Group Accounts at Section 3. Dividend income or payment for management services from investments is recognised when the authority has a right to receive the payment.

## Short-term Investments – Note 28

Short-term investments are those with a life of less than 1 year at the Balance Sheet date and are shown in the Balance Sheet at fair value. These investments follow policies laid down in the Council's Treasury Management Strategy. Note 28 details the short-term investments held by the Council at the Balance Sheet date, alongside cash and cash equivalents.

## Inventories – Note 26

Stocks of materials or supplies to be consumed in the provision of future services are accounted for under IAS 2 *Inventories*, except for financial instruments and work in progress under construction contracts. Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the course of operations, less the estimated costs of completion and any estimated costs necessary to make the sale, exchange or distribution.

Work in progress under construction contracts is subject to *IAS 11 Construction Contracts* and an interim valuation is obtained covering the cost of works completed at the end of the reporting period plus any overheads reasonably attributable to those works. This value is then included in the Balance Sheet within property, plant and equipment rather than listed within current inventory assets.

## Short-term Debtors – Note 27

Authorities account for debtors in accordance with IAS 18 *Revenue* and IAS 39 *Financial Instruments: recognition and Measurement*, except where interpretations or adaptations to fit the public sector have been detailed in the Code.

The revenue accounts of the Council are maintained on an accruals, therefore sums due to the Council for services delivered or rendered during the financial year are included whether or not the cash has actually been received. Debtors are then recognised in the Balance Sheet as the full value of the consideration receivable, in most cases in cash or cash equivalents.

Debtors also arise where the Council has made payment in advance of receipt of goods or services from suppliers, shown in the analysis in Note 27 as 'Payments in Advance'.

## Cash and Cash Equivalents – Note 28

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

## Provision for Impairment – Note 30

The Council also prepares its accounts in a prudent manner and as such the value of debtors receivable is subject to a degree of risk. The Council assesses the risk attributable to each individual class of debtors in order to arrive at a realisable value and more information on Financial Instrument Risks can be found in Note 25.

The difference between the full value and the realisable value of Financial Instruments is called a Provision for Impairment. Debts written off are charged to this provision and any requirement to make new provisions is charged as an expense to the cost of provision of services within the Comprehensive Income & Expenditure Statement.

## Short-term Creditors – Note 32

Under IAS 18 *Revenue*, the annual provision of services by the Council are accounted for on an accruals basis. That is, sums due from the Council pertaining to the acquisition of goods or services used in the provision of services within the year are included whether or not the cash has actually been paid in the year. An exception to this principle relates to electricity and similar payments which are charged at the date of meter reading rather than being apportioned between financial years. Most of these payments are now monthly and this policy is consistently applied each year, therefore any discrepancy is deemed to be immaterial to the year's accounts.

Creditors also arise where the Council receives income from customers ahead of the provision of goods or services. Such payments are shown separately in the detailed analysis at Note 32 as 'Receipts in Advance'.

## Provisions – Note 33

Under the Code local authorities now apply IPSAS 19, which interprets IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* for the public sector. Proper provisions are required for any liabilities or losses of uncertain timing or amount.

Provisions are charged to the Surplus or Deficit on Provision of Service in the Comprehensive Income & Expenditure Statement. Provisions are utilised only for the purpose for which they were established, except where a regular review to determine the appropriateness of the level of the charge and the balance of the provision properly requires a change. The provisions held and any change in their use are disclosed in Note 33 along with activity on the provision in the accounting period.

Provision for Impairment has also been made for doubtful debts and known uncollectable debts have been written off during the year. The balance of the Provision for Impairment, used to reduce the overall level of Current Assets outstanding, as disclosed in Note 30.

## Contingent Liabilities – Note 37

A contingent liability is either: (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or (b) a present obligation that arises from past events but is not recognised because: (i) it is not probable that a transfer of economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note unless the possibility of a transfer of economic benefits in settlement is remote.

## Contingent Assets – Note 37

A contingent asset is a possible asset that may arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent assets are not recognised in the revenue account or the balance sheet because prudence cautions that the gain might never be realised, instead they are disclosed in the Notes to the Core Statements.

When realisation of the gain is virtually certain, then the item ceases to be a contingent asset and can be accounted for as revenue or capital income as appropriate.

## Reserves

The Council maintains certain reserves for the purpose of meeting liabilities other than those covered by provisions. A distinction is made in the Balance Sheet between usable reserves, which are cash-backed reserves available for use by the Council in the future provision of services and unusable reserves which are used for statutory accounting purposes and cannot be used directly to finance future service costs.

### Usable Reserves – Note 34

- The General Fund Balance is the accumulation of surplus or deficit on operational services attributable to council tax payers. Such funds are not held for any specific purpose, but are available to assist with the management of financial risks and to deal with any emergencies which might arise. The Medium Term Financial Strategy sets out the Council's policy for the recommended value of the General Fund Balance in order to provide assurance against the estimates and assumptions used in the annual budgeting process.
- Earmarked Reserves are resources set aside to meet specific future running costs and investments. The Medium Term Financial Strategy sets out the Council's policy for Earmarked Reserves, including their nature and suggested requirements. Full details of the movements on each reserve can be found at Note 34a.
- The Usable Capital Receipts Reserve holds the proceeds of fixed asset sales available to meet future capital investment (see Note 34b).
- Government Grants Unapplied – holds the balance of grants received where the conditions of grant entitlement have not yet been met. From April 2010, government grants and other contributions are now accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Grants received in advance of these conditions being met are held as Unapplied Government Grants until released into the Comprehensive Income & Expenditure Statement as entitlement allows (see Note 34c).

## Unusable Reserves – Note 35

- Revaluation Reserve records unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis (see Note 35a)
- Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and financed through the capital controls mechanism (see Note 35b).
- Available-for-sale Financial Instruments Reserve stores gains on revaluation of investments not yet realised through sales. In 2008/2009 the investment in Rossendale Transport Ltd was revalued using the discounted cash flow method in line with the Code requirements. This account now holds the difference between the historic value of the shares, shown in the Transport Earmarked Reserve at Note 34a and the value of the investment asset at Note 22. This is a technical gain and in no way assumed that any decision has yet been made to dispose of this asset.
- Collection Fund Adjustment Account holds the surplus/(deficit) on the Collection Fund which is directly attributable to Rossendale Borough Council (details can be found in the Collection Fund at Section 3).
- Deferred Capital Receipts holds the value of Council House sales prior to 1991 where mortgages were granted to the tenants. The balancing entry for these receipts is shown within Long Term Debtors on the Balance Sheet at Note 23.
- Pensions Reserve is a balancing account to allow the inclusion of Pensions Liability in the Balance Sheet. Details of Pension Fund assets/liabilities can be found in Note 36.

## Repurchase of Borrowing

The Code requires gains or losses on the repurchase of borrowing to be recognised in the Comprehensive Income and Expenditure Statement in the year in which they are realised. Where, however, the repurchase is coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect, gains or losses are to be recognised over the life of the replacement borrowing. No such gains or losses were experienced in the current accounting period.

## Minimum Revenue Provision

In accordance with the requirements of the Local Government and Housing Act 1989, the authority is required to set aside a minimum revenue provision for repayment of debt. Minimum Revenue Provision is a charge to the cost of services in the Comprehensive Income & Expenditure Statement, details of which can be found in Notes 15, 20, and 35b. In March 2008, in line with Government guidance, the Council changed the basis on which MRP should be calculated to match the life of the asset.

## Financial Instruments – Notes 24 and 25

### Financial Liabilities

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

Any gains or losses on the repurchase or early settlement of borrowing are charged to the Comprehensive Income & Expenditure Statement. However, where repurchase takes place as part of a restructure the premium or discount is added to the amortised cost and charged over the life of the new or modified loan. Where premiums and discounts are charged directly to the Comprehensive Income & Expenditure Statement regulations permit the impact on the General Fund Balance to be spread over future years. This is achieved by transfer to/from the Financial Instruments Adjustment Account. No such gains or losses arose in the current accounting period.

## Financial Assets

These are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market. These are measured at fair value and carried at amortised cost. Annual credits to the Comprehensive Income & Expenditure Statement are based on the carrying amount multiplied by the effective rate of interest. In all cases where the Council has made loans cost has been used as a proxy for fair value.
- Available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. These are initially measured, and carried, at fair value. Credits to the Comprehensive Income & Expenditure Statement for interest are based on the amortised cost multiplied by the effective rate of interest. Gains or losses are posted to the Available for sale Reserve. On derecognition gains/losses are charged to the Comprehensive Income & Expenditure Statement.

## Prior Period Adjustments

Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or estimates or from the correction of fundamental errors, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Code requires that the financial statements should disclose, where practicable the nature of the change in policy and the impact of any adjustment on the preceding accounting period where practicable. Where this is not practicable, the fact this is so and the reasons for it should be disclosed.

This year the Council's Statement of Accounts includes at Note 2 to the Core Financial Statements an explanation of the adjustments made to comply with the transition to IFRS and the new Code of Practice on Local Authority Accounting Practice in the UK. The extensive nature of this policy change has affected all the Core Statements, though the explanations at Note 1 only show extracts of each Statement where amounts have been amended. Minor presentational changes have not been included in Note 2.

## Events after the Balance Sheet date – Note 4

Local authorities are required to account for events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the financial statements are authorised for issue in accordance with IAS 10 *Events after the Reporting Period* and IPSAS 14 *Events after the Reporting Date*. Two types of events can be identified:

- Adjusting Events - where events arising after the balance sheet date provide additional evidence of conditions that existed at the balance sheet date and are of a material nature the amounts should be reflected in the Core Statements.
- Non-adjusting Events – events which arise after the balance sheet date and concern conditions which did not exist at that time should be detailed in Notes to the Core Statements if they are of such materiality that their disclosure is required for the fair presentation of the financial statements, rather than reflected in the Core Statements.

The date on which the financial statements are authorised for issue is stated in Note 41.

## Group Accounts

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council, the Trust Funds it manages and its 100% shareholding in Rossendale Transport Ltd.

## Other Accounting Policies

Foreign currency transactions do not play a material part in the Council's financial transactions. Rossendale Borough Council has not entered into any PFI schemes.



## Note 2 Restatement of Prior Year Accounts under current policies

The Council's accounts for 2010/2011 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code), which is based on the International Financial Reporting Standards (IFRSs).

In this first year of IFRS compliance councils are required to restate the prior year accounts as if IFRS had always been applied. Many of the changes are presentational, in that the former Statement of Movement on the General Fund Balances and the Statement of Total Gains and Losses have been removed and replaced with additional items in the Comprehensive Income and Expenditure Statement and the new Movement in Reserves Statement.

### Reclassification of Investment Assets

Following changes to the definition of Investment Assets all assets have now been reclassified - £305k to Land and Buildings and £590k to long-term Surplus Assets and any Revaluation Reserve balance at the 1<sup>st</sup> April 2009 has been written off to the Capital Adjustment Account.

### Surplus Assets for Disposal

The distinction has now been made between surplus assets held for sale within the following year (current assets) and those held in relation to longer-term plans. Of the £601k of surplus assets at 31<sup>st</sup> March 2010, £101k were intended for sale within 2010/2011.

### Holiday Pay Accrual

Under the IFRS councils must accrue for the value of any holidays carried forward by staff at the year end. Consequently the opening balance for 2009/2010 was adjusted by £71k, increasing creditors and reducing the General Fund Balance. By March 2010 this value had risen to £85k, thereby requiring an adjustment of £14k to the Comprehensive Income & Expenditure Statement for 2009/2010 and a total adjustment of £85k between the General Fund Balance and Creditors.

### Government Grants Deferred

Government Grants Deferred are now taken to the Capital Adjustment Account as soon as any conditions of the grants have been met. This adjustment has led to £3,420k of 'grant income' initially brought in to match the impairment of the Business Centre (see Note 8), now being removed from the Comprehensive Income & Expenditure Statement for 2009/2010 and the balance of Government Grants Deferred at 31<sup>st</sup> March 2009 being transferred to the Capital Adjustment Account.

Extracts of the above changes to the Comprehensive Income and Expenditure Statement and the Balance Sheet are shown below. These changes have been followed through to the Cash Flow Statement, though they do not affect the 'Net increase/decrease in Cash and Cash Equivalents'.

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT (extract)	2009/2010 £000s	Note
Deficit on former Income and Expenditure Account	607	
REMOVE Amortisation of Government Grants Deferred	3,420	
ADD Increase in accrual for holiday pay carried forward	14	32
<b>(Surplus)/Deficit on Provision of Services</b>	<b>4,041</b>	
Items formerly reported in Statement of Total Recognised Gains & Losses		
(Surplus)/deficit on revaluation of Fixed Assets		
Property, Plant & Equipment	146	17
Investment Properties	(167)	18
Intangible Assets	-	19
Assets held for sale	(107)	29
(Surplus)/deficit on revaluation of Available-for-sale Financial Instruments	-	24
(Surplus)/deficit on revaluation of Pension Fund Assets	7,081	36
<b>Net (Surplus)/Deficit</b>	<b>10,994</b>	



BALANCE SHEET (extract)	Original Value	Adjustments			Restated Value
	March 2010 £000s	Reclassify Tangible Assets £000s	Holiday Pay Accrual £000s	Govt Grants Deferred £000s	March 2010 £000s
Property Plant & Equipment					
Land and Buildings	12,510	305			12,815
Investment Assets	895	(895)			-
Surplus Assets	601	489			1,090
Assets held for sale within one year	-	101			101
Creditors	(5,286)		(85)		(5,371)
Government Grants Deferred	(741)			741	-
Government Grants Unapplied	(579)			579	-
<b>Total Assets less Liabilities</b>	<b>(9,522)</b>	<b>-</b>	<b>(85)</b>	<b>1,320</b>	<b>(8,287)</b>
General Fund Balance	999		(85)		914
Government Grants Unapplied	-			579	579
Revaluation Reserve	3,024	(89)			2,935
Capital Adjustment Account	10,170	89		741	11,000
<b>Net Equity</b>	<b>(9,522)</b>	<b>-</b>	<b>(85)</b>	<b>1,320</b>	<b>(8,287)</b>

### Note 3 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in preparing this Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service. In line with the Council's Medium Term Financial Strategy, where services are at potential risk the intention would be to realise the value of any assets deemed surplus to requirements before any impairment occurred.
- In order to facilitate the speedy closure of the Council's accounts an estimate of the outstanding housing and council tax benefit grant has been included in the Comprehensive Income and Expenditure Statement. The value of the grant income outstanding, included in the Balance Sheet as Short-term Debtors, is £636k (£886k at March 2010). This will be subject to audit in the coming months and the final settlement should be received in October.
- Estimates for depreciation of assets in any one year depend upon the forecast life of the assets. The asset life of buildings is determined by a qualified valuer at each revaluation date and in the case of vehicles, equipment and intangible assets by Council staff. Depreciation charges in 2010/2011 amounted to £916k, an increase of £190k due to the charges for the replacement refuse collection fleet coming into effect in 2010/2011. Impairment of intangible assets totaled £130k compared to £129k in 2009/2010.
- Estimates for impairment of assets are performed by the Council's qualified Property Services Manager at the end of each year to reflect any abnormal changes in property values between full formal reviews within the 5-year rolling revaluation programme. The total value of impairments charged to 2010/2011 was £176k compared to £3,415k charged to 2009/2010. The figure for 2009/2010 included an exceptional impairment of the Business Centre, Futures Park of £3,224k.

## Note 4 Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Head of Finance on 6<sup>th</sup> June 2011. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 5 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 items in the Council's Balance Sheet at 31<sup>st</sup> March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that for every year that useful lives were reduced the annual depreciation charge would change as follows</p> <ul style="list-style-type: none"> <li>• buildings &amp; infrastructure £6k</li> <li>• vehicles &amp; equipment £124k</li> <li>• intangible assets £87k</li> </ul>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns in pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions have been included in detail within Note 36 on page 68.
Arrears	Each year the Council reviews the significant balances for Council Tax and sundry debtor arrears. Officers estimate the potential impairment of those debts based on historical default experience, and the age of the debts. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £313k for council tax debts and £98k for sundry debts

## Note 6 Long-term Contracts

In October 2006 the Council entered into a 10-year contract with Capita Business Services Ltd for the provision of Revenues, Benefits and General Customer Contact Services. In 2010/2011 the contract value was £1,408k. In 2011/2012 the anticipated full-year contract value, subject to an element of inflation in October 2011, is £1,390k. Over the remaining life of the contract the value is expected to be £7,645k.

## Note 7 Acquired and Discontinued Operations

In December 2009 the Council took over the running of the Business Centre, Futures Park, Bacup. This is now included within trading operations in Note 8 below, but comparator figures for 2009/2010 only include 4 months of operations.

There have been no discontinued operations within either reporting period covered by these accounts.

## Note 8 Trading Operations

The Council operates 3 markets in Haslingden, Bacup and Rawtenstall, which between them ensure that there is a market open within the borough every day between Tuesday to Saturday.

The Council has also established 37 industrial trading units, promoting economic regeneration across the borough. In December 2009 this portfolio was increased with the acquisition of the operation of the Business Centre, Futures Park. This modern building (below) provides high-tech managed office space in a variety of sizes as well as conference and meeting facilities.

During 2009/2010 the Business Centre underwent an impairment review, which is shown below, and on the Comprehensive Income and Expenditure Account, as an exceptional item. That impairment was matched by a similar amortisation of Government Grants Deferred. Following adjustments listed in Note 2, £3,223k of amortised Government Grants Deferred has now been removed from the comparator figures for 2009/2010.

	* Adj as per Note 2					
	Net		Gross		Net	
	Expend/ (Income)		Expend	Income	Expend/ (Income)	
	2009/2010		2010/2011	2010/2011	2010/2011	Note
	£000s		£000s	£000s	£000s	
Markets	116		175	(147)	28	
Industrial Units	92		53	(89)	(36)	
Business Office Facilities	2	*	117	(175)	(58)	
Exceptional Item - Business Office Facilities	3,224		-	-	-	
<b>Total Trading Accounts</b>	<b>3,434</b>		<b>345</b>	<b>(411)</b>	<b>(66)</b>	

## Note 9 Pooled Budgets

The Council has not entered into any pooled budget arrangements with neighbouring authorities.

