



**Councillor A. Barnes**  
Council Leader



**Councillor G. Morris**  
Mayor



**S. Sugarman**  
Chief Executive



**P. Seddon**  
Head of Finance

# **DRAFT**

## **Statement of Accounts 2015/16**

submitted to the  
**Audit & Accounts Committee**  
28th June 2016

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# Audit Report

This DRAFT Statement of Accounts 2015/16 will now be submitted for public inspection and external audit. The resulting audit report will appear on these pages when the final accounts are presented to the Audit & Accounts Committee in September 2016.







# Explanatory Foreword

## Introduction by the Head of Finance

This booklet presents the Council's accounts for the year ended 31<sup>st</sup> March 2016. In doing so it now conforms to the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (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, including its interest in Rossendale Transport Limited.

### 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.

Given the ongoing funding challenges faced by local government, the Council reviews its Medium Term Financial Strategy (MTFS) at regular intervals and reported to Full Council on the 25<sup>th</sup> February 2015 an underlying deficit of around £850k by the year 2019/20. External resources for 2015/16 were estimated as central government support grant funding of £1,659k and retained business rates funding of £2,048k. For the sixth year running the Council froze its element of the Council Tax, resulting in a Collection Fund Precept of £4,946k (including £55k to support Whitworth Town Council). When a prior year surplus of £120k was added, it gave total resources of £8,774k as shown in the table below.

In response to the financial challenges ahead, members approved a net services budget for 2015/16 of £8,801k along with contributions of £100k towards capital projects. In order to balance the budget members approved the use of £182k from the Transitional Reserve.

The following table and charts show the General Fund figures before the technical accounting adjustments required by the Code. These match the operational basis shown in the Segmental Report at Note 40 with the exception of the £54k precept payment to Whitworth Town Council.

GENERAL FUND SERVICES	<i>* restated</i>	<i>* restated</i>	2015/16		Variances (adverse)/ favourable £000s	Note
	2013/14 Actual £000s	2014/15 Actual £000s	Original Budget £000s	Actual £000s		
Place Directorate						
Customer Services & E-govt Operations	784 3,609	590 3,256	1,473 4,283	626 3,003	847 1,280	
Business Directorate						
Building Control	160	75	76	93	(17)	
Planning	69	(220)	87	(197)	284	
Local Land Charges	65	122	(9)	(81)	72	
Licensing	(6)	(284)	471	(106)	577	
Corporate Support	11	13	-	13	(13)	
Democratic Services	437	587	698	622	76	
Regeneration, Health & Housing	<i>* (602)</i>	<i>1,657</i>	1,362	3,490	(2,128)	
Corporate Management						
Corporate Management	106	(29)	168	87	81	
Finance and Property Services	3,508	1,343	1,021	1,413	(392)	
People and Policy	34	(57)	94	41	53	
Non-distributed Costs	(1,002)	(545)	(923)	(722)	(201)	
<b>Total cost of General Fund Services</b>	<b>7,173</b>	<b>6,508</b>	<b>8,801</b>	<b>8,282</b>	<b>519</b>	
Whitworth Town Council Precept	54	54	55	55	-	
Revenue Contribution to Capital Outlay	<i>* 225</i>	<i>493</i>	100	833	(733)	15,20a,36b
Contribution to/(from) General Fund Reserves	-	-	-	-	-	
Contrib to/(from) Earmarked Reserves	1,891	1,804	(182)	(218)	36	35a
<b>Amount to be met from government grants &amp; local tax payers</b>	<b>9,343</b>	<b>8,859</b>	<b>8,774</b>	<b>8,952</b>	<b>(178)</b>	
Precept on the Collection Fund	4,634	4,672	4,946	4,939	(7)	Coll Fund
Collection Fund - prior year surplus	(54)	-	120	120	-	Coll Fund
Rate Support Grant	2,862	2,235	1,606	1,605	1	10
Non-service related Government Grants	55	55	54	54	-	10
Non-Domestic Rates	1,846	1,897	2,048	2,234	(186)	9
<b>Amounts received from government grants &amp; local tax payers</b>	<b>9,343</b>	<b>8,859</b>	<b>8,774</b>	<b>8,952</b>	<b>(192)</b>	

The restatement of years 2013/14 and 2014/15 relate to the amended treatment of the HCA Grant for the East Lancs Empty Homes Scheme from revenue to capital, which is explained in more detail in Note 2 on page 33.

# Explanatory Foreword

During 2015/16 the Council made strong progress in identifying further savings required to meet the demands of the Council's MTFS. Implementing savings early has contributed to a favourable variance of £1,683k against the original operational budget of £8,901k as the table below summarises.

GENERAL FUND 2015/16 Variances to original budget	Budget savings / (overspends) £000s	Additional Grant Income £000s	Additional Service Income £000s
NNDR Surplus (RBC 40% share)		186	
NNDR Small Business Rate Relief Grant (RBC 50% share)		637	
Grants & contributions (net of related RCCOs)		680	
Additional fee income for services provided			463
Staff related savings	144		
Fuel & other vehicle related costs	115		
IT (software, hardware and data centre)	(81)		
Court costs awarded on the Collection Fund	92		
Recovery of Benefits o/paid net of Subsidy impacts	72		
Empty Homes Scheme operations	(940)		
Empty Homes Scheme Provision for Renovations	(1,164)		
Other minor variances	315		
<b>Total</b>	<b>(1,447)</b>	<b>1,503</b>	<b>463</b>
<b>Net Surplus / (Deficit)</b>			<b>519</b>

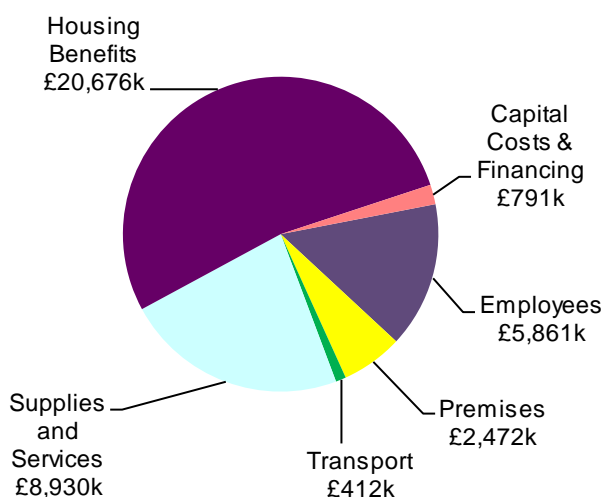
Under the Local Business Rates scheme introduced in April 2013, local councils keep 40% of the local business rates, with 50% going to central government and 10% being shared between the county council and the fire service. In 2015/16 this has meant additional resources of £186k from the business rates surplus. Central government has also extended the relief awarded to small businesses and under the new burden's doctrine awarded Rossendale Borough Council a compensating grant of £637k which was not anticipated at the start of the financial year.

Additional specific grants and contributions have been received amounting to £680k. Where these have not been used to meet additional costs in the year they have been transferred to the Council's earmarked reserves.

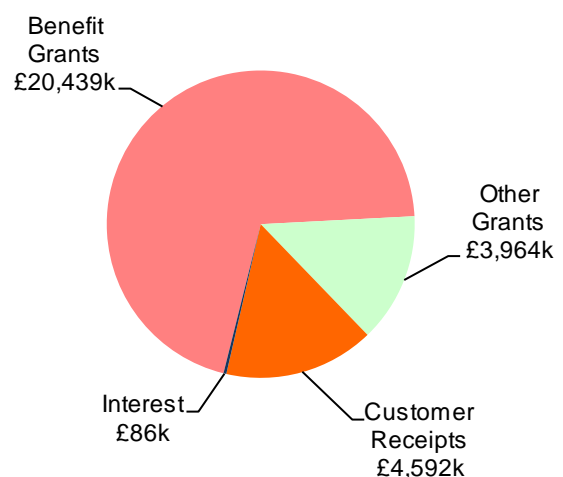
Efficiency reviews across departments led to staff savings of £144k and £315k in other areas. In addition the review of vehicle needs for refuse collection and street sweeping has led to a saving of £48k in vehicle maintenance and financing costs.

Operational costs can be split into expenditure and income as follows, with more detail available in the the Segmental Report at Note 40.

## Operational Expenditure



## Operational Income





# Explanatory Foreword

## Capital Expenditure and Income

The capital works undertaken by the Council in 2015/16 amounted to £2,128k of which £998k related to work on the Council's own assets and £453k related to properties under the East Lancs Empty Homes Scheme, as summarised in Notes 17, 19 and 20a and 20b to the Core Statements.

Expenditure on Council's assets included

- £331k investment at Haslingden Sports Centre, including the new Grip & Go climbing wall
- £164k on various parks, play areas and playing fields, working in close partnership with local community groups to achieve real benefits for residents
- £232k on the renovation of Rawtenstall Town Centre, including the purchase of the old Police Station and work on the Spinning Point development plans.

Funding for capital works during the year included £97k of grants awarded to community-led projects and £167k of external funding towards the Bacup Town Centre Heritage project. For disabled adaptation works the council received £424k from Lancashire's Better Care fund and a further £180k from Together Housing to support specific adaptations to their properties. More details are in Note 10 on page 37.

Capital receipts from the sale of assets in the year totalled £143k as shown in Note 35b, including £49k from the sale of the last two vehicles in the old refuse fleet. This was supplemented by the use of £833k from the General Fund revenue resources as shown in the table on page 7.

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 is conducted in-house with advice provided by an external organisation, Capita Asset Services. Investment performance has struggled to meet the budget target as interest rates on the Council's bank accounts fell repeatedly during the year. On average the council earned 0.66% on balances which resulted in an adverse variance of £13k in interest income compared to the original budget.

Treasury management during the year was conducted within the borrowing limits and investment criteria approved in the Treasury Management Strategy and Treasury Management Practices approved on the 25<sup>th</sup> February 2015.

## Pensions and IAS19

Note 37 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 2013, which gave a net deficit on the overall Fund of £27,598k, representing a funding level of 78% relative to the Fund's funding target. At the end of March 2015 a remeasurement of the assets and liabilities increased that net liability to £34,051k and that has been revised again at March 2016 to £29,753k.

The key conclusions from the March 2013 full valuation were:

- Based on the assumptions made for assessing the cost of future accruals, the Common Contribution Rate (i.e. the average employer contribution rate in respect of future service only) was 13.1% of Pensionable Pay (12.5% in March 2010).
- In line with the Funding Strategy Statement (FSS), a 19-year deficit recovery plan has been put in place which requires additional employer contributions of £81m per annum, rising at a level of 4.1% per annum.
- Active members also pay contributions to the Fund as a condition of membership and this rate remains at 6.4% per annum.

