



**Councillor A. Barnes**  
Council Leader



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



**Councillor A. Robertson**  
Mayor

**H. Lockwood**  
Chief Executive



**P. Seddon**  
Head of Finance

# **Statement of Accounts 2012/2013**

# **DRAFT**

presented to the  
**Audit & Accounts Committee**  
25<sup>th</sup> June 2013

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Chairman of the Audit & Accounts Committee

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# Audit Report

The Draft Statement of Accounts, as approved by the Audit & Accounts Committee, will be presented for audit.

The Public Inspection period will run for 20 working days from the 15<sup>th</sup> of July to the 9<sup>th</sup> of August 2013. Following this the appointed day for the Auditor to take written queries from members of the public is the 12<sup>th</sup> August 2013.

## AUDIT OF ACCOUNTS YEAR ENDED 31<sup>st</sup> March 2013

### Audit Commission Act 1998, sections 15 - 16

### Accounts and Audit (England) Regulations 2011 Regulations 9, 10, 21, 22 & 24

The Council's accounts are subject to external audit by Grant Thornton auditor Karen Murray of 4 Hardman Square, Spinningfields, Manchester, M3 3EB. Members of the public and local government electors have certain rights in the audit process:

1. From the 15<sup>th</sup> July 2013 to 9<sup>th</sup> August 2013 between 9 am and 4pm any person may inspect the accounts of the Council for the year ended 31<sup>st</sup> March 2013 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts) at The Business Centre, Futures Park, Bacup, OL13 0BB. They may also make copies of the accounts and documents. Alternatively the accounts are available online at the Council's website [www.rossendale.gov.uk](http://www.rossendale.gov.uk)
2. From 10 am on the 12<sup>th</sup> of August 2013 until the conclusion of the audit process, a local government elector for the area of the Council, or his/her representative, may ask the auditor questions about the accounts. Please contact the auditor at the address given above to make arrangements to ask any questions.
3. From 10 am on the 12<sup>th</sup> of August 2013 until the conclusion of the audit process, a local government elector for the area of the Council, or his/her representative, may object to the Council's accounts asking that the auditor issue a report in the public interest (under section 8 of the Audit Commission Act 1998) and/or apply to the court for a declaration that an item in the accounts is contrary to law (under section 17 of the Audit Commission Act 1998). Written notice of a proposed objection and the grounds on which it is made must be sent to the auditor at the address given above and copied to me at the address on the back of this document.

The Auditor's report will replace this notice following the conclusion of the audit process outlined above.







# Explanatory Foreword

## Introduction by the Head of Finance

This booklet presents the Council's accounts for the year ended 31<sup>st</sup> March 2013. In doing so it now conforms to the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (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, and at Note 2 the impacts of any changes made to those policies 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 29<sup>th</sup> February 2012 approved a total General Fund Services Budget for 2012/2013 of £9,829k and received a request for a precept on the Collection Fund of £54k to fund expenditure by Whitworth Town Council. This resulted in a Collection Fund Precept of £5,557k (including Whitworth) and central government Formula Grant of £4,326k.

A strong monthly financial monitoring regime, reporting to Cabinet throughout the year, has ensured that the medium term financial strategy to reduce costs was adhered to, resulting in an operational underspend of £532k against the £9,829k budget.

This enabled the net transfer of £242k of operational savings to the Directorate Investment Reserve in accordance with the Council's policy on carrying forward 50% of unspent revenue operating budgets. In addition £223k was transferred to the Change Management Reserve, leaving a net contribution of £47k to the General Fund Reserve.

The end of March financial monitoring report (presented to Cabinet on 12<sup>th</sup> June) predicted an operating under spend of £525k including the following major variances from the original budget:-

- Reduction of £254k in staff costs and an ongoing cut of 6.8 full time equivalents
- Improvement of around £80k in the net housing benefit subsidy position, including the recovery of overpayments
- Reduction of £60k in refuse vehicle running costs, £40k of which was in relation to fuel
- Additional planning applications fees income of £117k, of which £87k was transferred to the Budget Volatility Reserve to support future income if necessary
- Additional income of £74k on taxi licences, net of direct costs
- Reduction of £63k across internal and external audit costs
- Business rate refunds of £36k on Council properties following successful appeals
- Reduction of £29k in the publicity costs
- Additional interest income of £52k
- Provisions of £85k for additional costs including the deficit on the Collection Fund,
- An additional £15k of Minimum Revenue Payments as payments against the Leisure Investment Project commenced at the opening of the facility at Marl Pits

Since that report the housing benefit subsidy estimate has been revised to provide an additional £7k favourable variance, bringing the total operational underspend to £532k.

The table and charts on the following page show the General Fund figures before the IAS19 pension fund adjustments, whereas the similar figures in the segmental report at Note 40 include some pensions adjustments, as noted in the reconciliation statement on page 69.

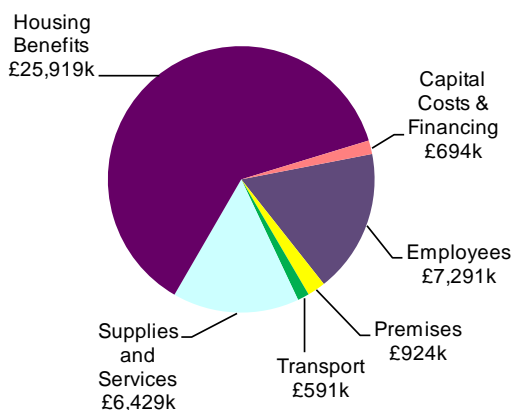


# Explanatory Foreword

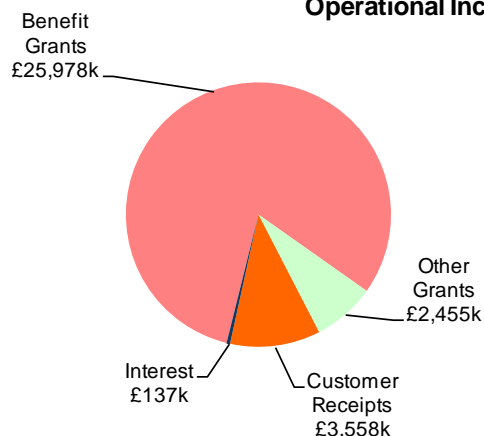
GENERAL FUND SERVICES	2011/2012	2012/2013		Note
	Actual £000s	Original Budget £000s	Actual £000s	
Place Directorate				
Communities	2,630	2,531	2,463	
Customer Services & E-govt	1,077	796	644	
Leisure Services	669	716	582	
Operations	1,697	2,590	2,010	
Business Directorate				
Building Control	208	191	201	
Planning	576	420	208	
Local Land Charges	50	50	58	
Licensing	264	287	199	
Democratic Services	788	834	774	
Regeneration, Health & Housing	1,363	1,329	1,318	
Corporate Management				
Executive Team	110	188	108	
Finance and Property Services	1,255	1,003	1,402	
People and Organisational Development	(68)	10	(113)	
Non-distributed Costs	(1,590)	(931)	(1,168)	
<b>Total cost of General Fund Services</b>	<b>9,029</b>	<b>10,014</b>	<b>8,686</b>	
Whitworth Town Council Precept	54	54	54	
Collection Fund Deficit	25	-	45	
Revenue Contribution to Capital Outlay	1,661	-	641	35b
Contribution to/(from) General Fund Reserves	(10)	-	47	
Transfers to/(from) Capital Adjustment Account	3	-	-	
Contributions to Earmarked Reserves	2,035	-	1,602	34a
Contributions from Earmarked Reserves	(2,187)	(185)	(1,192)	34a
<b>Amount to be met from government grants &amp; local tax payers</b>	<b>10,610</b>	<b>9,883</b>	<b>9,883</b>	
Precept on the Collection Fund	5,556	5,557	5,557	
Rate Support Grant	1,108	79	79	10
Non-service related Government Grants	361	138	138	10
Distribution from NNDR Pool	3,585	4,109	4,109	10
<b>Amounts received from government grants &amp; local tax payers</b>	<b>10,610</b>	<b>9,883</b>	<b>9,883</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.

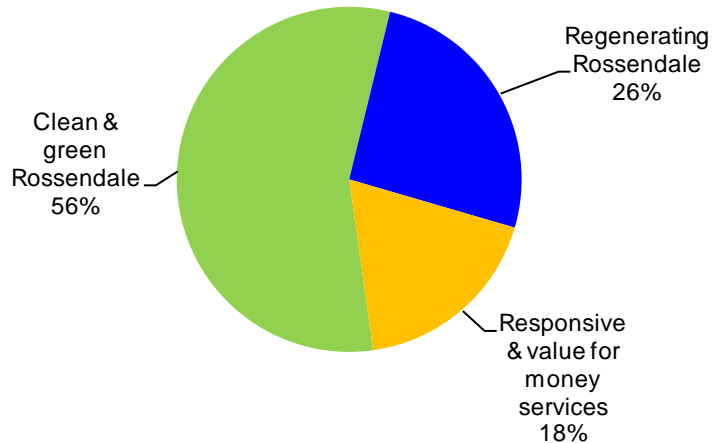


# Explanatory Foreword

For 2012/2013 the Council identified 3 corporate priorities for the services it provides:

- clean and green Rossendale,
- regenerating Rossendale,
- responsive & 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 2012/2013 amounted to £4,619k of which £3,745k related to work on the Council's own assets, which are summarised in Notes 17, 19 and 20 to the Core Statements.

Expenditure on Council assets included

- £112k on solar panels at the Futures Park Business Centre to help reduce future energy costs,
- a further £2,062k to conclude the Leisure Investment project at Marl Pits which opened in the autumn
- £113k on the compulsory purchase of 4 domestic properties in Haslingden which has been long-term empty – 3 of which have subsequently been sold
- and £291k on transferring the fleet maintenance depot to the Henrietta Street site in order to facilitate the sale of a wider site for regeneration investment.

A significant portion of the funding for these capital works came from government grants and other external contributions, with £713k received in relation to disabled adaptations across the borough and £131k received to support community-led park and playground improvements.

Capital receipts in the year totaled £1,404k as shown in Note 34b and this enabled the Council to invest £160k in the accommodation strategy to consolidate the administration functions at the Business Centre, Futures Park in order to save costs and vacate the Rawtenstall centre site in line with the long-term regeneration plans.

In order to meet the Council's capital investment ambitions 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 an external organisation, Sector Treasury Services Ltd. Investment performance was consistently above the model portfolio suggested by Sector at an average of 1.58% on balances which provided £49k more revenue income than originally budgeted for. The Council's Treasury Management Strategy and Practices, as approved in February each year, continue to limit investments to UK high street banks with at least a AA credit rating and other UK local authorities.

## 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. That 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 dropped to almost £22m at 31<sup>st</sup> March 2011, but has since risen to £29.5m at the 31<sup>st</sup> March 2013.

The key conclusions from the March 2010 full valuation were:

- 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.
- Across Lancashire the current average employer contribution rate is 19.1% of Pensionable Pay subject to any transitional phasing arrangements in accordance with the Funding Strategy Statement (FSS). Contributions for each separate employer will be levied as a percentage of payroll under the recovery plan. These contributions commenced 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 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 2013

### 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, and used economically, efficiently and effectively. Rossendale Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, 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 <http://www.rossendale.gov.uk/meetings/meeting/419/council> (item E1). 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 2012/2013 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 Committee 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;
- A past award winning officer and member training and development programme to support, amongst other things, their strategic roles;
- A past 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 national and local drivers, the Council's own 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.
- 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 Neighbourhood Forums and localised plans we enable groups to, amongst other things, feedback on how grants awarded by the forums have improved the community;
- A centrally held partnership register together with developing terms of reference for outside bodies;
- Active participation in, where appropriate, procurement matters with other local authorities 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.
- Emergency planning arrangements with Hyndburn Borough Council to ensure the Council's emergency response arrangements are robust and effective.

## 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. A cross party Governance Working Group meets regularly to review the Council's Constitution which includes the Financial Procedure Rules and Contract procedure Rules (Financial Management Standards, Performance Plans, Risk Management, Partnerships and Tenders).

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 and Portfolio holders
- 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 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 Governance Working Group*

- Review the Council's Constitution.
- Recommend governance framework improvements.
- Ensure ethical governance arrangements are appropriate and robust.
- Review Contract Procedure Rules and Financial Regulations.
- Review Codes of Conduct including Planning Code of Good Practice and Protocol on Member/Officer Relations.
- Review Standards Panel protocols.

## *The Audit and Accounts Committee*

- Monitoring corporate governance arrangements.
- Ensuring corporate governance compliance and best practice.
- Maintaining high standards of conduct by Councillors/Co-opted Members.

## *The Standards Panel*

- Determine complaints about breaches of the Members' Code of Conduct.

## *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 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 Leader of the Council and the Chief Executive, the time period for which is entirely under their tenure.

# Annual Governance Statement

## 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, the Chancellor's Autumn and other statements, the Council's current two year Finance Settlement and newly introduced reforms to local government financing. 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, including the Localisation of Council Tax and changes to the administration of Housing Benefits
- The implications arising from the Council's Medium Term Financial Strategy and its requirement to reduce its annual net expenditure by £1.5m.



**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, 2013.

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 Rossendale Borough Council at 31st March 2013, and its income and expenditure for the year ended 31<sup>st</sup> March 2013, including any known post balance sheet events as at 17<sup>th</sup> June 2013.