# Notes to Core Financial Statements

## Note 10 Grant Income

The Council credited the following significant grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/2011:

Grants and contributions received	2009/2010 £000s	2010/2011 £000s	Note
<b>Amounts Credited to the Comprehensive Income &amp; Expenditure Account</b>			
Credited to Services			
DWP - Housing and Council Tax Benefits - amounts paid to claimants	21,944	23,755	
DWP - Housing and Council Tax Benefits - administration grant	649	580	
DWP - Other Grants	23	25	34c
Supporting People Grant	70	89	
Housing Market Renewal Grant	2,548	1,358	34c
Disabled Facilities Grant	353	357	
Non-Domestic Rates Collection Grant	101	103	34c
Regional Housing Grant	213	190	
Sustainable Economic Regeneration Grant	100	-	
Future Jobs Fund	6	115	34c
Capacity Building Fund	-	10	34c
Concessionary Travel grant	211	216	
Community Spaces	-	74	
Communities for Health Grants	-	11	34c
Local Land Charges - new burdens grant	-	34	
Homelessness Grant	20	180	
Contribution from Green Vale Homes to Disabled Facilities Grants	200	200	
Contribution from English Heritage re Conservation Officer funding	129	24	
Contribution from Environment Agency re Contaminated land surveys	91	24	
Contribution from NWIEP & DWP re Mobile One Stop Shop (STAN)	-	177	
Contribution from partner authorities re Mobile OSS (STAN)	-	15	
Contribution from Lancashire County Council - 2nd homes income	52	58	
Contribution from Lancashire County Council - Children's Trust	-	20	
Contribution from Lancashire County Council - Culverts	-	120	
Contribution from Lancashire County Council - Sculpture Trail	-	7	
Contribution from Lancashire County Council - 'indirect' ABG	64	74	
Trust Funds income	-	12	
	<b>26,774</b>	<b>27,828</b>	
Credited to Taxation and Non-Specific Grant Income			
Rate Support Grant	1,170	795	
Housing & Planning Delivery Grant	286	-	
Local Authority Business Growth Incentive Scheme (LABGIS)	16	-	
Area Based Grant	175	241	
Performance Reward Grant	478	169	
	<b>2,125</b>	<b>1,205</b>	
Capital Grants Receipts in Advance			
Communities for Health Grants	100	(6)	34c
Mortgage Rescue Scheme	60	-	
Empty Shops Revival Grant	53	-	
Regional Housing Grant	431	412	34c
Sports Council Grant	10	-	
Big Lottery Grant	63	-	
Housing Market Renewal Grant	-	1,841	34c
Communities for Habitats	17	8	34c
	<b>734</b>	<b>2,255</b>	
	<b>29,633</b>	<b>31,288</b>	

## Local Area Agreements / Area Based Grants

Rossendale is a participant in a Local Area Agreement (LAA) – a partnership with other public bodies involving the pooling of Area Based Grants (ABG) from the government to finance work towards jointly agreed objectives for local public services. In 2008/09 the LAA laid down a three-year agreement. The purpose of the LAA is:

- To form an agreement between Lancashire public, voluntary, community and faith sector service providers and central government to ensure that together we achieve objectives set out in the countywide community strategy “Ambition Lancashire”.
- To work together as partners towards an agreed set of outcomes which will make a lasting difference to the people of Lancashire.
- To provide the partners with the freedom and flexibility to join budgets and services to deliver more effective local action with better use of resources and a simplified performance framework.
- To improve the effectiveness and efficiency of public services in Lancashire by pooling and aligning funding with specifically targeted support.

The LAA partners are:

- Local government bodies – Lancashire County Council, Burnley Borough Council, Chorley Borough Council, Fylde Borough Council, Hyndburn Borough Council, Lancaster City Council, Pendle Borough Council, Preston City Council, Ribble Valley Borough Council, Rossendale Borough Council, South Ribble Borough Council, West Lancashire Borough Council, Wyre Borough Council.
- Strategic partnerships – Lancashire Partnership, Burnley Action Partnership, The Chorley Partnership, Fylde Vision, Hyndburn First, Lancaster District LSP, Pendle Partnership, Preston Strategic Partnership, Ribble Valley Strategic Partnership, Rossendale Partnership, South Ribble Partnership, West Lancashire LSP, Wyre Strategic Partnership, Strategic Health Authority.
- Community protection authorities – Lancashire Police Authority, Lancashire Constabulary, Lancashire Fire & Rescue.
- Health bodies – Central Lancashire, East Lancashire and North Lancashire PCTs.
- Other bodies – Business Link Lancashire, Connexions, East Lancashire Chamber of Commerce, Elevate, the Environment Agency, Job Centre Plus Lancashire, Lancashire Drug Action Team, Lancashire Economic Partnership, Lancashire Probation Service, Lancashire VCFS Consortium, Learning & Skills Council Lancashire, North West Development Agency.

Lancashire County Council acts as the accountable body for the Area Based Grants and in 2010/2011 Rossendale Borough Council received £241k (£478k in 2009/2010) of this total to fund its own services. Following central government announcements in June 2010, further funds from the LAA Performance Reward Grant are unlikely.





## Note 11 Members Allowances

On the 26th November 2003 an Independent Remuneration Panel, set up to review Member's Allowances, proposed a revised scheme to operate from the 1st January 2004. The revised scheme for Basic and Special Responsibility Allowances sets a recognised value in hours on the effort, time and responsibility of elected Members. The hourly remuneration is reviewed annually each October to ensure that it reflects current minimum wage rates.

Total Cost of Elected Members	2009/2010 £000s	2010/2011 £000s	Note
Basic Allowance	112	116	
Special Responsibility Allowance	89	87	
Employers National Insurance incurred	7	7	
Employers Superannuation Contributions	4	5	
Mileage allowance	5	3	
Subsistence and other reimbursements	-	-	
	217	217	

The basic and special responsibility allowances paid to members were as follows:-

Annual amounts payable for elected roles	2009/2010 £s	2010/2011 £s	Note
<b>Basic Allowance</b>	3,320	3,342	
<b>Special Responsibility Allowances</b>			
Leader of Majority or Largest Group	13,280	13,368	
Deputy Leader of Majority or Largest Group	9,960	10,026	
Leader of Minority or Second Largest Group	6,640	6,684	
Executive Members	6,640	6,684	
Chair of Overview & Scrutiny Management Committee	6,640	6,684	
Other Committee Chairs	3,320	3,342	
Other Committee Vice-Chairs	1,670	1,671	



## Note 12 Officers' Remuneration

The table below shows details of the Chief Executive and Senior Officers directly responsible to the Chief Executive, along with their respective salary (including fees and allowances), employer's pension contributions and total remuneration during 2010/2011.

Senior Officers		Salary £	Other Expenses £	Local Elections £	Pension £	Total £
Chief Executive	2009/2010	96,950	901	870	17,548	116,269
	2010/2011	97,276	958	2,448	18,776	119,459
Head of Legal & Democratic Services	2009/2010	19,862	47	2,330	3,124	25,363
	2010/2011	-	-	-	-	-
Director for Business	2009/2010	47,317	1,987	-	8,657	57,961
	2010/2011	72,327	540	3,608	13,091	89,566
Director of Customers & Communities	2009/2010	4,375	-	-	792	5,167
	2010/2011	53,208	-	176	9,631	63,015
Head of Finance & Property Services	2009/2010	57,578	2,163	-	10,734	70,475
	2010/2011	58,578	1,824	-	10,603	71,005
Head of People & Policy	2009/2010	51,146	1,022	-	9,549	61,717
	2010/2011	51,138	1,083	-	9,364	61,585

In the table above it should be noted that the Head of Legal and Democratic Services left the authority on the 30<sup>th</sup> June 2009 and that the post was subsequently replaced by the Director of Business on the 3<sup>rd</sup> August 2009. In addition, the Director of Customers and Communities joined the authority on the 1<sup>st</sup> March 2010.

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more are listed in the table below in bands of £5,000. Two of the above Senior Officers joined the authority during 2009/2010 and so their total remuneration in that year did not fall above the £50,000 minimum disclosure requirement and were therefore excluded from the following table.

Officers with remuneration above £50,000	2009/2010 Number	2010/2011 Number
£50,000 - £54,999	1	2
£55,000 - £59,999	1	1
£60,000 - £64,999	1	1
£75,000 - £79,999	-	1
£95,000 - £99,999	1	-
£100,000 - £104,999	-	1
	<b>4</b>	<b>6</b>



## Note 13 Related Parties

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Most transactions involving related parties to the council are disclosed elsewhere within the Financial Statements as follows:

### Central government

- receipts from Central Government – see Notes 10 and 34c.

### Other local authorities and precepting bodies

- payments to the Lancashire County Council Pension Fund– see Note 36.
- precepts in relation to the Lancashire Police Authority, Lancashire Fire Authority and Lancashire County Council – see the Collection Fund.
- precept payable to Whitworth Town Council – see Comprehensive Income & Expenditure Statement.

### Subsidiary and associated companies

- the management of Rossendale Transport Ltd is supported by Council Members and staff, for which the company makes some contributions towards specific services provided - see Note 22 on Investments and the Group Accounts in Section 3.

### Joint venture and joint venture partners

- Rossendale is included in the East Lancashire Housing Market Restructuring Pathfinder (Elevate) partnership programme between Rossendale and the neighbouring boroughs of Blackburn with Darwen, Burnley, Hyndburn and Pendle. The grants received by Rossendale in 2010/2011 can be seen in Note 10.
- Rossendale is one of the partner authorities on the East Lancashire Railway Trust and in 2010/2011 a payment of £13k towards the trust's costs.
- In June 2004 the bulk of Rossendale's Leisure Facilities transferred to the management of the newly-formed independent Rossendale Leisure Trust.
  - The total grant to the Trust for the operation of leisure services in 2010/2011 was £728k (£704k in 2009/2010).
  - In 2007/2008 the Trust was given a £65k loan for a period of 5 years which is shown as a Long Term Debtor in the Council's Balance Sheet. A further £18k was added to this loan during 2009/2010 as disclosed in Note 23.
  - In 2010/2011 the Trust was also given a cash-flow loan totalling £400k at 31<sup>st</sup> March 2011 which was repaid in April 2011. This is included within Sundry Debtors at Note 27.
  - Interest is charged on the above loans at base rate plus 0.43% and as a result £2k (£2k in 2009/2010) has been credited to the Comprehensive Income & Expenditure Statement. Therefore these loans are considered to be 'loans receivable' and not 'soft loans'.
  - The Council also provided a guarantee on a £1.2m investment loan in 2008/2009 to the Trust for the extension to Haslingden sports centre.
  - The Trust has a net Balance Sheet deficit of £468k at 31<sup>st</sup> March 2011 (£439k at 31<sup>st</sup> December 2009) against which the Council is beginning to make provision with the creation of an earmarked Leisure Services Reserve with a closing value of £220k at 31<sup>st</sup> March 2010 (£186k at 31<sup>st</sup> March 2010). More information on these transactions can be found in Note 34a on Earmarked Reserves and Note 37 on Contingent Liabilities.
- Community Leisure Association of Whitworth (CLAW) is a separate charitable organisation operating Whitworth Swimming Pool and Whitworth Civic Hall, for which they received £94k towards running costs in 2010/2011 (£69k in 2009/2010).

## Members and Chief Officers

The Council’s Standing Orders make provision for a register of Members and Officers interests and also require members who believe they have a prejudicial interest in a matter to be discussed at a Council or Committee meeting to declare that interest at the meeting and, in general, to withdraw from the meeting while that particular matter is being discussed.

Upon review of this register it is considered that any transactions involving Members and Chief Officers with related parties have complied with the above regulations and are not material.

## Note 14 External Audit Costs

The sums due from Rossendale Borough Council to the Audit Commission for works carried out relating to the year of account 2010/2011 were:-

Audit costs	2009/2010 £000s	2010/2011 £000s	Note
Fees payable in respect of external audit of accounts	100	99	
Fees payable in respect of statutory inspection	8	8	
Fees payable for the certification of grant claims and returns	21	19	
	<b>129</b>	<b>126</b>	



# Notes to Core Financial Statements

## Note 15 Adjustments between Accounting Basis and Funding Basis under regulations

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

The table below details the changes in the current financial year 2010/2011. The comparative figures for the financial year 2009/2010 can be found on the following page.

Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2010/2011				Note
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves	
	£000s	£000s	£000s	£000s	
<b>Capital Adjustment Account adjustments</b>					
Depreciation of Property, Plant & Equipment	916			(916)	17 & 35b
Impairment of Property, Plant & Equipment	176			(176)	17 & 35b
Revaluation gain/loss on Property, Plant and Equipment	(176)			176	17 & 35a
Revaluation gain/loss on Assets Held for Sale	158			(158)	29 & 35a
Deferred Capital Receipts	4			(4)	18 & 35a
Amortisation of Intangible Assets	130			(130)	19 & 35b
Revenue Expenditure funded from Capital under statute	1,979			(1,979)	20 & 35b
Net book value of assets disposed of	249			(249)	17,18 & 29
Statutory provisions for the financing of capital investment	(546)			546	20 & 35b
Capital expenditure in the year charged to General Fund	(271)			271	20 & 35b
<b>Capital Receipts Reserve adjustments</b>					
Transfer of cash sale proceeds of assets disposed of	(182)	182			34b
Other Income	(320)	320			34b
Use of Capital Receipts Reserve to finance capital spend		(627)		627	20,34b,35b
Payments to the Government capital receipts pool	5	(5)			34b
<b>Capital Grants Unapplied Account adjustments</b>					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(3,020)		3,020		20 & 34c
Application of grants to capital financing transferred to the Capital Adjustment Account	(10)		(2,185)	2,195	20 & 35b
<b>Pensions Reserve adjustments</b>					
Employer contributions paid to the Pension Fund	(1,508)			1,508	36
Net FRS17 charges made for retirement benefits	(1,596)			1,596	36
<b>Collection Fund Adjustment Account adjustments</b>					
Difference between the Council Tax income credited to the Comprehensive Income and Expenditure Statement and that calculated in accordance with statutory requirements	-			-	Collection Fund
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(4,012)</b>	<b>(130)</b>	<b>835</b>	<b>3,307</b>	





Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	Comparative Figures 2009/2010				Note
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves	
	£000s	£000s	£000s	£000s	
<b>Capital Adjustment Account adjustments</b>					
Depreciation of Property, Plant & Equipment	726			(726)	17 & 35b
Impairment of Property, Plant & Equipment	3,415			(3,415)	17 & 35b
Revaluation gain/loss on Property, Plant and Equipment	(20)			20	17 & 35a
Revaluation gain/loss on Assets Held for Sale	(107)			107	29 & 35a
Movements in the market value of Investment Assets	8			(8)	18 & 35a
Amortisation of Intangible Assets	129			(129)	19 & 35b
Revenue Expenditure funded from Capital under statute	3,095			(3,095)	20 & 35b
Net book value of assets disposed of	235			(235)	17,18 & 29
Statutory provisions for the financing of capital investment	(106)			106	20 & 35b
Capital expenditure in the year charged to General Fund	(260)			260	20 & 35b
<b>Capital Receipts Reserve adjustments</b>					
Transfer of cash sale proceeds of assets disposed of	(280)	280			34b
Other Income	(148)	148			34b
Use of Capital Receipts Reserve to finance capital spend		(405)		405	20,34b,35b
Payments to the Government capital receipts pool	7	(7)			34b
<b>Capital Grants Unapplied Account adjustments</b>					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(3,094)		3,094		20 & 34c
Application of grants to capital financing transferred to the Capital Adjustment Account	(122)		(3,030)	3,151	20 & 35b
<b>Pensions Reserve adjustments</b>					
Employer contributions paid to the Pension Fund	(1,430)			1,430	36
Net FRS17 charges made for retirement benefits	2,469			(2,469)	36
<b>Collection Fund Adjustment Account adjustments</b>					
Difference between the Council Tax income credited to the Comprehensive Income and Expenditure Statement and that calculated in accordance with statutory requirements	20			(20)	Collection Fund
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>4,537</b>	<b>16</b>	<b>64</b>	<b>(4,618)</b>	

## Note 16 Transfers to/from Earmarked Reserves

Please refer to Note 34a for full details of the Earmarked Reserves and the movements within each Reserve during the year.

# Notes to Core Financial Statements

## Note 17 Property, Plant and Equipment

Movements on property, plant & equipment assets in 2010/2011 were as follows:-

Property, Plant & Equipment	Vehicles, Plant, Infra-structure, Community Assets, Assets under construction, Surplus Assets						Total Assets £000s	Note
	Land & Buildings £000s	Furniture & Equip £000s	Infra-structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s		
<b>Cost or Valuation 1st April 2010</b>	17,664	4,481	278	442	-	1,090	23,955	
Additions	291	1,164	133	37	310	-	1,935	20
Revaluation increases/(decreases) to Revaluation Reserve	381	-	-	-	-	-	381	15 & 35a
to Provision of Services	(205)	-	-	-	-	-	(205)	15 & 35b
Reclassifications- to/from Assets Held for Sale	(400)	-	-	-	-	-	(400)	29
others	-	-	-	-	-	-	-	
Derecognition- on disposal	-	-	-	-	-	-	-	15 & 35b
<b>Cost or Valuation 31<sup>st</sup> March 2011</b>	<b>17,731</b>	<b>5,645</b>	<b>411</b>	<b>479</b>	<b>310</b>	<b>1,090</b>	<b>25,666</b>	
<b>Accum Depreciation and Impairments 1st April 2010</b>	(4,849)	(1,711)	-	(115)	-	-	(6,675)	
Depreciation for the year- to Revaluation Reserve	(72)	-	-	-	-	-	(72)	15 & 35a
to Provision of Services	(184)	(654)	(6)	-	-	-	(844)	15 & 35b
Impairment losses/(reversals) to Revaluation Reserve	-	-	-	-	-	-	-	15 & 35a
to Provision of Services	(98)	-	(50)	(28)	-	-	(176)	15 & 35b
Derecognition- on disposal	-	-	-	-	-	-	-	15 & 35b
<b>Accumulated Depreciation and Impairments 31<sup>st</sup> March 2011</b>	<b>(5,203)</b>	<b>(2,365)</b>	<b>(56)</b>	<b>(143)</b>	<b>-</b>	<b>-</b>	<b>(7,767)</b>	
Net Book Value at 31 <sup>st</sup> March 2011	12,528	3,280	355	336	310	1,090	17,899	
Net Book Value at 31 <sup>st</sup> March 2010	12,815	2,770	278	327	-	1,090	17,280	

Rossendale Borough Council has not entered into any PFI arrangements for the provision of property, plant or equipment.