# Annual Governance Statement

## Annual Governance Statement: Year Ended 31st March 2016

### Scope of Responsibility

Rossendale Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. 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 responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

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 of the authority's code is on our website at How the Council works - code of corporate governance:

[http://www.rossendale.gov.uk/info/100004/council\\_and\\_democracy/372/how\\_the\\_council\\_works-code\\_of\\_corporate\\_governance](http://www.rossendale.gov.uk/info/100004/council_and_democracy/372/how_the_council_works-code_of_corporate_governance) or can be obtained from Legal and Democratic Services. This statement explains how Rossendale Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

### The Purpose of the Governance Framework

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

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

The governance framework has been in place at Rossendale Borough Council for the year ended 31 March 2015 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 authority's governance include arrangements for:

- Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users through its:
  - Corporate Plan 2013-16 (including the annual light touch refresh)
  - Medium Term Financial Strategy
  - Sustainable Community Strategy 2008-18
  - Neighbourhood Forums and local plans

# Annual Governance Statement

- Reviewing the authority’s vision and its implications for the authority’s governance arrangements through its:
  - Corporate business plan
  - Performance monitoring
  - Overview and Scrutiny Committee
  - Audit & Accounts Committee
- Translating the vision into objectives for the authority and its partnerships as detailed in the Corporate Plan and annual corporate business plans.
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority’s objectives and for ensuring that they represent the best use of resources and value for money. This is supported by 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 along with the regular reporting of financial performance to officers and members. In addition the Council’s quarterly Performance Reporting to Members highlights the organisation’s achievement of its objectives, performance indicators and its current position with regard to risks.
- Defining and documenting the roles and responsibilities of the Members, Committees and officer functions, with clear delegation arrangements and protocols via the Constitution and the annual development training programme. The Codes and Protocols are contained in Part 5 of the Constitution which is publically available on the Council’s website.
- Effective communication in respect of the authority and partnership arrangements. This is supported by a performance framework that, inter alia, includes:
  - Annual corporate business planning
  - Annual personal development reviews
  - Team briefing, daily messages and Members bulletins
  - Overview and Scrutiny Committee
  - Audit & Accounts Committee
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff via a series of Member and personnel policies and procedures and in particular staff annual appraisals incorporating the Council’s five core competencies and values of:
  - Listening and communicating
  - Loyalty
  - Management of Performance
  - Celebrating success
  - Customers Matter.
- Reviewing the effectiveness of the authority’s decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality as scrutinised by Members of the Council’s Overview and Scrutiny Committee (and the Governance and Training Working Group).
- Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability as supported by the Council’s Risk Management Strategy (significant revision March 2016) and the Internal Audit annual plan.
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained (eg: Housing Benefit Fraud investigation and the support of the Internal Audit Service).

# Annual Governance Statement

- Ensuring effective management of change and transformation. This is supported by 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. Significant projects are controlled by project management techniques and overseen by a Programme Board.
- We confirm that the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010).
- Ensuring the authority's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010) which is also supported by 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.
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function via the Constitution and officer protocols.
- Ensuring effective arrangements are in place for the discharge of the head of paid service function via the Constitution and office protocols.
- Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities* (2013) and which, inter alia, oversees the production of the authority's Annual Governance Statement.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. This is supported by Financial Regulations, Contract Procedure Rules, a clear supporting framework of financial procedure and the role of the Monitoring Officer as described in Part 5 of the Constitution.
- A well-publicised and effective procedure for dealing with whistleblowing, combating fraud and corruption and for receiving and investigating complaints, or answering Freedom of Information requests, from the public together with enquiries from Council Members or Members of Parliament.
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training. This process has previously been the recipient of a national award.
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. In particular encouraging fair and representative public participation through the adoption of a "Procedure for Public Speaking" at public meetings and online accessibility to Council meeting agendas and minutes including information on availability in different formats. In addition the Council has an established consultation procedure including the use of, inter alia, a citizens panel, Infusion Research and web consultation.
- Enhancing the accountability for service delivery and effectiveness of other public service providers. This is done in part by 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.
- Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the authority's overall governance arrangements.
- 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



# Annual Governance Statement

responsibilities in matters of governance and internal control and make an annual evaluation of their adequacy within the service area

- 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;
- 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 SLM Training & Consultancy, during 2015/16, who check compliance with both legal and internal requirements as part of their service provision.
- Emergency planning arrangements managed internally, during 2015/16, to ensure the Council's emergency response arrangements are robust and effective.
- Effective staff recruitment, selection, retention and planning including the speedy replacement of the Chief Executive role during 2015/16.

## Review of Effectiveness

Rossendale Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The roles and processes that have been applied in maintaining and reviewing the effectiveness of the governance framework are as follows:

### *Rossendale Borough Council*

- weekly formal meetings of the Leader of Council and Chief Executive; and monthly meetings with the Leader of the Conservative group
- Regular meetings of Cabinet, Portfolio Holders and Heads of Service
- Monitoring Officer and s.151 Officer protocols (including regular meetings with the Portfolio Holder and the relevant opposition party leads)
- Regular review of The Constitution and Code of Corporate Governance
- Terms of reference for all Council committees and Portfolio holders
- Member / Officer protocols
- Annual updated Corporate 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 Committee*

- Overview and scrutiny annual reports, task and finish reports
- Integrated performance, financial and risk reporting
- Robust Member call-in procedures
- Published committee agendas and minutes
- Customer complaints reviews

## *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.
- As from the beginning of 2015/16 scrutiny of the corporate risk register and Risk Strategy updates.

## *The Standards Panel*

- Determine complaints about breaches of the Members' Code of Conduct with an Independent Chair.

## *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 the Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards, 2013
- The Internal Audit Service charter formalises the framework within which Internal Audit Service operates to best serve the Council and meet its professional obligations under applicable professional standards
- The Internal Audit Service Quality Assurance and Improvement Programme (QAIP) formalises the arrangements in place to ensure the quality of internal audit work.
- The internal/external auditor protocol sets out how the Council's internal Audit Service and external auditors work together, and establishes a framework for coordination, cooperation and exchange of information. Regular reports from the Internal Audit Service to the Audit and Accounts Committee on progress against the audit plan.

# Annual Governance Statement

- External audit annual inspections and judgements (eg: Value for Money) and any specific in year inspections. Previous triennial reviews of the Council's Internal Audit service (though now ceased) have previously found it to be 'fully compliant with professional standards'.

## *The explicit review and assurance mechanisms*

- A Senior Management Team led "Programme Board" for significant projects.
- Formal reporting mechanism for significant events ("Significant Event Review" reports) and ensuring lessons learned where appropriate.
- Member Development Strategy and annual Personal Development Plans.
- Development of the Council's Empty Homes improvement plan in response to the Internal Auditor's November 2015 report on the Homes and Communities Agency Empty Homes Programme.

As a result of the Empty Home Programme review we are aware of the implications of the result of the review on the effectiveness of the governance framework which amongst other things has resulted in Internal Audit's conclusion for 2015/16 that they are able to provide limited assurance overall over the council's governance, risk management and internal control arrangements . Therefore areas already addressed and those to be specifically addressed are outlined below.

## Significant Governance Issues

1. Further strategic development and action in relation to key partnerships and/or contractual relationships (eg: Regeneration, Leisure, Waste Management, Customer Services, Transport, etc.)
2. The implications arising from the Council's Medium Term Financial Strategy and the continuing requirement to reduce its annual net expenditure over the medium term and deal with the identified future challenges.
3. Further embedding Risk Management throughout the organisation to ensure a process that is fit for purpose, and in particular adequately identifies the risks the Council faces.
4. As a result of the Council's Empty Homes Scheme agent ceasing to trade in January 2015 the council will further strengthen its risk identification and management process, particularly when dealing with any generic project, risk exposure or opportunity. The wider improvement plan will continue to address matters to further enhance improvement across the whole council, which will address the issues arising in relation to corporate governance, democratic oversight, performance monitoring and procurement. Management will ensure that its control framework and governance processes are operated effectively, and not over-looked or over-ridden.



**Councillor Alyson Barnes**  
Council Leader



**Stuart Sugarman**  
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, 2016.

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 Accounts presents fairly the financial position of Rossendale Borough Council at 31<sup>st</sup> March 2016, and its income and expenditure for the year ended 31<sup>st</sup> March 2016, including any known post balance sheet events as at 17<sup>th</sup> June 2016.



**Phil Seddon**  
Head of Finance

17<sup>th</sup> June 2016



# 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. This is 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 35a.

<b>MOVEMENT IN RESERVES STATEMENT</b>	<b>General Fund Balance</b>	<b>Earmarked Reserves</b>	<b>Capital Receipts Reserve</b>	<b>Govt Grants Unapplied</b>	<b>Total Useable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>	<b>Note</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	
<b>Balance at 31st March 2013</b>	<b>1,000</b>	<b>6,154</b>	<b>1,280</b>	<b>614</b>	<b>9,048</b>	<b>(8,146)</b>	<b>902</b>	
<b>Movement in Reserves during 2013/14</b>								
Surplus/(deficit) on Provision of Services	(1,137)	-	-	-	(1,137)	-	(1,137)	
Other Comprehensive Expenditure & Income	-	-	-	-	-	5,298	5,298	
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>(1,137)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,137)</b>	<b>5,298</b>	<b>4,161</b>	
Adjustments between accounting basis & funding basis under regulations	3,028	-	(73)	(201)	2,754	(2,754)	-	15
<b>Net incr/(decr) before transfers to Reserves</b>	<b>1,891</b>	<b>-</b>	<b>(73)</b>	<b>(201)</b>	<b>1,617</b>	<b>2,544</b>	<b>4,161</b>	
Transfers (to)/from Reserves	(1,891)	1,891	-	-	-	-	-	
<b>Increase/(decrease) in year</b>	<b>-</b>	<b>1,891</b>	<b>(73)</b>	<b>(201)</b>	<b>1,617</b>	<b>2,544</b>	<b>4,161</b>	
<b>Balance at 31 March 2014</b>	<b>1,000</b>	<b>8,045</b>	<b>1,207</b>	<b>413</b>	<b>10,665</b>	<b>(5,602)</b>	<b>5,063</b>	
<b>Movement in Reserves during 2014/15</b>								
Surplus/(deficit) on Provision of Services	2,155	-	-	-	2,155	-	2,155	
Other Comprehensive Expenditure & Income	-	-	-	-	-	(5,129)	(5,129)	
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>2,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,155</b>	<b>(5,129)</b>	<b>(2,974)</b>	
Adjustments between accounting basis & funding basis under regulations	(351)	-	529	(49)	129	(129)	-	15
<b>Net incr/(decr) before transfers to Reserves</b>	<b>1,804</b>	<b>-</b>	<b>529</b>	<b>(49)</b>	<b>2,284</b>	<b>(5,258)</b>	<b>(2,974)</b>	
Transfers to/from Reserves	(1,804)	1,804	-	-	-	-	-	
<b>Increase/(decrease) in year</b>	<b>-</b>	<b>1,804</b>	<b>529</b>	<b>(49)</b>	<b>2,284</b>	<b>(5,258)</b>	<b>(2,974)</b>	
<b>Balance at 31 March 2015</b>	<b>1,000</b>	<b>9,849</b>	<b>1,736</b>	<b>364</b>	<b>12,949</b>	<b>(10,860)</b>	<b>2,089</b>	
<b>Movement in Reserves during 2015/16</b>								
Surplus/(deficit) on Provision of Services	(1,288)	-	-	-	(1,288)	-	(1,288)	
Other Comprehensive Expenditure & Income	-	-	-	-	-	4,811	4,811	
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>(1,288)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,288)</b>	<b>4,811</b>	<b>3,523</b>	
Adjustments between accounting basis & funding basis under regulations	879	-	64	830	1,773	(1,773)	-	15
<b>Net incr/(decr) before transfers to Reserves</b>	<b>(409)</b>	<b>-</b>	<b>64</b>	<b>830</b>	<b>485</b>	<b>3,038</b>	<b>3,523</b>	
Transfers to/from Reserves	409	(409)	-	-	-	-	-	
<b>Increase/(decrease) in year</b>	<b>-</b>	<b>(409)</b>	<b>64</b>	<b>830</b>	<b>485</b>	<b>3,038</b>	<b>3,523</b>	
<b>Balance at 31 March 2016</b>	<b>1,000</b>	<b>9,440</b>	<b>1,800</b>	<b>1,194</b>	<b>13,434</b>	<b>(7,822)</b>	<b>5,612</b>	
<b>Note</b>		35a	35b	35c				

# Core Financial Statements

## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) 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.