**Phil Seddon**  
Head of Finance

17<sup>th</sup> June 2013



# 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	Earmarked Reserves	Capital Receipts Reserve	Govt Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Authority Reserves	Note
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Balance at 31st March 2011</b>	963	5,950	1,224	1,414	9,551	(5,738)	3,813	
<b>Movement in Reserves during 2011/12</b>								
Surplus/(deficit) on Provision of Services	766	-	-	-	766	-	766	
Other Comprehensive Expenditure & Income	801	-	-	-	801	(4,095)	(3,294)	
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>1,567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,567</b>	<b>(4,095)</b>	<b>(2,528)</b>	
Adjustments between accounting basis & funding basis under regulations	(1,729)	-	(212)	(599)	(2,540)	2,540	-	15
<b>Net increase/(decrease) before transfers to Reserves</b>	<b>(162)</b>	<b>-</b>	<b>(212)</b>	<b>(599)</b>	<b>(973)</b>	<b>(1,555)</b>	<b>(2,528)</b>	
Transfers (to)/from Reserves	152	(152)	-	-	-	-	-	
<b>Increase/(decrease) in year</b>	<b>(10)</b>	<b>(152)</b>	<b>(212)</b>	<b>(599)</b>	<b>(973)</b>	<b>(1,555)</b>	<b>(2,528)</b>	
<b>Balance at 31 March 2012</b>	<b>953</b>	<b>5,798</b>	<b>1,012</b>	<b>815</b>	<b>8,578</b>	<b>(7,293)</b>	<b>1,285</b>	
<b>Movement in Reserves during 2012/13</b>								
Surplus/(deficit) on Provision of Services	513	-	-	-	513	-	513	
Other Comprehensive Expenditure and Income	2,666	-	-	-	2,666	(3,512)	(846)	
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>3,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,179</b>	<b>(3,512)</b>	<b>(333)</b>	
Adjustments between accounting basis & funding basis under regulations	(2,722)	-	268	(201)	(2,655)	2,481	(174)	15
<b>Net increase/(decrease) before transfers to Reserves</b>	<b>457</b>	<b>-</b>	<b>268</b>	<b>(201)</b>	<b>524</b>	<b>(1,031)</b>	<b>(507)</b>	
Transfers to/from Reserves	(410)	410	-	-	-	-	-	
<b>Increase/(decrease) in year</b>	<b>47</b>	<b>410</b>	<b>268</b>	<b>(201)</b>	<b>524</b>	<b>(1,031)</b>	<b>(507)</b>	
<b>Balance at 31 March 2013</b>	<b>1,000</b>	<b>6,208</b>	<b>1,280</b>	<b>614</b>	<b>9,102</b>	<b>(8,324)</b>	<b>778</b>	
<b>Note</b>		34a	34b	34c				

# 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 2012			31st March 2013			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	1,193	(537)	656	1,227	(564)	663	
Cultural	3,555	(311)	3,244	3,001	(292)	2,709	
Environmental	4,404	(1,350)	3,054	4,821	(1,696)	3,125	
Planning	1,467	(536)	931	1,337	(789)	548	
Highways, Roads & Transport Services	198	(44)	154	150	(46)	104	
Housing General Fund	27,464	(27,046)	418	27,851	(27,582)	269	
Corporate & Democratic Core	1,569	(167)	1,402	1,282	(138)	1,144	
Other Central Services	1,024	(563)	461	1,593	(196)	1,397	
Non-Distributed Costs	(7)	(387)	(394)	(147)	(409)	(556)	
<b>Cost of Services</b>	<b>40,867</b>	<b>(30,941)</b>	<b>9,926</b>	<b>41,115</b>	<b>(31,712)</b>	<b>9,403</b>	
<b>Other Operating Expenditure</b>							
Whitworth Town Council Precept	54	-	54	54	-	54	
Capital receipts paid to Government Pool	1	-	1	1	-	1	34b
(Gain)/Loss on disposal of fixed assets	102	(149)	(47)	459	(829)	(370)	29, 34b
Other Income	-	(103)	(103)	-	(548)	(548)	34b
<b>Financing and Investments</b>							
Interest payable on debt	-	-	-	78	-	78	24
Interest and investment income	-	(715)	(715)	-	(136)	(136)	24
Pensions - interest cost	3,484	-	3,484	3,278	-	3,278	36
Pensions - curtailments	4	-	4	-	-	-	36
Pensions - expected return on assets	-	(2,736)	(2,736)	-	(2,354)	(2,354)	36
(Surplus)/Deficit on Trading Undertakings	305	(345)	(40)	244	(325)	(81)	8
<b>Taxation and Non-Specific Grants</b>							
Council Tax	-	(5,556)	(5,556)	-	(5,557)	(5,557)	Coll Fund
Loss on the Collection Fund	16	-	16	45	-	45	Coll Fund
Rate Support Grant	-	(1,108)	(1,108)	-	(79)	(79)	10
National Non-Domestic Rates	-	(3,585)	(3,585)	-	(4,109)	(4,109)	10
Non service related Government Grants	-	(361)	(361)	-	(138)	(138)	10
<b>(Surplus)/Deficit on Provision of Services</b>	<b>44,833</b>	<b>(45,599)</b>	<b>(766)</b>	<b>45,274</b>	<b>(45,787)</b>	<b>(513)</b>	
(Surplus)/deficit on revaluations:-							
<b>Fixed assets</b>							
Property, Plant & Equipment			(801)			(2,666)	17
<b>Pension fund assets</b>			4,095			3,512	36
<b>Other Comprehensive (Income)/Expenditure</b>			3,294			846	
<b>Total Comprehensive (Income)/Expenditure</b>			<b>2,528</b>			<b>333</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	31st March 2012 £000s	31st March 2013 £000s	Note
Property, Plant & Equipment			
Other Land and Buildings	15,510	20,590	2 & 17
Vehicles, Plant, Furniture & Equipment	3,057	2,627	2 & 17
Infrastructure	398	378	17
Community Assets	586	1,123	2 & 17
Assets under construction	1,287	-	17
Surplus Assets	831	948	17
	<b>21,669</b>	<b>25,666</b>	
Heritage Assets	2,170	2,169	2 & 17
Intangible Assets	158	147	19
Long-term Investments	647	647	22
Long-term Debtors	143	237	23 & 24
<b>Long-term Assets</b>	<b>24,787</b>	<b>28,866</b>	
Short-term Investments	5,000	4,000	24 & 28
Inventories	40	17	26
Short Term Debtors	3,845	2,333	27
Cash and cash equivalents	785	2,389	28
Assets held for sale within one year	94	133	29
<b>Current Assets</b>	<b>9,764</b>	<b>8,872</b>	
Short-term Borrowing	(184)	(184)	24 & 31
Short-term Creditors	(2,329)	(2,873)	32
Short-term Provisions	(689)	(407)	33
<b>Current Liabilities</b>	<b>(3,202)</b>	<b>(3,464)</b>	
Long Term Borrowing	(4,048)	(3,864)	24 & 31
Long-Term Provisions	(116)	(98)	33
Net Pensions Liability	(25,900)	(29,535)	36
<b>Long- term Liabilities</b>	<b>(30,064)</b>	<b>(33,497)</b>	
<b>Net Assets</b>	<b>1,285</b>	<b>777</b>	
<b>Represented by:</b>			
General Fund	953	1,000	MiR
Earmarked Reserves	5,798	6,208	34a
Capital Receipts Reserve	1,012	1,280	34b
Grants Unapplied	815	614	34c
<b>Usable Reserves</b>	<b>8,578</b>	<b>9,102</b>	
Revaluation Reserve	5,897	8,572	2 & 35a
Pension Reserve	(25,900)	(29,535)	36
Capital Adjustment Account	12,733	12,707	35b
Deferred Capital Receipts	2	1	
Collection Fund Adjustment Account	(25)	(70)	15
<b>Unusable Reserves</b>	<b>(7,293)</b>	<b>(8,325)</b>	
<b>Total Reserves</b>	<b>1,285</b>	<b>777</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	2011/2012	2012/2013	Note
	£000	£000	
<b>Operating Activities</b>			
Net surplus/(deficit) on the provision of services	766	513	
Adjustment for noncash movements	1,750	1,759	38
Adjustment for items that are investing and financing activities	(852)	934	38
<b>Net cash flows from Operating Activities</b>	<b>1,664</b>	<b>3,206</b>	
<b>Investing Activities</b>			
Additions to property, plant and equipment & intangible assets	(4,626)	(3,745)	20
Proceeds from the sale of property, plant and equipment	108	827	15 & 34b
Unapplied Government Grants received and applied	625	(1,213)	
Increase/(decrease) in long-term debtors	42	(94)	23
Other income	103	548	15 & 34b
<b>Net Cash Flows from Investing Activities</b>	<b>(3,748)</b>	<b>(3,677)</b>	
<b>Management of Liquid Resources</b>			
Net (increase)/decrease in short-term deposits	2,500	1,000	28
<b>Financing</b>			
Cash (Outflows)/Inflows - agency operations			
National non-domestic rates	(1,159)	1,562	
Council Tax	(153)	(303)	
Cash Outflows - Repayments of amounts borrowed	(184)	(184)	31
Cash Inflows - New long-term loans	-	-	31
Cash Inflows - New short-term loans	-	-	
<b>Net Cash Flows from Financing Activities</b>	<b>1,004</b>	<b>2,075</b>	
<b>Net increase/(decrease) in Cash and Cast Equivalents</b>	<b>(1,080)</b>	<b>1,604</b>	39
Cash and Cash Equivalents at the beginning of the year	1,865	785	
<b>Cash and Cash Equivalents at the end of the year</b>	<b>785</b>	<b>2,389</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 2012 (the Code).

This Code is now based on the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) adapted, as interpreted for the public sector, by the International Public Sector Accountancy Standards (IPSASs). The 2012 Code replaced the 2011 Code, but with only minor changes. Those changes are explained further in Note 1 below, and any financial effects are shown in Note 2 to the Core Statements.

These financial statements are for the year ended 31<sup>st</sup> March 2013 and in this draft format have been approved for release for audit by the Audit and Accounts Committee on the 25<sup>th</sup> June 2013.

## 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

The 2012 Code did not introduce any significant changes in policy.

### 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 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, including exit packages, 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.

## Operations acquired or discontinued

### Acquired Operations

No operations have been acquired during the reporting periods disclosed within this Statement of Accounts.

### Discontinued Operations

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

In accordance with the outcomes of the 2009/2010 Leisure Review, the Ski Slope, though still owned by the Council, transferred day-to-day operations to a community group during 2011/12.

## Value Added Tax

VAT incurred by the Council on goods and service it 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 and Carbon Reduction Commitment

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 was received from Lancashire County Council that no charges would be incurred in the 2012/13 financial year.

Whilst this authority is too small to be subject to the Carbon Reduction Commitment Scheme, members have taken the view that investing in solar panels will reduce both annual energy costs and environmental impacts in the future.



## 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. 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 was 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.

## Heritage Assets – Included within Note 17

Authorities account for heritage assets under the requirements of FRS30 *Heritage Assets*.

A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. An intangible heritage asset is an intangible asset with cultural, environmental or historical significance, including such items as recordings of significant historical events.

### Recognition and Measurement

For Rossendale Borough Council Heritage Assets include the Panopticon in Haslingden and the war memorials across the borough and 2011/12 saw the introduction of civic regalia and exhibits at Whittaker Park Museum.

Where heritage assets are purchased or costs capitalised, these assets are now valued on a historic cost basis. This has occurred in examples such as the creation of the Panopticon. However, for historic assets and where it is not possible to obtain a cost value commensurate with the benefit to users of the financial statements, the Council is entitled to use any method it deems appropriate and relevant. For the items of civic regalia and the exhibits at Whittaker Park Museum the latest insurance values have been used as an approximation for the asset value.

### Amortisation

Depreciation or amortization is not required on heritage assets which have indefinite lives. However, the carrying amount of such assets is reviewed regularly to ensure that they have not suffered any physical deterioration, which would be treated as an impairment.

For ease of presentation, details on heritage assets can be found alongside Property, Plant and Equipment at Note 17.

## 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.

Rossendale Borough Council does not have any Investment Properties.

## 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.

## Surplus Assets and 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 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.

### Recognition and Measurement

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, where fair value is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Surplus Assets are re-valued at the point of their transfer to the surplus category, but based upon their existing use value which is an estimate of the asset's remaining useful service potential.

### Amortisation

Depreciation or amortization is not required on surplus assets or those held for sale. However, the carrying amount of such assets is reviewed regularly to ensure that they have not suffered any physical deterioration, which would be treated as an impairment.

## 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 or 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 disabled access 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

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 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'.

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 as revenue income 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 and Treasury Management Practices. 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 expected to be called upon within 12 months from the end of the financial period are classed as Short-Term Provisions, while those of a more extended nature are classed as Long-Term Provisions.

Provisions are charged to the (Surplus)/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).
- Capital Grants Unapplied – holds the balance of grants received where the conditions of grant entitlement have not yet been met. 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 Grants Unapplied 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 any gains on revaluation of investments not yet realised through sales. The investment in Rossendale Transport Ltd has not been revalued due to the specialised nature of the company and the subjectivity of any such valuation. Instead the investment is carried at 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.
- 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 line with Government guidance, the Council calculates MRP 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 Statement of Accounts includes at Note 2 to the Core Financial Statements an explanation of any adjustments made to comply changes in the Code.

## 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 2012/2013 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code), which is based on the International Financial Reporting Standards (IFRSs).

In 2012/2013 there have been no changes which impact upon the prior year accounts.

### **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. 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 £nil (£248k at March 2012). This will be subject to audit in the coming months and any final settlement should be made 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 2012/2013 amounted to £1,223k, a decrease of £3k on 2011/2012. Depreciation of intangible assets totaled £52k compared to £113k in 2011/2012 (see Note 15, 17 & 19).
- 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 2011/2012 was £654k compared to £190k charged to 2011/2012 (see Note 15 & 17).

### **Note 4 Events after the Balance Sheet date**

The Draft Statement of Accounts was authorised for submission to the Audit and Accounts Committee, and for subsequent audit, by the Head of Finance on 17<sup>th</sup> June 2013. 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 2013, 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 2013 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 increase as follows</p> <ul style="list-style-type: none"> <li>• buildings &amp; infrastructure £8k</li> <li>• vehicles &amp; equipment £107k</li> <li>• intangible assets £9k</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 65.
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, the effects of an additional 1% in the rate of in-year losses on collection would be an increase of £56k in the required provision for council tax doubtful debts and £3k 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 2012/2013 the contract value was £1,374k (£1,357k in 2011/12). In 2013/2014 the anticipated full-year contract value, subject to an element of inflation in October 2012, is £1,415k. Over the remaining life of the contract the value is expected to be £5,096k.

# Notes to Core Financial Statements

## Note 7 Acquired and Discontinued Operations

The Council has not acquired or discontinued any operations during either 2012/2013 or during the comparator year 2011/2012.