Depreciation, using the straight line method, has been charged according to the estimated life of the assets involved on the following basis.

- Operational buildings generally have a useful life of 40 years, except where expert opinion has reduced this estimate. The land upon which the buildings reside is not subject to depreciation.
- Vehicles are depreciated over a useful life of 3-7 years depending upon their technical or mechanical nature.
- Equipment such as refuse bins, are depreciated over a useful life of 12 years.
- All other assets under land, assets under construction, community assets, investment and surplus assets are not depreciated.

In April 2010 the Council introduced component accounting as it is required to do under the Code. This is now being applied to all revaluation exercises on the following basis.

- For all assets land and buildings are valued separately. Only assets with a combined land and buildings value of £500k and over will be subject to component accounting.
- Significant components are items (or groups of items) with a value of at least 25% of the total asset value.

### Heritage Assets

In line with the 2011/2012 Code the council will introduce Heritage Assets to the above list from April 2011. This will include 24 items of mayoral regalia donated in the past to the town councils of Bacup, Rawtenstall and Haslingden, which were valued at £545k in September 2008 for insurance purposes.

# Notes to Core Financial Statements

Comparator movements in 2009/2010 were as follows:

Property, Plant & Equipment	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra-structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s	Total Assets £000s	Note
<b>Cost or Valuation 1st April 2009</b>	17,283	2,724	125	416	-	925	21,473	
Additions	473	1,757	153	26	-	-	2,409	20
Revaluation increases/(decreases)- to Revaluation Reserve	(69)	-	-	-	-	125	56	15 & 35a
to Provision of Services	-	-	-	-	-	(35)	(35)	15 & 35b
Reclassifications- to/from Assets Held for Sale	(23)	-	-	-	-	75	52	29
others	-	-	-	-	-	-	-	
Derecognition- on disposal	-	-	-	-	-	-	-	15 & 35b
<b>Cost or Valuation 31<sup>st</sup> March 2010</b>	<b>17,664</b>	<b>4,481</b>	<b>278</b>	<b>442</b>	<b>-</b>	<b>1,090</b>	<b>23,955</b>	
<b>Accum Depreciation and Impairments 1st April 2009</b>	(1,083)	(1,338)	-	(113)	-	-	(2,534)	
Depreciation for the year- to Revaluation Reserve	(58)	-	-	-	-	-	(58)	15 & 35a
to Provision of Services	(295)	(373)	-	-	-	-	(668)	15 & 35b
Impairment losses/(reversals) to Revaluation Reserve	-	-	-	-	-	-	-	15 & 35a
to Provision of Services	(3,413)	-	-	(2)	-	-	(3,415)	15 & 35b
Derecognition- on disposal	-	-	-	-	-	-	-	15 & 35b
<b>Accumulated Depreciation and Impairments 31<sup>st</sup> March 2010</b>	<b>(4,849)</b>	<b>(1,711)</b>	<b>-</b>	<b>(115)</b>	<b>-</b>	<b>-</b>	<b>(6,675)</b>	
Net Book Value at 31st March 2010	12,815	2,770	278	327	-	1,090	17,280	

## A breakdown of buildings owned

A summary of Council Assets	31 <sup>st</sup> March 2010 No.	31 <sup>st</sup> March 2011 No.
Administrative Buildings	4	4
Depots and Workshops	6	6
Off-Street Car Parks	44	44
Leisure Centres	2	2
Public Halls	2	1
Swimming Pools	3	3
Museums	1	1
Cemetries	4	4
Parks and recreation grounds	58 hectares	58 hectares
Amenity open spaces	36 hectares	36 hectares
Ski Slope	1	1
Public Conveniences	8	8
Industrial Units	37	37
Markets	3	3
Community & Youth Centres	2	2
Surplus Assets	14	14
Surplus Assets for Sale	3	3

Bacup Leisure Hall was closed and sold during 2010/2011. Though the Ski Slope was in the process of being closed at 31st March 2011, the property is still owned by the Council and alternative operation opportunities are being investigated.

# Notes to Core Financial Statements

## Revaluation Programme

The authority operates a five-year rolling programme of revaluation on its General Fund properties. The valuations are carried out by G Woodward, M.R.I.C.S. of Athertons Ltd Chartered Surveyors at 53 King Street, Whalley, Lancashire, BB7 9SP. For details of basis of valuation please refer to the Accounting Policies.

The details below show the history of this revaluation programme. For example, £4.8m of land and building assets were last revalued in 2006/2007 or before and hence are due to be revalued again in 2011/12. Assets valued in previous years have not undergone any material changes which would alter their valuations.

Revaluation Programme	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra-structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s	Total Tangible Assets £000s	Note
Valued at historical cost	-	-	-	88	-	-	88	
Valued at current value in:								
2004/2005	670	114	-	-	-	400	1,184	
2005/2006	44	36	-	-	-	-	80	
2006/2007	3,479	43	-	38	-	35	3,595	
2007/2008	1,162	140	-	60	-	155	1,517	
2008/2009	4,938	358	-	150	-	500	5,946	
2009/2010	1,280	1,417	272	-	-	-	2,969	
2010/2011	955	1,172	83	-	310	-	2,520	
<b>Net Book Value at 31<sup>st</sup> March</b>	<b>12,528</b>	<b>3,280</b>	<b>355</b>	<b>336</b>	<b>310</b>	<b>1,090</b>	<b>17,899</b>	

The revaluation list above shows £1,114k of assets within land & buildings and surplus assets which have not been revalued in line with the Council's policies (excluding vehicles). The Council will endeavour to address this backlog in 2011/2012.



## Note 18 Investment Properties

With the introduction of IFRS the Council has reviewed its Investment Assets and determined that they do not meet the criteria under IAS 40 Investment Assets. As a consequence all assets have been transferred to either operational land and buildings or long-term surplus assets, see Notes 1 & 2.



## Note 19 Intangible Assets

The Council 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 under Property, Plant and Equipment. At Rossendale Borough Council these intangible assets comprise only purchased licenses as the Council has no internally generated software.

All software is given a finite useful life, based on assessments of the expected benefit to the Council, over which depreciation is calculated on a straight line basis. The default value for the useful life is 5 years and all current assets have been deemed to follow that standard.

Intangible Assets	31 <sup>st</sup> March 2010 £000s	31 <sup>st</sup> March 2011 £000s	Note
Balance at 1st April			
Gross carrying amount	690	701	
Accumulated amortisation	(312)	(441)	
<b>Net Carrying Amount at 1<sup>st</sup> April</b>	<b>378</b>	<b>260</b>	
Additions	11	80	
Reclassification	-	-	
Revaluations	-	-	
Impairment losses/(reversals)	-	-	
Amortisation for the period	(129)	(130)	15 & 35b
<b>Net Carrying Amount at 31<sup>st</sup> March</b>	<b>260</b>	<b>210</b>	
Comprising			
Gross carrying amount	701	781	
Accumulated amortisation	(441)	(571)	





# Notes to Core Financial Statements

## Note 20 Capital Expenditure, Financing and Capitalisation of Borrowing Costs

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. The Council has not acquired any assets under finance leases or PFI schemes which would have been included below).

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirements (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The movement in the CFR during the year is analysed in the second part of this note.

	2009/2010	2010/2011	
	£000s	£000s	Note
<b>Opening Capital Financing Requirement</b>	<b>2,116</b>	<b>3,719</b>	
Capital investments			
Property, Plant & Equipment	2,409	1,935	17
Investment Properties	-	-	18
Intangible Assets	11	80	19
Revenue Expenditure funded from Capital under Statute	3,095	1,979	15 & 35b
	<u>5,515</u>	<u>3,994</u>	
Sources of Finance			
Capital Receipts	(405)	(627)	15 & 34b
Government Grants and other contributions	(3,141)	(2,195)	15 & 35b
Sums set aside from Revenue:-			
Direct revenue contributions	(260)	(271)	15 & 35b
Minimum Revenue Provision	(106)	(546)	15 & 35b
<b>Closing Capital Financing Requirement</b>	<b>3,719</b>	<b>4,074</b>	
Explanation of movements in the year			
Increase/(Decrease) in underlying need to borrow (not supported by government financial assistance)	1,603	355	
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>1,603</b>	<b>355</b>	

## Capital Expenditure on Council Assets

The main items of capital expenditure on the Council's own assets during the year were:-

Capital expenditure on Council assets	2009/2010	2010/2011	
	£000s	£000s	Note
IT Strategy	12	23	
Waste Collection & Recycling Services	28	77	
Vehicle Replacement Programme	1,510	824	
Infrastructure, including roads and culverts	125	149	
Disabled Access Improvements	17	3	
Cemeteries	18	57	
Car Parks	50	21	
Henrietta Street Depot	148	33	
Leisure Buildings	44	360	
Playing fields, playgrounds & parks	233	161	
The Business Centre, Futures Park	127	53	
STAN - Mobile One Stop Shop	-	139	
Others	108	115	
	<u>2,420</u>	<u>2,015</u>	

Further information on capital expenditure in 2010/2011 can be found in the full Capital Expenditure Report at Section 3.

# Notes to Core Financial Statements

## Capital Commitments

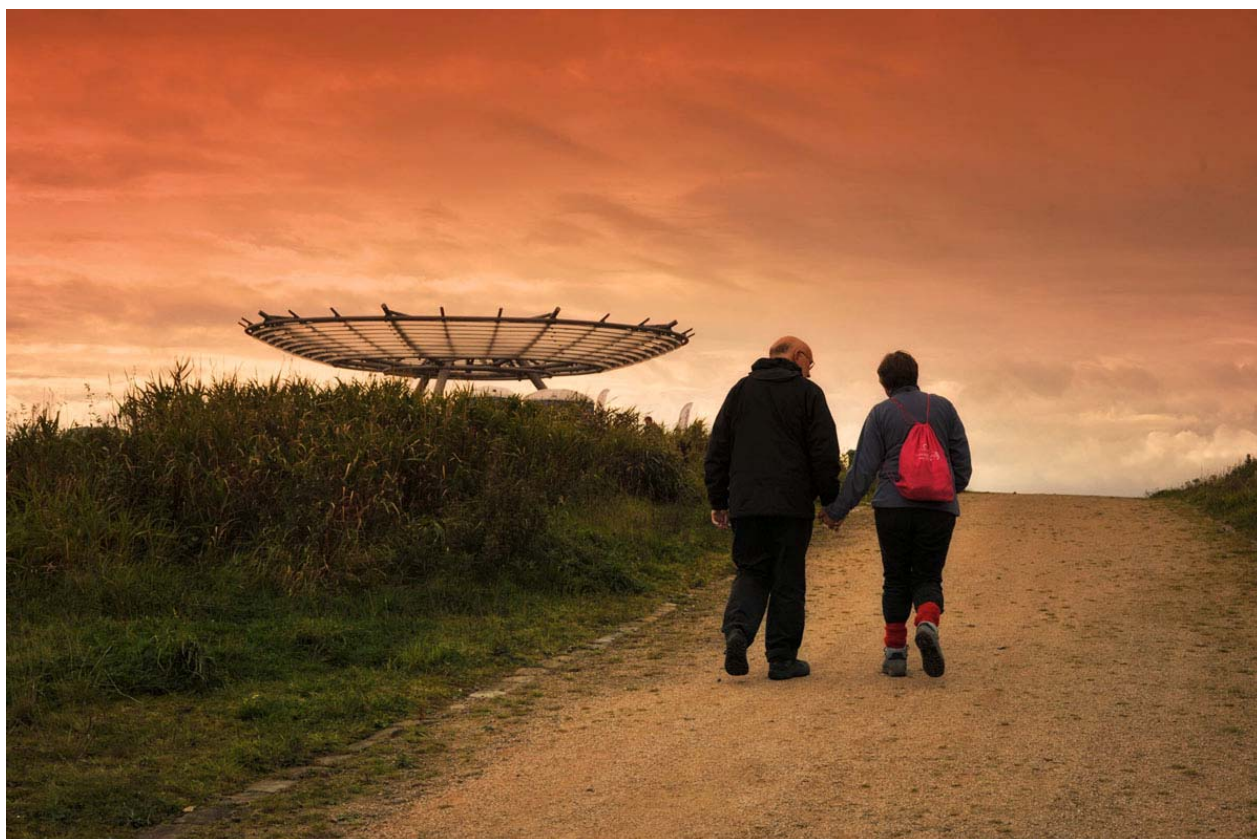
At the 31<sup>st</sup> March 2011 the Council carried forward £1.8m of capital projects, of which £1.2m were contractual commitments as shown below.

Contractual Commitments carried forward	31 <sup>st</sup> March 2010 £000s	31 <sup>st</sup> March 2011 £000s	Note
Vehicle Replacement Programme	659	-	
Wheeled Bins	17	19	
Building Maintenance	156	21	
Culvert works	-	83	
Parks and Open Spaces	-	230	
Cemeteries	-	55	
Leisure Buildings	-	214	
Performance Reward Grant partnership projects	-	126	
Housing Market Restructuring	-	462	
	<b>832</b>	<b>1,210</b>	

## Capitalisation of Borrowing Costs

The Council has one 25-year loan from the PWLB which was taken out in March 2010 in order to support the construction of leisure facilities at Haslingden and Marl Pits as a consequence of the 2009/2010 Leisure Review.

Once complete these facilities will be operated by Rossendale Leisure Trust and the borrowing costs will be matched against savings in the support grant payable to the Trust. Until these facilities are operational, interest payments on this loan will be capitalised in full. In 2010/2011 the capitalised cost of this borrowing was £213k (£nil in 2009/2010). Interest income of £85k was attributed to the temporary investments supported by these additional resources during 2010/2011 and this income was contributed towards the funding of the project.



## Note 21 Leases

### Authority as Lessee

Rossendale Borough Council has not acquired any assets under Finance Lease arrangements.

Until March 2010 the Council acquired most of its vehicles under operating leases. Since then all leased vehicles have been replaced with the new fleet bought out-right. The remaining assets acquired under operating leases are predominantly wheeled bins and some other equipment.

The payments for the use of these assets during 2010/2011 are included in the net cost of services. The future minimum lease payments due under non-cancellable leases in future years are:

Authority as a Lessee	2009/2010 £000s	2010/2011 £000s	Note
<b>Minimum Lease Payments in the year</b>	<b>539</b>	<b>72</b>	
Future Minimum Lease Commitments			
Amounts falling due within 1-2 years	36	26	
Amounts falling due within 2-5 years	23	18	
Amounts falling due within 5-10 years	-	-	
<b>Total Minimum Lease Payments</b>	<b>59</b>	<b>44</b>	

### Disclosure by Lessor

The Council has a number of premises that it makes available on an operating lease basis, for lease terms substantially less than the expected lives of the assets. Asset values included within the Balance Sheet and minimum lease income receivable during the year were as follows:

Authority as a Lessor	2009/2010	2010/2011			Note	
	Total £000s	Industrial/ Business Properties £000s	Leisure Premises £000s	Other Properties £000s		Total £000s
Gross Value at 31st March	8,482	1,969	5,816	195	7,980	
Accumulated Depreciation	(442)	(115)	(437)	(35)	(587)	
<b>Net Book Value at 31st March</b>	<b>8,040</b>	<b>1,854</b>	<b>5,379</b>	<b>160</b>	<b>7,393</b>	
<b>Total Minimum Lease Income</b>	<b>181</b>	<b>230</b>	<b>-</b>	<b>-</b>	<b>230</b>	

The rental incomes above show a nil return for leisure properties. These are now managed and operated by partners such as Rossendale Leisure Trust and Community Leisure Association Whitworth on a rent free basis and the Council makes a grant contribution each year to the provision of leisure services across the borough. Details of this grant can be found in Note 13 on Related Party Transactions.

The assets shown as 'other properties' above have similarly been leased to third parties at peppercorn rents.

# Notes to Core Financial Statements

## Note 22 Long Term Investments

The long term investments consist of:-

Long Term Investments	31 <sup>st</sup> March 2010 £000s	31 <sup>st</sup> March 2011 £000s	Note
Rossendale Transport Ltd	2,100	2,100	24 & 34a
Marketable Securities	2	2	
<b>Balance at 31st March</b>	<b>2,102</b>	<b>2,102</b>	

The investment in the Rossendale Transport Ltd, a company which provides public bus services principally within the Rossendale area, consists of £645,000 share capital, being 100% of the shares issued. In recent years this investment has been valued in the Council's Balance Sheet using the Discounted Cash Flow method. Gains/losses on revaluation are shown in 'Other Income' section of the Comprehensive Income and Expenditure Statement and transferred to the 'Available-for-sale Financial Instruments Reserve' in the Balance Sheet. This is a technical term and in no way presumes that a decision has been made to dispose of this asset.

The company's audited Statement of Accounts for the year to 31<sup>st</sup> March 2011 are summarised below. Rossendale Borough Council does not underwrite accumulated deficits or losses of Rossendale Transport Ltd. Further information about the accounts is available from The Company Secretary, Rossendale Transport Ltd., Knowsley Park Way, Knowsley Road Industrial Estate, Haslingden, Rossendale, Lancashire.