The amended treatment of the HCA Grant for the East Lancs Empty Homes Scheme has led to the restatement of years 2013/14 and 2014/15. Changes have been annotated throughout the Core Statements and any relevant Notes. This is explained in more detail in Note 2 on page 33.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	*restated 31st March 2014			*restated 31st March 2015			31st March 2016			Note
	Gross Expend	Income	Net Expend	Gross Expend	Income	Net Expend	Gross Expend	Income	Net Expend	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Continuing Operations</b>										
Central Services to the Public	1,095	(985)	110	1,408	(1,425)	(17)	1,313	(1,686)	(373)	
Cultural	3,225	(335)	2,890	1,921	(335)	1,586	2,127	(320)	1,807	
Environmental	5,043	(1,643)	3,400	4,323	(1,883)	2,440	4,829	(1,995)	2,834	
Planning	1,017	(578)	439	1,515	(1,234)	281	1,937	(1,474)	463	
Highways, Roads & Transport Services	170	(25)	145	151	(28)	123	143	(514)	(371)	
Housing General Fund *	23,121	(21,949)	1,172	26,353	(25,777)	576	25,586	(22,501)	3,085	2
Corporate & Democratic Core	887	(78)	809	246	(135)	111	412	(58)	354	
Other Central Services	2,070	(251)	1,819	1,223	(240)	983	1,229	(198)	1,031	
Non-Distributed Costs	(34)	(463)	(497)	898	(391)	507	12	(251)	(239)	
<b>Cost of Services</b>	<b>36,594</b>	<b>(26,307)</b>	<b>10,287</b>	<b>38,038</b>	<b>(31,448)</b>	<b>6,590</b>	<b>37,588</b>	<b>(28,997)</b>	<b>8,591</b>	
<b>Other Operating Expenditure</b>										
Whitworth Town Council Precept	54	-	54	55	-	55	55	-	55	
Capital receipts paid to Government Pool	1	-	1	-	-	-	-	-	-	15, 35b
(Gain)/Loss on disposal of fixed assets	270	(170)	100	274	(549)	(275)	79	(143)	(64)	15,29,35b
Other Income *	-	(1,392)	(1,392)	-	(624)	(624)	-	(590)	(590)	2,15,35b
<b>Financing and Investments</b>										
Interest payable on debt	180	-	180	171	-	171	163	-	163	24b
Interest and investment income	-	(88)	(88)	-	(155)	(155)	-	(86)	(86)	24b
Pensions - interest cost	3,147	-	3,147	3,162	-	3,162	2,640	-	2,640	37f
Pensions - curtailments	32	-	32	-	-	-	-	-	-	37f
Pensions - admin expenses	16	-	16	15	-	15	15	-	15	37f
Pensions - interest on assets	-	(1,936)	(1,936)	-	(1,985)	(1,985)	-	(1,578)	(1,578)	37f
Trading Undertakings	381	(344)	37	328	(292)	36	365	(320)	45	8
<b>Taxation and Non-Specific Grants</b>										
Collection Fund										
Council Tax	-	(4,634)	(4,634)	-	(4,672)	(4,672)	-	(4,939)	(4,939)	Coll Fund
Council Tax re prior year surpluses	-	-	-	-	-	-	-	120	120	Coll Fund
Retained Business Rates	-	(1,846)	(1,846)	-	(1,897)	(1,897)	-	(2,234)	(2,234)	9
Collection Fund (surplus)/deficit										
Council Tax	(56)	-	(56)	-	(231)	(231)	-	(60)	(60)	Coll Fund
Retained Business Rates	151	-	151	-	(55)	(55)	869	-	869	Coll Fund
Rate Support Grant	-	(2,861)	(2,861)	-	(2,235)	(2,235)	-	(1,605)	(1,605)	10
Non service related Government Grants	-	(55)	(55)	-	(55)	(55)	-	(54)	(54)	10
<b>(Surplus)/Deficit on Provision of Services</b>	<b>40,770</b>	<b>(39,633)</b>	<b>1,137</b>	<b>42,043</b>	<b>(44,198)</b>	<b>(2,155)</b>	<b>41,774</b>	<b>(40,486)</b>	<b>1,288</b>	
<b>(Surplus)/deficit on revaluations:-</b>										
Property, Plant & Equipment assets			(2,492)			(1,025)			(181)	17,36a,36b
Pension Fund assets			(2,806)			6,154			(4,630)	37f
<b>Other Comprehensive (Income)/Expend</b>			<b>(5,298)</b>			<b>5,129</b>			<b>(4,811)</b>	
<b>Total Comprehensive (Income)/Expend</b>			<b>(4,161)</b>			<b>2,974</b>			<b>(3,523)</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 are matched by the reserves held by the authority. Reserves are split between, **useable reserves** and **unusable reserves** (see Notes 35 and 36).

BALANCE SHEET	*restated	*restated	31st March	Note
	31st March	31st March	31st March	
	2014	2015	2016	
	£000s	£000s	£000s	
Property, Plant & Equipment				
Other Land and Buildings	20,815	21,557	21,469	17
Vehicles, Plant, Furniture & Equipment	2,079	2,932	2,375	17
Infrastructure	220	202	189	17
Community Assets	878	927	948	17
Assets under construction	-	-	796	17
Surplus Assets	752	715	509	17
	<b>24,744</b>	<b>26,333</b>	<b>26,286</b>	
Heritage Assets	2,167	2,165	2,163	17
Investment Property	539	539	539	18
Intangible Assets	151	122	109	19
Long-term Investments	647	647	647	22,24a,24c
Long-term Debtors	1,815	3,657	3,271	23,24a,24c
<b>Long-term Assets</b>	<b>30,063</b>	<b>33,463</b>	<b>33,015</b>	
Short-term Investments	3,000	7,500	7,000	24a,24c,28
Inventories	5	40	45	26
Short Term Debtors	* 2,829	1,124	2,753	27
Cash and cash equivalents	3,686	3,863	3,304	24a,24c,28
Assets held for sale within one year	218	197	60	29
<b>Current Assets</b>	<b>9,738</b>	<b>12,724</b>	<b>13,162</b>	
Short-term Borrowing	(184)	(184)	(184)	24a,24c,31
Short-term Creditors	* (2,091)	(3,762)	(3,874)	32
Short-term Provisions	(246)	(431)	(1,556)	33
Short-term Capital Grant Receipts in Advance	* (671)	(1,761)	(956)	2, 34
<b>Current Liabilities</b>	<b>(3,192)</b>	<b>(6,138)</b>	<b>(6,570)</b>	
Long Term Borrowing	(3,680)	(3,496)	(3,312)	24a,24c,31
Long-Term Provisions	(268)	(413)	(930)	33
Net Pensions Liability	(27,598)	(34,051)	(29,753)	37a
<b>Long- term Liabilities</b>	<b>(31,546)</b>	<b>(37,960)</b>	<b>(33,995)</b>	
<b>Net Assets</b>	<b>5,063</b>	<b>2,089</b>	<b>5,612</b>	
<b>Represented by:</b>				
General Fund	1,000	1,000	1,000	MiR
Earmarked Reserves	* 8,045	9,849	9,440	2, 35a
Capital Receipts Reserve	* 1,207	1,736	1,800	2, 35b
Grants Unapplied	* 413	364	1,194	2, 35c
<b>Usable Reserves</b>	<b>10,665</b>	<b>12,949</b>	<b>13,434</b>	
Revaluation Reserve	11,302	12,151	12,137	36a
Pension Reserve	(27,598)	(34,051)	(29,753)	37a
Capital Adjustment Account	* 9,804	8,141	8,194	36b
Deferred Capital Receipts	* 1,000	2,834	2,465	2, 36c
Collection Fund Adjustment Account	(110)	65	(865)	15, 35a
<b>Unusable Reserves</b>	<b>(5,602)</b>	<b>(10,860)</b>	<b>(7,822)</b>	
<b>Total Reserves</b>	<b>5,063</b>	<b>2,089</b>	<b>5,612</b>	

Phil Seddon, Head of Finance

17<sup>th</sup> June 2016

# 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 generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the 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	* restated	* restated	2015/2016	Note
	2013/2014	2014/2015		
	£000	£000	£000	
<b>Operating Activities</b>				
Net surplus/(deficit) on the provision of services *	(1,137)	2,155	(1,288)	2
Adjustment for noncash movements *	2,492	5,703	2,216	2, 39a
Adjustment for items that are investing and financing activities *	96	636	(920)	2, 39a
<b>Net cash flows from Operating Activities</b>	<b>1,451</b>	<b>8,494</b>	<b>8</b>	
<b>Investing Activities</b>				
Additions to property, plant and equipment & intangible assets *	(643)	(1,876)	(673)	2, 20b
Proceeds from the sale of property, plant and equipment	170	549	143	15 & 35b
Unapplied Government Grants now applied	-	-	-	35c
(Increase)/decrease in Deferred Capital Receipts *	(999)	(1,834)	369	2
(Increase)/decrease in long-term debtors *	(1,078)	(1,842)	386	2, 23
Other income	608	192	80	15 & 35b
<b>Net Cash Flows from Investing Activities</b>	<b>(1,942)</b>	<b>(4,811)</b>	<b>305</b>	
<b>Management of Liquid Resources</b>				
Cash inflows - Short-term investments	9,000	3,500	10,437	24a,24c,28
Cash outflows - Short-term investments	(8,000)	(8,000)	(9,937)	24a,24c,28
<b>Financing</b>				
Cash Inflows/(Outflows) - agency operations				
National non-domestic rates	308	910	(518)	
Council Tax	664	268	(675)	
Cash Outflows - Repayments of amounts borrowed	(184)	(184)	(184)	24a,24c,31
Cash Inflows/(Outflows) - New long-term loans	-	-	-	31
Cash Inflows/(Outflows) - New short-term loans	-	-	-	
<b>Net Cash Flows from Financing Activities</b>	<b>1,788</b>	<b>(3,506)</b>	<b>(877)</b>	
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>1,297</b>	<b>177</b>	<b>(564)</b>	39b
Cash and Cash Equivalents at the beginning of the year	2,389	3,686	3,863	
<b>Cash and Cash Equivalents at the end of the year</b>	<b>3,686</b>	<b>3,863</b>	<b>3,299</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 2015/16 (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 2015/16 Code replaced the 2014/15 Code, but with only minor changes. Those changes are explained further in Note 1 below, and any financial effects on the prior year Statements are shown in Note 2 to the Core Statements.

These financial statements are for the year ended 31<sup>st</sup> March 2016 and in this draft format have been approved for release for audit by the Audit and Accounts Committee on the 28<sup>th</sup> June 2016.