Following the outcome of the 2009/2010 Leisure Review the operation of the Ski Slope facility was transferred to a community group during 2011/2012 under a 25-year lease arrangement at a peppercorn rent.

## Note 8 Trading Operations

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

The Council has also established 37 industrial trading units, promoting economic regeneration across the borough. During 2012/2013 the Henrietta Street Industrial site was disposed of and the Business Centre, Futures Park was designated as the Council's main office base. Though this modern building (below) will continue to provide a small number of high-tech managed office spaces as well as conference and meeting facilities, the One Stop Shop will be transferring into this building in summer 2013.

	Net Expend/ (Income) 2010/2011 £000s	Gross Expend 2011/2012 £000s	Income 2011/2012 £000s	Net Expend/ (Income) 2011/2012 £000s	Note
Markets	28	188	(142)	46	
Industrial Units	(36)	35	(94)	(59)	21
Business Office Facilities	(58)	82	(109)	(27)	21
<b>Total Trading Accounts</b>	<b>(66)</b>	<b>305</b>	<b>(345)</b>	<b>(40)</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 recognised the following significant grants, contributions and donations during 2012/2013:

Grants and contributions received	2011/2012 £000s	2012/2013 £000s	Note
<b>Grants Credited to the Comprehensive Income &amp; Expenditure Account</b>			
Credited to Cost of Services			
DWP - Housing and Council Tax Benefits - amounts paid to claimants	25,059	25,979	
DWP - Housing and Council Tax Benefits - administration grant	609	575	
DWP - Housing Benefits - received re homeless hostel tenants	49	39	
DWP - Housing Benefits - other projects	-	32	
DCLG - New Burdens Grants	16	89	34c
Supporting People Grant	85	85	
Supporting People - Mortgage Rescue Grant	30	25	
Communities for Health Grant	-	174	
Warm Homes, Healthy People	-	82	
Housing Market Renewal Grant	37	10	34c
Non-Domestic Rates Collection Grant	103	102	Coll Fund
Future Jobs Fund	27	-	
New Homes Bonus	102	217	
Contribution from English Heritage re Contaminated Land Surveys	41	6	
Heritage Lottery - Townscape Heritage Initiative	-	19	
Contribution from NWIEP & other partners re Mobile OSS (STAN)	36	21	
Contributions from Lancashire County Council	125	54	
Other minor grants & contributions	108	67	
	26,427	27,576	
Credited to Cost of Services for REffCUS			
Disabled Facilities Grant	391	419	34c
Contribution from Green Vale Homes to Disabled Facilities Grants	180	178	34c
DEFRA Land Remediation Grant	-	143	34c
Regional Housing Grant	50	117	34c
Housing Market Renewal Grant	400	-	
	1,021	857	
<b>Total in the Cost of Services and Segmental Report</b>	<b>27,448</b>	<b>28,433</b>	40
Credited to Taxation and Non-Specific Grant Income			
Rate Support Grant	1,108	79	
Council Tax Freeze Grant	137	138	
Transition Grant	224	-	
Redistributed NNDR	3,585	4,109	
<b>Non-Specific Grants in the Comprehensive Income and Expenditure Statement</b>	<b>5,054</b>	<b>4,326</b>	
Application of grants to fund capital works			
Contribution from Lancashire County Council - Library buildings	26	-	
Contribution from Lancashire Environmental Fund - re parks	-	32	
National Lottery Community Spaces - re parks/play areas	214	90	
Homes and Communities Agency - renovation of homeless hostel	350	-	
Big Lottery grant	63	-	
Other minor grants & contributions	19	5	
<b>Other Grants and Contributions applied within the year</b>	<b>672</b>	<b>127</b>	



## 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. However, in since October 2009 members have voted to defer any increase in allowances commensurate with the minimum wage levels. If members had not taken such a decision, then the allowances element of the expenditure shown below for 2012/2013 would have risen by £7k.

Total Cost of Elected Members	2011/2012 £000s	2012/2013 £000s	Note
Basic Allowance	117	120	
Special Responsibility Allowance	86	81	
Employers National Insurance incurred	5	4	
Employers Superannuation Contributions	9	12	
Mileage, subsistence & other reimbursements	3	2	
	<b>219</b>	<b>219</b>	

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

Annual amounts payable for elected roles	2011/2012 £s	2012/2013 £s	Note
<b>Basic Allowance</b>	3,342	3,342	
<b>Special Responsibility Allowances</b>			
Leader of Majority or Largest Group	13,368	13,368	
Deputy Leader of Majority or Largest Group	10,026	10,026	
Leader of Minority or Second Largest Group	6,684	6,684	
Executive Members	6,684	6,684	
Chair of Overview & Scrutiny Management Committee	6,684	6,684	
Other Committee Chairs	3,342	3,342	
Other Committee Vice-Chairs	1,671	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 2011/2012.

Senior Officers		Other Allowances & Expenses		Acting Returning Officer	Pension	Total
		Salary £	£	£	£	£
Chief Executive	2011/2012	97,276	963	4,106	12,166	114,511
	2012/2013	97,276	1,548	2,943	12,026	113,793
Director for Business	2011/2012	72,327	452	2,013	8,921	83,713
	2012/2013	72,327	650	947	8,679	82,603
Director of Customers & Communities	2011/2012	53,100	75	-	6,625	59,800
	2012/2013	53,998	-	147	6,738	60,884
Head of Finance & Property Services	2011/2012	58,578	1,451	-	7,029	67,058
	2012/2013	58,578	1,609	-	7,029	67,216
Head of People & Policy	2011/2012	50,939	1,120	-	6,208	58,268
	2012/2013	50,344	1,136	50	6,208	57,738

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.

Officers with remuneration above £50,000	2011/2012 Number	2012/2013 Number
£50,000 - £54,999	2	2
£55,000 - £59,999	1	1
£60,000 - £64,999	1	1
£65,000 - £69,999	-	-
£70,000 - £74,999	1	1
£75,000 - £79,999	-	-
£80,000 - £99,999	-	-
£100,000 - £104,999	1	1
	<b>6</b>	<b>6</b>

The Code includes a requirement to disclose the costs of exit packages paid by the Council in bands of £20k. The only exit packages paid by this Council are in relation to redundancy payments and no individual amounts have exceeded £20k in either 2011/2012 or 2012/2013.

The total value of 3 exit packages awarded in 2012/2013 was £14k compared to £84k for 10 exit packages in 2011/2012.

## 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.

### Other key partners

- 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 2012/2013 was £491k (£581k in 2011/2012).
  - 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. Note 23 shows the value outstanding at the end of 2012/2013 was £55k.
  - As in previous years the Trust was also supported by a cash-flow loan from the Council totalling £500k at 31<sup>st</sup> March 2013 (£245k at the 31<sup>st</sup> March 2012). 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 £1k (£1k in 2011/2012) 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 £531k at 31<sup>st</sup> March 2013 (£420k at 31<sup>st</sup> March 2012) against which the Council is beginning to make provision with the creation of an earmarked Leisure Services Reserve with a closing value of £682k at 31<sup>st</sup> March 2013 (£924k at 31<sup>st</sup> March 2012). 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 £69k towards running costs in 2012/2013 (£69k in 2011/2012).

## 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 2012/2013 were:-

Audit costs	2011/2012 £000s	2012/2013 £000s	Note
Fees payable in respect of external audit of accounts	92	67	
Fees payable for the certification of grant claims and returns	26	23	
	<b>118</b>	<b>90</b>	



## 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 2012/2013. The comparative figures for the financial year 2011/2012 can be found on the opposite page.

Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2012/2013				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	1,223	-	-	(1,223)	17 & 35
Impairment of Property, Plant & Equipment	654	-	-	(654)	17 & 35
Revaluation gain/loss on Property, Plant and Equipment	(2,666)	-	-	2,666	17 & 35
Revaluation gain/loss on Assets Held for Sale	-	-	-	-	29 & 35
Deferred Capital Receipts	1	-	-	(1)	
Amortisation of Intangible Assets	52	-	-	(52)	19 & 35b
Revenue Expenditure funded from Capital under statute	884	-	-	(884)	20 & 35b
Net book value of assets disposed of	457	-	-	(457)	17,18 & 29
Statutory provisions for the financing of capital investment	(624)	-	-	624	20 & 35b
Capital expenditure in the year charged to General Fund	(641)	-	-	641	20 & 35b
<b>Capital Receipts Reserve adjustments</b>					
Transfer of cash sale proceeds of assets disposed of	(827)	827	-	-	34b
Other Income	(675)	575	100	-	35b
Use of Capital Receipts Reserve to finance capital spend	-	(1,133)	-	1,133	20,34b,35b
Payments to the Government capital receipts pool	1	(1)	-	-	34b
<b>Capital Grants Unapplied Account adjustments</b>					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(857)	-	857	-	20 & 34c
Application of grants to capital financing transferred to the Capital Adjustment Account	128	-	(1,158)	1,030	20 & 35b
<b>Pensions Reserve adjustments</b>					
Employer contributions paid to the Pension Fund	(1,607)	-	-	1,607	36
Net FRS17 charges made for retirement benefits	1,730	-	-	(1,730)	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	45	-	-	(45)	Collection Fund
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(2,722)</b>	<b>268</b>	<b>(201)</b>	<b>2,655</b>	





Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	Comparative Figures 2011/2012				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	1,224			(1,224)	17 & 35
Impairment of Property, Plant & Equipment	192			(192)	17 & 35
Revaluation gain/loss on Property, Plant and Equipment	(801)			801	17 & 35
Revaluation gain/loss on Assets Held for Sale	-			-	29 & 35
Deferred Capital Receipts	-	4		(4)	
Amortisation of Intangible Assets	113			(113)	19 & 35b
Revenue Expenditure funded from Capital under statute	1,039			(1,039)	20 & 35b
Net book value of assets disposed of	62			(62)	17,18 & 29
Statutory provisions for the financing of capital investment	(559)			559	20 & 35b
Capital expenditure in the year charged to General Fund	(1,661)			1,661	20 & 35b
<b>Capital Receipts Reserve adjustments</b>					
Transfer of cash sale proceeds of assets disposed of	(108)	108			34b
Other Income	(103)		103		34b
Use of Capital Receipts Reserve to finance capital spend		(323)		323	20,34b,35b
Payments to the Government capital receipts pool	1	(1)			34b
<b>Capital Grants Unapplied Account adjustments</b>					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(1,020)		1,020		20 & 34c
Application of grants to capital financing transferred to the Capital Adjustment Account			(1,722)	1,722	20 & 35b
<b>Pensions Reserve adjustments</b>					
Employer contributions paid to the Pension Fund	(1,687)			1,687	36
Net FRS17 charges made for retirement benefits	1,563			(1,563)	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	16			(16)	Collection Fund
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(1,729)</b>	<b>(212)</b>	<b>(599)</b>	<b>2,540</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.

## Note 17 Property, Plant and Equipment

Movements on property, plant & equipment assets in 2012/2013 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	Heritage Assets £000s	Note
<b>Cost or Valuation 1st April 2012</b>	20,647	5,650	465	726	1,287	951	29,726	2,179	
Additions	1,305	443	1	38	1,916	-	3,703	1	20
Revaluation increases/(decreases) to Revaluation Reserve	2,117	-	-	538	-	27	2,682	-	15 & 35a
to Provision of Services	(309)	-	-	-	-	(6)	(315)	-	15 & 35b
Reclassifications- to/from Assets Held for Sale	(574)	-	-	-	-	95	(479)	-	29
others	3,203	-	-	-	(3,203)	-	-	-	19
Derecognition- on disposal	(4)	(60)	-	-	-	-	(64)	-	15 & 35b
<b>Cost or Valuation 31<sup>st</sup> March 2013</b>	<b>26,385</b>	<b>6,033</b>	<b>466</b>	<b>1,302</b>	<b>-</b>	<b>1,067</b>	<b>35,253</b>	<b>2,180</b>	
<b>Accum Depreciation and Impairments 1st April 2012</b>	(5,137)	(2,593)	(67)	(140)	-	(120)	(8,057)	(9)	
Depreciation for the year- to Revaluation Reserve	(63)	-	-	-	-	-	(63)	(1)	15 & 35a
to Provision of Services	(260)	(859)	(13)	(1)	(25)	-	(1,158)	(1)	15 & 35b
Impairment losses/(reversals) to Revaluation Reserve	(5)	-	-	(17)	-	-	(22)	-	15 & 35a
to Provision of Services	(307)	-	(8)	(21)	-	-	(336)	-	15 & 35b
Reclassifications	(25)	-	-	-	25	-	-	-	19
Derecognition- on disposal	2	46	-	-	-	-	48	-	15 & 35b
<b>Accumulated Depreciation and Impairments 31st March 2013</b>	<b>(5,795)</b>	<b>(3,406)</b>	<b>(88)</b>	<b>(179)</b>	<b>-</b>	<b>(120)</b>	<b>(9,588)</b>	<b>(11)</b>	
Net Book Value at 31st March 2013	20,590	2,627	378	1,123	-	947	25,665	2,169	
Net Book Value at 31st March 2012	15,510	3,057	398	586	1,287	831	21,669	2,170	

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 their individual useful life determined at the point of acquisition.
- All other assets under land, assets under construction, community assets, investment and surplus assets are not depreciated.

Component accounting is 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.