Rossendale Transport Ltd.	31 <sup>st</sup> March 2010 £000s	31 <sup>st</sup> March 2011 £000s	Note
Profit/(Loss) on ordinary activities before taxation	(10)	397	
Tax on profit on ordinary activities	1	(112)	
<b>Retained profit/(loss) for the financial year</b>	<b>(9)</b>	<b>285</b>	
<b>Net Assets of the company</b>	<b>2,347</b>	<b>3,088</b>	

## Note 23 Long-term Debtors

The analysis of the long-term debt outstanding at the balance sheet date is:

Long Term Debtors	Mortgages (pre 1991) £000s	Car Loans £000s	Ross'dale Leisure Trust £000s	Mortgage Rescue Scheme loans £000s	Total £000s	Note
Balance at 1st April 2009	19	27	65	-	111	
Advances	-	5	18	11	34	
Receipts	(9)	(18)	-	-	(27)	
<b>Balance at 31st March 2010</b>	<b>10</b>	<b>14</b>	<b>83</b>	<b>11</b>	<b>118</b>	
Advances	-	-	-	3	3	24
Receipts	(4)	(9)	(6)	(1)	(20)	
<b>Balance at 31st March 2011</b>	<b>6</b>	<b>5</b>	<b>77</b>	<b>13</b>	<b>101</b>	

# Notes to Core Financial Statements

## Note 24 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 on another.

The term 'financial instruments' covers both financial assets and financial liabilities and includes both straight forward trade receivables and trade payables as well as complex money-market assets.

Typical financial instruments and their basis of measurement are shown in the table below:

Financial Instruments	Measurement	Rossendale Note
<b>Liabilities</b>		
Trade and other payables (Creditors)	Held at invoice value	Trade payables excluding government and other non-contract creditors
Borrowings	Included at the face value of the loan or bank account, adjusted for any interest due at year-end	Borrowing can include fixed term loans and bank overdrafts. Rossendale Borough Council has loan from the PWLB over a period of 25 years commencing March 2010
Financial guarantees	Measurement balances guarantee value with the risk of the guarantee being called	The Council has given one financial guarantee, but considers the risk to be so minimal as to render the liability as not material (see Note 35)
<b>Assets</b>		
Bank deposits	Any deposit with 365 days or less to run is held at carrying value of the account	The Council's 'Cash at Bank' figure includes a minimal value of cash in hands of officers as well as bank accounts with instant access.
Trade receivables (Debtors)	Held at invoiced amount less an impairment for uncollectable debts	Trade receivables exclude government and other non-contract debts
Loans receivable	Included at the face value of the loan or bank account, adjusted for any interest due at year-end	Loan deposits can include investments which have fixed terms and fixed interest rates. The Council has issued two loans to Rossendale Leisure Trust (see Note 9)
Soft Loans	Where material, soft loans are measured using an effective market rate of interest	The Council has no soft loans. All similar loans, such as for staff car purchases and community groups include a reasonable element of interest.
Other receivables and advances	Held at the carrying value on the basis on materiality	These are predominantly mortgages issued prior to 1991
Investments	Held at 'fair value'. Where investments are not quoted on the stock market, have no active market and a reasonable assessment of 'fair value' cannot be arrived at, these assets are measured at cost less any impairment.	The Council's investment in Rossendale Transport Ltd is valued using the Discounted Cash flow method. The gain on this revaluation can be seen in the Movement in Reserves Statement and in the Balance Sheet.



# Notes to Core Financial Statements

The Council, in compiling its accounts, assessed all its financial instruments and there were a number that were not considered material to make an adjustment to the carrying value of the original asset or liability. These include soft loans and other minor investments. (A soft loan is where the Council has lent money at a lower than market rate). Where this has occurred the Council would adjust, if material, the carrying value of the loan to reflect the cost to the Council of the lower than market rate. The council has no soft loans as at 31st March 2010.

## Categories of Financial Instruments

The following table shows the categories of financial instruments included within the Balance Sheet and Notes.

Categories of Financial Instrument	Long Term		Current		Note
	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March	
	2010	2011	2010	2011	
	£000s	£000s	£000s	£000s	
Loans and receivables	-	-	8,000	7,500	28
Available for sale financial assets	2,102	2,102	-	-	22
<b>Total Investments</b>	<b>2,102</b>	<b>2,102</b>	<b>8,000</b>	<b>7,500</b>	
Loans and receivables	118	101	-	-	23
Financial assets carried at contract amounts	-	-	1,535	1,368	27
<b>Total Debtors</b>	<b>118</b>	<b>101</b>	<b>1,535</b>	<b>1,368</b>	
Financial liabilities at amortised cost	(4,416)	(4,232)	(184)	(184)	31
Financial liabilities at fair value through I&E	-	-	-	-	
<b>Total Borrowings</b>	<b>(4,416)</b>	<b>(4,232)</b>	<b>(184)</b>	<b>(184)</b>	
Financial liabilities at amortised cost	-	-	-	-	
Financial liabilities carried at contract amounts	-	-	(5,088)	(2,227)	32
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>(5,088)</b>	<b>(2,227)</b>	
<b>Financial Guarantees</b>	<b>(1,200)</b>	<b>(1,200)</b>	<b>-</b>	<b>-</b>	37

Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract. The Council provided a financial guarantee in respect of Rossendale Leisure Trust (see Note 37), which has been initially recognised at fair value. Subsequently this is measured at the higher of the amount recognised initially and the amount determined in accordance with FRS 12 Provisions, Contingent Liabilities and Assets less when appropriate cumulative amortisation.

## Financial Instrument Gains/Losses

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

	2009/2010	2010/2011				Note
	Total	Financial Liabilities	Loans and Receivables	Available for sale assets	Fair Value through the I&E	
Income & Expenses, Gains & Losses	£000s	£000s	£000s	£000s	£000s	
Interest payable	(13)	-	(214)	-	-	
Interest & Investment income	225	-	188	-	-	
Revaluation of Financial Assets	-	-	-	-	-	
<b>Total Investments</b>	<b>212</b>	<b>-</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	

## Fair value of assets and liabilities carried at amortised cost

Financial liabilities and assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions.

- For loans from the PWLB the fair value was calculated by reference to the premature repayment set of rates in force on 30th March 2010 and 31st March 2011 respectively.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values thus calculated are as follows:

	31st March 2010		31st March 2011		Note
	Carrying amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s	
Borrowings <1 year	(184)	(184)	(184)	(184)	31
Borrowings >1 year	(4,416)	(4,548)	(4,232)	(4,512)	31
Creditors (excl Govt & Collection Fund)	(5,088)	(5,088)	(2,227)	(2,227)	32
<b>Total Financial Liabilities</b>	<b>(9,688)</b>	<b>(9,820)</b>	<b>(6,643)</b>	<b>(6,923)</b>	
Investments <1 year	8,000	8,000	7,500	7,500	28
Investments >1 year	-	-	-	-	
Long Term Debtors	118	118	101	101	23
Debtors (excl Govt & Collection Fund)	1,535	1,535	1,368	1,368	27
Cash at bank and in hands of officers	1,225	1,225	1,865	1,865	28
<b>Total Loans &amp; Receivables</b>	<b>10,878</b>	<b>10,878</b>	<b>10,834</b>	<b>10,834</b>	

At March 2011 Rossendale Borough Council has one outstanding PWLB loan taken out in March 2010 for 25 years at a fixed rate of 4.49%. The premature repayment rate applicable on 31<sup>st</sup> March 2011 was 3.82% and the figures for fair value above have been supplied by the Council's treasury management advisor, Sector.

The Council's investment in Rossendale Transport Ltd is valued using the Discounted Cash flow method. The gain on this revaluation in 2008/09 can be seen in the Balance Sheet. Though this valuation is reviewed each year it has not changed materially since that date.

The Council's portfolio of treasury management investments does not include any long-term deposits over 365 days. For investments under 365 days the deposit value is taken as a fair approximation of their value.

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



## Note 25 Nature and extent of risks arising from Financial Instruments

### Key Risks

The Council's activity exposes it to a variety of financial risks, the key risks are:

- Credit risk the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risks the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates movements.

### Overall procedures for Managing Risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - the Council's overall borrowing;
  - it's maximum and minimum exposures to fixed are variable rates;
  - it's maximum and minimum exposures of the maturity structure of its debt;
  - it's maximum annual exposures to investments maturing beyond a year.
  - by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the government guidance.

These requirements are known as Prudential Indicators and are required to be reported and approved alongside the Council's annual Council Tax budget setting in February, along with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported monthly to Members.

These policies are implemented by the Council's Financial Services staff. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, and credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria and limits approved by the Council.

The Council maintains strict criteria for investment counterparties and monitors activity against these criteria. As a result of this high credit criteria there has been no experience of defaults. The Council refers to an approved list of organisations for investment purposes, assessed by the rating agencies, consisting of major banks, building societies and other local authorities. Maturity limits apply for each counterparty category and maximum investment limits also exist per counterparty and per sector.

No breaches of these criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any counterparty in relation to financial deposits. However, the Council has supported Rossendale Leisure Trust through loans totalling £77k over a maximum of five years (included within Long-term Debtors at Note 23) and cash flow support £400k at 31<sup>st</sup> March 2011 (included in the Debtors figure at Note 27).

# Notes to Core Financial Statements

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last three financial years, adjusted to reflect current market conditions.

Credit Risk	Amount at	Historical	Adjusted	Estimated	Estimated	Note
	31st March			default	for market	
	2011	£000s	conditions	31st March	31st March	
	£000s	£000s	%	2011	2010	
				%	£000s	
Bank deposits	9,363	0.00%	0.00%	-	-	28
Rosendale Leisure Trust	77	0.00%	0.00%	-	-	23
Long-term Debtors	41	0.03%	0.03%	-	-	23
Short-term Debtors						
Trade Debts	1,368	3.40%	3.40%	47	65	27
<b>Total Loans &amp; Receivables</b>	<b>10,849</b>			<b>47</b>	<b>65</b>	

The Council does not generally allow credit for its trade debtors. The Council reports the level of trade debts outstanding each month in the financial monitoring report available on the website. Of the £1,368k outstanding at 31st March 2011 only £307k was overdue. The past due amount can be analysed by age as follows:

Trade Debtors by age	31st March	31st March
	2010	2011
	£000s	£000s
Less than one month	523	100
One to Two months	32	72
Two to three months	1	13
Three to six months	11	15
Six months to one year	17	15
Over one year	123	92
<b>Total Trade Debtors</b>	<b>707</b>	<b>307</b>



## Liquidity Risk

The council has ready access to borrowings from the Public Works Loan Board for long term borrowing and the Money Markets to cover any day-to-day cash flow need. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury management and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice. The Council's performance in managing its current cash position is reported each month in the financial monitoring reports available on the website.

## Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments of greater than one year in duration are the key parameters used to address this risk. The approved treasury and investment strategy addresses the main risks and sets the operational parameters should the Council ever need to borrow funds.

## Market Risk

There are three related risks the Council is aware of: interest rate risk, price risk and foreign exchange risk.

### Interest Rate Risk

The Council has limited exposure to interest rate movements on its borrowings and investments. Borrowings are carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and reflected in the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The annual Medium Term Financial Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. The aim of the prudential indicators is to contain the activity of the treasury function within certain limits reducing the risk or likelihood of an adverse movement in certain interest rates or borrowing decisions that could impact negatively on the Council's overall financial position.

Within this Strategy prudential indicators are set which provide maximum and minimum limits for fixed and variable interest rate exposure. The Financial Services staff monitor markets and forecast interest rates within the year to adjust exposure appropriately. The indicators in force during 2010/2011, which were approved along with the Council's annual budget on 25<sup>th</sup> February 2010, are shown below.

Limits in interest rate exposure	2009/2010	2010/2011	2011/2012	2012/2013
	£000s	£000s	£000s	£000s
Maximum principal sums borrowed > 364 days	£7m	£10m	£10m	£10m
Limits on Fixed Interest Rates	100%	100%	100%	100%
Limits on Variable Interest Rates	30%	30%	30%	30%
Maximum principal sums invested > 364 days	£4m	£6m	£6m	£6m

If all lending interest rates had been 1% higher with all other variables held constant the financial effect would only impact on the interest receivable on variable rate investments by an extra £130k. All other interest payable and receivable is fixed.

### Price Risk

The Council, excluding the pension fund, does not generally invest in instruments with this type of risk.

### Foreign exchange risk

Local custom and practice is not to engage in foreign currency trade or deal with foreign financial institutions. The Council, therefore, has no financial assets or liabilities denominated in foreign currencies and has no exposure to loss arising from movements in exchange rates.





# Notes to Core Financial Statements

## Note 26 Inventories

The total value of stocks at 31 March 2011 was £37k (£28k at 31<sup>st</sup> March 2010), representing fuel, vehicle maintenance spares and refuse sacks. These are carried at cost due to the high turnover nature of the items concerned providing a very close approximation to the current value at the Balance Sheet date.

## Note 27 Debtors

Debtors	1st April 2009 £000s	31 <sup>st</sup> March 2010 £000s	31st March 2011 £000s	Note
Central Government Bodies	2,728	3,166	977	
Other Local Authorities	601	1,205	922	
Other entities and individuals				
Council Tax	470	513	519	
Advance Payments	132	193	139	
Sundry Trade Debtors	1,741	1,360	1,640	
Less impairment	(918)	(922)	(1,066)	30
	1,425	1,144	1,232	24
<b>Net Balance at 31st March</b>	<b>4,754</b>	<b>5,515</b>	<b>3,131</b>	

## Note 28 Short-term Investments, Cash and Cash Equivalents

Cash and Cash Equivalents	31 <sup>st</sup> March 2010 £000s	31 <sup>st</sup> March 2011 £000s	Note
Bank Deposits - access less than 3 months	-	1,500	
Bank Deposits - access 3 to 6 months	-	-	
Bank Deposits - access 6 to 12 months	8,000	6,000	
<b>Short-term Investments at 31st March</b>	<b>8,000</b>	<b>7,500</b>	24 & 30
Bank Deposits - instant access	1,223	1,863	30 & 39
Cash in Hands of Officers	2	2	30 & 39
<b>Cash and cash equivalents at 31st March</b>	<b>9,225</b>	<b>9,365</b>	

## Note 29 Assets Held for Sale

Non-current assets held-for-sale are shown in Note 17 under Property, Plant and Equipment.

Current Assets held for sale	2009/2010 £000s	2010/2011 £000s	Note
Balance at 1st April	281	101	
Assets newly classified as Held-for-Sale from Property, Plant & Equipment	223	400	17
Revaluation transfers to the Revaluation Reserve			
Revaluation gains	107	42	35b
Revaluation (losses)	-	(200)	35b
Assets declassified as Held-for-Sale to Property, Plant & Equipment	(275)	-	17
Write out NBV of Assets sold			
Net value in Revaluation Reserve	(210)	(49)	35a
Net value in Capital Adjustment Account	(25)	(200)	35b
<b>Balance at 31st March</b>	<b>101</b>	<b>94</b>	

# Notes to Core Financial Statements

## Note 30 Impairment Losses

Impairment losses/(reversals) on property, plant and equipment, investment properties and intangible assets are disclosed in Note 17, 18 and 19 respectively.

The Council also makes provision for impairment of short-term debtors, as shown in Note 27. The basis of that provision, as disclosed in Note 25, is historical default experience adjusted for the current market conditions. At 31st March 2011 the total provision for impairment of short-term debtors was £1,066k (£922k at 31st March 2010). This provision is against a maximum estimated market exposure of £850k (£687k at 31st March 2011).

## Note 31 Borrowing

The £1.5m 364-day loan from the Public Works Loans Board (PWLB) taken out in January 2009 to fund capital programme costs whilst the economic downturn depressed the expected levels of capital receipts was repaid in January 2010.

Following the budget setting in February 2010, a loan of £4.6m was taken out, again from the PWLB, over a life of 25 years at 4.49% to part-finance the capital costs of the Council's Leisure Services Review. Of this loan £184k was repayable within 12 months of the financial year end. Further information can be found in the Financial Instruments Note 24.

PWLB Borrowing	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011	Note
	£000s	£000s	
Repayable in less than 12 months	184	184	24
Repayable between 1 and 2 years	184	184	
between 2 and 5 years	552	552	
between 5 and 10 years	920	920	
in 10 years or more	2,760	2,576	
<b>Balance at 31st March</b>	<b>4,600</b>	<b>4,416</b>	



## Note 32 Creditors

Creditors	Adj Note 2*			Note
	1st April 2009	31 <sup>st</sup> March 2010	31st March 2011	
	£000s	£000s	£000s	
Central Government Bodies	52	-	5	
Other Local Authorities	21	415	320	
Bodies external to general government				
Advance Receipts: Council Tax	112	113	118	
Advance Receipts: Others	338	85	75	
Employee Benefit Expenses *	71	85	88	
Sundry Trade Creditors	3,228	4,673	1,743	
<b>Balance at 31st March</b>	<b>3,822</b>	<b>5,371</b>	<b>2,349</b>	

## Note 33 Provisions

Provisions relate to service areas where there are known liabilities but uncertainty about the exact amount or the dates on which they will arise.

Provisions	Balance 31 <sup>st</sup> March 2010 £000s	Provisions Made £000s	Provisions Utilised £000s	Balance 31 <sup>st</sup> March 2011 £000s	Note
English Heritage	358	-	-	358	
Vehicle Replacement/Maintenance Provision	39	(39)	-	-	
Customer Services Projects Provision	72	30	(10)	92	
Other Provisions	517	323	(261)	579	
	<b>986</b>	<b>314</b>	<b>(271)</b>	<b>1,029</b>	

The English Heritage Provision relates to any potential clawback on a previous regeneration project and is due for full review in 2011/2012. The Customer Services Projects Provision is an ongoing provision utilising in-year savings on Information Technology schemes to finance further introduction of electronic service delivery projects.

Other provisions are for operational running costs which are known commitments, but are subject to uncertainty about either the timing or value.