## 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, faithful representation, reliability, comparability, understandability, verifiability and timeliness*
- 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 standards introduced by the 2015/16 Code implemented from 1<sup>st</sup> April 2015 were:-

- IFRS13 Fair Value Measurement – this is a substantial new standard and aims to achieve consistency and comparability in fair value measurements and related disclosures. The accounting standard apply to surplus assets which are now required to be revalued at market value rather than the existing use value currently applied. This standard does not apply to operational property, plant & equipment, nor does it apply retrospectively. The council has £511k of surplus assets at 31<sup>st</sup> March 2016 and this policy change has not had a material impact upon that value.
- IFRIC21 Levies – this provides guidance about when to recognise a liability for a levy imposed by government in the financial statements in the entities paying the levy. This standard did not have a material impact on the Statement of Accounts.
- Annual improvements to IFRSs (2011-2013 Cycle) to:-
  - IFRS1 Meaning of effective IFRSs
  - IFRS3 Scope of exceptions for joint ventures
  - IFRS13 Scope of paragraph 52 (Portfolio exception)

- IAS40 Clarifying the interrelationship of IFRS3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property

These are relatively minor changes which have not had a material impact on the Statement of Accounts.

The Code also requires local authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. Changes to accounting policy are required to be applied retrospectively unless alternative transitional arrangements are specified.

The 2016/17 Code will adopt changes to the measurement of Transport Infrastructure Assets, moving to a Depreciated Replacement Cost basis. Whilst this will require full retrospective restatement, Rossendale Borough Council's Infrastructure Assets relate to culverts and minor bridges, therefore the impact is expected to be immaterial.

## Revenue Recognition

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

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

## 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 37

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 37 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 37 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.

## Operations acquired or discontinued

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

## 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.

## Principal and Agent transactions

Where an authority is acting as a principal transactions shall be included in the authority's financial statements. However, where authorities act as agents transactions shall not be reflected in an authority's financial statements, with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position and the net cash position is included in financing activities in the Cash flow Statement. This Council acts as an agent for the collection of council tax and non-domestic rating income.

## Non-domestic Rates

The localisation of non-domestic rates was introduced in April 2013, under which this council collects business rates on behalf of itself, central government and other major preceptors on an agency basis.

Top-up income receivable and tariff expenditure payable, as well as safety net income and levy expenditure payable are recognised by the authority in the Comprehensive Income and Expenditure Statement on an accruals basis in the line item Taxation and Non-Specific Grant income and Expenditure. More information is within the Collection Fund and Notes 27 and 32.

## 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 until 2018 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 2015/16 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. In accordance with the updated Code the revaluation programme has been reviewed during 2015/16 and Note 17c provides an analysis of the current valuation basis for each type of asset held by the Council.

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 component elements have been considered as assets are professionally revalued within the 5-year rolling 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.

## Community Assets – Included within Note 17

The Code defines Community Assets are those which an authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. At Rossendale Community Assets include the 4 cemeteries, the Whitaker Park Museum and some parks and recreation areas which have been gifted to the Council with restrictions on their disposal.

## 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. For ease of presentation, details are alongside Property, Plant and Equipment at Note 17.

## Recognition and Measurement

For Rossendale Borough Council Heritage Assets include the Panopticon in Haslingden and the war memorials across the borough as well as 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 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.

## 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. This Council has one piece of land which meets the definition of an Investment Property.

## 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 not recorded in the Balance Sheet as fixed assets. 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 which under IFRS and normal accounting practice would be charged to Surplus of Deficit on the Provision of Services. Such expenditure termed 'Revenue Expenditure funded from Capital under Statute' within the Code and is written off to the Comprehensive Income and Expenditure Statement in the year incurred and matched by the grants received.

The types of expenditure to which this usually refers are 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 35c

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 Short-term Capital Grant Receipts in Advance until released into the Comprehensive Income & Expenditure Statement as entitlement allows (see Notes 10 and 35c).

## Capital Receipts – Note 35b

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 between 30 days and 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 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.

## Short-term Capital Grants Receipts in Advance – Note 34

When capital grants are received in advance with conditions attached to the application of those grant, they are held in the Short-term Capital Grants Receipts in Advance account and only recognised in the Comprehensive Income and Expenditure Statement when the grant conditions have been met.

## Contingent Liabilities and Contingent Assets– Note 38

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.

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 35

- 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 35a.
- The Capital Receipts Reserve holds the proceeds of fixed asset sales available to meet future capital investment (see Note 35b).
- 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 35c).

## Unusable Reserves – Note 36

- Revaluation Reserve records unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis (see Note 36a)
- 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 36b).
- 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 Account (Note 36c) holds the value of long term debts not receivable until future years under the terms of the debt. In the past this related to mortgages for Council House tenants prior to 1991, but the last of these mortgages ended in November 2013. From 2013/14 the balance relates to the repayment loans due on the Empty Homes Strategy and the corresponding debt can be seen 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 37b and 37c.

## 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, 20a, and 36b. 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 de-recognition 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 2015/16 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code), which is based on the International Financial Reporting Standards (IFRSs). No adjustments to prior year comparative accounts have been required due to changes in the Code.

Following the audit of the 2014/15 accounts, the Council has revised the way it accounts for the East Lancs Empty Homes Scheme and most specifically the grant it received from the Homes and Communities Agency (HCA). In the approved accounts for 2013/14 and original accounts for 2014/15 the grant was treated as revenue because it related to repairs to non-council properties. Officers have now agreed with the external auditors and the HCA that the grant should be treated as capital and the related works as Revenue Expenditure Funded from Capital under Statute (REFFCUS).

Officers have also amended the treatment of HCA grant received and then recognised in the Comprehensive Income and Expenditure Statement (CIES). Grants received first go to the Short-term Capital Grant Receipts in Advance (Note 34) and are only recognised in the CIES when the conditions of the grant have been met. This has been applied retrospectively to each individual property renovated under this scheme.

The changes above have been implemented retrospectively to when the Empty Homes Scheme began in 2013/14 and readers will see that the Core Statement and Notes have been restated wherever necessary for both the 2013/14 and 2014/15 financial years, specifically impacting upon:-

- The Explanatory Foreword
- All the main Core Statements
- Note 23 - Long Term Debtors - minor changes only to the net position, but some adjustments to the Advances and Receipts within each year
- Note 27 - Debtors - additional £9k accrual for HCA grant in 2013/14 reversed in 2014/15
- Note 32 - Creditors - additional accrual for HCA grant of £37k in 2013/14 and £17k in 2014/15
- Note 34 - Short-term Capital Grant Receipts in Advance - this new line on the Balance Sheet now more accurately meets the requirements of the Code and holds the grant received and recognised during each year, presenting greater clarity for the reader.
- Note 35a - Earmarked Reserves - the HCA grant is now treated as capital, so it no longer contributes towards the council's revenue Reserves. Officers have removed the £158k transferred in during 2013/14 and £579k during 2014/15. Consequently £278k required during 2014/15 to support the Scheme operation has now been met from the Transitional Reserve.
- Note 35b - Capital Receipts Reserve - the Empty Homes Scheme element has been separated out to provide greater clarity. This holds the value of loan receipts each year applied to clear off the loans outstanding. Changes in this account are mirrored in both Note 23 Long Term Debtors and Note 36c Deferred Capital Receipts Account.
- Note 35c - Capital Grants Unapplied - the HCA Grant entries have been removed in favour of Note 34 above, removing a balance of £271k at the end of 2013/14 and its reversal in 2014/15.
- Note 36b - Capital Adjustment Account - the Empty Homes Scheme element has been separated out to provide greater clarity. This account holds the capital impacts of REFFCUS expenditure and the funding streams of HCA grant applied, and receipts from home owners.
- Note 36c - Deferred Capital Receipts - is now the balancing entry to the Long Term Loans.



## 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 estimated balance of the grant claim included in the Balance Sheet as a Short-term Creditor, is £707k (Short-term Debtor of £827k at March 2014).
- 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 2014/2015 amounted to £1,165k, an increase of £59k on 2013/2014. Depreciation of intangible assets totalled £47k, a decrease of £5k on 2013/2014 (see Notes 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 2014/2015 was £65k (£129k charged to 2013/2014) (Note 15 & 17).
- Provision for the potential cost of Non-Domestic Rating appeal refunds has been based upon appeals lodged with the Valuation Office at the 31<sup>st</sup> March and an assumed level of successful appeals based upon historical data. In this second year of operation the Rossendale Borough Council element of the provision has risen from £184k to £226k.

## Note 4 Events after the Balance Sheet date

This DRAFT Statement of Accounts was authorised for submission to the Audit and Accounts Committee by the Head of Finance on 17<sup>th</sup> June 2016. 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 2016, 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 2015 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 £10k</li> <li>• vehicles &amp; equipment £148k</li> <li>• intangible assets £10k</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 37.
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 £4k in the required provision for council tax doubtful debts, £2k for business rates doubtful debts and £1k for sundry debts

## Note 6 Long-term Contracts

In October 2015 the Council negotiated an extension to its 10-year contract with Capita Business Services Ltd for the provision of Revenues, Benefits and General Customer Contact Services, taking it up to October 2019. In 2015/16 the contract value was £1,470k (£1,425k in 2014/15). In 2016/17 the anticipated full-year contract value is £1,298k. From April 2016 up to the end of the contract term, the total value is expected to be £5,252k.

# Notes to Core Financial Statements

## Note 7 Acquired and Discontinued Operations

The Council has not acquired or discontinued any operations during either 2014/15 or during the comparator year 2013/14.

## 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 28 industrial trading units, promoting economic regeneration across the borough. In August 2013 the Business Centre, Futures Park was designated as the Council's main office base, though it continues to provide a small number of high-tech managed office spaces as well as conference and meeting facilities.

	Net Expend/ (Income) 2014/15 £000s	Gross Expend 2015/16 £000s	Income 2015/16 £000s	Net Expend/ (Income) 2015/16 £000s	Note
Markets	10	150	(113)	37	
Industrial Units	(84)	61	(162)	(101)	21
Business Office Facilities	111	154	(45)	109	21
<b>Total Trading Accounts</b>	<b>37</b>	<b>365</b>	<b>(320)</b>	<b>45</b>	

## Note 9 Retained Business Rates

In April 2013 Local Government funding changed with the introduction of a system of locally retained business rates. Rossendale Council now has a stake in the business rates collected within the borough. Rossendale retains 40% of the business rates collected within the Borough, from which it pays a tariff to Central Government. The Business Rates performance in 2015/16 is detailed in the table below.