# Notes to Core Financial Statements

Comparator movements in 2011/2012 were as follows:

Property, Plant & Equipment	Vehicles, Plant, Infrastructure, Community Assets, Assets under construction, Surplus Assets						Total Assets	Heritage Assets	Note
	Land & Buildings	Furniture & Equip	Infrastructure Assets	Community Assets	Assets under construction	Surplus Assets			
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Cost or Valuation 1st April 2011</b>	17,317	5,170	411	447	310	1,090	24,745	2,089	* Note 2
Additions	2,915	609	54	16	977	-	4,571	5	20
Revaluation increases/(decreases)- to Revaluation Reserve	582	-	-	263	-	-	845	85	15 & 35a
to Provision of Services	(129)	-	-	-	-	-	(129)	-	15 & 35b
Reclassifications- to/from Assets Held for Sale	90	-	-	-	-	(90)	-	-	29
others	(113)	73	-	-	-	-	(40)	-	
Derecognition- on disposal	(15)	(202)	-	-	-	(49)	(266)	-	15 & 35b
<b>Cost or Valuation 31<sup>st</sup> March 2012</b>	<b>20,647</b>	<b>5,650</b>	<b>465</b>	<b>726</b>	<b>1,287</b>	<b>951</b>	<b>29,726</b>	<b>2,179</b>	
<b>Accum Depreciation and Impairments 1st April 2011</b>	(4,787)	(1,892)	(56)	(141)	-	-	(6,876)	(7)	* Note 2
Depreciation for the year- to Revaluation Reserve	(68)	-	-	-	-	-	(68)	-	15 & 35a
to Provision of Services	(274)	(870)	(11)	(1)	-	-	(1,156)	-	15 & 35b
Impairment losses/(reversals) to Revaluation Reserve	(53)	-	-	-	-	-	(53)	(1)	15 & 35a
to Provision of Services	(13)	-	-	(4)	-	(120)	(137)	(1)	15 & 35b
Reclassifications	62	(33)	-	-	-	-	29	-	19
Derecognition- on disposal	(4)	202	-	6	-	-	204	-	15 & 35b
<b>Accumulated Depreciation and Impairments 31<sup>st</sup> March 2012</b>	<b>(5,137)</b>	<b>(2,593)</b>	<b>(67)</b>	<b>(140)</b>	<b>-</b>	<b>(120)</b>	<b>(8,057)</b>	<b>(9)</b>	
<b>Net Book Value at 31<sup>st</sup> March 2012</b>	<b>15,510</b>	<b>3,057</b>	<b>398</b>	<b>586</b>	<b>1,287</b>	<b>831</b>	<b>21,669</b>	<b>2,170</b>	

## A breakdown of buildings owned

As disclosed at Notes 1 and 7 the operation of the Ski Slope transferred to a community group during 2011/2012 but the property is still owned by the Council and therefore still included here.

In autumn 2011 the Rawtenstall Town Square site was acquired, including a derelict building which has since been demolished. Subsequent land remediation and planting works during 2012/2013 have not added to the overall value of the site, but rather improved its appearance.

A summary of Council Assets	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2013
	No.	No.
Administrative Buildings	4	4
Depots and Workshops	6	5
Off-Street Car Parks	44	44
Sports Centres	1	1
Public Halls	1	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	28
Markets	3	3
Community & Youth Centres	3	3
Surplus Assets	14	17
Surplus Assets Held for Sale	3	4

During 2012/2013 one of the Council's industrial unit sites was disposed of, reducing the total number of units available from 37 to 28.

## Revaluation Programme

The authority operates a five-year rolling programme of revaluation on its General Fund properties. During 2012/2013 the valuations were carried out by external RICS-qualified officers. For details of basis of valuation please refer to the Accounting Policies. The Net Book Value of assets which underwent a revaluation during 2012/2013 was £3,404k and this resulted in a net revaluation gain of £2,367k.

The details below show the history of the revaluation programme. For example, land and building assets with a current net book value of £4m of were last revalued in 2008/2009 and hence are due to be revalued again in 2013/14. Assets valued in previous years have not undergone any material changes which would alter their valuations.

Revaluation Programme	Land & Buildings	Vehicles, Plant, Furniture & Equip	Infra-structure Assets	Community Assets	Assets under construction	Surplus Assets	Total Tangible Assets	Heritage Assets
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Valued at historical cost	3,707	2,627	378	167	-	-	6,879	24
Valued at current value in:								
pre 2006	362	-	-	-	-	-	362	4
2006/2007	73	-	-	-	-	-	73	-
2007/2008	590	-	-	-	-	55	645	-
2008/2009	4,902	-	-	-	-	400	5,302	545
2009/2010	633	-	-	-	-	290	923	-
2010/2011	785	-	-	-	-	-	785	-
2011/2012	4,498	-	-	365	-	62	4,925	1,596
2012/2013	5,040	-	-	591	-	140	5,771	-
<b>Net Book Value at 31<sup>st</sup> March</b>	<b>20,590</b>	<b>2,627</b>	<b>378</b>	<b>1,123</b>	<b>-</b>	<b>947</b>	<b>25,665</b>	<b>2,169</b>

## Note 18 Investment Properties

The Council does not own any investment properties.





## 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.

As a result of the implementation of an improved asset register system as explained at Note 1 and 2, the figures in blue below have changed to correctly reflect the reduction in the gross costs and accumulated depreciation for assets derecognised in previous years. This correction has not changed the Balance Sheet value of Intangible Assets at all.

Intangible Assets	31 <sup>st</sup> March 2012 £000s	31 <sup>st</sup> March 2013 £000s	Note
Cost or Valuation 1st April	784	841	2
Additions	50	41	20
Reclassification	40	-	17
Revaluations	-	-	
Derecognition on disposal	(33)	-	15 & 35b
<b>Cost or Valuation 31st March</b>	<b>841</b>	<b>882</b>	
Accum Depreciation 1st April	(574)	(683)	2
Impairment losses/(reversals)	-	-	
Amortisation for the period	(113)	(52)	15
Reclassification	(29)	-	17
Derecognition on disposal	33	-	15 & 35b
<b>Accumulated Depreciation and Impairments 31st March</b>	<b>(683)</b>	<b>(735)</b>	
Net Book Value at 31st March	158	147	



## 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.

	2011/2012	2012/2013	Note
	£000s	£000s	
<b>Opening Capital Financing Requirement</b>	<b>4,074</b>	<b>5,474</b>	
Capital investments			
Property, Plant & Equipment	4,576	3,694	17
Intangible Assets	50	41	19
Revenue Expenditure funded from Capital under Statute	1,039	884	15 & 35b
	<u>5,665</u>	<u>4,619</u>	
Sources of Finance			
Capital Receipts	(323)	(1,005)	15 & 34b
Government Grants and other contributions	(1,722)	(988)	15 & 35b
Sums set aside from Revenue:-			
Direct revenue contributions	(1,661)	(641)	15 & 35b
Minimum Revenue Provision	(559)	(624)	15 & 35b
<b>Closing Capital Financing Requirement</b>	<b>5,474</b>	<b>6,835</b>	
Explanation of movements in the year			
Increase/(Decrease) in underlying need to borrow (not supported by government financial assistance)	1,400	1,361	
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>1,400</b>	<b>1,361</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	2011/2012	2012/2013
	£000s	£000s
IT Strategy & Software	126	54
Waste Collection & Recycling Services	78	50
Vehicle Replacement Programme	104	-
Infrastructure, including roads and culverts	75	-
Cemeteries	12	29
Car Parks	18	17
Henrietta Street Depot incl relocation costs	33	291
Industrial Units	-	46
Leisure Buildings	1,024	1,940
Sports Equipment	-	146
Playing fields, playgrounds & parks	359	170
The Business Centre - Accommodation Strategy	2	26
Rawtenstall Town Square	2,201	280
Clare House, Queens Street	439	7
Solar panels at The Business Centre	-	112
Stubbylee Barn - partnership project	-	90
Compulsory Purchase Orders	-	396
Others	155	91
	<b>4,626</b>	<b>3,745</b>

Further information on capital expenditure in 2011/2012 can be found in the full Capital Expenditure Report at Section 3.

## Capital Commitments

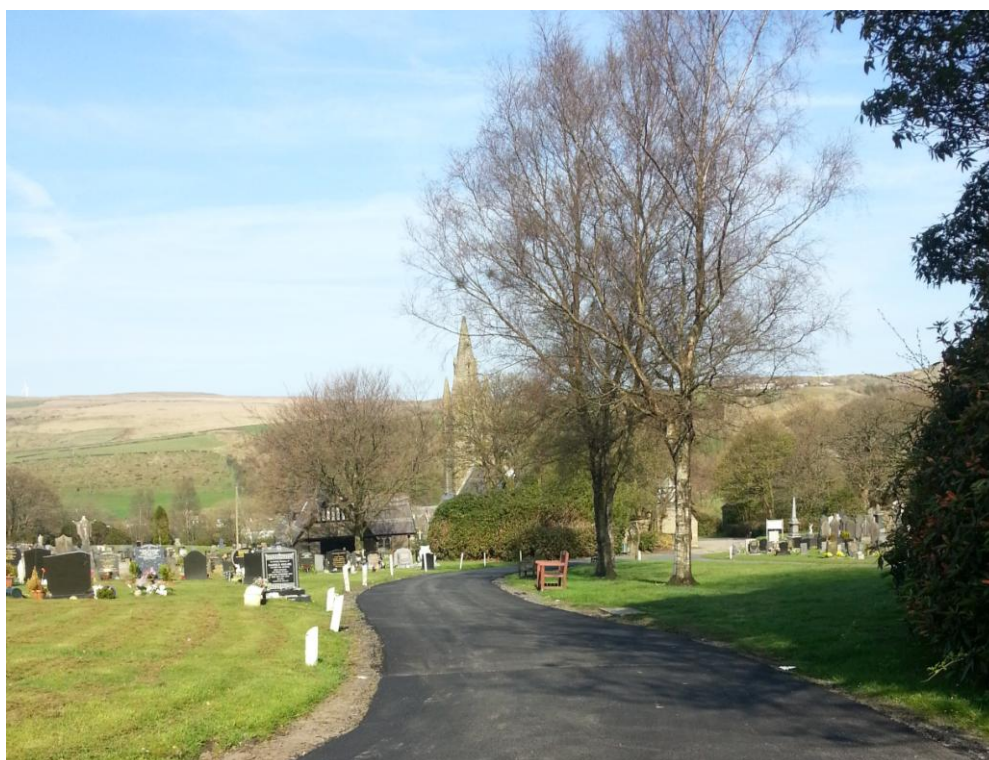
The Council operates a rolling 3-year capital programme and in addition to the £3,745k spent in 2012/2013 works of £400k were carried forward into 2013/2014 onwards, of which £275k related to Council assets as shown below and £125k related to Disabled Facilities Grants.

Contractual Commitments carried forward	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2013
	£000s	£000s
Parks & Play Areas - finalising ongoing projects	9	30
Building Maintenance, including Accommodation Strategy	-	152
Leisure Buildings	1,960	10
Performance Reward Grant partnership projects	73	-
Stubblee Hall - partnership project	100	-
Compulsory Purchase Orders	130	-
Infrastructure, including car parks and signage	-	44
ICT and software implementation	-	20
Land remediation	-	19
	<b>2,272</b>	<b>275</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 impact upon the Council's need to borrow which resulted from investment recommended by the 2009/2010 Leisure Review and regeneration projects.

Following completion in October 2012, the investment in dry sports facilities at Marl Pits is being operated by Rossendale Leisure Trust and the annual borrowing costs of the above loan are partly matched against savings in the support grant payable to the Trust. Until the facility was operational, interest payments and receipts were capitalised. In 2012/2013 the capitalised cost of this borrowing was £110k (£196k in 2011/2012). At the same time the capitalised interest earned on the balance of the loan was £6k (£71k in 2011/2012) – see Note 24.



## 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 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 2012/2013 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	2011/2012 £000s	2012/2013 £000s	Note
<b>Lease Payments within the year</b>	<b>20</b>	<b>20</b>	
Future Minimum Lease Commitments			
Amounts falling due within 1-2 years	29	-	
Amounts falling due within 2-5 years	-	-	
Amounts falling due within 5-10 years	-	-	
<b>Total Minimum Lease Payments</b>	<b>29</b>	<b>-</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	2011/2012	2012/2013			Note	
	Total £000s	Industrial/ Business Properties £000s	Leisure Premises £000s	Other Properties £000s		Total £000s
Gross Value at 31st March	8,196	867	9,134	307	10,308	
Accumulated Depreciation	(740)	(115)	(737)	(36)	(888)	
<b>Net Book Value at 31st March</b>	<b>7,456</b>	<b>752</b>	<b>8,397</b>	<b>271</b>	<b>9,420</b>	
<b>Lease Income within the year</b>	<b>203</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>105</b>	8

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, including the Cherry Crescent Community Centre and the Aged Blind and Disabled Centre.



# Notes to Core Financial Statements

## Note 22 Long Term Investments

The long term investments consist of:-

Long Term Investments	31 <sup>st</sup> March 2012 £000s	31 <sup>st</sup> March 2013 £000s	Note
Rossendale Transport Ltd	645	645	24 & 34a
Marketable Securities	2	2	
<b>Balance at 31st March</b>	<b>647</b>	<b>647</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. Due to the specialized nature of the business any current market value of the company would be a purely subjective estimate and so this investment is held in the Balance Sheet at historic cost.

Data from the company's Draft Statement of Accounts for the year to 31<sup>st</sup> March 2013 will be added below as soon as it is available. 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 2012 £000s	31 <sup>st</sup> March 2013 £000s
Profit/(Loss) on ordinary activities before taxation	(928)	-
Tax on profit on ordinary activities	(10)	-
<b>Retained profit/(loss) for the financial year</b>	<b>(938)</b>	<b>-</b>
<b>Net Assets of the company</b>	<b>1,722</b>	<b>-</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	Business Relocation Loans £000s	Mortgage Rescue Scheme loans £000s	Total £000s	Note
Balance at 1st April 2011	6	5	77	-	13	101	
Advances	-	-	-	60	1	61	
Receipts	(4)	(5)	(8)	-	(2)	(19)	
<b>Balance at 31st March 2012</b>	<b>2</b>	<b>-</b>	<b>69</b>	<b>60</b>	<b>12</b>	<b>143</b>	24
Advances	-	-	-	-	122	122	
Receipts	(1)	-	(14)	(10)	(3)	(28)	
<b>Balance at 31st March 2013</b>	<b>1</b>	<b>-</b>	<b>55</b>	<b>50</b>	<b>131</b>	<b>237</b>	24

# 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 37)
<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 only one minor soft loan to facilitate business relocation. 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 historic cost value (see adjustment at Note 2)	The Council's investment in Rossendale Transport Ltd is held at the historic value of the shares.

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). The Council has issued one soft loan during 2011/2012 in order to facilitate a business relocation which met the Council's regeneration priorities. The value of interest forgone in relation to this loan was negligible and hence no adjustment has been made to the carrying value of the loan to reflect the cost to the Council of the lower than market rate.