## Note 34 Usable Reserves

The overall movements in the Council's Usable Reserves can be seen in the Movement in Reserves Statement. Further details on the movements in the individual Earmarked Reserves and Capital Grants Unapplied accounts can be found below, along with greater explanation of the activity on the Usable Capital Receipts Reserve.

### Note 34a - Earmarked Reserves

Transport Reserve – Historic valuation of the Council's shares in Rossendale Transport Ltd.

Change Management Reserve – Resources to support future costs of change, such as restructuring costs, or investment in technology to realise savings.

Budget Volatility Reserve – For exceptional increases in demand driven budgets such as benefits.

IT Reserve – Initially funded as part of the housing stock transfer arrangements this reserve is intended to fund ongoing investment in Information Technology upgrades and services.

Pension Fund Reserve – To meet future pension fund liabilities in respect of former housing services.

Performance Management Reserve – A reserve to meet the cost of target achievement incentives offered to Capita in relation to the Council Tax Collection and Housing Benefits services. Initially funded by the redistributed surplus from the Collection Fund, the max. use in any one year is £25k.

Regulatory Services Reserve -To hold Local Authority Business Growth Incentive Scheme receipts for future investment to deliver the regeneration objectives of the Local Development Framework.

Economic Regeneration Reserve – Funds such as Local Authority Business Growth Incentive Scheme (LABGIS) grants held for future investment in specific regeneration schemes.

Planning Reserve – This reserve now holds Housing Planning Delivery Grant earned through the achievement of performance targets, to be spent on future planning projects.

Single Status Reserve - To meet the transitional costs of implementing Single Status

Health and Wellbeing Projects Reserve – This reserve holds grants received from the local health authority to fund future health-related partnership projects.

# Notes to Core Financial Statements

Contaminated Land Reserve – This reserve was created in 2008/2009 from grant received from the Department of the Environment to fund site investigations into potential contamination sites.

Leisure Services Reserve – This reserve was created in 2008/2009 against the potential requirement to underwrite the Balance Sheet of Rossendale Leisure Trust.

Leisure Facilities Reserve – This reserve was created in 2008/2009 from VAT reclaim funds to support any changes to leisure facilities recommended by the 2009/2010 public review of leisure services.

Performance Reward Grant Reserve – This reserve has been created in 2009/2010 with grant received upon the achievement of Local Area Agreement targets. The allocation of these funds to specific projects is the remit of the Local Strategic Partnership.

Area Based Grant Reserve – This reserve has been created in 2009/2010 to acknowledge the receipt of 'earned' Area Based Grant to fund further specific community projects.

Directorate Investment Reserve – This reserve was created in 2009/2010 to hold unspent budgets allowed to be carried forward for future one-off revenue projects within the General Fund Directorates.

Planning for Climate Change Reserve – This reserve has been created in 2009/2010 to hold 'earned' Climate Change grant intended for specific projects to contribute towards the Council's green agenda.

Housing Strategy Reserve – This reserve is accumulating revenue savings within housing strategy and regeneration to fund similar services in future years when revenue grants are withdrawn.

Bacup Neighbourhood Reserve – Community reserve funded from the disposal of Bacup Leisure Hall.

Pride Works Revenue Reserve – Reserve for future revenue works in place of previous capital plans.

Vehicle Maintenance & Replacement Reserve – will provide funds in future years to replace and maintain the refuse fleet with contributions made from savings on former operational lease costs.

Corporate Contingency Reserve – Funds to support in-year corporate investment decisions.

Earmarked Reserves	Balance 31 <sup>st</sup> March 2010 £000s	Income & Transfer to Reserves £000s	Utilised from Reserves £000s	Balance 31 <sup>st</sup> March 2011 £000s	Note
Transport Reserve	645	-	-	645	
Change Management Reserve	329	-	(58)	271	
Budget Volatility Reserve	314	34	-	348	
IT Reserve	83	-	(23)	60	
Pension Fund Reserve	356	350	(350)	356	
Performance Management	65	-	-	65	
Regulatory Services Reserve	364	-	(44)	320	
Economic Regeneration Reserve	801	-	(165)	636	
Planning Reserve	128	2	(52)	78	
Single Status Reserve	430	-	(182)	248	
Health and Wellbeing Projects Reserve	85	-	(21)	64	
Contaminated Land Reserve	7	-	-	7	
Leisure Services Reserve	229	-	(9)	220	
Leisure Facilities Reserve	911	26	(312)	625	
Performance Reward Grant Reserve	228	176	(7)	397	
Area Based Grant Reserve	211	256	(75)	392	
Directorate Investment Reserve	233	123	(4)	352	
Planning for Climate Change Reserve	15	-	(15)	-	
Housing Strategy Reserve	-	187	-	187	
Bacup Neighbourhood Reserve	-	135	-	135	
Pride Works Revenue Reserve	-	177	-	177	
Vehicle Maintenance & Replacement Reserve	-	262	-	262	
Corporate Contingency Reserve	-	105	-	105	
	<b>5,434</b>	<b>1,833</b>	<b>(1,317)</b>	<b>5,950</b>	15



# Notes to Core Financial Statements

## Note 34b - Usable Capital Receipts Reserve

These are capital receipts which have not yet been used to finance capital expenditure or repay debt.

Usable Capital Receipts Reserve	2009/2010 £000s	2010/2011 £000s	Note
Balance at 1st April	1,338	1,354	
Capital receipts in year			
Sale of Assets	296	192	15
Other Income	148	320	15
Capital receipts used to fund capital expenditure	(405)	(627)	15 & 20
Legal Costs of Sale	(16)	(10)	15
Payments to capital receipts pool	(7)	(5)	15
<b>Balance at 31st March</b>	<b>1,354</b>	<b>1,224</b>	

## Note 34c - Government Grants Unapplied

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with. This account holds the balance of grants unapplied at year-end.

Government Grants Unapplied	Balance 31 <sup>st</sup> March 2010 £000s	Receipts £000s	Applied £000s	Balance 31 <sup>st</sup> March 2011 £000s	Note
Communities for Health Grant	179	-	(6)	173	
Mortgage Rescue Scheme	49	-	-	49	
Empty Shops Revival Grant	53	-	-	53	
Regional Housing Grant	218	515	(190)	543	10
Big Lottery Grant	63	-	-	63	
Communities for Habitats	17	8	-	25	10
Disabled Facilities Grants	-	557	(557)	-	10
Regeneration Grants	-	1,866	(1,358)	508	10
Community Spaces Grant	-	74	(74)	-	10
	<b>579</b>	<b>3,020</b>	<b>(2,185)</b>	<b>1,414</b>	





## Note 35 Unusable Reserves

### 35a Revaluation Reserve

In accordance with the Statement of Recommended Practice, from 1st April 2007 the Revaluation Reserve records unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis. This Reserve is matched by fixed assets within the Balance Sheet. It does not represent resources available to the authority.

Revaluation Reserve	Amended per Note 2*		Note
	2009/2010 £000s	2010/2011 £000s	
Balance at 1st April	2,779 *	2,935	2
Surplus/(Deficit) on revaluation of assets in the year			
Property, Plant & Equipment	317	381	15 & 17
Assets Held for Disposal	107	(158)	15 & 29
Value of assets disposed of in the year	(210)	(49)	15 & 29
Depreciation of Revaluation Balances brought forward	(58)	(72)	15 & 17
<b>Balance at 31st March</b>	<b>2,935</b>	<b>3,037</b>	

### 35b Capital Adjustment Account

In accordance with the Statement of Recommended Practice the Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls mechanism.

In the main this account holds the gains on historical revaluations of the assets still held by the Council, depreciated over the life of the assets. It is managed as a total figure, not on a per-asset basis, and does not represent cash resources available to the authority.

Capital Adjustment Account	Amended per Note 2*		Note
	2009/2010 £000s	2010/2011 £000s	
Balance at 1st April	14,706 *	11,000	2
Revenue and Capital Receipts used to finance capital			
Revenue Contributions	260	271	15 & 20
Useable Capital Receipts	405	627	15, 20, 34b
Capital Grants and Contributions	3,151 *	2,195	15 & 20
Losses on Revaluation of assets			
Property, Plant & Equipment	(295)	(205)	15 & 17
Assets Held for Disposal	-		15 & 29
Write off NBV of disposals (net of Revaluation Reserve)	(25)	(200)	15 & 29
Minimum Revenue Provision for repayment of debt	106	546	15 & 20
Depreciation of Property, Plant and Equipment	(669) *	(844)	15,17,35a
Amortisation of Intangible Assets	(129)	(130)	15 & 19
Impairment of Property, Plant & Equipment assets	(3,415)	(176)	15 & 17
Revenue Expenditure funded from Capital under statute	(3,095)	(1,979)	15 & 20
<b>Balance at 31st March</b>	<b>11,000 *</b>	<b>11,105</b>	

## Note 36 Local Government Pension Scheme – a defined benefit scheme

The following note explains the terms and conditions of the retirement benefits of the Council officers and other employees. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme administered by Lancashire County Council – this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. As stated in the Explanatory Foreword, the scheme underwent a full valuation in March 2010 which was reported in December 2010. This did not affect the Council's Pension Scheme Liabilities and Pension Reserve in the Consolidated Balance Sheet until 31st March 2011. This has not been treated as a Post Balance Sheet event and no retrospective amendments to the 31<sup>st</sup> March 2010 have been made.

### Changes to Scheme Valuation and Presentation

In December 2006 the Accounting Standards Board (ASB) made a number of changes to the FRS 17 accounting standard. In the main these related to the presentation of the figures and disclosures below rather than the underlying calculations themselves. However, they did also include a requirement for most assets to be valued at "realisable values" (i.e. bid values), as opposed to the previous requirement of "fair values" (in effect, mid-market values).

### Present Net Value of Scheme

The underlying assets and liabilities attributable to Rossendale Borough Council over recent years were as follows:-

<b>Scheme History</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Scheme Liabilities at 31 <sup>st</sup> March	(59,880)	(75,121)	(57,329)	(75,151)	(64,334)
Scheme Assets at 31 <sup>st</sup> March	46,595	52,180	33,490	43,192	42,405
<b>Net Scheme Assets/(Liabilities)</b>	<b>(13,285)</b>	<b>(22,941)</b>	<b>(23,839)</b>	<b>(31,959)</b>	<b>(21,929)</b>

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total net liability of £22m impacts on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

In his budget statement on 22 June 2010, the Chancellor announced that the government would start to increase public service pensions in line with the consumer price index (CPI) rather than the retail price index (RPI), which has been the practice in the past. As a result, future pension increases under the Lancashire County Pension Fund are expected to be slightly lower, on average, than would have been the case if this change had not been made. The precise financial effect has been taken into account in the IAS19 figures for the financial year ending 31 March 2011 shown on page 67.

## Present Value of Scheme Liabilities

The following table reconciles the opening and closing values of the scheme liabilities.

Scheme Liabilities	2009/2010	2010/2011
	£000s	£000s
Scheme Liabilities as at 1 <sup>st</sup> April	57,329	75,151
Current Service Cost	566	905
Interest on Pension Liabilities	3,998	4,154
Member Contributions	305	309
Past Service cost/(gain)	-	(3,926)
Actuarial (gains)/losses on liabilities	15,849	(9,104)
Entity Combinations	-	-
Curtailments	-	3
Settlements	-	-
Benefits/transfers paid	(2,896)	(3,158)
<b>Scheme Liabilities as at 31<sup>st</sup> March</b>	<b>75,151</b>	<b>64,334</b>

Of the above liabilities there is an unfunded element, for which the value at 31<sup>st</sup> March 2011 was £2,849k (£3,443k at 31<sup>st</sup> March 2010).

## Present Value of Scheme Assets

The following table reconciles the opening and closing values of the scheme assets.

Scheme Assets	2009/2010	2010/2011
	£000s	£000s
Scheme Assets as at 1 <sup>st</sup> April	33,490	43,192
Expected return on plan assets	2,095	2,732
Actuarial gains/(losses) on assets	8,768	(2,178)
Employer contributions	1,430	1,508
Member contributions	305	309
Benefits/transfers paid	(2,896)	(3,158)
Entity Combinations	-	-
Settlements	-	-
<b>Scheme Assets as at 31<sup>st</sup> March</b>	<b>43,192</b>	<b>42,405</b>

These assets are broken down into the following major categories:

Scheme Assets	31 <sup>st</sup> March 2010		31 <sup>st</sup> March 2011	
	£000s	%	£000s	%
Equities	28,506	66%	27,140	64%
Government Bonds	3,023	7%	2,968	7%
Other Bonds	5,183	12%	5,937	14%
Property	2,160	5%	3,392	8%
Cash/Liquidity	1,728	4%	424	1%
Other	2,592	6%	2,544	6%
<b>Total Scheme Assets</b>	<b>43,192</b>		<b>42,405</b>	

## Comprehensive Income and Expenditure Account

Authorities recognise the cost of retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so that the real cost of retirement benefits is reversed out of the in the Movement in Reserves Statement and replaced with the cash paid in the year.

The table below shows transactions within the Comprehensive Income and Expenditure Statement and the corresponding adjustments made in the Movement in Reserves Statement.

Reconciliation of the movement in the Pension Fund Reserve	2009/2010 £000s	2010/2011 £000s	Note
<b>Comprehensive Income and Expenditure Statement</b>			
Net Costs of Services			
Current service cost	566	905	
Past Service cost/(gain)	-	(3,926)	
Financing and Investment Income and Expenditure			
Interest cost	3,998	4,154	
Curtailments & Settlements	-	3	
Expected return on assets in the scheme	(2,095)	(2,732)	
Prior year adjustment	-	-	
<b>Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,469</b>	<b>(1,596)</b>	
<b>Other Comprehensive Income and Expenditure</b>			
Actuarial (gains)/losses	7,081	6,926	
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>9,550</b>	<b>5,330</b>	
<b>Movement in Reserves Statement</b>			
Reversal of net charges made for retirement benefits in accordance with the Code	(2,469)	1,596	15
<b>Actual charge to the General Fund Balance in the year</b>			
Employer's contributions payable to the scheme	1,423	1,522	15

The impact of the above asset and liability actuarial valuations can be seen in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement as follows:

Actuarial Gains/(Losses)	2009/2010 £000s	2010/2011 £000s	Note
Actuarial gains/(losses) on Liabilities	(15,849)	9,104	
Actuarial gains/(losses) on Assets	8,768	(2,178)	
<b>Net Actuarial gains/(losses) in current year</b>	<b>(7,081)</b>	<b>6,926</b>	15
Difference in employers contributions estimate	-	-	
Adjustment for prior-year gains/(losses) calculations	-	-	
<b>Actuarial gains/(losses) on pension fund assets</b>	<b>(7,081)</b>	<b>6,926</b>	

## Scheme Membership

The membership of the scheme was as follows:

Scheme Membership	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011
Active Members	193	187
Deferred Members	244	239
Pensioners	416	418
Widows	146	144

# Notes to Core Financial Statements

## Actual Gains and Losses

The actual gains measured against experience gains/(losses) in the year can be seen in the following table, along with the relevant percentages of period-end assets and liabilities which these values represent:

Actual Gains/(Losses)	2009/2010		2010/2011		Note
	£000s	%	£000s	%	
Actual Return on Plan Assets	10,863		3,431		
Experience gains/(losses) on Assets	8,768	20.3%	(2,178)	5.1%	
Experience gains/(losses) on Liabilities	-	0.0%	9,122	14.2%	

## Actuarial Assumptions

The Borough Council fund liabilities and assets have been assessed by Mercer Human Resource Consulting, an independent firm of actuaries, and their estimates have been based on the latest full valuation of the scheme as at 31st March 2010 which was published in March 2011. The main assumptions used in their calculations at the beginning and end of the year are shown below, with an effective date of 31<sup>st</sup> March 2010.

The liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion with their expected rates of return at the beginning and end of the year:

Actuarial Assumptions	Beginning of Period %	End of Period %
<b>Financial Assumptions</b>		
Rate of RPI inflation	3.30%	3.40%
Rate of CPI inflation	2.80%	2.90%
Rate of increase in salaries	5.05%	4.90%
Rate of increase in pensions	3.30%	2.90%
Discount rate	5.60%	5.50%
<b>Expected rate of return on assets</b>		
Equities	7.50%	7.50%
Government Bonds	4.50%	4.40%
Other Bonds	5.20%	5.10%
Property	6.50%	6.50%
Cash/Liquidity	0.50%	0.50%
Other	7.50%	7.50%
<b>Post retirement mortality assumptions</b>		
Non-retired members (retiring in the future in normal health)	PA92mc YoB Tables + 1 yr	
Current pensioners (retired in normal health)	PA92mc YoB Tables + 1 yr	
<b>Life expectancy</b>		
of a male (female) future pensioner aged 65 in 20 yrs	22.2 (25.0) yrs	23.0 (25.8) yrs
of a male (female) current pensioner aged 65	21.2 (24.1) yrs	21.6 (24.2) yrs
<b>Takeup of option to convert annual pension into lump sum at retirement</b>		
	50% take maximum cash, 50% take 3/80th cash	
<b>Market value of total fund assets</b>		
	£3,718m bid value at 31st December 2009	£4,197m bid value at 31st December 2010



# Notes to Core Financial Statements

Under IFRS the assumptions made by the actuary must be submitted to a sensitivity analysis. Below are the main assumptions used by the actuary and the effects on the pension fund accounts if those assumptions changed.