Business Rates Income & Expenditure	2014/15 £000s	2015/16 £000s	Note
Business Rates collected within Rossendale	13,743	13,330	Coll Fund
Less Provision for bad debts & appeals	(720)	(1,619)	Coll Fund
Less Cost of Collection	(101)	(101)	Coll Fund
<b>Net Business Rates Collected</b>	<b>13,373</b>	<b>11,610</b>	Coll Fund
Rossendale Borough Council Business Rates Precept <i>(based upon initial estimates under the new operating regime)</i>	5,114	5,513	
Less Central Government Tariff	(3,217)	(3,279)	
<b>Comprehensive Income/Expenditure - Retained Business Rates</b>	<b>1,897</b>	<b>2,234</b>	Expl Fwd
Budgeted share of Business Rates after tariff <i>(based on former central government settlement principles)</i>	1,941	1,974	Expl Fwd
<b>Deficit for Retained Business Rates under the new regime</b>	<b>44</b>	<b>(260)</b>	Expl Fwd

# Notes to Core Financial Statements

## Note 10 Grant Income

The Council recognised the following significant grants, contributions and donations during 2015/16:

Grants and contributions received	2014/15 £000s	2015/16 £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	20,598	20,358	Explan Fwd
DWP - Discretionary Housing Payments	-	82	
DWP - Housing and Council Tax Benefits - administration grant	356	306	
DWP - Housing Benefits - re homeless hostel tenants	-	-	
DWP - Implementation of Universal Credit	34	31	
DWP - Other Grants	136	-	
DCLG - New Burdens Grants	73	132	
DCLG - Rogue Landlords	47	-	
DCLG - Business Rates - Small Business and Empty Property Relief (	622	637	Explan Fwd
DCLG - Business Rates - NNDR Transitional Grant	51	17	
DCLG - Business Rates Collection Grant	101	101	
DCLG - New Homes Bonus	538	786	Explan Fwd
DCLG - Localising Council Tax administration subsidy	94	90	
DCLG - Local Authority Fraud Grant	50	118	
DCLG - Flood Relief & Flood Resilience	-	313	
DCLG - Clean Bus Technology Fund	-	486	35c
DCLG - Other Grants	40	8	
Cabinet Office - re individual electoral registration	20	17	
Affordable Warmth Grant	29	17	
Heritage Lottery - Townscape Heritage Initiative	31	-	
Pennine Lancashire Single Homelessness Initiative	187	-	
Contribution from partners re Mobile One Stop Shop (STAN)	9	-	
Contributions from Lancashire County Council	81	-	
Home Office - Preventing Extremism	-	6	
Contributions from developers under S106 agreements	122	146	
Other minor grants and contributions	45	8	
	23,264	23,659	
Credited to Cost of Services for REffCUS			
LCC Better Care Fund - Disabled Adaptations Grant	366	424	Exp Fwd, 35c
Contribution from Social Landlords to DFGs	154	179	Explan Fwd
Contribution from Lancashire County Council to DFGs	22	-	
Regional Housing Grant	37	-	
Lancashire Environmental Fund	-	47	
Ministry of Defence - Veterans in Communities	32	9	
Homes & Communities Agency - re empty homes strategy	2,056	355	34
Heritage Lottery - Bacup Townscape Heritage Initiative	-	442	Explan Fwd
Other minor grants and contributions	12	26	
	2,679	1,482	
<b>Total in the Cost of Services and Segmental Report</b>	<b>25,943</b>	<b>25,141</b>	
Credited to Taxation and Non-Specific Grant Income			
Rate Support Grant	2,235	1,605	Explan Fwd
Council Tax Freeze Grant	55	54	Explan Fwd
<b>Non-Specific Grants in the Comprehensive Income and Expenditure Statement</b>	<b>2,290</b>	<b>1,659</b>	

## Note 11 Members Allowances

An Independent Remuneration Panel meet at a minimum of every 4 years to review Member's Allowances. This group last met in June 2014, but in light of the Council's Medium Term Financial Strategy position Council members voted to defer the proposed increase in allowances.

Total Cost of Elected Members	2014/15 £000s	2015/16 £000s
Basic Allowance	119	119
Special Responsibility Allowance	72	64
Employers National Insurance incurred	3	3
Employers Superannuation Contributions	3	1
Mileage, subsistence & other reimbursements	1	1
	<b>198</b>	<b>188</b>

The Council's committee structure underwent a full review for the 2013/14 year and the basic and special responsibility allowances paid to members were as follows:-

Annual amounts payable for elected roles	2014/15 £s	2015/16 £s
<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
All Committee Chairs (5)	3,342	3,342



## 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 2015/16, along with prior year comparators. The former Chief Executive left the authority in January 2015 and the Director of Business was appointed as her successor on an interim basis in February 2015 and then appointed permanently during 2015/16. The role of Director of Business has been filled by an external consultant since November 2015.

Senior Officers		Salary	Other Allowances & Expenses	Acting Returning Officer	Pension	Total
		£	£	£	£	£
Chief Executive	2015/16	97,090	650	2,892	13,593	114,225
	2014/15	81,825	969	1,262	11,591	95,647
Director of Business <i>Acting cover Nov 2015</i>	2015/16	32,483	-	-	-	32,483
	2014/15	70,940	779	1,622	9,932	83,273
Head of Finance & Property Services	2015/16	59,750	270	-	8,365	68,385
	2014/15	57,748	-	-	8,085	65,833

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.

The Code includes a requirement to disclose the costs of exit packages paid by the Council in bands of £20k. During 2015/16 the Council paid 1 exit package totaling £8k compared to 2014/15 when 3 exit packages totaling £36k were paid. All exit packages related to redundancy payments and none have individually exceeded £20k.

Officers with remuneration above £50,000	2014/15 Number	2015/16 Number
£50,000 - £54,999	-	-
£55,000 - £59,999	2	1
£60,000 - £69,999	-	1
£70,000 - £74,999	1	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	1	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	1
	<b>4</b>	<b>3</b>



## Note 13 Related Parties

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

### Central government

- receipts from Central Government – see Notes 10, 34 and 35c.

### Other local authorities and precepting bodies

- payments to the Lancashire County Council Pension Fund– see Note 37.
- precepts in relation to the Central Government, 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. During 2013/14 the Council agreed to provide a loan to Rossendale Transport Ltd of up to £200k (see Note 23). This facility was not required at all during 2015/16 but in 2014/15 it was used and cleared before the year-end. The total interest charged to the company for amounts outstanding during 2014/15 was £3.2k.

## 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 grant paid to the Trust for the operation of leisure services in 2015/16 was £95k, with a further £25k contribution towards lost revenue during the implementation of the Grip & Go facility (in 2014/15 the grant was £95k).
  - In 2007/08 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 2009/10. The value outstanding at the end of 2015/16 was £36k.
  - As in previous years the Trust was also supported by a cash-flow loan from the Council totalling £738k at 31<sup>st</sup> March 2016 (£743k at the 31<sup>st</sup> March 2015). Note 23 shows the total value outstanding (including the £36k above) at the end of 2015/16 was £774k.
  - Both of these loans to the Trust are considered soft loans because interest payments of £5k were waived in the year.
  - The Council also provided a guarantee on a lease in 2008/09 to the Trust for the extension to Haslingden Sports Centre (see Note 38). The outstanding value on that lease at 31<sup>st</sup> March 2016 was £1.1m (£1.3m at 31<sup>st</sup> March 2015).
  - To assist the Trust in its efforts to find operational efficiencies, the Council began to provide its professional financial and IT services in April 2013 under a service level agreement. No charge is made for these services.
  - The Trust has a net Balance Sheet deficit of £770k (subject to audit) at 31<sup>st</sup> March 2016 (£783k at 31<sup>st</sup> March 2015) against which the Council has made provision of an earmarked Leisure Services Reserve with a closing value of £853k at 31<sup>st</sup> March 2016 (£785k at 31<sup>st</sup> March 2015). More information on these transactions can be found in Note 35a on Earmarked Reserves and Note 38 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 £60k towards running costs in 2015/16 and 2014/15.
- The RTB Partnership Ltd was incorporated on the 4<sup>th</sup> February 2013, with equal partners being Rossendale Borough Council, Together Housing and Barnfield Construction Ltd. The Partnership is a vehicle to facilitate a variety of development projects across the borough and each partner contributed £5k during 2013/14 and £20k during 2014/15. There have been no further payments during 2015/16.

## 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 external auditors for works carried out relating to the year of account 2015/16 were:-

Audit costs	2014/15 £000s	2015/16 £000s	Note
Fees payable in respect of external audit of accounts	61	46	
Fees payable for the certification of grant claims and returns	11	6	
Prior year fee refunds	(6)	-	
	<b>66</b>	<b>52</b>	

The prior year refunds received by the Council in 2014/15 represented rebates paid to all Local Authorities by the Audit Commission.



# Notes to Core Financial Statements

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

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

The table below details the changes in the current financial year 2014/2015. The comparative figures for the financial year 2013/2014 can be found on the opposite page.

Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2015/16				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 (PPE)	1,184	-	-	(1,184)	17,18,36a,36b
Impairment of Property, Plant & Equipment (PPE)	1	-	-	(1)	17,18,36a,36b
Revaluation gain/loss on Property, Plant and Equipment (PPE)	73	-	-	(73)	17,18,36a,36b
Deferred Capital Receipts	369	-	-	(369)	36c
Amortisation of Intangible Assets	39	-	-	(39)	19 & 36b
Revenue Expend funded from Capital under Statute (REFFCUS)	678	-	-	(678)	20 & 36b
REFFCUS for Empty Homes Scheme	453	-	-	(453)	
Net book value of assets sold	79	-	-	(79)	17,18 & 29
Statutory provisions for financing of capital investment (MRP)	(591)	-	-	591	20a & 36b
Capital Expend charged to General Fund	(833)	-	-	833	20a & 36b
<b>Capital Receipts Reserve adjustments</b>					
Transfer of cash proceeds of assets sold	(143)	143	-	-	35b
Other Income	(590)	590	-	-	35b
Use of Capital Receipts Reserve to fund capital spend	-	(160)	-	160	20,35b,36b
Payments to the Government capital receipts pool	-	-	-	-	35b
<b>Capital Grants Unapplied Account adjustments</b>					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(321)	(509)	830	-	20 & 35c
Application of grants to capital financing transferred to the Capital Adjustment Account	(781)	-	-	781	20 & 36b
<b>Pensions Reserve adjustments</b>					
Employer contributions paid to the Pension Fund	(1,712)	-	-	1,712	37f
Net IAS19 charges made for retirement benefits	2,044	-	-	(2,044)	37f
<b>Collection Fund Adjustment Account adjustments</b>					
Difference between the Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement and that calculated in accordance with statutory requirements	930	-	-	(930)	35a & Collection Fund
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>879</b>	<b>64</b>	<b>830</b>	<b>(1,773)</b>	



restated* Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2014/15				2013/14			
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Capital Adjustment Account adjustments</b>								
Depreciation of PPE	1,165	-	-	(1,165)	1,106	-	-	(1,106)
Impairment of PPE	65	-	-	(65)	35	-	-	(35)
Revaluation gain/loss on PPE	270	-	-	(270)	2,272	-	-	(2,272)
Deferred Capital Receipts	* (1,834)	-	-	1,834	(999)	-	-	999
Amortisation of Intangible Assets	47	-	-	(47)	52	-	-	(52)
REFFCUS	* 652	-	-	(652)	678	-	-	(678)
REFFCUS for Empty Homes Scheme	* 3,413	-	-	(3,413)	1,059	-	-	(1,059)
Net book value of assets sold	274	-	-	(274)	269	-	-	(269)
MRP	(605)	-	-	605	(629)	-	-	629
Capital Expend charged to General Fund	* (493)	-	-	493	(225)	-	-	225
<b>Capital Receipts Reserve adjustments</b>								
Transfer of cash proceeds of assets sold	(549)	549	-	-	(170)	170	-	-
Other Income	* (624)	624	-	-	(451)	69	-	382
Capital Receipts used to fund capital spend	-	(212)	-	212	-	(252)	-	252
Payments to capital receipts pool	-	-	-	-	1	(1)	-	-
<b>Capital Grants Unapplied Account</b>								
Capital grants and contributions credited to the CIES	* 432	(432)	-	-	59	(59)	-	-
Application of grants to the CAA	* (2,688)	-	(49)	2,737	(938)	-	(201)	1,139
<b>Pensions Reserve adjustments</b>								
Employer contributions to the Pension Fund	(1,680)	-	-	1,680	(1,381)	-	-	1,381
Net IAS19 charges for retirement benefits	1,979	-	-	(1,979)	2,250	-	-	(2,250)
<b>Collection Fund Adjustment Account</b>								
Difference between the Council Tax and Non-Domestic Rates income credited to the CIES and that calculated in accordance with statutory requirements	(175)	-	-	175	40	-	-	(40)
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(351)</b>	<b>529</b>	<b>(49)</b>	<b>(129)</b>	<b>3,028</b>	<b>(73)</b>	<b>(201)</b>	<b>(2,754)</b>

## Note 16 Transfers to/from Earmarked Reserves

Please refer to Note 35a for full details of the Earmarked Reserves and the movements within each Reserve during the year. The Explanatory Foreword shows an original budget intention to take £182k from the Transitional Reserve during 2015/16 compared to an actual usage of £218k.