## Categories of Financial Instruments

The categories of financial instruments included within the Balance Sheet and Notes are:-

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	
	2012	2013	2012	2013	
	£000s	£000s	£000s	£000s	
Loans and receivables	-	-	5,000	4,000	28
Available for sale financial assets *	647	647	-	-	22
<b>Total Investments</b>	<b>647</b>	<b>647</b>	<b>5,000</b>	<b>4,000</b>	
Loans and receivables	143	237	-	-	23
Financial assets carried at contract amounts	-	-	1,131	1,238	27
<b>Total Debtors</b>	<b>143</b>	<b>237</b>	<b>1,131</b>	<b>1,238</b>	
Financial liabilities at amortised cost	(4,048)	(3,864)	(184)	(184)	31
Financial liabilities at fair value through I&E	-	-	-	-	
<b>Total Borrowings</b>	<b>(4,048)</b>	<b>(3,864)</b>	<b>(184)</b>	<b>(184)</b>	
Financial liabilities at amortised cost	-	-	-	-	
Financial liabilities carried at contract amounts	-	-	(2,207)	(2,332)	32
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>(2,207)</b>	<b>(2,332)</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:

Income & Expenses, Gains & Losses	2011/2012	2012/2013				Note
	Total £000s	Financial Liabilities £000s	Loans and Receivables £000s	Available for sale assets £000s	Fair Value through the I&E £000s	
Interest payable - revenue	-	-	78	-	-	
Interest payable - capitalised	196	-	110	-	-	20
Interest income - revenue	(98)	-	(136)	-	-	
Interest income - capitalised	(71)	-	(6)	-	-	20
Other interest gain	(617)	-	-	-	-	
<b>Total Investment Expenditure/(Income)</b>	<b>(590)</b>	<b>-</b>	<b>(32)</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 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2013 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 2012		31st March 2013		Note
	Carrying amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s	
Borrowings <1 year	(184)	(184)	(184)	(184)	31
Borrowings >1 year	(4,048)	(4,048)	(3,864)	(3,864)	31
Creditors (excl Govt & Collection Fund)	(2,207)	(2,207)	(2,332)	(2,332)	32
<b>Total Financial Liabilities</b>	<b>(6,439)</b>	<b>(6,439)</b>	<b>(6,380)</b>	<b>(6,380)</b>	
Investments <1 year	5,000	5,000	4,000	4,000	28
Investments >1 year	-	-	-	-	
Long Term Debtors	143	143	237	237	23
Trade Debtors (excl Govt & Collection Fund)	1,131	1,131	1,238	1,238	27
Cash at bank and in hands of officers	785	785	2,389	2,389	28
<b>Total Loans &amp; Receivables</b>	<b>7,059</b>	<b>7,059</b>	<b>7,864</b>	<b>7,864</b>	

At March 2013 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 2013 was 2.25% 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 at historic cost.

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 and 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 with a current value of £55k over a maximum of five years (included within Long-term Debtors at Note 23) and cash flow support £500k at 31<sup>st</sup> March 2012 (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	Actual Amount March 2013 £000s	Historical default £000s	Adjusted for market conditions %	Estimated maximum exposure March 2013 %	Estimated maximum exposure March 2012 £000s	Note
Bank deposits	6,387	0.00%	0.00%	-	-	28
Local Authority deposits	-	0.00%	0.00%	-	-	28
Rosendale Leisure Trust	55	0.00%	0.00%	-	-	23
Other Long-term Debtors	182	0.02%	0.02%	-	-	23
Short-term Debtors						
Trade Debts	1,238	2.50%	2.50%	31	37	27
<b>Total Loans &amp; Receivables</b>	<b>7,862</b>			<b>31</b>	<b>37</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. The balance of Trade Debtors at 31<sup>st</sup> March 2012 stood at £1,238k (net of doubtful debt provisions of £434k). Of this balance only £265k was overdue. The past due amount can be analysed by age as follows:

Trade Debtors by age	31st March 2012 £000s	31st March 2013 £000s
Not yet past due	1,313	1,407
Less than one month	43	105
One to Two months	2	13
Two to three months	6	1
Three to six months	9	10
Six months to one year	62	21
Over one year	116	115
Doubtful debts provision	(420)	(434)
<b>Total Net Trade Debtors</b>	<b>1,131</b>	<b>1,238</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 2012/2013, which were approved along with the Council's annual budget on 29<sup>th</sup> February 2012, are shown below.

Limits in interest rate exposure	2010/2011	2011/2012	2012/2013	2013/2014
	£000s	£000s	£000s	£000s
Max principal sums borrowed > 364 days	£10m	£7.3m	£6.5m	£4.7m
Borrowing limits on Fixed Interest Rates	100%	100%	100%	100%
Borrowing limits on Variable Interest Rates	30%	30%	30%	0%
Max sums invested > 364 days	£0m	£0m	£0m	£0m
Max sums invested with single body	£6m	£5m/50%	£5m/50%	£5m/50%
Max sums invested with any group	£10m	£10m	£10m	£10m

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.

## Note 26 Inventories

The total value of stocks at 31 March 2013 was £17k (£40k at 31<sup>st</sup> March 2012), 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 2011 £000s	31 <sup>st</sup> March 2012 £000s	31st March 2013 £000s	Note
Central Government Bodies	977	1,756	(67)	
Other Local Authorities	922	873	1,172	
Other entities and individuals				
Council Tax	214	234	244	Coll'n Fund
Advance Payments	139	366	110	
Sundry Trade Debtors	879	616	874	
	1,232	1,216	1,228	
<b>Net Balance at 31st March</b>	<b>3,131</b>	<b>3,845</b>	<b>2,333</b>	

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

Cash and Cash Equivalents	1st April 2011 £000s	31 <sup>st</sup> March 2012 £000s	31st March 2013 £000s	Note
Bank Deposits - access less than 3 months	1,500	-	-	
Bank Deposits - access 3 to 6 months	-	-	2,500	
Bank Deposits - access 6 to 12 months	6,000	3,000	1,500	
Other Local Authorities - access less than 3 months	-	2,000	-	
<b>Short-term Investments at 31st March</b>	<b>7,500</b>	<b>5,000</b>	<b>4,000</b>	24 & 30
Bank Deposits - instant access	1,863	783	2,387	24 & 39 39
Cash in Hands of Officers	2	2	2	
<b>Cash at 31st March</b>	<b>1,865</b>	<b>785</b>	<b>2,389</b>	
<b>Cash and cash equivalents at 31st March</b>	<b>9,365</b>	<b>5,785</b>	<b>6,389</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	2011/2012 £000s	2012/2013 £000s	Note
Balance at 1st April	101	94	
Assets newly classified as Held-for-Sale from PPE	400	574	17
Assets reclassified out of Held-for-Sale to PPE	-	(95)	17
Revaluation transfers to the Revaluation Reserve			
Revaluation gains	42	-	35b
Revaluation (losses)	(200)	-	35b
Write out NBV of Assets sold			
Net value in Revaluation Reserve	(49)	(220)	35a
Net value in Capital Adjustment Account	(200)	(220)	35b
<b>Balance at 31st March</b>	<b>94</b>	<b>133</b>	

## 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, based on historical default experience adjusted for the current market conditions as disclosed in Note 25. At 31st March 2012 the total provision for impairment of short-term debtors was £1,430k (£1,158k at 31st March 2012). This provision is against a maximum estimated market exposure of £1,563k (£1,018k at 31st March 2012).



# Notes to Core Financial Statements

## Note 31 Borrowing

Following the budget setting in February 2010, a loan of £4.6m was taken out from the PWLB over a life of 25 years at 4.49% to support the costs of the Council's capital spending, including the planned investment resulting from the Leisure Services Review. Repayment of this loan is based on equal installments of principal at £184k per annum. Further information can be found in the Financial Instruments Note 24.

PWLB Borrowing	1st April 2011 £000s	31 <sup>st</sup> March 2012	31st March 2013 £000s	Note
Repayable in less than 12 months	184	184	184	
Repayable between 1 and 2 years	184	184	184	
between 2 and 5 years	552	552	552	
between 5 and 10 years	920	920	920	
in 10 years or more	2,576	2,392	2,208	
<b>Balance at 31st March</b>	<b>4,416</b>	<b>4,232</b>	<b>4,048</b>	24

## Note 32 Creditors

Creditors	1st April 2011 £000s	31 <sup>st</sup> March 2012 £000s	31st March 2013 £000s	Note
Central Government Bodies	5	5	424	
Other Local Authorities	320	123	352	24
Bodies external to general government				
Advance Receipts: Council Tax	118	117	117	
Advance Receipts: Others	75	44	33	24
Employee Benefit Expenses	88	60	46	24
Sundry Trade Creditors	1,743	1,980	1,901	24
<b>Balance at 31st March</b>	<b>2,349</b>	<b>2,329</b>	<b>2,873</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 2012 £000s	Provisions Made £000s	Provisions Utilised £000s	Balance 31 <sup>st</sup> March 2013 £000s	Note
Other Provisions	599	(35)	(224)	340	
Facilities Provisions	71	5	(29)	47	
Stubbylee Park Provision	19	-	-	19	
<b>Short Term Provisions</b>	<b>689</b>	<b>(30)</b>	<b>(253)</b>	<b>406</b>	
Customer Services Projects Provision	91	-	(17)	74	
Other Provisions	25	2	(3)	24	
<b>Long Term Provisions</b>	<b>116</b>	<b>2</b>	<b>(20)</b>	<b>98</b>	
<b>Total Provisions</b>	<b>805</b>	<b>(28)</b>	<b>(273)</b>	<b>504</b>	

The Customer Services Projects Provision is an ongoing provision utilising in-year savings on Information Technology schemes to finance the introduction of electronic service delivery projects, driving future savings.

## 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. During 2012/2013 several reserves were identified where the original liabilities have been fully extinguished – in these instances the reserves have been closed any remaining balances transferred to the Change Management Reserve.

Budget Volatility Reserve – To provide for exceptional increases in demand driven budgets (such as concessionary travel and housing benefits, etc.)

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

Performance Management Reserve – closed

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 has been transferred to the Regulatory Services Reserve.

Single Status Reserve - closed

Health and Wellbeing Reserve – closed

Leisure Reserve – This reserve was created in 2008/2009 against the potential requirement to underwrite the Balance Sheet of Rossendale Leisure Trust any changes to leisure facilities recommended by the 2009/2010 public review of leisure services.

Performance Reward Reserve – This reserve was been created in 2009/2010 with Performance Reward 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 – closed

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.

Directorate Operational Reserve – This reserve holds minor funds set aside for liabilities which do not meet the definition of 'provisions', but still represent future intentions or obligations.

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.

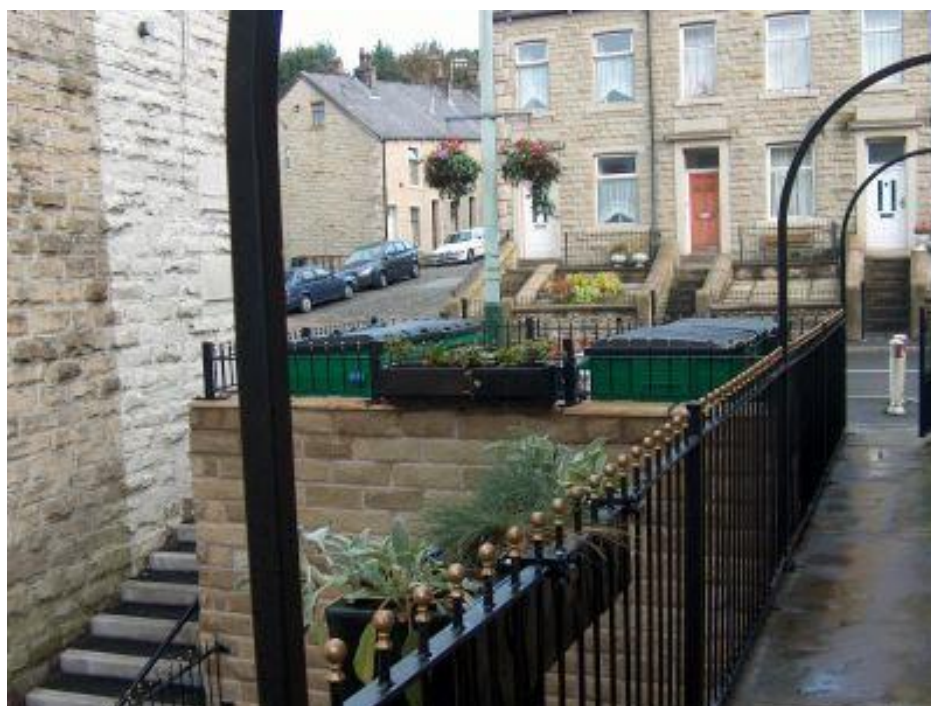
Vehicle Reserve – To support vehicle maintenance costs and the rolling replacement programme.

Corporate Contingency Reserve – closed

Transitional Reserve – This reserve, funded partly from Transitional Grant in 2011/2012, is to support the Council in its medium-term financial strategy to balance the revenue budget as central government funding reduces over the coming years.