Sensitivity analysis based on assumptions as at 31st March 2011	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+ 0.1% p.a. discount rate	+ 0.1% p.a. salary inflation	+ 0.1% p.a. expected return on equities	+ 1 yr to member's life expectancy
	£000s	£000s	£000s	£000s	£000s
Liabilities	64,334	63,346	64,521	64,334	66,017
Assets	(42,405)	(42,405)	(42,405)	(42,405)	(42,405)
Deficit/(Surplus)	21,929	20,941	22,116	21,929	23,612
Projected current service cost for year commencing 1st April 2011	837	811	853	837	858
The above figure is based on a percentage rate applied to payroll. The percentage in the above calculation is:	17.8%	17.2%	18.2%	17.8%	18.2%
The projected pensionable payroll used in the above calculation is:	4,702	4,702	4,702	4,702	4,702
Projected expected return on assets for year commencing 1st April 2011	(2,726)	(2,726)	(2,726)	(2,754)	(2,726)
Projected interest cost for year commencing 1st April 2011	3,483	3,490	3,494	3,483	3,576

## Note 37 Contingent Assets & Liabilities

### Contingent Assets

A 10-year VAT sharing agreement was entered into with Green Vale Housing Association as part of the transfer of housing stock on 27th March 2006. The Council will accrue VAT savings as set out in the Transfer Agreement. The amount and timing of these monies is uncertain and it is dependent on the level of repairs undertaken and performance of Green Vale Housing Association. This agreement is time limited and included in the Comprehensive Income and Expenditure Statement in the year it is received. The total received in 2010/2011 was £351k (£430k in 2009/2010).

During 2009/2010 the Council submitted a claim for refund of VAT overpaid in relation to exempt activity legislation changes relating to sport income from 1990 to 1994 and coaching charges from 1974 to 1994. The total of these claims were £550k, and any refund would be subject to interest, which could significantly increase this value. In July 2009 £826k was received in part settlement of this claim, resulting in an Adjusting Post Balance Sheet Event for the 2008/2009 financial year. A further £19k has been received in 2010/2011, leaving the balance of the claim which is potentially in excess of £100k plus interest. In addition a further claim was made in 2010/2011 for overpaid VAT in relation to trade waste income going back to 1997. The value of this claim was £192k though and any refund would be subject to interest, which could significantly increase this value.

## Contingent Liabilities

In accordance with IFRS guidelines on the recognition of financial instruments, the Council has assessed the financial guarantee entered into with respect to Rossendale Leisure Trust as a contingent liability. The Council is guarantor on a £1.2m loan taken out by the Trust in 2008 specifically for the extension of Haslingden Sports Centre. This project was subjected to a very thorough business case to ensure that it would be self-funding. Hence, at present the Council determines that the risk of any financial liability for the Council is nil. This risk is under constant review.

The Council created an earmarked Leisure Services Reserve in 2009/2010 in order to provide for any potential liabilities which may arise from the Net Balance Sheet deficit of Rossendale Leisure Trust. At 31<sup>st</sup> March 2011 the value of Trust's deficit was £468k and the earmarked reserve was £220k as explained in Note 34a. The likelihood of having to make good this undertaking is uncertain at present, therefore the risks are under continual review through the Councils' risk management system.

## Note 38 Reconciliation of Revenue Surplus to Net Cash Flow

Reconciliation of I&E Surplus to Net Cash Flow from revenue activities	RBC		Group		Note
	31st March 2010	31st March 2011	31st March 2010	31st March 2011	
	£000s	£000s	£000s	£000s	
<b>Adjust net surplus/(deficit) on the provision of services for</b>					
Depreciation and Impairments	4,141	1,092	5,000	1,946	15
Amortisation of Intangible Assets	129	130	129	130	15
Carrying amount of non-current assets sold	(235)	(249)	(247)	(249)	29
Capitalisation of PWLB interest paid on construction of assets	-	(213)	-	(213)	
Pension Fund Adjustment	1,039	(3,106)	1,039	(3,501)	15
<b>Adjustment net surplus/(deficit) on the provision of services between accruals and cash accounting</b>					
(Increase)/Decrease in Inventories	(16)	(9)	(80)	(33)	26
(Increase)/Decrease in Debtors	(904)	2,244	(754)	2,228	27
Adjusted for Cash (Outflows)/Inflows - agency operations	1,062	(947)	1,062	(947)	
Increase/(Decrease) in Provision for Impairment of bad debts	4	144	4	144	27
Increase/(Decrease) in Creditors	1,549	(3,022)	1,807	(2,969)	32
Increase/(Decrease) in Provisions	275	43	275	43	33
<b>Adjust net surplus or deficit on the provision of services for noncash movements</b>	<b>7,044</b>	<b>(3,893)</b>	<b>8,235</b>	<b>(3,421)</b>	
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>					
Additions to property, plant and equipment & intangible assets	(260)	(271)	(304)	(292)	15 & 35b
Proceeds from the sale of property, plant and equipment	280	182	303	212	15 & 34b
Other income	148	320	148	320	15 & 34b
Change in Government Grants Unapplied	(64)	(835)	(64)	(835)	15 & 34c
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	<b>104</b>	<b>(604)</b>	<b>83</b>	<b>(595)</b>	

The Cash Flow Statement includes the following amounts of interest paid and received each year

Interest paid and received (in cash)	2009/2010	2010/2011
	£000s	£000s
Interest Paid	13	205
Interest Received	(442)	(209)
<b>Net Interest Paid / (Received)</b>	<b>(429)</b>	<b>(4)</b>

# Notes to Core Financial Statements

## Note 39 Net Change in Liquid Resources

Net change in liquid resources	31 <sup>st</sup> March 2010 £000s	31 <sup>st</sup> March 2011 £000s	Movement £000s
Cash in Hand	2	2	-
Cash at Bank	1,223	1,863	640
<b>Net Book Value at 31st March</b>	<b>1,225</b>	<b>1,865</b>	<b>640</b>

## Note 40 Segmental Reporting

The Income and Expenditure of Rossendale Borough Council's principal segments (directorates) recorded in the budget reports for the year is shown below. This table also includes a similar analysis for the group entities.

Directorate Income & Expenditure 2010/2011	Place Directorate £000s	Business Directorate £000s	Corporate Management £000s	Rossendale Borough Council Total £000s	Group Entities £000s	Group Total £000s
Fees & Charges and other service income	(1,652)	(761)	(814)	(3,227)	(9,328)	(12,555)
Interest & Investment Income	-	-	(190)	(190)	(1)	(191)
Government Grants & Other Contributions	(25,171)	(2,502)	(243)	(27,916)	-	(27,916)
<b>Total Income</b>	<b>(26,823)</b>	<b>(3,263)</b>	<b>(1,247)</b>	<b>(31,333)</b>	<b>(9,329)</b>	<b>(40,662)</b>
Employee Expenses	3,542	2,555	1,945	8,042	5,318	13,360
Premises Expenses	49	1,160	907	2,116	313	2,429
Transport Expenses	574	69	15	658	2,148	2,806
Other Service Expenses	5,466	1,869	509	7,844	457	8,301
Transfer Payments (Benefits)	23,832	-	-	23,832	-	23,832
Support Service Recharges	779	994	(2,084)	(311)	-	(311)
Depreciation, Amortisation and Impairments	750	38	(788)	-	854	854
Capital Financing & Interest Payments	419	-	124	543	222	765
Exceptional Item - pensions past service gain	-	-	(3,926)	(3,926)	(349)	(4,275)
<b>Total Expenditure</b>	<b>35,411</b>	<b>6,685</b>	<b>(3,298)</b>	<b>38,798</b>	<b>8,963</b>	<b>47,761</b>
<b>Net Expenditure</b>	<b>8,588</b>	<b>3,422</b>	<b>(4,545)</b>	<b>7,465</b>	<b>(366)</b>	<b>7,099</b>

The comparator figures for 2009/2010 are shown below.

Directorate Income & Expenditure 2009/2010	Place Directorate £000s	Business Directorate £000s	Corporate Management £000s	Rossendale Borough Council Total £000s	Group Entities £000s	Group Total £000s
Fees & Charges and other service income	(1,570)	(785)	(1,030)	(3,385)	(9,053)	(12,438)
Interest & Investment Income	-	-	(228)	(228)	(5)	(233)
Government Grants & Other Contributions	(23,267)	(3,691)	(52)	(27,010)	(21)	(27,031)
<b>Total Income</b>	<b>(24,837)</b>	<b>(4,476)</b>	<b>(1,310)</b>	<b>(30,623)</b>	<b>(9,079)</b>	<b>(39,702)</b>
Employee Expenses	3,409	2,528	1,736	7,673	5,292	12,965
Premises Expenses	71	2,164	1,050	3,285	338	3,623
Transport Expenses	938	74	23	1,035	1,872	2,907
Other Service Expenses	5,135	2,262	907	8,304	476	8,780
Transfer Payments (Benefits)	22,030	-	-	22,030	-	22,030
Support Service Recharges	325	971	(1,579)	(283)	-	(283)
Depreciation, Amortisation and Impairments	419	33	(452)	-	859	859
Capital Financing & Interest Payments	-	-	122	122	207	329
Exceptional Item - pensions past service gain	-	-	-	-	55	55
<b>Total Expenditure</b>	<b>32,327</b>	<b>8,032</b>	<b>1,807</b>	<b>42,166</b>	<b>9,099</b>	<b>51,265</b>
<b>Net Expenditure</b>	<b>7,490</b>	<b>3,556</b>	<b>497</b>	<b>11,543</b>	<b>20</b>	<b>11,563</b>

# Notes to Core Financial Statements

The comparative figures opposite show the difference in transport costs as the refuse fleet and other vehicles have been purchased from internal borrowing, leading to a drop in vehicle leasing costs in 2010/2011 and an increase in the Minimum Revenue Provision and depreciation charges to services.

The figures in the tables opposite are slightly different to those in the Council's Comprehensive Income and Expenditure Statement. The table below provides a reconciliation between the two sets of figures.

Reconciliation of Directorate Income & Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	2009/2010 £000s	2010/2011 £000s	Notes
Net Expenditure in the Directorate Analysis	11,543	7,465	
ADD BACK depreciation, amortisation and impairments reversed out of the Directorate Analysis report but included within the Comprehensive Income and Expenditure Statement as Cost of Services			
Depreciation of Property, Plant and Equipment	726	916	15 & 17
Impairment of Property, Plant and Equipment	3,415	176	15 & 17
Depreciation of Intangible Assets	129	130	15 & 19
LESS Charges made to Trading Accounts	(3,102)	(72)	
ADD amounts not in the Directorate Analysis which are reported in the Comprehensive Income and Expenditure Statement			
Change in Unapplied Government Grants	(64)	(833)	15 & 34a
REMOVE amounts in the Directorate Analysis which are not reported in the Comprehensive Income and Expenditure Statement			
Transfers to Earmarked Reserves	(702)	(516)	15 & 34a
LESS Transfers to Earmarked Reserves funded by direct grants	658	328	
Statutory provisions for the financing of capital investment	(106)	(546)	15,20,35b
REMOVE amounts in the Directorate Analysis which are reported in the Comprehensive Income and Expenditure Statement below the Cost of Services line			
Interest payable on debt	(13)	(1)	24
FRS17 Pension adjustments	(857)	(618)	36
Interest and investment income	225	188	24
(Surplus)/Deficit on Trading Undertakings - less charges included in adj's above	(210)	66	8
<b>Comprehensive Income and Expenditure Statement - Cost of Services</b>	<b>11,642</b>	<b>6,683</b>	

## Note 41 Approval of Statement of Accounts

The Audit and Accounts Committee considered and approved this audited Statement of Accounts on the 6th September 2011. These Accounts approved for issue.



**Councillor Tom Aldred**  
Chair of the Audit and Accounts Committee

# Collection Fund

<b>COLLECTION FUND</b>		<b>2009/2010</b>	<b>2010/2011</b>	<b>Note</b>
		<b>£000</b>	<b>£000</b>	
<b>Income</b>				
Council Tax Income		28,449	28,456	
Council Tax Benefit		5,791	5,932	
Non-Domestic Rates		11,445	11,681	
<b>Total Income</b>		<b>45,685</b>	<b>46,069</b>	
<b>Expenditure</b>				
Precepts and Demands				
Lancashire County Council		24,005	23,994	
Rossendale Borough Council		5,541	5,540	
Lancashire Police Authority		3,077	3,167	
Lancashire Fire Authority		1,352	1,378	
Non-Domestic Rates				
Payment to National Pool		11,343	11,578	
Cost of Collection Allowance		101	103	
Provisions for Council Tax Bad Debts		391	307	CF4
<b>Total Expenditure</b>		<b>45,810</b>	<b>46,066</b>	
<b>Surplus/(deficit) for the year</b>		<b>(125)</b>	<b>3</b>	

Where Note references are preceded by CF they related to the Collection Fund Notes on this and the following pages. Other Note references relate to the Notes to the Core Statements on pages 21 to 71.

## Collection Fund Note 1 Surplus/(deficit) apportionment

The table below shows how the surplus/(deficit) on the Collection Fund is distributed across the major preceptors on an agency basis each year.

<b>Apportionment of in-year surplus/(deficit) to major precepto</b>		<b>2009/2010</b>	<b>2010/2011</b>	<b>Note</b>
		<b>£000</b>	<b>£000</b>	
<b>%ge</b>	<b>Preceptor</b>			
71.23%	Lancashire County Council	(90)	3	
16.78%	Rossendale Borough Council	(20)	-	15
8.08%	Lancashire Police Authority	(10)	-	
3.91%	Lancashire Fire Authority	(5)	-	
<b>Surplus/(deficit) for the year</b>		<b>(125)</b>	<b>3</b>	

## Collection Fund Note 2 Collection Fund Adjustment Account

The surplus/(deficit) attributable to Rossendale Borough Council now resides in the Collections Fund Adjustment Account on the Balance Sheet, as shown below.

<b>Apportionment of in-year surplus/(deficit) to major precepto</b>		<b>2009/2010</b>	<b>2010/2011</b>	<b>Note</b>
		<b>£000</b>	<b>£000</b>	
Balance at 1st April		11	(9)	
Apportioned surplus/(deficit) for the year		(20)	-	15
<b>Balance at 31st March</b>		<b>(9)</b>	<b>(9)</b>	



# Collection Fund

## Collection Fund Note 3 Council Tax Base

Council tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities and the Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts) which was 21,649.5 for 2010/2011. This basic amount of council tax for a Band D property (£1,571.62 for 2010/2011 – see Collection fund Note 7 for details) is multiplied by the proportion specified for the particular band to give an individual amount due.

The council tax base has been calculated as follows:-

Band	Ratio to Band D	Total No. Properties	Total equiv No. after Discounts & Exemptions	2010/2011 Band D Equivalent	2009/2010 Band D Equivalent
Special	5/9		38.75	21.50	27.20
A	6/9	15,816	13,376.25	8,917.50	8,899.00
B	7/9	4,693	4,179.00	3,250.30	3,267.80
C	8/9	3,885	3,531.00	3,139.10	3,128.90
D	1	3,242	3,018.00	3,018.00	2,999.30
E	11/9	1,847	1,737.75	2,123.90	2,122.10
F	13/9	639	597.75	863.40	879.30
G	15/9	433	400.75	667.90	681.70
H	2	37	26.75	53.50	54.00
				<b>22,055.10</b>	<b>22,059.30</b>
Less adjustments for anticipated changes to the base and losses on collection				(405.60)	(400.30)
<b>Band D equivalent number of properties</b>				<b>21,649.50</b>	<b>21,659.00</b>

## Collection Fund Note 4 Council Tax Provision for Bad Debts

Council Tax Bad Debts Provision	Total 2009/2010 £000s	Total 2010/2011 £000s
Balance as 1st April	1,540	1,750
Provision made in year	391	307
Debts written off	(181)	(189)
<b>Balance at 31st March</b>	<b>1,750</b>	<b>1,868</b>



# Collection Fund

## Collection Fund Note 5 Arrears

Arrears	Total	Total
	2009/2010	2010/2011
	£000s	£000s
Council Tax	3,088	3,214
Non-Domestic Rates	427	526
<b>Total Arrears at 31st March</b>	<b>3,515</b>	<b>3,740</b>

Based on the proportions laid out in Collection Fund Note 1 above, the Council Tax arrears pertaining to Rossendale Borough Council only are £519k 2010/2011 compared to £513k in 2009/2010 (see Note 27 to the Core Statements). Similarly a provision for impairment of those arrears totaled £303k in 2010/2011 compared to £284k in 2009/2010.

The in-year collection rate for Council Tax has improved to 97.6% in 2010/11 from 97.5% in 2009/2010. Only the Rossendale Borough Council portion of the Council Tax arrears is shown in Note 27 to the Core Statements,

The collection rate for NNDR in 2010/11 was 97.9% (97.7% in 2009/2010).

## Collection Fund Note 6 National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Government specifies an amount (41.4p in 2010/2011 and 48.5p in 2009/2010) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The reduced rate in 2010/2011 reflected the fact that this was a revaluation year, which resulted in an increase in the rateable value for the Council's area to £36,891k, up from £30,250k at the end of 2009/2010.

The Council is responsible for collecting rates due from ratepayers in its areas but it pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The NNDR income, after reliefs and provisions, was £11,823k for 2010/2011 (£11,631k for 2009/2010).

## Collection Fund Note 7 Council Tax for all Precepting Bodies 2010/2011

Precepting Bodies	2009/2010	2010/2011								
	Band D £	Increase %	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Rossendale	253.40	0.00%	168.93	197.09	225.24	253.40	309.71	366.02	422.33	506.80
LCC	1,108.30	0.00%	738.87	862.01	958.16	1,108.30	1,354.59	1,600.88	1,847.17	2,216.60
Fire	62.41	1.99%	42.43	49.51	56.58	63.65	77.79	91.94	106.08	127.30
Police	142.08	2.95%	97.51	113.77	130.02	146.27	178.77	211.28	243.78	292.54
<b>Total (excl parish)</b>	<b>1,566.19</b>	<b>0.35%</b>	<b>1,047.74</b>	<b>1,222.38</b>	<b>1,370.00</b>	<b>1,571.62</b>	<b>1,920.86</b>	<b>2,270.12</b>	<b>2,619.36</b>	<b>3,143.24</b>
Whitworth Parish	22.45	2.49%	15.34	17.90	20.45	23.01	28.12	33.24	38.35	46.02
<b>Total (incl parish)</b>	<b>1,588.64</b>	<b>0.38%</b>	<b>1,063.08</b>	<b>1,240.28</b>	<b>1,390.45</b>	<b>1,594.63</b>	<b>1,948.98</b>	<b>2,303.36</b>	<b>2,657.71</b>	<b>3,189.26</b>

In the above table the abbreviated precepting authorities are Rossendale Borough Council, Lancashire County Council (LCC), Lancashire Fire Authority (Fire), Lancashire Police Authority (Police) and Whitworth Parish Council.