## Note 17 Property, Plant and Equipment

### 17a Movements during the year

Movements on property, plant & equipment assets in 2015/16 were as follows:-

Property, Plant & Equipment	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra- structure Assets £000s	Community Assets £000s	Assets under constr'n £000s	Surplus Assets £000s	Total Assets £000s	Heritage Assets £000s	Note
<b>Cost or Valuation 1st April 2015</b>	28,311	6,584	326	1,137	-	839	37,197	2,180	
Additions	575	293	-	23	80	-	971	-	20a
Revaluation increases/(decreases) to Revaluation Reserve	181	-	-	-	-	-	181	-	36a
to Provision of Services	(71)	-	-	-	-	-	(71)	-	15, 36b
Reclassifications- to/from Assets Held for Sale	73	-	-	-	-	-	73	-	29
others	(677)	-	-	-	1,077	(400)	-	-	
Derecognition- on disposal	(106)	(204)	-	-	-	-	(310)	-	15 & 36b
<b>Cost or Valuation 31<sup>st</sup> March 2016</b>	<b>28,286</b>	<b>6,673</b>	<b>326</b>	<b>1,160</b>	<b>1,157</b>	<b>439</b>	<b>38,041</b>	<b>2,180</b>	
<b>Accum Depreciation and Impairments 1st April 2015</b>	(6,754)	(3,652)	(124)	(210)	-	(124)	(10,864)	(15)	
Depreciation for the year- to Revaluation Reserve	(122)	-	-	(1)	-	(6)	(129)	(2)	15 & 36a
to Provision of Services	(200)	(833)	(13)	(1)	(6)	-	(1,053)	(1)	15 & 36b
Impairment losses/(reversals) to Revaluation Reserve	-	(1)	-	-	-	-	(1)	-	15 & 36a
to Provision of Services	-	-	-	-	-	-	-	-	15 & 36b
Reclassifications	155	-	-	-	(155)	-	-	-	
Derecognition- on disposal	104	189	-	-	-	-	293	-	15 & 36b
<b>Accumulated Depreciation and Impairments 31st March 2016</b>	<b>(6,817)</b>	<b>(4,297)</b>	<b>(137)</b>	<b>(212)</b>	<b>(161)</b>	<b>(130)</b>	<b>(11,754)</b>	<b>(18)</b>	
Net Book Value at 31st March 2016	21,469	2,376	189	948	996	309	26,287	2,162	
Net Book Value at 31st March 2015	21,557	2,932	202	927	-	715	26,333	2,165	

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 property 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 2014/15 were as follows:

Property, Plant & Equipment	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra-structure Assets £000s	Community Assets £000s	Assets under constr'n £000s	Surplus Assets £000s	Total Assets £000s	Heritage Assets £000s
<b>Cost or Valuation 1st April 2014</b>	27,314	6,176	326	1,063	-	872	35,751	2,180
Additions	364	1,807	-	68	-	-	2,239	-
Revaluation increases/(decreases) to Revaluation Reserve	875	-	-	6	-	144	1,025	-
to Provision of Services	(230)	(4)	-	-	-	(37)	(271)	-
Reclassifications- to/from Assets Held for Sale	-	-	-	-	-	-	-	-
others	140	-	-	-	-	(140)	-	-
Derecognition- on disposal	(152)	(1,395)	-	-	-	-	(1,547)	-
<b>Cost or Valuation 31<sup>st</sup> March 2015</b>	<b>28,311</b>	<b>6,584</b>	<b>326</b>	<b>1,137</b>	<b>-</b>	<b>839</b>	<b>37,197</b>	<b>2,180</b>
<b>Accum Depreciation and Impairments 1st April 2014</b>	(6,499)	(4,097)	(106)	(185)	-	(120)	(11,007)	(13)
Depreciation for the year- to Revaluation Reserve	(109)	-	-	(1)	-	(4)	(114)	(1)
to Provision of Services	(193)	(808)	(18)	-	-	-	(1,019)	(1)
Impairment losses/(reversals) to Revaluation Reserve	(11)	-	-	(11)	-	-	(22)	-
to Provision of Services	45	(28)	-	(13)	-	-	4	-
Reclassifications	-	-	-	-	-	-	-	-
Derecognition- on disposal	13	1,281	-	-	-	-	1,294	-
<b>Accumulated Depreciation and Impairments 31<sup>st</sup> March 2015</b>	<b>(6,754)</b>	<b>(3,652)</b>	<b>(124)</b>	<b>(210)</b>	<b>-</b>	<b>(124)</b>	<b>(10,864)</b>	<b>(15)</b>
Net Book Value at 31 <sup>st</sup> March 2015	21,557	2,932	202	927	-	715	26,333	2,165

## A breakdown of buildings owned

The operation of the Ski Slope transferred to a community group during 2011/12 but the property is still owned by the Council and therefore still included here.

A summary of Council Assets	31 <sup>st</sup> March 2014 No.	31 <sup>st</sup> March 2015 No.
Administrative Buildings	2	2
Depots and Workshops	5	5
Off-Street Car Parks	44	46
Off-Street Car Parking spaces	1,040	1068
Sports Centres	1	1
Public Halls	1	1
Swimming Pools	2	2
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	28	28
Markets	3	3
Community & Youth Centres	3	3
Sheltered accommodation	1	1
Surplus Assets	14	14
Surplus Assets Held for Sale	8	3

# Notes to Core Financial Statements

## Revaluation Programme

The authority operates a five-year rolling programme of revaluation on its General Fund properties. During 2015/16 the valuations were carried out by external RICS-qualified officers from Aspin and Company Ltd, 106 Yorkshire Street, Rochdale. For details of the basis of valuation please refer to the Accounting Policies. The Net Book Value of assets which underwent a revaluation during 2015/16 was £1,261k and this resulted in a net revaluation gain of £181k in the Comprehensive Income and Expenditure Statement. Assets valued in previous years have not undergone any material changes which would alter their valuations.

The details below show the history of the revaluation programme and the next planned revaluation exercise for each type of asset held. Under the provisions of the Code assets of a similar type should be revalued together.

Revaluation Programme for assets under Property, Plant & Equipment	Historic Cost £000s	Assets revalued in the year ending					Total Net Book Value £000s	Planned Next Valuation
		March 2012 £000s	March 2013 £000s	March 2014 £000s	March 2015 £000s	March 2016 £000s		
Land	141	2,181	-	1,029	-	150	3,501	2016/17
Administrative Buildings	-	-	2,249	-	164	-	2,413	2017/18
Depots and Workshops	54	-	160	493	-	-	707	2017/18
Garages	-	-	-	-	-	352	352	2020/21
Car Parks	15	-	-	-	1,051	-	1,066	2019/20
Cemeteries	-	260	566	9	-	-	835	2016/17
Culture & Heritage Assets	90	2,052	-	-	-	-	2,142	2016/17
Sports & Leisure Facilities	6	286	1,260	7,158	222	196	9,128	2018/19
Parks, & Recreation Grounds	48	360	233	218	254	-	1,113	2016/17
Woodlands & Open Spaces	138	182	57	474	343	224	1,418	2016/17
Industrial Units	-	710	-	-	-	-	710	2016/17
Domestic Housing	-	-	-	-	196	122	318	2019/20
Business Offices	-	-	-	-	685	-	685	2018/19
Public Conveniences	10	117	-	1	48	-	176	2016/17
Markets	-	-	635	-	-	-	635	2017/18
Sheltered Accommodation	-	-	339	-	-	-	339	2017/18
Plant, Vehicles & Equipment	2,405	-	-	-	-	-	2,405	n/a
Other Assets	103	-	199	234	461	217	1,214	2017/18
<b>Net Book Value 31<sup>st</sup> March 2016</b>	<b>3,010</b>	<b>6,148</b>	<b>5,698</b>	<b>9,616</b>	<b>3,424</b>	<b>1,261</b>	<b>29,157</b>	

## Note 18 Investment Properties

The Council has one piece of land classified as an investment property following the agreement of a long-term lease. The value of the land reflects the rental incomes receivable from 2013/14 onwards.

Investment Properties	31 <sup>st</sup> March 2015 £000s	31 <sup>st</sup> March 2016 £000s	Note
Cost or Valuation 1st April	550	550	
Additions, Reclassifications, Revaluations	-	-	17, 20a
<b>Cost or Valuation 31st March</b>	<b>550</b>	<b>550</b>	
Accum Depreciation 1st April	-	(11)	
Amortisation for the period	(7)	-	36a
	(4)	-	36b
Impairment losses/(reversals)	-	-	36b
Reclassifications	-	-	17
<b>Accumulated Depreciation and Impairments 31st March</b>	<b>(11)</b>	<b>(11)</b>	
Net Book Value at 31st March	539	539	
<b>Rental income within the year</b>	<b>25</b>	<b>25</b>	

## Note 19 Intangible Assets

Intangible Assets	31 <sup>st</sup> March 2015 £000s	31 <sup>st</sup> March 2016 £000s	Note
Cost or Valuation 1st April	938	940	
Additions	18	26	20a
Reclassification	-	-	17
Revaluations	-	-	36a
Derecognition on disposal	(16)	-	15 & 36b
<b>Cost or Valuation 31st March</b>	<b>940</b>	<b>966</b>	
Accum Depreciation 1st April	(787)	(818)	
Impairment losses/(reversals)	-	-	15 & 36b
Amortisation for the period	(47)	(39)	15 & 36b
Reclassification	-	-	17
Derecognition on disposal	16	-	15 & 36b
<b>Accumulated Depreciation and Impairments 31st March</b>	<b>(818)</b>	<b>(857)</b>	
Net Book Value at 31st March	122	109	

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.



# Notes to Core Financial Statements

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

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

### 20a - Capital Expenditure on Council Assets

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.

	2014/15 £000s	2015/16 £000s	Note
<b>Opening Capital Financing Requirement</b>	<b>6,149</b>	<b>8,424</b>	
Capital investments			
Property, Plant & Equipment	2,239	971	17
Intangible Assets	18	26	19
Revenue Expenditure funded from Capital under Statute			
Empty Homes Scheme	3,413	453	15 & 36b
Other Projects	652	678	15 & 36b
	6,322	2,128	
Sources of Finance			
Capital Receipts	(212)	(160)	15 & 35b
Government Grants and other contributions	(2,737)	(781)	15 & 36b
Sums set aside from Revenue:-			
Direct revenue contributions	(493)	(833)	15 & 36b
Minimum Revenue Provision	(605)	(591)	15 & 36b
<b>Closing Capital Financing Requirement</b>	<b>8,424</b>	<b>8,187</b>	
Explanation of movements in the year			
Increase/(Decrease) in underlying need to borrow (not supported by government financial assistance)	2,275	(237)	
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>2,275</b>	<b>(237)</b>	

### 20b - 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	2014/15 £000s	2015/16 £000s	Note
IT Strategy & Software	26	26	
Waste Collection & Recycling Services	1,724	-	
Cemeteries	11	31	
Car Parks	3	58	
Haslingden Sports Centre (including Climbing Wall)	14	331	
Marl Pits (including pool and pavillion)	125	76	
Playing fields, playgrounds & parks	179	164	
The Business Centre - Accommodation Strategy	3	-	
Rawtenstall Valley Centre/Spinning Point	(19)	232	
Rawtenstall Museum	54	32	
Public Conveniences	9	-	
Houses	107	-	
Others	77	48	
	<b>2,313</b>	<b>998</b>	

## 20c - Capital Commitments

The Council operates a rolling 3-year capital programme and in addition to the £998k spent in 2015/16 approved capital works of £4,925k were carried forward into 2016/17 onwards, known as slippage.