# Notes to Core Financial Statements

Earmarked Reserves	Balance 31 <sup>st</sup> March 2012 £000s	Income & Transfer to Reserves £000s	Transfers between Reserves £000s	Utilised from Reserves £000s	Balance 31 <sup>st</sup> March 2013 £000s	Note
Transport Reserve	645	-	-	-	645	
Change Management Reserve	933	415	209	-	1,557	
Budget Volatility Reserve	227	101	-	(27)	301	
Pension Fund Reserve	141	323	-	(253)	211	
Performance Management	65	-	(65)	-	-	
Regulatory Services Reserve	308	-	(308)	-	-	
Economic Regeneration Reserve	335	42	308	(197)	488	
Single Status Reserve	30	-	(30)	-	-	
Health & Wellbeing Reserve	92	5	(76)	(21)	-	
Leisure Reserve	924	122	-	(364)	682	
Performance Reward Reserve	329	-	-	(52)	277	
Area Based Grant Reserve	48	24	(24)	(48)	-	
Directorate Investment Reserve	110	262	-	(19)	353	
Directorate Operational Reserve	-	256	-	-	256	
Housing Strategy Reserve	214	-	-	(27)	187	
Bacup Neighbourhood Reserve	135	-	-	(91)	44	
Pride Works Revenue Reserve	178	-	-	(93)	85	
Vehicle Reserve	255	52	-	-	307	
Corporate Contingency Reserve	14	-	(14)	-	-	
Transitional Budget Support	815	-	-	-	815	
	<b>5,798</b>	<b>1,602</b>	<b>-</b>	<b>(1,192)</b>	<b>6,208</b>	MiR



# 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	2011/2012 £000s	2012/2013 £000s	Note
Balance at 1st April	1,224	1,012	
Capital receipts in year			
Sale of Assets	149	829	15
Other Income	3	575	15
Capital receipts used to fund capital expenditure	(323)	(1,133)	15 & 20
Legal Costs of Sale	(40)	(2)	15
Payments to capital receipts pool	(1)	(1)	15
<b>Balance at 31st March</b>	<b>1,012</b>	<b>1,280</b>	MiR

## 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.

Grants Unapplied	Balance 31 <sup>st</sup> March 2012 £000s	Receipts £000s	Applied £000s	Balance 31 <sup>st</sup> March 2013 £000s	Note
Communities for Health Grant	174	-	(174)	-	
Bacup Town Centre	53	100	-	153	
Regional Housing Grant	492	-	(117)	375	10
Communities for Habitats	25	-	-	25	10
Disabled Facilities Grants	-	597	(597)	-	10
Regeneration Grants	71	-	(10)	61	10
DEFRA Grant	-	143	(143)	-	
Dept of Communities - New Burdens Grant	-	84	(84)	-	
Community Spaces Grant	-	5	(5)	-	10
	<b>815</b>	<b>929</b>	<b>(1,130)</b>	<b>614</b>	MiR





## 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	2011/12 £000s	2012/13 £000s	Note
Balance at 1st April	5,089	5,897	2
Surplus/(Deficit) on revaluation of assets in the year			
Property, Plant & Equipment	930	2,981	15 & 17
Assets Held for Disposal	-	-	15 & 29
Value of assets disposed of in the year	-	(220)	15 & 29
Depreciation in the year	(68)	(63)	15 & 17
Impairments in the year	(54)	(22)	15 & 17
<b>Balance at 31st March</b>	<b>5,897</b>	<b>8,573</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	2011/2012 £000s	2012/2013 £000s	Note
Balance at 1st April	11,105	12,733	2
Revenue and Capital Receipts used to finance capital			
Revenue Contributions	1,661	641	15 & 20
Useable Capital Receipts	323	1,133	15, 20, 34b
Capital Grants and Contributions	1,722	856	15 & 20
Losses on Revaluation of assets			
Property, Plant & Equipment	(129)	(315)	15 & 17
Assets Held for Disposal	-	-	15 & 29
Write off NBV of disposals (net of Revaluation Reserve)	(62)	(237)	15 & 29
Minimum Revenue Provision for repayment of debt	559	624	15 & 20
Depreciation of Property, Plant and Equipment	(1,156)	(1,160)	15,17,35a
Amortisation of Intangible Assets	(113)	(52)	15 & 19
Impairment of Property, Plant & Equipment assets	(138)	(632)	15 & 17
Revenue Expenditure funded from Capital under statute	(1,039)	(884)	15 & 20
<b>Balance at 31st March</b>	<b>12,733</b>	<b>12,707</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.

### 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 at 31st March were:-

Scheme History	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
	£000s	£000s	£000s	£000s	£000s
Scheme Liabilities at 31 <sup>st</sup> March	(57,329)	(75,151)	(64,334)	(67,888)	(76,638)
Scheme Assets at 31 <sup>st</sup> March	33,490	43,192	42,405	41,988	47,103
<b>Net Scheme Assets/(Liabilities)</b>	<b>(23,839)</b>	<b>(31,959)</b>	<b>(21,929)</b>	<b>(25,900)</b>	<b>(29,535)</b>

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total net liability of £29.5m 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 FRS17/IAS19 figures shown on page 65.



## Present Value of Scheme Liabilities

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

Scheme Liabilities	2011/2012	2012/2013
	£000s	£000s
Scheme Liabilities as at 1 <sup>st</sup> April	64,334	67,888
Current Service Cost	811	806
Interest on Pension Liabilities	3,484	3,278
Member Contributions	298	274
Past Service cost/(gain)	-	-
Actuarial (gains)/losses on liabilities	2,047	7,439
Curtailments	4	-
Benefits/transfers paid	(3,090)	(3,047)
<b>Scheme Liabilities as at 31<sup>st</sup> March</b>	<b>67,888</b>	<b>76,638</b>

Of the above liabilities there is an unfunded element, for which the value at 31<sup>st</sup> March 2013 was £2,989k (£2,835k at 31<sup>st</sup> March 2012).

## Present Value of Scheme Assets

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

Scheme Assets	2011/2012	2012/2013
	£000s	£000s
Scheme Assets as at 1 <sup>st</sup> April	42,405	41,988
Expected return on plan assets	2,736	2,354
Actuarial gains/(losses) on assets	(2,048)	3,927
Employer contributions	1,687	1,607
Member contributions	298	274
Benefits/transfers paid	(3,090)	(3,047)
<b>Scheme Assets as at 31<sup>st</sup> March</b>	<b>41,988</b>	<b>47,103</b>

These assets are broken down into the following major categories:

Scheme Assets	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2013	
	£000s	%	£000s	%
Equities	24,354	58%	29,203	62%
Government Bonds	2,099	5%	3,721	8%
Other Bonds	6,298	15%	8,102	17%
Property	4,199	10%	4,381	9%
Cash/Liquidity	2,099	5%	1,649	4%
Other	2,939	7%	47	0%
<b>Total Scheme Assets</b>	<b>41,988</b>		<b>47,103</b>	

## Scheme Membership

The membership of the scheme was as follows

Scheme Membership	31 <sup>st</sup> March	31 <sup>st</sup> March
	2012	2013
Active Members	180	167
Deferred Members	238	246
Pensioners	424	422
Widows	140	138

## 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	2011/2012 £000s	2012/2013 £000s	Note
<b>Comprehensive Income and Expenditure Statement</b>			
Net Costs of Services			
Current service cost	811	806	
Past Service cost/(gain)	-	-	
Financing and Investment Income and Expenditure			
Interest cost	3,484	3,278	
Curtailments & Settlements	4	-	
Expected return on assets in the scheme	(2,736)	(2,354)	
Prior year adjustment	-	-	
<b>Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,563</b>	<b>1,730</b>	
<b>Other Comprehensive Income and Expenditure</b>			
Actuarial (gains)/losses	(4,095)	-	
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(2,532)</b>	<b>1,730</b>	
<b>Movement in Reserves Statement</b>			
Reversal of net charges made for retirement benefits in accordance with the Code	-	(1,730)	15
<b>Actual charge to the General Fund Balance in the year</b>			
Employer's contributions payable to the scheme	1,687	1,607	15

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

Actuarial Gains/(Losses)	2011/2012 £000s	2012/2013 £000s	Note
Actuarial gains/(losses) on Liabilities	(2,047)	(7,439)	
Actuarial gains/(losses) on Assets	(2,048)	3,927	
<b>Net Actuarial gains/(losses) in current year</b>	<b>(4,095)</b>	<b>(3,512)</b>	15
<b>Actuarial gains/(losses) on pension fund assets</b>	<b>(4,095)</b>	<b>(3,512)</b>	

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)	2011/2012		2012/2013		Note
	£000s	%	£000s	%	
Actual Return on Plan Assets	688		6,281		
Experience gains/(losses) on Assets	(2,048)	4.9%	3,927	8.3%	
Experience gains/(losses) on Liabilities	-	0.0%	-	0.0%	



## 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 CPI inflation	2.50%	2.40%
Rate of increase in salaries	4.50%	4.40%
Rate of increase in pensions	2.50%	2.40%
Discount rate	4.90%	4.20%
<b>Expected rate of return on assets</b>		
Equities	7.00%	7.00%
Government Bonds	3.10%	2.80%
Other Bonds	4.10%	3.90%
Property	6.00%	5.70%
Cash/Liquidity	0.50%	0.50%
Other	7.00%	7.00%
Expenses deduction	0.26%	0.26%
Overall expected return	5.69%	5.52%
<b>Post retirement mortality assumptions</b>		
Non-retired members (retiring in the future in normal health)	S1PA CMI_2009_1.25% Tables (103% Males, 96% Females)	
Current pensioners (retired in normal health)	S1PA CMI_2009_1.25% Tables (103% Males, 96% Females)	
<b>Life expectancy</b>		
of a male (female) future pensioner aged 65 in 20 yrs	23.1 (25.9) yrs	23.9 (26.7) yrs
of a male (female) current pensioner aged 65	21.7 (24.3) yrs	22.1 (24.8) yrs
<b>Takeup of option to convert annual pension into lump sum at retirement</b>	50% take maximum cash, take 3/80ths cash	50%
<b>Market value of total fund assets</b>	£4,158m bid value at 31st December 2011	£4,920m bid value at 28th February 2013

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 2013	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3
		+ 0.1% p.a. discount rate	+ 0.1% p.a. salary inflation	+ 1 yr to member's life expectancy
	£000s	£000s	£000s	£000s
Liabilities	76,638	75,477	77,819	78,225
Assets	(47,103)	(47,103)	(47,103)	(47,103)
Deficit/(Surplus)	29,535	28,374	30,716	31,122
Projected current service cost for year commencing 1st April 2012	1,010	980	1,041	1,033
Projected expected return on assets for year commencing 1st April 2012	(2,565)	(2,565)	(2,565)	(2,565)
Projected interest cost for year commencing 1st April 2012	3,182	3,207	3,232	3,249

## 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.

In 2010/11 the Council submitted a claim for refund of VAT overpaid 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.

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

Reconciliation of I&E Surplus to Net Cash Flow from revenue activities	RBC		Group	
	31st March 2012	31st March 2013	31st March 2012	31st March 2013
	£000s	£000s	£000s	£000s
<b>Adjust net surplus/(deficit) on the provision of services for</b>				
Depreciation and Impairments	1,416	1,877	3,152	1,877
Amortisation of Intangible Assets	113	52	113	52
Carrying amount of non-current assets sold	(62)	(457)	(72)	(457)
Capitalisation of PWLB interest paid on construction of assets	(196)	(110)	(196)	(110)
Pension Fund Adjustment	124	(123)	178	(123)
<b>Adjustment net surplus/(deficit) on the provision of services between accruals and cash accounting</b>				
(Increase)/Decrease in Inventories	(3)	23	(3)	23
(Increase)/Decrease in Debtors	(710)	1,512	(671)	1,512
Adjusted for Cash (Outflows)/Inflows - agency operations	1,312	(1,259)	1,312	(1,259)
Increase/(Decrease) in Creditors	(20)	544	(217)	544
Increase/(Decrease) in Short-term Provisions	137	(282)	137	(282)
Increase/(Decrease) in Long-term Provisions	(361)	(18)	(361)	(18)
<b>Adjust net surplus or deficit on the provision of services for noncash movements</b>	<b>1,750</b>	<b>1,759</b>	<b>3,372</b>	<b>1,759</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	(1,661)	(641)	(1,700)	(641)
Proceeds from the sale of property, plant and equipment	107	826	137	826
Other income	103	548	103	548
Change in Government Grants Unapplied balance	599	201	599	201
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	<b>(852)</b>	<b>934</b>	<b>(861)</b>	<b>934</b>

## Note 39 Net Change in Liquid Resources

Net change in liquid resources	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2013	Movement	Note
	£000s	£000s	£000s	
Cash in Hand	2	2	-	
Cash at Bank	783	2,387	1,604	24 & 28
<b>Net Book Value at 31st March</b>	<b>785</b>	<b>2,389</b>	<b>1,604</b>	28

# Notes to Core Financial Statements

## Note 40 Segmental Reporting

The Income and Expenditure of Rossendale Borough Council's principal segments (directorates) shown below is prepared on the same statutory taxation basis as the budget and its subsequent monitoring reports throughout the year. This table also includes a similar analysis for the group entities.

Directorate Income & Expenditure 2012/2013	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	(1,848)	(877)	(882)	(3,607)	-	(3,607)
Interest & Investment Income	-	-	(136)	(136)	-	(136)
Government Grants & Other Contributions	(26,846)	(1,560)	(27)	(28,433)	-	(28,433)
<b>Total Income</b>	<b>(28,694)</b>	<b>(2,437)</b>	<b>(1,045)</b>	<b>(32,176)</b>	<b>-</b>	<b>(32,176)</b>
Employee Expenses	3,119	2,352	1,820	7,291	-	7,291
Premises Expenses	78	38	808	924	-	924
Transport Expenses	521	55	15	591	-	591
Other Service Expenses	3,397	1,687	1,345	6,429	-	6,429
Transfer Payments (Benefits)	25,919	-	-	25,919	-	25,919
Support Service Recharges	524	757	(1,281)	-	-	-
Depreciation, Amortisation and Impairments	834	306	(1,148)	(8)	-	(8)
Capital Financing & Interest Payments	483	1	218	702	-	702
<b>Total Expenditure</b>	<b>34,875</b>	<b>5,196</b>	<b>1,777</b>	<b>41,848</b>	<b>-</b>	<b>41,848</b>
<b>Net Expenditure</b>	<b>6,181</b>	<b>2,759</b>	<b>732</b>	<b>9,672</b>	<b>-</b>	<b>9,672</b>

The comparator figures for 2011/2012 are shown below.