# Group Accounts

These Group Accounts incorporate the Trust Funds administered by the Council and the accounts of Rossendale Transport Ltd (see Core Statement Note 22).

The accounts of Rossendale Transport Ltd are prepared on a UK GAAP basis rather than the IFRS basis used for the Council's accounts. Whilst many areas of difference are minor, the more significant changes would apply to vehicle leases and tangible assets. In these areas Rossendale Transport Ltd have acquired vehicles under finance leases which meet the IFRS definitions and all property is owned rather than leased. Therefore, no adjustments have been to the company's accounts to incorporate them within these group accounts.

The notes to these group accounts are only shown where they present a material change to the single entity accounts, ie. Tangible Assets, Debtors, Borrowing and Creditors. Group columns are also included within the Core Statement Notes 38 and 40 for Cash Flow and Segmental Reporting respectively.

## Group Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the authority and its group bodies, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. For more detail on the authority reserves please refer to the main Core Statements.

<b>GROUP MOVEMENT IN RESERVES STATEMENT</b>	<b>Total Useable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>	<b>Authority Share of Group Reserves</b>	<b>Total Reserves (Including Group)</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 31st March 2009</b>	<b>7,456</b>	<b>(4,870)</b>	<b>2,586</b>	<b>2,072</b>	<b>4,658</b>
<b>Movement in Reserves during 2009/10</b>					
Surplus/(deficit ) on provision of services	(3,920)	-	(3,920)	(7)	(3,927)
Other Comprehensive Expenditure and Income	128	(7,081)	(6,953)	(236)	(7,189)
<b>Total Comprehensive Expenditure and Income</b>	<b>(3,792)</b>	<b>(7,081)</b>	<b>(10,873)</b>	<b>(243)</b>	<b>(11,116)</b>
Adjustments between accounting basis & funding basis under regulations	4,617	(4,617)	-	-	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>825</b>	<b>(11,698)</b>	<b>(10,873)</b>	<b>(243)</b>	<b>(11,116)</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/Decrease (movement) in Year</b>	<b>825</b>	<b>(11,698)</b>	<b>(10,873)</b>	<b>(243)</b>	<b>(11,116)</b>
<b>Balance at 31 March 2010 carried forward</b>	<b>8,281</b>	<b>(16,568)</b>	<b>(8,287)</b>	<b>1,829</b>	<b>(6,458)</b>
<b>Movement in Reserves during 2010/11</b>					
Surplus/(deficit ) on provision of services	4,559	-	4,559	158	4,717
Other Comprehensive Expenditure and Income	18	6,926	6,944	456	7,400
<b>Total Comprehensive Expenditure and Income</b>	<b>4,577</b>	<b>6,926</b>	<b>11,503</b>	<b>614</b>	<b>12,117</b>
Adjustments between accounting basis & funding basis under regulations	(3,307)	3,307	-	-	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>1,270</b>	<b>10,233</b>	<b>11,503</b>	<b>614</b>	<b>12,117</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/Decrease (movement) in Year</b>	<b>1,270</b>	<b>10,233</b>	<b>11,503</b>	<b>614</b>	<b>12,117</b>
<b>Balance at 31 March 2011 carried forward</b>	<b>9,551</b>	<b>(6,335)</b>	<b>3,216</b>	<b>2,443</b>	<b>5,659</b>

## Group Comprehensive Income and Expenditure Statement

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	31st March 2010			31st March 2011			Note
	Gross		Net	Gross		Net	
	Expend	Income	Expend	Expend	Income	Expend	
	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Continuing Operations</b>							
Central Services to the Public	1,276	(560)	716	1,288	(476)	812	
Cultural, Environmental & Planning	9,780	(2,103)	7,677	10,051	(1,984)	8,067	
Highways, Roads & Transport Services	10,020	(9,376)	644	10,239	(9,591)	648	
Housing General Fund	26,626	(26,268)	358	27,407	(27,708)	(301)	
Corporate & Democratic Core	1,878	(197)	1,681	1,719	(137)	1,582	
Other Central Services	798	(602)	196	451	(873)	(422)	
Non-Distributed Costs	118	-	118	(42)	(19)	(61)	
Exceptional Item - Pensions past service gain	-	(55)	(55)	-	(4,275)	(4,275)	
<b>Cost of Services</b>	<b>50,496</b>	<b>(39,161)</b>	<b>11,335</b>	<b>51,113</b>	<b>(45,063)</b>	<b>6,050</b>	
<b>Other Operating Expenditure</b>							
Whitworth Town Council Precept	53	-	53	54	-	54	
Contrib of housing receipts to Government Pool	7	-	7	5	-	5	
(Gain)/Loss on disposal of fixed assets	17	(72)	(55)	10	27	37	
Other Income	-	(148)	(148)	-	(331)	(331)	
<b>Financing &amp; Investment Income &amp; Expenditure</b>							
Interest payable on debt	220	-	220	223	-	223	
Interest and investment income	-	(230)	(230)	-	(190)	(190)	
Pensions - interest cost	4,122	-	4,122	4,199	-	4,199	
Pensions - curtailments	-	-	-	3	-	3	
Pensions - expected return on assets	-	(2,095)	(2,095)	-	(2,732)	(2,732)	
(Surplus)/Deficit on Trading Undertakings	633	(423)	210	345	(411)	(66)	
Exceptional Item - Trading Undertakings	3,224	-	3,224	-	-	-	
<b>Taxation and Non-Specific Grant Income</b>							
Taxation on profit on Group ordinary activities	(1)	-	(1)	112	-	112	
Council Tax	-	(5,521)	(5,521)	-	(5,540)	(5,540)	
National Non-Domestic Rates	-	(5,069)	(5,069)	-	(5,475)	(5,475)	
Rate Support Grant	-	(1,170)	(1,170)	-	(795)	(795)	
Non service related Government Grants	-	(955)	(955)	-	(410)	(410)	
<b>(Surplus)/Deficit on Provision of Services</b>	<b>58,771</b>	<b>(54,844)</b>	<b>3,927</b>	<b>56,064</b>	<b>(60,920)</b>	<b>(4,856)</b>	
<b>(Surplus)/deficit on revaluation of fixed assets</b>			(128)			(18)	GR1
<b>(Surplus)/deficit on revaluation of available-for-sale financial assets</b>			-			158	GR1
<b>Actuarial (gains)/losses on pension fund assets</b>			7,317			(6,768)	GR1
<b>Other Comprehensive Income and Expenditure</b>			7,189			<b>(6,628)</b>	
<b>Total Comprehensive Income and Expenditure</b>			<b>11,116</b>			<b>(11,484)</b>	

Where Note references are preceded by GR they relate to the Group Notes within this section. Other Note references relate to the Notes to the Core Statements in the earlier pages of this book.

### Group Note 1 Reconciliation of Single Entity and Group (Surplus)/Deficit

Reconciliation of Single Entity & Group (Surplus)/Deficit	2009/2010			2010/2011		
	Council	Transport	Trust Funds	Council	Transport	Trust Funds
	£000s	£000s	£000s	£000s	£000s	£000s
Provision of Services	4,041	9	(2)	(3,995)	(285)	122
Revaluation of fixed assets	(128)	-	-	(18)	-	-
Revaluation of available-for-sale financial assets	-	-	-	-	-	-
Actuarial (gains)/losses on pension fund assets	7,081	236	-	(6,926)	(456)	-
<b>Group Comprehensive (Income)/Expenditure</b>	<b>10,994</b>	<b>245</b>	<b>(2)</b>	<b>(10,939)</b>	<b>(741)</b>	<b>122</b>

### Group Balance Sheet



# Group Accounts

BALANCE SHEET	Group Accounts			Note
	1st April 2009 £000s	31st March 2010 £000s	31st March 2011 £000s	
Property, Plant & Equipment				
Other Land and Buildings	20,142	16,688	16,334	
Vehicles, Plant, Furniture & Equipment	4,781	6,695	6,526	
Infrastructure	125	278	355	
Community Assets	303	327	336	
Assets under construction	-	-	310	
Surplus Assets	925	1,090	1,090	
	<b>26,276</b>	<b>25,078</b>	<b>24,951</b>	GR3
Investment Property	-	-	-	
Intangible Assets	378	260	210	
Long-term Investments	1,462	1,462	1,457	
Long-term Debtors	111	118	101	
<b>Long-term Assets</b>	<b>28,227</b>	<b>26,918</b>	<b>26,719</b>	
Short-term Investments	5,500	8,000	7,500	
Inventories	72	152	185	
Short Term Debtors	6,316	6,931	4,707	GR4
Cash and cash equivalents	80	1,476	2,118	GR2
Assets held for sale within one year	281	101	94	
Provision for Impairment	(918)	(922)	(1,066)	
<b>Current Assets</b>	<b>11,331</b>	<b>15,738</b>	<b>13,538</b>	
Short-term Borrowing	(1,500)	(815)	(852)	GR5
Short-term Creditors	(5,195)	(6,375)	(3,328)	GR6
<b>Current Liabilities</b>	<b>(6,695)</b>	<b>(7,190)</b>	<b>(4,180)</b>	
Long Term Borrowing	(2,663)	(7,653)	(6,867)	GR5
Provisions	(711)	(986)	(1,029)	
Net Pensions Liability	(24,831)	(33,285)	(22,522)	
<b>Long- term Liabilities</b>	<b>(28,205)</b>	<b>(41,924)</b>	<b>(30,418)</b>	
<b>Net Assets</b>	<b>4,658</b>	<b>(6,458)</b>	<b>5,659</b>	
<b>Represented by:</b>				
General Fund	871	914	963	
Earmarked Reserves	4,732	5,434	5,950	
Capital Receipts Reserve	1,338	1,354	1,224	
Capital Grants Unapplied	515	579	1,414	
<b>Useable Reserves</b>	<b>7,456</b>	<b>8,281</b>	<b>9,551</b>	
Revaluation Reserve	2,779	2,935	3,037	
Available-for-sale Financial Instruments Reserve	1,455	1,455	1,455	
Pension Reserve	(23,839)	(31,959)	(21,929)	
Capital Adjustment Account	14,706	11,000	11,105	
Deferred Capital Receipts	18	10	6	
Collection Fund Adjustment Account	11	(9)	(9)	
Reserves of Group Entities	2,072	1,829	2,443	
<b>Unusable Reserves</b>	<b>(2,798)</b>	<b>(14,739)</b>	<b>(3,892)</b>	
<b>Total Reserves</b>	<b>4,658</b>	<b>(6,458)</b>	<b>5,659</b>	

## Group Cash Flow Statement

CASH FLOW STATEMENT	2009/2010	2010/2011	Note
	£000	£000	
<b>Operating Activities</b>			
Net surplus/(deficit) on the provision of services	(3,927)	4,717	
Adjustment for noncash movements	8,235	(3,416)	38
Adjustment for items that are investing and financing activities	83	(595)	38
<b>Net cash flows from Operating Activities</b>	<b>4,391</b>	<b>706</b>	
<b>Investing Activities</b>			
Additions to property, plant and equipment & intangible assets	(2,464)	(2,036)	38
Proceeds from the sale of property, plant and equipment	303	212	38
Increase in Unapplied Government Grants	64	835	38
Increase/(decrease) in long-term debtors	7	(7)	38
Other income	148	320	38
<b>Net Cash Flows from Investing Activities</b>	<b>(1,942)</b>	<b>(676)</b>	
<b>Management of Liquid Resources</b>			
Net (increase)/decrease in short-term deposits	(2,500)	500	
<b>Financing</b>			
Cash (Outflows)/Inflows - agency operations			
National non-domestic rates	(990)	932	
Council Tax	(72)	16	
Cash Outflows - Repayments of amounts borrowed	(2,091)	(781)	
Cash Inflows - New long-term loans	4,600	(54)	
Cash Inflows - New short-term loans	-	-	
<b>Net Cash Flows from Financing Activities</b>	<b>(1,053)</b>	<b>612</b>	
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>1,396</b>	<b>642</b>	GR2
Cash and Cash Equivalents at the beginning of the year	80	1,476	GR2
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,476</b>	<b>2,118</b>	GR2

## Group Note 2 Net change in liquid resources

	31st March 2010 £000s	31st March 2011 £000s	Movement in Year £000s
Cash in Hand	2	2	-
Cash at Bank	1,474	2,116	642
<b>Total Liquid Resources</b>	<b>1,476</b>	<b>2,118</b>	<b>642</b>



# Group Accounts

## Group Note 3 Property, Plant & Equipment

The major changes between the local authority sole entity accounts and the Group Accounts lie in the Property, Plant and Equipment owned by Rossendale Transport Ltd. The note below replicates Core Statement Note 17 for the Group.

Property, Plant & Equipment	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra- structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s	Total Assets £000s
<b>Cost or Valuation 1st April 2010</b>	21,691	14,459	278	442	-	1,090	37,960
Additions	291	1,272	133	37	310	-	2,043
Revaluation increases/(decreases)- to Revaluation Reserve	381	-	-	-	-	-	381
to Provision of Services	(205)	-	-	-	-	-	(205)
Reclassifications- to/from Assets Held for Sale	(400)	-	-	-	-	-	(400)
Derecognition- on disposal	-	(331)	-	-	-	-	(331)
<b>Cost or Valuation 31<sup>st</sup> March 2011</b>	<b>21,758</b>	<b>15,400</b>	<b>411</b>	<b>479</b>	<b>310</b>	<b>1,090</b>	<b>39,448</b>
<b>Accum Depreciation and Impairments 1st April 2010</b>	(5,003)	(7,764)	-	(115)	-	-	(12,882)
Depreciation for the year- to Revaluation Reserve	(72)	-	-	-	-	-	(72)
to Provision of Services	(251)	(1,441)	(6)	-	-	-	(1,698)
Impairment losses/(reversals) to Revaluation Reserve	-	-	-	-	-	-	-
to Provision of Services	(98)	-	(50)	(28)	-	-	(176)
Derecognition- on disposal	-	331	-	-	-	-	331
<b>Accumulated Depreciation and</b>	<b>(5,424)</b>	<b>(8,874)</b>	<b>(56)</b>	<b>(143)</b>	<b>-</b>	<b>-</b>	<b>(14,497)</b>
Net Book Value at 31st March 2011	16,334	6,526	355	336	310	1,090	24,951
Net Book Value at 31st March 2010	16,688	6,695	278	327	-	1,090	25,078

Included in the total net book value of vehicles in the above table is £3,200k (£3,870k in 2009/2010) in respect of public carrying vehicles held under finance leases by Rossendale Transport Ltd. Depreciation on those assets was £757k (£758k in 2009/2010).



# Group Accounts

Comparator movements in 2009/2010 can be seen in the table below. For segmental reporting see Note 40 on page 70.

Property, Plant & Equipment	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra-structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s	Total Assets £000s
<b>Cost or Valuation 1st April 2009</b>	21,310	11,671	125	416	-	925	34,447
Additions	473	3,091	153	26	-	-	3,743
Revaluation increases/(decreases)- to Revaluation Reserve	(69)	-	-	-	-	125	56
to Provision of Services	-	-	-	-	-	(35)	(35)
Reclassifications- to/from Assets Held for Sale	(23)	-	-	-	-	75	52
Derecognition- on disposal	-	(303)	-	-	-	-	(303)
<b>Cost or Valuation 31<sup>st</sup> March 2010</b>	<b>21,691</b>	<b>14,459</b>	<b>278</b>	<b>442</b>	<b>-</b>	<b>1,090</b>	<b>37,960</b>
<b>Accum Depreciation and Impairments 1st April 2009</b>	(1,170)	(6,890)	-	(113)	-	-	(8,173)
Depreciation for the year- to Revaluation Reserve	(58)	-	-	-	-	-	(58)
to Provision of Services	(362)	(1,166)	-	-	-	-	(1,528)
Impairment losses/(reversals) to Revaluation Reserve	-	-	-	-	-	-	-
to Provision of Services	(3,413)	-	-	(2)	-	-	(3,415)
Derecognition- on disposal	-	292	-	-	-	-	292
<b>Accumulated Depreciation and Impairments 31st March 2010</b>	<b>(5,003)</b>	<b>(7,764)</b>	<b>-</b>	<b>(115)</b>	<b>-</b>	<b>-</b>	<b>(12,882)</b>
Net Book Value at 31st March 2010	16,688	6,695	278	327	-	1,090	25,078





# Group Accounts

## Group Note 4 Debtors

Only notes where the group activity has significantly changed the single entity accounts have been reproduced here. The corresponding note for the single entity is Note 27.

Debtors	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011
	£000s	£000s
Central Government Bodies	3,166	977
Other Local Authorities	1,205	922
Other entities and individuals		
Council Tax	513	519
Advance Payments	193	139
Sundry Trade Debtors	1,854	2,150
Less impairment	(922)	(1,066)
	<u>1,638</u>	<u>1,742</u>
<b>Net Balance at 31st March</b>	<b>6,009</b>	<b>3,641</b>

## Group Note 5 Borrowing

Only notes where the group activity has significantly changed the single entity have been reproduced here. The corresponding note for the single entity is Note 31.

Borrowing	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011
	£000s	£000s
Repayable in less than 12 months	815	852
Repayable between 1 and 2 years	815	852
between 2 and 5 years	1,481	1,252
between 5 and 10 years	2,597	2,187
in 10 years or more	2,760	2,576
<b>Balance at 31st March</b>	<b>8,468</b>	<b>7,719</b>

## Group Note 6 Creditors

Only notes where the group activity has significantly changed the single entity have been reproduced here. The corresponding note for the single entity is Note 32.