Approved capital projects carried forward at 31st March 2016	Costs '£000
Parks Equipment	140
Sports Playing Fields	198
Playgrounds (community projects)	110
Cemeteries	96
Crook Hill Wind Farm	50
Ski Slope Investment	477
Bacup THI	1,906
Emergency Works	110
Building Maint (ongoing projects)	240
Renwable Energy - Leisure	88
DFGs	154
CPOs	130
Empty Homes Renovations	1,164
Others	62
	<b>4,925</b>

Of the £4,925k slippage shown here, £1,571k relates to Council assets and £124k of that had been contractually committed at the 31<sup>st</sup> March 2016.

Contract commitments relating to Council assets	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016	Note
	£000s	£000s	
Parks & Play Areas - finalising ongoing projects	12	109	
Building Maintenance, including Accommodation Strategy	64	-	
Infrastructure, including car parks and signage	72	15	
	<b>148</b>	<b>124</b>	

## 20d - 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. Borrowing costs were capitalized up to the Marl Pits facility opening in autumn 2012.

There have been no capitalised payments or receipts in either 2014/15 or 2015/16.





# Notes to Core Financial Statements

## Note 21 Leases

### 21a - Authority as Lessee

The assets acquired under operating leases up until 2013/14 were predominantly wheeled bins and some other equipment, which have all now ceased.

During 2014/15 the Council became directly responsible for the leases of domestic properties under the East Lancashire Empty Homes Scheme, which runs for up to 10 years. The commitments under these leases, as shown below, should be met from future rental incomes.

Authority as a Lessee	2014/15 £000s	2015/16 £000s	Note
<b>Lease Payments within the year</b>	<b>162</b>	<b>806</b>	
Future Minimum Lease Commitments			
Amounts falling due within 1 year	987	1,245	
Amounts falling due within 2-5 years	4,202	3,492	
Amounts falling due within 6-10 years	2,070	1,535	
<b>Total Minimum Lease Payments</b>	<b>7,259</b>	<b>6,272</b>	

### 21b - 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	2014/15	2015/16			Total £000s	Note
	Total £000s	Industrial Properties £000s	Leisure Premises £000s	Other Properties £000s		
Gross Value at 31st March	10,475	854	9,435	181	10,470	
Accumulated Depreciation	(955)	(144)	(956)	(54)	(1,154)	
<b>Net Book Value at 31st March</b>	<b>9,520</b>	<b>710</b>	<b>8,479</b>	<b>127</b>	<b>9,316</b>	
<b>Lease Income within the year</b>	<b>116</b>	<b>(162)</b>	<b>-</b>	<b>-</b>	<b>(162)</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 2015 £000s	31 <sup>st</sup> March 2016 £000s	Note
Rossendale Transport Ltd	645	645	24a,24c,35a
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.

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 2015 £000s	31 <sup>st</sup> March 2016 £000s	Note
Profit/(Loss) on ordinary activities before taxation	369	158	
Tax on profit on ordinary activities	(44)	-	
<b>Retained profit/(loss) for the financial year</b>	<b>325</b>	<b>158</b>	
<b>Net Assets of the company</b>	<b>892</b>	<b>950</b>	

## Note 23 Long-term Debtors

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

Long Term Debtors	Ross'dale Leisure Trust £000s	Rossendale Transport Ltd £000s	Business Relocation Loans £000s	Empty Homes Loans £000s	Other loans £000s	Total £000s	Note
<i>Empty Homes restated *</i>							
Balance at 1st April 2013	555	-	50	115	17	737	
Advances *	117	200	-	944	-	1,261	
Receipts *	(9)	(100)	(10)	(58)	(6)	(183)	
<b>Balance at 31st March 2014</b>	<b>663</b>	<b>100</b>	<b>40</b>	<b>1,001</b>	<b>11</b>	<b>1,815</b>	24a & 24c
Advances *	126	-	-	2,265	1	2,392	
Receipts *	(8)	(100)	(10)	(432)	-	(550)	
<b>Balance at 31st March 2015</b>	<b>781</b>	<b>-</b>	<b>30</b>	<b>2,834</b>	<b>12</b>	<b>3,657</b>	24a & 24c
Advances	1,584	-	-	140	-	1,724	
Receipts	(1,591)	-	(10)	(467)	-	(2,068)	
Write-offs	-	-	-	(42)	-	(42)	
<b>Balance at 31st March 2016</b>	<b>774</b>	<b>-</b>	<b>20</b>	<b>2,465</b>	<b>12</b>	<b>3,271</b>	24a & 24c

The East Lancs Empty Homes Strategy moved into full operation during 2013/14. Funded by the Homes and Communities Agency (HCA) in the first instance, this programme saw long-term empty properties across East Lancashire brought back into use. Any costs required to bring these properties back into use, shown above as advances, is being recouped from property rentals during the life of the lease, shown above as receipts. At the end of the lease these properties revert to their owners.

The Council provided Rossendale Transport with a loan at a market rate of interest, which was fully repaid during 2014/15 and has not been called upon since. For more details see Notes 13 and 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	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 Notes 13 & 38)
<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	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). These are considered soft loans because no interest has been charged to the Trust.  In 2013/14 a new loan arrangement was agreed with Rossendale Transport Ltd, which attracts interest income at market rate. The last amounts outstanding were repaid in October 2014. There has been no activity on this loan agreement during 2015/16.
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.
Other receivables and advances	Held at the carrying value on the basis on materiality	These are predominantly arrangements made under the Empty Homes Strategy, being repaid from future rental incomes.
Investments	Held at historic cost value (see Note 22)	The Council's investment in Rossendale Transport Ltd is held at the historic value of the shares because there is no reliable estimate of market value available.

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).

# Notes to Core Financial Statements

The Council issued one soft loan back in 2011 in order to facilitate a business relocation which met the Council’s regeneration priorities. The Rossendale Leisure Trust loans were also treated as soft loans because no interest was paid in either 2014/15 or 2015/16. The value of interest forgone in relation to these loans was not material and hence no adjustment has been made to the carrying value of the loans to reflect the cost to the Council of the lower than market rate.

## 24a - 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 2015 £000s	31 <sup>st</sup> March 2016 £000s	31 <sup>st</sup> March 2015 £000s	31 <sup>st</sup> March 2016 £000s	
<b>Cash and cash equivalents</b>					
Receivables	-	-	3,863	3,299	24c & 28
<b>Investments</b>					
Loans and receivables	-	-	7,500	7,000	24c & 28
Unquoted equity investment at cost	647	647	-	-	22
<b>Debtors</b>					
Loans and receivables	3,657	3,276	319	423	23,24c & 27
<b>Borrowings</b>					
Financial liabilities at amortised cost	(3,496)	(3,312)	(184)	(184)	24c & 31
<b>Total Creditors</b>					
Financial liabilities at amortised cost	-	-	(1,790)	(2,097)	24c & 32

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 Notes 13 & 38), which has been initially recognised at fair value of nil. Subsequently this is measured at the higher of the amount recognised initially and the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Assets* less, when appropriate, cumulative amortisation.





# Notes to Core Financial Statements

## 24b - 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	2014/15	2015/16			Note
	Total	Financial Liabilities at amortised cost	Loans and Receivables	Total	
	£000s	£000s	£000s	£000s	
Interest payable - revenue	171	163	-	163	
Interest income - revenue	(155)	-	(86)	(86)	
<b>Net (Gain)/Loss for the year</b>	<b>16</b>	<b>163</b>	<b>(86)</b>	<b>77</b>	

## 24c - 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 2015 and 31<sup>st</sup> March 2016 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 2015			31st March 2016		Note
	Carrying amount	Fair Value	Value	Carrying Amount	Fair Value	
	£000s	£000s	£000s	£000s	£000s	
Borrowings	(3,680)	(4,690)	(3,496)	(4,499)	24a & 31	
Short Term Creditors	(1,790)	(1,790)	(2,097)	(2,097)	24a & 32	
<b>Total Financial Liabilities</b>	<b>(5,470)</b>	<b>(6,480)</b>	<b>(5,593)</b>	<b>(6,596)</b>		
Investments <1 year	7,500	7,500	7,000	7,000	24a & 28	
Long Term Debtors	3,657	3,657	3,276	3,276	23 & 24a	
Short Term Debtors	319	319	-	-	24a & 27	
Cash and Cash Equivalents	3,863	3,863	3,299	3,299	24a & 28	
<b>Total Financial Assets</b>	<b>15,339</b>	<b>15,339</b>	<b>13,575</b>	<b>13,575</b>	25	

At March 2016 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 2016 was 1.3% and the figures for fair value above have been supplied by the PWLB. For a sensitivity analysis the Council's treasury management advisor, Capita, have confirmed that a similar new loan on the 31<sup>st</sup> March 2016 at the discount rate available of 2.25% would have reduced the fair value of the loan at 31<sup>st</sup> March 2016 to £4,162k.

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 £774k over a maximum of five years (included within Long-term Debtors at Note 23. These loans are covered by the Leisure Services Reserve (see Notes 13 and 35a).

# 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 2016 £000s	Historical default £000s	Adjusted for market conditions %	Estimated maximum exposure March 2016 £000s	Estimated maximum exposure March 2015 £000s	Note
Cash and Cash Equivalents	3,299	0.00%	0.00%	-	-	24a,24c,28
Investments - Bank Deposits	7,000	0.00%	0.00%	-	-	24a,24c,28
Investments - Others	647	0.00%	0.00%	-	-	22,24a,24c
Long Term Debtors	3,276	0.00%	0.00%	-	-	23,24a,24c
Short Term Trade Debtors	423	6.60%	7.00%	30	28	24a,24c,27
<b>Total Financial Assets</b>	<b>14,645</b>			<b>30</b>	<b>28</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 2016 stood at £687k (£829k at March 2015), of which only £456k was overdue (£327k at March 2015). Against this the Council held a doubtful debt provision of £264k (£510k at March 2015).

Short Term Trade Debtors age	by	31st March 2015 £000s	31st March 2016 £000s	Note
Not yet past due		502	231	
Less than one month		195	46	
One to Two months		7	14	
Two to three months		30	19	
Three to six months		11	102	
Six months to one year		4	142	
Over one year		80	133	
Doubtful debts provision		(510)	(264)	
<b>Total Net Trade Debtors</b>		<b>319</b>	<b>423</b>	24a,24c,27

## 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 2015/16, which were approved along with the Council's annual budget on 25<sup>th</sup> February 2015, are shown below.