Directorate Income & Expenditure 2011/2012	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	(1,838)	(712)	(1,250)	(3,800)	(9,477)	(13,277)
Interest & Investment Income	-	-	(715)	(715)	(26)	(741)
Government Grants & Other Contributions	(25,966)	(1,422)	(55)	(27,443)	-	(27,443)
<b>Total Income</b>	<b>(27,804)</b>	<b>(2,134)</b>	<b>(2,020)</b>	<b>(31,958)</b>	<b>(9,503)</b>	<b>(41,461)</b>
Employee Expenses	3,294	2,220	1,429	6,943	5,494	12,437
Premises Expenses	42	575	890	1,507	339	1,846
Transport Expenses	573	58	17	648	2,389	3,037
Other Service Expenses	3,223	1,499	2,150	6,872	295	7,167
Transfer Payments (Benefits)	25,158	-	-	25,158	-	25,158
Support Service Recharges	498	858	(1,365)	(9)	-	(9)
Depreciation, Amortisation and Impairments	902	36	(938)	-	1,736	1,736
Capital Financing & Interest Payments	433	1	125	559	178	737
<b>Total Expenditure</b>	<b>34,123</b>	<b>5,247</b>	<b>2,308</b>	<b>41,678</b>	<b>10,431</b>	<b>52,109</b>
<b>Net Expenditure</b>	<b>6,319</b>	<b>3,113</b>	<b>288</b>	<b>9,720</b>	<b>928</b>	<b>10,648</b>



# Notes to Core Financial Statements

As already mentioned, the figures in the tables overleaf are slightly different to those in the Council's Comprehensive Income and Expenditure Statement because the Segmental Report is prepared on a similar funding basis as the original budget which can be seen in the Explanatory Foreword. The table below provides a reconciliation between the Segmental Report and the Comprehensive Income and Expenditure Statement.

Reconciliation of Directorate Income & Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	2011/2012 £000s	2012/2013 £000s
Net Expenditure in the Directorate Analysis	9,720	9,672
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	1,224	1,223
Impairment of Property, Plant and Equipment	192	654
Depreciation of Intangible Assets	113	52
LESS Charges made to Trading Accounts	(55)	(58)
ADD amounts not in the Directorate Analysis which are reported in the Comprehensive Income and Expenditure Statement		
Change in Unapplied Government Grants	599	201
REMOVE amounts in the Directorate Analysis which are not reported in the Comprehensive Income and Expenditure Statement		
Capital expenditure in the year charged to General Fund	(1,661)	(641)
Transfers (to)/from Earmarked Reserves	152	(410)
LESS Transfers to Earmarked Reserves funded by direct grants	322	-
Statutory provisions for the financing of capital investment	(559)	(624)
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	-	(78)
IAS19 Pension adjustments	(876)	(801)
Interest and investment income	715	136
(Surplus)/Deficit on Trading Undertakings - less charges included in adj's above	40	77
<b>Comprehensive Income and Expenditure Statement - Cost of Services</b>	<b>9,926</b>	<b>9,403</b>

## Note 41 Approval of Statement of Accounts

The Audit and Accounts Committee considered and approved this Draft Statement of Accounts on the 25th June 2013. These Accounts will now be submitted for audit and return to the Audit and Accounts Committee in September 2013 for final approval.



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

# Collection Fund

<b>COLLECTION FUND</b>		2011/2012	2012/2013	Note
		£000	£000	
<b>Income</b>				
	Council Tax Income	28,385	28,428	
	Council Tax Benefit	5,916	5,840	
	Non-Domestic Rates	11,412	12,944	
<b>Total Income</b>		<b>45,713</b>	<b>47,212</b>	
<b>Expenditure</b>				
Precepts and Demands				
	Lancashire County Council	24,064	24,067	
	Rosendale Borough Council	5,556	5,557	
	Lancashire Police Authority	3,176	3,256	
	Lancashire Fire Authority	1,382	1,382	
Non-Domestic Rates				
	Payment to National Pool	11,310	12,842	
	Cost of Collection Allowance	103	102	
	Provisions for Council Tax Bad Debts	223	280	CF5
<b>Total Expenditure</b>		<b>45,814</b>	<b>47,485</b>	
<b>Surplus/(deficit) for the year</b>		<b>(101)</b>	<b>(273)</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 preceptors</b>		2011/2012	2012/2013	Note
		£000	£000	
<b>%ge</b>	<b>Preceptor</b>			
69.66%	Lancashire County Council	(73)	(191)	
16.44%	Rosendale Borough Council	(16)	(44)	15
9.81%	Lancashire Police Authority	(8)	(27)	
4.08%	Lancashire Fire Authority	(4)	(11)	
<b>Surplus/(deficit) for the year</b>		<b>(101)</b>	<b>(273)</b>	

## Collection Fund Note 2 Collection Fund Adjustment Account

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

<b>Apportionment of in-year surplus/(deficit) to major preceptors</b>		2011/2012	2012/2013	Note
		£000	£000	
	Balance at 1st April	(9)	(25)	
	Apportioned surplus/(deficit) for the year	(16)	(44)	15
<b>Balance at 31st March</b>		<b>(25)</b>	<b>(69)</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). The Council Tax base for 2012/2013 was 21,716 compared to 21,713 for 2011/2012.

The basic amount of Council Tax for a Band D property rose in 2012/2013 from £1,571.62 to £1,575.28 following a rise of 2.5% on the Lancashire Police authority levy. All other preceptors froze their charges – see Collection Fund Note 7 for details.

The council tax base has been calculated as follows:-

Band	Ratio to Band D	Total No. Properties	Total equiv No. after Discounts & Exemptions	2012/2013 Band D Equivalent	2011/2012 Band D Equivalent
Special	5/9		44.00	24.40	22.40
A	6/9	15,858	13,278.50	8,852.30	8,907.80
B	7/9	4,750	4,220.75	3,282.80	3,299.30
C	8/9	4,000	3,640.50	3,236.00	3,149.80
D	1	3,225	2,989.00	2,989.00	3,018.00
E	11/9	1,855	1,740.25	2,127.00	2,121.50
F	13/9	641	603.25	871.40	873.20
G	15/9	438	409.50	682.50	673.80
H	2	38	26.25	52.50	51.50
				<b>22,117.90</b>	<b>22,117.30</b>
Less adjustments for anticipated changes to the base and losses on collection				(402.30)	(405.90)
<b>Band D equivalent number of properties</b>				<b>21,715.60</b>	<b>21,711.40</b>

## Collection Fund Note 4 Arrears

Arrears	Total 2011/2012 £000s	Total 2012/2013 £000s
Council Tax	3,348	3,562
Non-Domestic Rates	571	571
<b>Balance at 31st March</b>	<b>3,919</b>	<b>4,133</b>
<b>Balance at 31st March attributable to Rossendale</b>	<b>543</b>	<b>574</b>

Based on the proportions laid out in Collection Fund Note 1 above, the Council Tax arrears pertaining to Rossendale Borough Council have risen from £543k in March 2012 to £574k in March 2013 (see Note 27 to the Core Statements).

## Collection Fund Note 5 Council Tax Provision for Bad Debts

Similarly Rossendale Borough Council element of the provision for impairment of those arrears has risen from £309k in 2011/2012 to £330k in 2012/2013.

Council Tax Bad Debts Provision	Total 2011/2012 £000s	Total 2012/2013 £000s
Balance as 1st April	1,868	1,906
Provision made in year	223	280
Debts written off	(185)	(152)
<b>Balance at 31st March</b>	<b>1,906</b>	<b>2,034</b>
<b>Balance at 31st March attributable to Rossendale</b>	<b>309</b>	<b>330</b>

The in-year collection rate for 2012/2013 Council Tax was 97.5% compared to a target performance of 97.8%. 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 2012/2013 was 96.7% compared to a target performance of 98%.

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

NNDR is organised on a national basis. The Government specifies an amount (45.8p in 2012/2013 and 43.3p in 2011/2012) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

The rateable value for business premises in Rossendale dropped to £36,418k, from £36,533k at the end of 2011/2012 as a result of a small number of significant downward revaluations during 2012/2013.

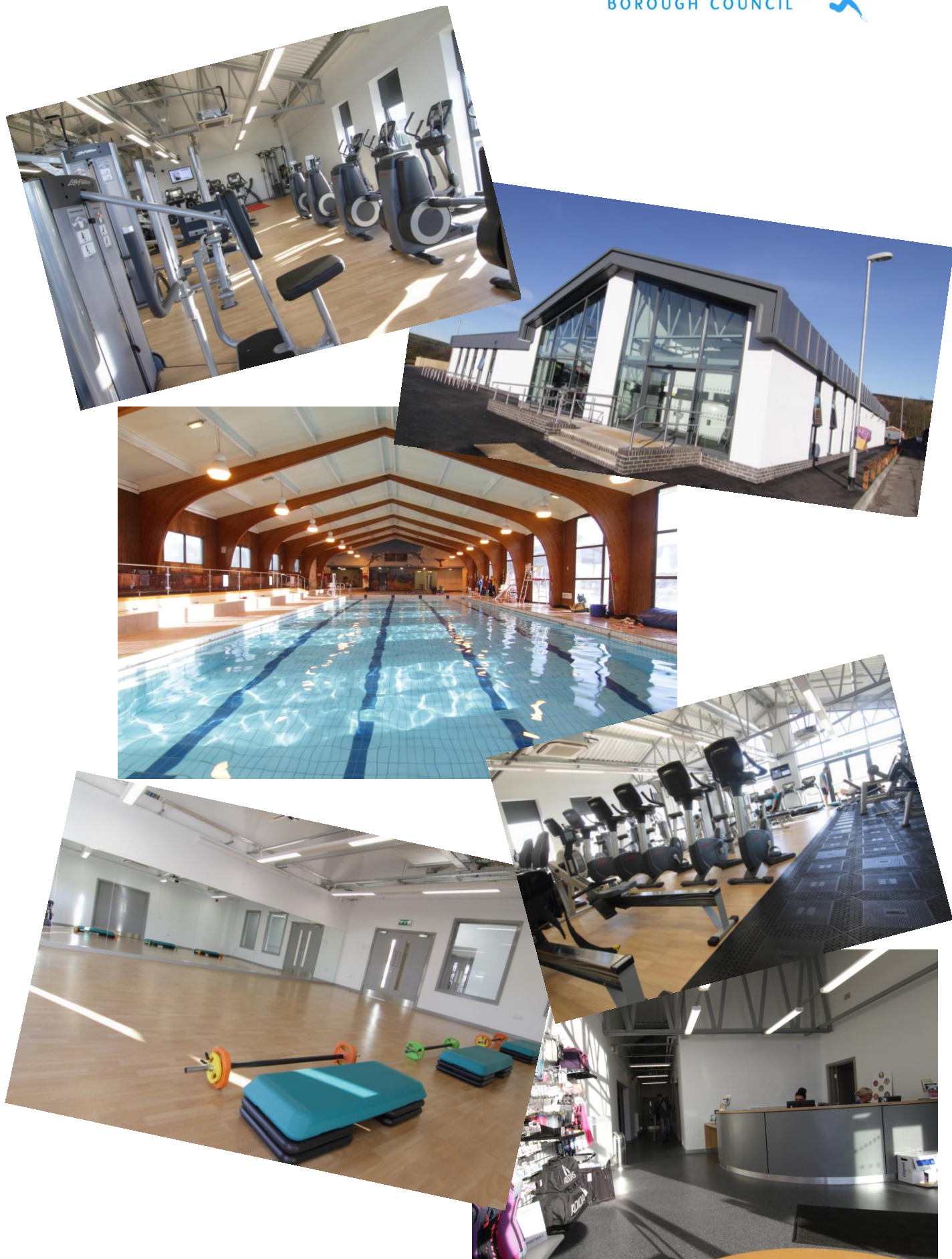
The Council is responsible for collecting rates due from ratepayers in its areas but it pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population. The NNDR income, after reliefs and provisions, was £12,944k for 2012/2013 compared to £11,412k in 2011/2012.

## Collection Fund Note 7 Council Tax for all Precepting Bodies 2012/2013

Precepting Bodies	2011/2012		2012/2013							
	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	985.16	1,108.30	1,354.59	1,600.88	1,847.17	2,216.60
Fire	63.65	0.00%	42.43	49.51	56.58	63.65	77.79	91.94	106.08	127.30
Police	146.27	2.50%	99.95	116.61	133.27	149.93	183.25	216.57	249.88	292.54
<b>Total (excl parish)</b>	<b>1,571.62</b>	<b>0.00%</b>	<b>1,050.18</b>	<b>1,225.22</b>	<b>1,400.25</b>	<b>1,575.28</b>	<b>1,925.34</b>	<b>2,275.41</b>	<b>2,625.46</b>	<b>3,143.24</b>
Whitworth Parish	23.01	0.00%	15.34	17.90	20.45	23.01	28.12	33.24	38.35	46.02
<b>Total (incl parish)</b>	<b>1,594.63</b>	<b>0.00%</b>	<b>1,065.52</b>	<b>1,243.12</b>	<b>1,420.70</b>	<b>1,598.29</b>	<b>1,953.46</b>	<b>2,308.65</b>	<b>2,663.81</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

## Group Movement in Reserves Statement

The Group Accounts will be completed when the data is received from Rossendale Transport Ltd.

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.