Creditors	Amended per Note 2*	
	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011
	£000s	£000s
Central Government Bodies	-	5
Other Local Authorities	415	320
Bodies external to general government		
Advance Receipts: Council Tax	113	118
Advance Receipts: Others	85	75
Employee Benefit Expenses	85 *	88
Sundry Trade Creditors	4,673	1,743
<b>Balance at 31st March</b>	<b>5,371</b>	<b>2,349</b>



# Group Accounts

## Group Note 7 Trust Funds

The Council acts as trustee for a number of legacy trust funds shown below in £s. During 2010/2011 the value of most of these trusts were transferred to the Community Foundation for Lancashire. This organisation now holds the values in trust as a single figure for the benefit of the borough of Rossendale and its residents.

The exemptions to this were the J H Pilling Legacy and the Miles Ashworth Endowment which were partially used to support investment at Stubblelee Park. From these funds £17k was used to convert the former kiosk to public conveniences and £19k has been transferred to a separate Council provision for ongoing investment projects within the park.

Trust Funds	Value of Original Asset	Balance 31 <sup>st</sup> March 2010	Interest Income & Share sale	Utilised or Retained	Transfer to Community Foundation Lancashire	Balance 31 <sup>st</sup> March 2011
	£	£	£	£	£	£
J H Pilling Legacy <i>Maintenance of Stubblelee Park</i>	3,348	19,398	86	(9,561)	(9,923)	-
Miles Ashworth Endowment <i>Maintenance of Stubblelee Park</i>	6,574	15,240	11,509	(26,749)	-	-
Mechanics Institute Scholarship <i>Student scholarship for Bacup</i>	60	3,086	14	-	(3,100)	-
W Hardman Bequest <i>Exhibits for Rossendale Museum</i>	100	4,425	21	-	(4,446)	-
Local Charities Account <i>Charitable activities in Haslingden</i>	2,200	23,493	109	-	(23,602)	-
S Pilling Trust <i>Student support in Haslingden</i>	200	2,825	13	-	(2,838)	-
Greenfield Trust Massage Centre <i>Haslingden War Memorial</i>	1,157	23,142	107	-	(23,249)	-
Bacup Orchestral Scholarship <i>School instrumental scholarship</i>	200	899	4	-	(903)	-
Smith Prize for Music <i>Boys Music Festival Prize</i>	150	1,113	5	-	(1,118)	-
Mayor of Haslingden Relief Fund <i>Charitable relief in Haslingden</i>	176	929	4	-	(933)	-
Haslingden Grane Duckworth <i>Charitable relief in Haslingden</i>	1,990	13,963	65	-	(14,028)	-
Lawrence Henry & Minetta Clegg <i>Charitable relief in Rawtenstall</i>	2,550	9,564	44	-	(9,608)	-
Mayor of Rossendale Fund <i>Charitable activities in Rossendale</i>	170	8,719	40	-	(8,759)	-
	<b>18,875</b>	<b>126,796</b>	<b>12,021</b>	<b>(36,310)</b>	<b>(102,507)</b>	<b>-</b>



# Capital Expenditure Report

The cost of capital projects in the table below can be seen in the Capital Financing Requirement at Note 20 to the Core Statements. Where the costs relate to Council assets they can also be seen in Notes 17 and 19.

Corporate Priority Capital Scheme	Total Capital Spend £000s	SOURCES OF FUNDING			
		Capital Receipts £000s	Revenue Contrib'n £000s	Internal Borrowing £000s	Grants & Contrib'ns £000s
<b>Delivering Quality Services</b>					
Car Park upgrading programme	6			6	
I.T Strategy & Systems	23		23		
STAN - Mobile One Stop Shop	139	2			137
Cemetery improvement programme	24	3		21	
Disabled access adaptations	3	3			
Leisure Investment Project	310	199	111		
Other Leisure Buildings	50	20		30	
Council Offices & Depots	98	44		54	
	<b>653</b>	<b>271</b>	<b>134</b>	<b>111</b>	<b>137</b>
<b>Delivering Regeneration</b>					
Culverts	133	13			120
Other infrastructure	31	16		15	
The Business Centre, Futures Park	10	10			
Site investigations, former gas works	24				24
Elevate Environmental Wks	12				12
Elevate Facelifting Programme	1,006				1,006
Other Elevate Projects	96				96
Other Regeneration Projects	44	44			
	<b>1,356</b>	<b>83</b>	<b>-</b>	<b>15</b>	<b>1,258</b>
<b>Keeping the Borough Clean &amp; Green</b>					
Vehicle Replacement Program	824		53	771	
Wheeled Bins	77	62	15		
Environmental Improvements Programme	41	41			
Playgrounds - Year 5 of a 5 yr Plan	94	20			74
Cemeteries - Year 5 of a 5 yr Plan	36	36			
Pathways - Year 4 of a 5 yr Plan	68	68			
Cenotaphs / Memorials	5	5			
Other Parks & Pavillions	6	6			
	<b>1,151</b>	<b>238</b>	<b>68</b>	<b>771</b>	<b>74</b>
<b>Promoting Rossendale</b>					
Borough signs	8	8			
Museum Improvements	4			4	
	<b>12</b>	<b>8</b>	<b>-</b>	<b>4</b>	<b>-</b>
<b>Improving Health &amp; Wellbeing</b>					
Disabled Facilities Adaptation Grants	798	27	69		702
Home Care & Repair Scheme	24				24
	<b>822</b>	<b>27</b>	<b>69</b>	<b>-</b>	<b>726</b>
<b>Grand Total</b>	<b>3,994</b>	<b>627</b>	<b>271</b>	<b>901</b>	<b>2,195</b>

## Accounting Standards Board

The role of the Accounting Standards Board (ASB) is to issue accounting standards. Accounting standards developed by the ASB are contained in 'Financial Reporting Standards' (FRSs). Soon after it started its activities in 1990, the ASB adopted the standards issued by the Accounting Standards Committee (ASC), so that they also fall within the legal definition of accounting standards.

These are designated 'Statements of Standard Accounting Practice' (SSAPs). Whilst some of the SSAPs have been superseded by FRSs, some remain in force. Accounting standards apply to all companies, and other kinds of entities that prepare accounts that are intended to provide a true and fair view.

## Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## Agency Services

Services provided by the Council, as an agent on behalf of the responsible body, where the principal reimburses the Council for the cost of the work carried out.

## Auditor's Opinion

The opinion required by statute from the Council's external auditors, indicating whether the statement of accounts presents fairly the financial position of the authority.

## Budget

A statement of the Council's spending plans for revenue and capital expenditure over a specified period of time.

## Capital expenditure

Spending on the acquisition or maintenance of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. Expenditure that does not fall within the definition must be charged to a revenue account.

## Capital Receipts

Proceeds from the sale of fixed assets, such as land or buildings, or the repayment of capital grants or advances.

## Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government.

## Code of Practice on Local Authority Accounting (the CODE)

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2010 (the Code) stipulates that the preparation of the Statement of Accounts. This Code replaces CIPFA's Statement of Recommended Practice 2009 (SORP) and is now based on the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) adapted as interpreted for the public sector by the International Public Sector Accountancy Standards (IPSASs).

## Collection Fund

The account which shows the transactions of the Council in relation to non-domestic rates and Council Tax, and the distribution of these to other precepting bodies and to Rossendale Borough Council's General Fund for the year.

Following the SORP 2009, the Collection Fund is now operated on an agency basis. That means that the accumulated balances at the year end, including arrears and accounts in credit are apportioned over the main precepting bodies. Rossendale Borough Council's proportion of the debtors and accounts in credit can be directly on the Balance Sheet and at Note 19 and 22 to the Core Statements and the Council's proportion of the overall surplus/(deficit) on the account is now held in the Collection Fund Adjustment Account. Those amounts attributable to each of the other preceptors are included as a net position within the Other Public Bodies sections of Note 19 and Note 22 respectively.

## Collection Fund Adjustment Account

A new account created following the SORP 2009, which holds that portion of the Collection Fund cumulative balance attributable solely to Rossendale Borough Council.

## Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

## The Department for Communities and Local Government (CLG)

The central government department for Communities and Local Government (CLG) has a powerful remit to promote community cohesion and equality, as well as responsibility for housing, urban regeneration, planning and local government. The CLG is responsible for national policy on local government in England, examining the future of local government and local democracy; reviewing performance and measurement through inspection and audit; driving through the modernisation agenda of efficiency and improvement of service delivery; and maintaining and developing a framework for local government finance.

## Comprehensive Performance Assessment

Comprehensive Performance Assessment (CPA) is a key element of the Government's performance framework for local government. It is intended to support improvement planning in local authorities and to lead to coordinated and proportionate audit and inspection, and increased freedoms and flexibilities for local government. Rossendale's CPA inspection took place during 2003/04. This scrutinises every aspect of the Council's work and operations, and is based on a Corporate Self-Assessment stating how good services are and the Council's corporate capacity to improve. There are also two crosscutting inspections based on the themes 'balancing housing markets' and 'managing public space'. Councils are then given a score based on service delivery and working practices, and are rated as 'excellent', 'good', 'fair', 'weak' or 'poor'.

## Consolidated Balance Sheet

The combined balance sheets of the Council's services.

## Contingency Sum

A sum set aside to provide for foreseen but unquantifiable future commitments or for unforeseen expenditure that may become necessary during the year.

## Cost of Management and Administration

An allocation to service accounts of the net cost of the administrative and professional departments which support all of the Council's services.

## Creditor

An amount owed by the Council for goods received, or services rendered to it within the accounting period, but for which payment has not been made.

## Current Costs Accounting (CCA)

The presentation of the accounts in a form that aims to reflect the consequences of price and value charges.

## Debt redemption

The repayment of external loans previously raised to finance capital expenditure.

## Debtor

An amount of income due to the Council within the accounting period but not received at the balance sheet date.

## Deferred capital receipts

Capital receipts to be received by instalments over agreed periods of time.

## Deferred charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. An example of a deferred charge is expenditure on items such as improvement grants.

## D.E.F.R.A.

The Department for the Environment, Food and Rural Affairs supports the Council in its recycling projects.

## Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

## D.W.P.

The Department of Work and Pensions funds the Housing and Council Tax Benefits payable to borough residents and also funds the administration of those benefits.

## E.R.D.F.

The European Regional Development Fund which supports regeneration projects such as Futures Park managed office units.

## Fair Value

In accounting, fair value is used as an estimate of the market value of an asset (or liability) for which a market price cannot be determined (usually because there is no established market for the asset). Where a reasonable estimation of fair value cannot be calculated assets are carried at historical cost.



## Financial instruments

Financial instruments are cash, evidence of an ownership interest in an entity, or a contractual right to receive, or deliver, cash or another financial instrument. Financial instruments can refer to both receivables (including debtors and other investments) and payables (including creditors and other liabilities or borrowings).

## Funding Strategy Statement (FSS)

The Pension Fund's FSS specifies a maximum period for achieving full funding, which is 19 years in most circumstances. For each individual employer, the funding objective, method and assumptions depend on the particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the FSS. The FSS also specifies any transitional arrangements ("phasing") for the implementation of revised employer contribution requirements.

## General Fund

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

## Governance Framework

Authorities have a responsibility to ensure that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded properly accounted for, and used economically, efficiently and effectively. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to and engages with and leads the community. The principles of this framework were laid down by the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.

## Housing General Fund

Strategy and support for domestic properties across the borough, as opposed to the operation of council-owned housing which is kept separate in the Housing Revenue Account, or strategy and support for commercial properties.

## Housing Revenue Account (HRA)

A separate account for the operation of the direct provision of housing by the Council, which is now closed following the LSVT to Green Vale Homes in March 2006.

## International Accounting Standards (IASs)

A principles-based set of standards issued by the Accounting Standards Board before 2001.

## Impairment

A measure of abnormal consumption of the economic benefit of an asset over and above the normal annual depreciation.

## Infrastructure assets

Assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

## Intangible assets

Intangible assets are non-financial assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights, such as software. Intangible assets are capitalised at cost and depreciated to the revenue account over their useful economic life.

## International Financial Reporting Standards (IFRS)

International Financial Reporting Standards replaced the old International Accounting Standards in 2001. From the 2010/2011 financial year all local government bodies have adopted the new Code, which is based upon the IFRS standards and accounting treatments. Following IFRS adoption, the 2009/2010 comparator figures in these accounts have been re-stated to enable true year-on-year comparisons to be made within the 2010/2011 figures.

## Large scale voluntary transfer (LSVT)

This relates to the transfer of the housing stock, as voted by the tenants, and is generally referred to as a large scale voluntary transfer due to its size.

## Leasing

A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

## Loans outstanding

The total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

## Local Authority Business Growth Incentive Scheme (LABGIS)

This is a means to reward Councils for increases in the rateable value of business properties above a certain threshold. Rossendale has received this for the first time in 2006/07 and used the extra income to create a Reserve for future Economic Development activity.

## Materiality

Materiality is a concept within auditing and accounting relating to the importance of an amount, transaction, or discrepancy. Information is material if its omission or misstatement could influence the economic decision of users taken on the basis of the financial statements and depends on the size of the item or the particular circumstances of its omission or misstatement.

## Minimum Revenue Provision

The minimum amount which must be charged to the Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

## National non-domestic rates (NNDR)

A national non-domestic rate poundage for commercial premises is set annually by the government and collected by all local authorities. The proceeds are redistributed between local authorities in proportion to their adult populations.

## Net book value

The amount at which assets are included in the balance sheet, i.e. their historical cost of current value, less the cumulative amounts provided for depreciation.

## Non-operational assets

Assets held by the Council, but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

# Glossary

## N.W.D.A.

The North West Regional Development Agency which supports regeneration projects such as Futures Park managed office units and the Strategic Economic Regeneration Programme.

## Operational assets

Assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax payers on their behalf, for example Lancashire County Council is a precepting authority which requires Rossendale Borough Council to collect an amount from each householder within the borough. Details of these charges made and the amounts collected and owing are kept separate from the day-to-day running of Rossendale Borough Council in the Collection Fund.

## Prior Period Adjustment

Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

## Post Balance Sheet Events

Events arising after the balance sheet date which provide additional evidence of conditions that existed at the balance sheet date and are of a material nature.

## Primacy of Legislative Requirements

The non-cash effects of transactions and other events should be reflected, as far as is possible, in the financial statements for the accounting period in which they occur and not in the period in which any cash involved is received or paid. (This replaces the principle of matching that underlays the accruals concept.)

## Provision

An amount set aside in the accounts for liabilities that are certain to be incurred in the future, but which cannot be quantified accurately at the balance sheet date.

## Public Works Loan Board (PWLB)

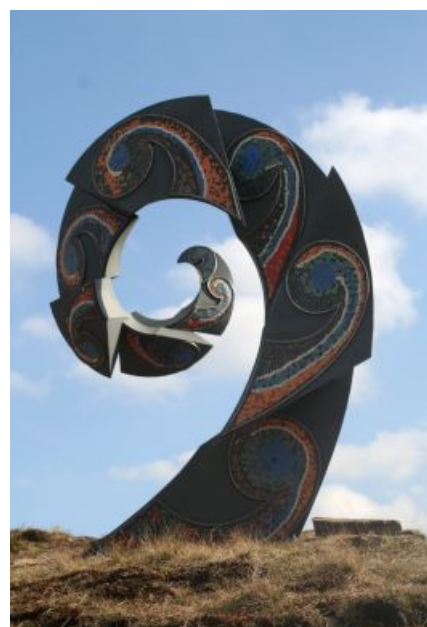
A Government agency that provides longer term loans to local authorities.

## Reserve

Amounts included in one financial year's accounts to provide for payment for goods or services, whether revenue or capital, in a future financial year.

## Revenue account

An account that records an authority's day-to-day expenditure and income on such items as salaries and wages and other running costs of services.



## Service Reporting Code of Practice for Local Authorities (SeRCOP)

Local authorities in England prepare their Comprehensive Income & Expenditure Statement in accordance with the Service Reporting Code of Practice for Local Authorities (SeRCOP). The SeRCOP stipulates the service divisions to be used in the Comprehensive Income & Expenditure Statement, including the collection of central managerial costs under 'Other Central Services'.

## SOLACE

The Society of Local Authority Chief Executives and Senior Managers was formed in 1974. SOLACE is the representative body for senior strategic managers working in the public sector. Its aim is to promote excellence in public service.

## Statement of Standard Accounting Practice (SSAP) 9

SSAP 9 gives guidance on the accounting treatment of both stocks and long-term contracts. Stocks should be valued at the lower of cost and net realisable value (actual or estimated selling price after deduction).

## Tangible Assets

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

## Useable and Unusable Reserves

The Reserves in the Balance Sheet are reported in two categories:-

**Useable Reserves** are those that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or to repay debt).

**Unusable reserves**, are those that the authority is not able to use to provide services. This category 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.'



আপনি যদি এসব তথ্যের সার সংক্ষেপ বড় হরফের ছাপায়, অডিও ক্যাসেটে অথবা ইংরেজী ছাড়া অন্য কোন ভাষায় পেতে চান তাহলে অনুগ্রহ করে আমাদেরকে জানালে আমরা অত্যন্ত খুশী মনে তার ব্যবস্থা করব।

অনুগ্রহ করে ০১৭০৬ ২১৭৭৭৭ এই নাম্বারে অথবা কমিউনিকেশন সেকশন, টাউন সেন্টার অফিস, রটেনস্টল বি.বি.৪ ৭এল.জেড. এই ঠিকানায় যোগাযোগ করুন।

আگر آپ کو ان معلومات کا خلاصہ بڑے حروف میں، آڈیو کیسٹ پر، یا انگریزی کے علاوہ کسی اور زبان میں درکار ہے تو برائے مہربانی ہمیں بتائیں، ہم بخوشی آپ کے لیے اس کا انتظام کریں گے۔

برائے مہربانی 01706217777 پر ٹیلیفون کریں یا پھر کمیونٹی کیشن سیکشن سے اس پتہ پر رابطہ قائم کریں:

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If you would like a summary of this information in large print, on audio cassette or language other than English, please let us know and we will be happy to arrange it.

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