GROUP MOVEMENT IN RESERVES STATEMENT	Total Useable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Group Reserves	Total Reserves (Including Group)
	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31st March 2011</b>	<b>9,551</b>	<b>(5,738)</b>	<b>3,813</b>	<b>2,443</b>	<b>6,256</b>
<b>Movement in Reserves during 2011/12</b>					
Surplus/(deficit ) on provision of services	766	-	766	(938)	(172)
Other Comprehensive Expenditure and Income	801	(4,095)	(3,294)	(428)	(3,722)
<b>Total Comprehensive Expenditure and Income</b>	<b>1,567</b>	<b>(4,095)</b>	<b>(2,528)</b>	<b>(1,366)</b>	<b>(3,894)</b>
Adjustments between accounting basis & funding basis under regulations	(2,540)	2,540	-	-	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(973)</b>	<b>(1,555)</b>	<b>(2,528)</b>	<b>(1,366)</b>	<b>(3,894)</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/Decrease (movement) in Year</b>	<b>(973)</b>	<b>(1,555)</b>	<b>(2,528)</b>	<b>(1,366)</b>	<b>(3,894)</b>
<b>Balance at 31 March 2012 carried forward</b>	<b>8,578</b>	<b>(7,293)</b>	<b>1,285</b>	<b>1,077</b>	<b>2,362</b>
<b>Movement in Reserves during 2012/13</b>					
Surplus/(deficit ) on provision of services	513	-	513	-	513
Other Comprehensive Expenditure and Income	2,666	(3,512)	(846)	-	(846)
<b>Total Comprehensive Expenditure and Income</b>	<b>3,179</b>	<b>(3,512)</b>	<b>(333)</b>	<b>-</b>	<b>(333)</b>
Adjustments between accounting basis & funding basis under regulations	(2,655)	2,481	(174)	-	(174)
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>524</b>	<b>(1,031)</b>	<b>(507)</b>	<b>-</b>	<b>(507)</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/Decrease (movement) in Year</b>	<b>524</b>	<b>(1,031)</b>	<b>(507)</b>	<b>-</b>	<b>(507)</b>
<b>Balance at 31 March 2013 carried forward</b>	<b>9,102</b>	<b>(8,324)</b>	<b>778</b>	<b>1,077</b>	<b>1,855</b>



## Group Comprehensive Income and Expenditure Statement

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	31st March 2012			31st March 2013			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	1,193	(537)	656	-	-	-	
Cultural	3,555	(311)	3,244	-	-	-	
Environmental	4,403	(1,350)	3,053	-	-	-	
Planning	1,467	(536)	931	-	-	-	
Highways, Roads & Transport Services	10,451	(9,491)	960	-	-	-	
Housing General Fund	27,464	(27,046)	418	-	-	-	
Corporate & Democratic Core	1,569	(166)	1,403	-	-	-	
Other Central Services	1,024	(563)	461	-	-	-	
Non-Distributed Costs	(7)	(387)	(394)	-	-	-	
Exceptional Item - Pensions past service gain	-	-	-	-	-	-	
<b>Cost of Services</b>	<b>51,119</b>	<b>(40,387)</b>	<b>10,732</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Other Operating Expenditure</b>							
Whitworth Town Council Precept	54	-	54	-	-	-	
Contrib of housing receipts to Government Pool	1	-	1	-	-	-	
(Gain)/Loss on disposal of fixed assets	102	(179)	(77)	-	-	-	
Other Income	-	(103)	(103)	-	-	-	
<b>Financing &amp; Investment Income &amp; Expenditure</b>							
Interest payable on debt	178	-	178	-	-	-	
Interest and investment income	-	(715)	(715)	-	-	-	
Pensions - interest cost	3,484	-	3,484	-	-	-	
Pensions - curtailments	4	-	4	-	-	-	
Pensions - expected return on assets	-	(2,762)	(2,762)	-	-	-	
(Surplus)/Deficit on Trading Undertakings	305	(345)	(40)	-	-	-	
<b>Taxation and Non-Specific Grant Income</b>							
Taxation on profit on Group ordinary activities	10	-	10	-	-	-	
Council Tax	-	(5,556)	(5,556)	-	-	-	
Loss on the Collection Fund	16	-	16	-	-	-	
National Non-Domestic Rates	-	(1,108)	(1,108)	-	-	-	
Rate Support Grant	-	(3,585)	(3,585)	-	-	-	
Non service related Government Grants	-	(361)	(361)	-	-	-	
<b>(Surplus)/Deficit on Provision of Services</b>	<b>55,273</b>	<b>(55,101)</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>(Surplus)/deficit on revaluation of fixed assets</b>			(801)			-	GR1
<b>(Surplus)/deficit on revaluation of available-for-sale financial assets</b>			-			-	GR1
<b>Actuarial (gains)/losses on pension fund assets</b>			4,523			-	GR1
<b>Other Comprehensive Income and Expenditure</b>			3,722			-	
<b>Total Comprehensive Income and Expenditure</b>			<b>3,894</b>			<b>-</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	2011/2012		2012/2013	
	Council £000s	Transport £000s	Council £000s	Transport £000s
Provision of Services	(766)	-	-	-
Revaluation of fixed assets	(801)	-	-	-
Revaluation of available-for-sale financial assets	-	-	-	-
Actuarial (gains)/losses on pension fund assets	4,095	428	-	-
<b>Group Comprehensive (Income)/Expenditure</b>	<b>2,528</b>	<b>428</b>	<b>-</b>	<b>-</b>

# Group Accounts

## Group Balance Sheet

BALANCE SHEET	31st March 2012 £000s	31st March 2013 £000s	Note
Property, Plant & Equipment			
Other Land and Buildings	18,329	-	
Vehicles, Plant, Furniture & Equipment	5,891	-	
Infrastructure	398	-	
Community Assets	586	-	
Assets under construction	1,287	-	
Surplus Assets	831	-	
	<b>27,322</b>	-	GR3
Heritage Assets	2,170	-	
Intangible Assets	158	-	
Long-term Investments	2	-	
Long-term Debtors	143	-	
<b>Long-term Assets</b>	<b>29,795</b>	-	
Short-term Investments	5,000	-	
Inventories	189	-	
Short Term Debtors	4,317	-	GR4
Cash and cash equivalents	1,013	-	GR2
Assets held for sale within one year	94	-	
<b>Current Assets</b>	<b>10,613</b>	-	
Short-term Borrowing	(696)	-	GR5
Short-term Creditors	(3,184)	-	GR6
Short-term Provisions	(689)	-	GR6
<b>Current Liabilities</b>	<b>(4,569)</b>	-	
Long Term Borrowing	(6,458)	-	GR5
Provisions	(116)	-	
Net Pensions Liability	(26,903)	-	
<b>Long- term Liabilities</b>	<b>(33,477)</b>	-	
<b>Net Assets</b>	<b>2,362</b>	-	
<b>Represented by:</b>			
General Fund	953	-	
Earmarked Reserves	5,798	-	
Capital Receipts Reserve	1,012	-	
Capital Grants Unapplied	815	-	
<b>Usable Reserves</b>	<b>8,578</b>	-	
Revaluation Reserve	5,897	-	
Available-for-sale Financial Instruments Reserve	-	-	
Pension Reserve	(25,900)	-	
Capital Adjustment Account	12,733	-	
Deferred Capital Receipts	2	-	
Collection Fund Adjustment Account	(25)	-	
Reserves of Group Entities	1,077	-	
<b>Unusable Reserves</b>	<b>(6,216)</b>	-	
<b>Total Reserves</b>	<b>2,362</b>	-	

## Group Cash Flow Statement

CASH FLOW STATEMENT	2011/2012	2012/2013	Note
	£000	£000	
<b>Operating Activities</b>			
Net surplus/(deficit) on the provision of services	(172)	-	
Adjustment for noncash movements	3,372	-	38
Adjustment for items that are investing and financing activities	(861)	-	38
<b>Net cash flows from Operating Activities</b>	<b>2,339</b>	<b>-</b>	
<b>Investing Activities</b>			
Additions to property, plant and equipment & intangible assets	(4,665)	-	38
Proceeds from the sale of property, plant and equipment	138	-	38
Increase in Unapplied Government Grants	625	-	
Increase/(decrease) in long-term debtors	42	-	38
Other income	103	-	38
<b>Net Cash Flows from Investing Activities</b>	<b>(3,757)</b>	<b>-</b>	
<b>Management of Liquid Resources</b>			
Net (increase)/decrease in short-term deposits	2,500	-	
<b>Financing</b>			
Cash (Outflows)/Inflows - agency operations			
National non-domestic rates	(1,159)	-	
Council Tax	(153)	-	
Cash Outflows - Repayments of amounts borrowed	(774)	-	
Cash Inflows - New long-term loans	(101)	-	
Cash Inflows - New short-term loans	-	-	
<b>Net Cash Flows from Financing Activities</b>	<b>313</b>	<b>-</b>	
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>(1,105)</b>	<b>-</b>	GR2
Cash and Cash Equivalents at the beginning of the year	2,118	-	GR2
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,013</b>	<b>-</b>	GR2

## Group Note 2 Net change in liquid resources

	31st March 2012 £000s	31st March 2013 £000s	Movement in Year £000s
Cash in Hand	2	-	-
Cash at Bank	1,011	-	-
<b>Total Liquid Resources</b>	<b>1,013</b>	<b>-</b>	<b>-</b>



# Group Accounts

Notes are only reproduced here where the group activity has significantly changed those figures already presented for the single entity 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	Vehicles, Plant, Infra-structure						Surplus Assets £000s	Total Assets £000s
	Land & Buildings £000s	Furniture & Equip £000s	Assets £000s	Community Assets £000s	Assets under construction £000s			
<b>Cost or Valuation 1st April 2012</b>	24,674	15,501	465	726	1,287	951	43,604	
Additions	-	-	-	-	-	-	-	
Revaluation increases/(decreases)- to Revaluation Reserve to Provision of Services	-	-	-	-	-	-	-	
Reclassifications- to/from Assets Held for Sale others	-	-	-	-	-	-	-	
Derecognition- on disposal	-	-	-	-	-	-	-	
<b>Cost or Valuation 31<sup>st</sup> March 2013</b>	<b>24,674</b>	<b>15,501</b>	<b>465</b>	<b>726</b>	<b>1,287</b>	<b>951</b>	<b>43,604</b>	
<b>Accum Depreciation and Impairments 1st April 2012</b>	(6,345)	(9,610)	(67)	(140)	-	(120)	(16,282)	
Depreciation for the year- to Revaluation Reserve to Provision of Services	-	-	-	-	-	-	-	
Impairment losses/(reversals) to Revaluation Reserve to Provision of Services	-	-	-	-	-	-	-	
Reclassifications	-	-	-	-	-	-	-	
Derecognition- on disposal	-	-	-	-	-	-	-	
<b>Accumulated Depreciation and Impairments 31<sup>st</sup> March 2012</b>	<b>(6,345)</b>	<b>(9,610)</b>	<b>(67)</b>	<b>(140)</b>	<b>-</b>	<b>(120)</b>	<b>(16,282)</b>	
Net Book Value at 31 <sup>st</sup> March 2013	18,329	5,891	398	586	1,287	831	27,322	
Net Book Value at 31 <sup>st</sup> March 2012	18,329	5,891	398	586	1,287	831	27,322	

Included in the total net book value of vehicles in the above table is £Xk (£2,403k in 2011/2012) in respect of public carrying vehicles held under finance leases by Rossendale Transport Ltd. Depreciation on those assets was £Xk (£656k in 2011/2012).





# Group Accounts

Comparator movements in 2011/2012 can be seen in the table below.

Property, Plant & Equipment	Vehicles, Plant, Infra-structure, Community Assets, Assets under construction, Surplus Assets						Total Assets
	Land & Buildings	Furniture & Equip	Assets	Assets	construction	Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation 1st April 2011</b>	21,344	14,925	411	447	310	1,090	38,527
Additions	2,915	956	54	16	977	-	4,918
Revaluation increases/(decreases)- to Revaluation Reserve to Provision of Services	582 (129)	- -	- -	263 -	- -	- -	845 (129)
Reclassifications- to/from Assets Held for Sale others	90 (113)	- 73	- -	- -	- -	(90) -	- (40)
Derecognition- on disposal	(15)	(453)	-	-	-	(49)	(517)
<b>Cost or Valuation 31<sup>st</sup> March 2012</b>	<b>24,674</b>	<b>15,501</b>	<b>465</b>	<b>726</b>	<b>1,287</b>	<b>951</b>	<b>43,604</b>
<b>Accum Depreciation and Impairments 1st April 2011</b>	(5,008)	(8,401)	(56)	(141)	-	-	(13,606)
Depreciation for the year- to Revaluation Reserve to Provision of Services	(68) (341)	- (1,619)	- (11)	- (1)	- -	- -	(68) (1,972)
Impairment losses/(reversals) to Revaluation Reserve to Provision of Services	(53) (933)	- -	- -	- (4)	- -	- (120)	(53) (1,057)
Reclassifications	62	(33)	-	-	-	-	29
Derecognition- on disposal	(4)	443	-	6	-	-	445
<b>Accumulated Depreciation and Impairments 31st March 2012</b>	<b>(6,345)</b>	<b>(9,610)</b>	<b>(67)</b>	<b>(140)</b>	<b>-</b>	<b>(120)</b>	<b>(16,282)</b>
Net Book Value at 31st March 2012	18,329	5,891	398	586	1,287	831	27,322



# Group Accounts

## Group Note 4 Debtors

This note corresponds to the single entity Note 27.

<b>Debtors</b>	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2013</b>
	<b>£000s</b>	<b>£000s</b>
Central Government Bodies	1,756	-
Other Local Authorities	873	-
Other entities and individuals		
Council Tax	234	-
Advance Payments	366	-
Sundry Trade Debtors	1,088	-
	1,688	-
<b>Net Balance at 31st March</b>	<b>4,317</b>	<b>-</b>

## Group Note 5 Borrowing

This note corresponds to the single entity Note 31.

<b>Borrowing</b>	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2013</b>
	<b>£000s</b>	<b>£000s</b>
Repayable in less than 12 months	696	-
Repayable between 1 and 2 years	696	-
between 2 and 5 years	1,435	-
between 5 and 10 years	1,934	-
in 10 years or more	2,392	-
<b>Balance at 31st March</b>	<b>7,153</b>	<b>-</b>

## Group Note 6 Creditors

This note corresponds to the single entity Note 32.

<b>Creditors</b>	<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2013</b>
	<b>£000s</b>	<b>£000s</b>
Central Government Bodies	135	-
Other Local Authorities	123	-
Bodies external to general government		
Advance Receipts: Council Tax	117	-
Advance Receipts: Others	44	-
Employee Benefit Expenses	60	-
Sundry Trade Creditors	2,705	-
<b>Balance at 31st March</b>	<b>3,184</b>	<b>-</b>

## Group Note 7 Segmental Report

For the group segmental report please see Note 40 on page 70.

## 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 a true and fair view of 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.

## Consolidated Balance Sheet

The combined balance sheets of the Council's services.



# Glossary

## 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).

## **Financial Reporting Standard 17 (FRS17)**

FRS 17, issued by the Accounting Standards Board in November, 2000 and amended November, 2002, set out the accounting treatment for retirement benefits such as pensions and medical care during retirement.

## **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 and properly accounted for, and used economically, efficiently and effectively. The governance framework comprises the systems and processes, and 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.

## **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.

## 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.

## 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

The Revenue Account records the 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.

## 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 Unuseable 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).

**Unuseable 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।

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