Limits in interest rate exposure	2013/14	2014/15	2015/16	2016/17
Max principal sums borrowed > 364 days	£6.9m	£5.2m	£4.7m	£4.5m
Borrowing limits on Fixed Interest Rates	100%	100%	100%	100%
Borrowing limits on Variable Interest Rates	0%	0%	0%	0%
Max sums invested > 364 days	£0m	£0m	£0m	£0m
Max sums invested with single body	£5m/50%	£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 2016 was £45k (£40k at 31<sup>st</sup> March 2015), representing fuel, vehicle maintenance spares, trade waste bins and refuse sacks. These are valued 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.

# Notes to Core Financial Statements

## Note 27 Debtors

The short-term debtors here are net of provisions for bad and doubtful debts - see Note 30 below.

Debtors	*restated		31 <sup>st</sup> March 2016 £000s	Note	
	31 <sup>st</sup> March 2014 £000s	31 <sup>st</sup> March 2015 £000s			
	Central Government Bodies	*			1,356
Other Local Authorities		630	107	857	
Other entities and individuals		286	334	382	Coll'n Fund
	Council Tax	74	100	107	Coll'n Fund
	Retained Business Rates	188	179	119	
	Advance Payments	295	250	80	
	Sundry Trade Debtors	843	863	688	
<b>Net Balance at 31st March</b>		<b>2,829</b>	<b>1,118</b>	<b>2,753</b>	24,25,30

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

Short Term Investments and Cash & Cash Equivalents	31 <sup>st</sup> March 2015 £000s	31 <sup>st</sup> March 2016 £000s	Note
	Bank Deposits - access under 3 months	3,500	
Bank Deposits - access 6 to 12 months	4,000	4,000	
<b>Short-term Investments at 31st March</b>	<b>7,500</b>	<b>7,000</b>	24a,24c,30
Bank Deposits - instant access	3,862	3,303	
Cash in Hands of Officers	1	1	
<b>Cash and cash equivalents at 31st March</b>	<b>3,863</b>	<b>3,304</b>	24a,24c,39b

## Note 29 Assets Held for Sale

Current Assets held for sale	2014/15 £000s	2015/16 £000s	Note
	Balance at 1st April	218	
Assets reclassified to/(from) PPE	-	(73)	17
Revaluation gains/(losses) to the Revaluation Reserve	-	(2)	36b
Write out NBV of Assets sold - from Revaluation Reserve	(21)	(62)	36a
<b>Balance at 31st March</b>	<b>197</b>	<b>60</b>	

## Note 30 Impairment Losses

Impairment Losses (included within net Debtors at Note 27)	Council Tax £000s	Business Rates £000s	Sundry Debts £000s	Total £000s
Balance at 1st April 2014	(363)	(347)	(852)	(1,562)
Provisions Made	(65)	(66)	(319)	(450)
Provisions Utilised	32	84	115	231
<b>Balance of Provision at 31st March 2015</b>	<b>(396)</b>	<b>(329)</b>	<b>(1,056)</b>	<b>(1,781)</b>
Provisions Made	(62)	(132)	(300)	(494)
Provisions Utilised	18	33	68	119
<b>Balance of Provision at 31st March 2016</b>	<b>(440)</b>	<b>(428)</b>	<b>(1,288)</b>	<b>(2,156)</b>
Total Debts outstanding				
at 31st March 2015	730	428	1,311	2,469
at 31st March 2016	822	535	1,368	2,725

# Notes to Core Financial Statements

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.

## 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 instalments of principal at £184k per annum. Further information can be found in the Financial Instruments Note 24.

PWLB Borrowing	31 <sup>st</sup> March	31 <sup>st</sup> March	Note
	2015	2016	
	£000s	£000s	
Repayable in less than 12 months	184	184	
Repayable between 1 and 2 years	184	184	
between 2 and 5 years	552	552	
between 5 and 10 years	920	920	
in 10 years or more	1,840	1,656	
<b>Balance at 31st March</b>	<b>3,680</b>	<b>3,496</b>	24a & 24c

## Note 32 Creditors

Creditors		<i>* restated</i>	<i>* restated</i>		Note
	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March	
	2014	2015	2016	2016	
	£000s	£000s	£000s	£000s	
Central Government Bodies	*	205	1,678	1,404	2
Other Local Authorities		219	171	146	24a & 24c
Bodies external to government					
Advance Receipts: Council Tax		164	172	156	
Advance Receipts: Retained Business Rates		51	98	185	
Advance Receipts: Others		19	43	32	24a & 24c
Employee Benefit Expenses		44	50	25	24a & 24c
Sundry Trade Creditors		1,389	1,570	1,926	24a & 24c
<b>Balance at 31st March</b>		<b>2,091</b>	<b>3,782</b>	<b>3,874</b>	

## Note 33 Provisions

Provisions relate to known liabilities where there is uncertainty about the exact amount or the dates on which they will arise insurance claims through the former Municipal Mutual Insurance company.

Provisions	Balance 31 <sup>st</sup> March	Provisions Made	Provisions Utilised	Balance 31 <sup>st</sup> March	Note
	2015			2016	
	£000s	£000s	£000s	£000s	
Stubbylee Park Provision	19	1	-	20	
Facilities Provisions	5	-	-	5	
Empty Homes Renovation Provision	-	1,164	-	1,164	
Corporate Services	407	56	(96)	367	
<b>Short Term Provisions</b>	<b>431</b>	<b>1,221</b>	<b>(96)</b>	<b>1,556</b>	
Business Rate Appeals Provision	406	516	-	922	CF Note 4
Other Provisions	7	1	-	8	
<b>Long Term Provisions</b>	<b>413</b>	<b>517</b>	<b>-</b>	<b>930</b>	
<b>Total Provisions</b>	<b>844</b>	<b>1,738</b>	<b>(96)</b>	<b>2,486</b>	



# Notes to Core Financial Statements

## Note 34 Short-term Grant Receipts in Advance

This new account holds the movements between capital grants received and those recognised through the CIES when the grant conditions have been met. For further information see Note 2.

Short-term Capital Grant Receipts in Advance	31 <sup>st</sup> March 2014 £000s	31 <sup>st</sup> March 2015 £000s	31 <sup>st</sup> March 2016 £000s	Note
<b>HCA East Lancs Empty Homes Grant</b>				
Balance Brought forward	-	670	1,761	2
Grant received/(repaid) in the year	1,144	3,146	(450)	
Amounts recognised into the CIES (conditions met)	(474)	(2,055)	(355)	36b
<b>Balance at 31st March</b>	<b>670</b>	<b>1,761</b>	<b>956</b>	

## Note 35 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 35a - Earmarked Reserves

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

Employment & Transport Reserve – re future investment in transport and employment opportunities.

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.

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

Leisure Reserve – This reserve is held to meet any potential requirement to underwrite the Balance Sheet of Rossendale Leisure Trust.

Performance Reward Reserve – This reserve was created in 2009/10 with Performance Reward Grant received upon the achievement of Local Area Agreement targets.

Directorate Investment Reserve – This reserve holds unspent budgets future one-off revenue projects.

Directorate Operational Reserve – This reserve holds funds set aside for ongoing or incomplete revenue projects where there is no contractual obligation but member approval has been granted.

Housing Strategy Reserve – This reserve held government homelessness grants due to be paid to authorities across Lancashire as they delivered the required projects. It has been moved to Grants Unapplied during 2015/16 to better reflect the nature of the demands on these monies in future.

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.

Transitional Reserve – This reserve, funded partly from Transitional Grant in 2011/12, is to support the Council in its medium-term financial strategy to balance the revenue budget.

Community Right to Challenge – This reserve was established in 2013/14 to hold funds received to enable the implementation of the central government Community Right to Challenge agenda.

Refuse Cost Share Reserve – As noted in Note 1 on page 24, the Cost Share agreement with Lancashire County Council comes to an end in March 2018 and this reserve was established in 2013/14 to hold funds required to explore options for operations in the future.

# Notes to Core Financial Statements

Bacup Townscape Heritage Initiative Reserve – This reserve was established in 2013/14 to hold the Council's £400k matched funding resources for this £2.5m scheme over the next 5 years.

Individual Registration Reserve – Individual electoral registration implementation began in summer 2014 and this reserve was established to hold grant funds received during 2013/14 to be matched against costs as they arise over the coming months.

Business Rates Retention Reserve – Following the localisation of non-domestic rates in April 2013, this reserve was established with the additional grant received for Small Business Rate Relief to support any future volatility of this new resource stream. The balance on this reserve will also be required to support the deficit on the Collection Fund Adjustment Account. Under the timings permitted by the Code that deficit will not impact on the CIES until 2017/18.

Planning Strategy Reserve – This reserve is to cover the costs of public scrutiny associated with reviews of planning strategy in the future.

Tourism Strategy Reserve – Since the Tourism Officer post was disestablished in 2011/12, monies have been set aside to allow the Council to support various events/ activities.

Haslingden Regeneration Reserve – The Council has set aside £100k, to provide pump-priming funds for the wider regeneration of Haslingden.

Empty Homes Strategy Reserve – This reserve was originally established in 2013/14 to hold HCA grant funds relating to the Empty Homes Scheme. Upon the change in treatment of the HCA Grant from revenue to capital (see Note 2), the grant no longer resides in this Reserve. Instead it holds revenue funds transferred in from other reserves during 2015/16 and the use of those funds to support the future operations of the East Lancs Empty Homes Scheme.

Earmarked Reserves	<i>* restated</i>	<i>* restated</i>	Income & Transfer to Reserves	Transfers between Reserves	Utilised from Reserves	Balance March	31 <sup>st</sup> 2016	Note
	Balance 31 <sup>st</sup> March 2014	Balance 31 <sup>st</sup> March 2015						
Rossendale Transport (Shares)	645	645	-	-	-	645	22a	
Employment & Transport Reserve	1,578	1,578	-	-	(80)	1,498		
Budget Volatility	268	268	-	(268)	-	-		
Pension Fund	721	785	-	(619)	-	166		
Economic Regeneration	31	1	-	(1)	-	-		
Leisure Reserve	750	785	-	121	(53)	853		
Performance Reward	239	236	-	(236)	-	-		
Directorate Investment	170	86	-	(46)	(40)	-		
Directorate Operational	736	923	224	(554)	(238)	355		
Housing Strategy	135	296	-	-	(296)	-	now in 35c	
Pride Works (Revenue)	8	15	-	(15)	-	-		
Vehicle Repairs & Replacement	397	361	100	(231)	-	230		
Transitional Reserve *	1,181	2,401	2	-	-	2,403	2	
Community Right to Challenge	16	32	-	(32)	-	-		
Refuse Cost Share	23	35	-	-	-	35		
Bacup THI	400	354	-	-	(34)	320		
Individual Registration	23	17	-	(27)	-	(10)		
Business Rates Retention	312	605	637	-	-	1,242	CF Adj a/c	
Planning Strategy	234	233	-	(54)	(72)	107		
Tourism Strategy	78	91	-	(38)	-	53		
Haslingden Regeneration	100	100	-	-	(9)	91		
Empty Homes Strategy *	-	-	-	2,000	(548)	1,452	2	
	<b>8,045</b>	<b>9,847</b>	<b>963</b>	<b>-</b>	<b>(1,370)</b>	<b>9,440</b>	<b>MiR</b>	

# Notes to Core Financial Statements

## Note 35b - Capital Receipts Reserve

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

Usable Capital Receipts Reserve	* restated		2015/2016 £000s	Note
	2013/2014 £000s	2014/2015		
Balance at 1st April	1,280	1,207	1,736	
Capital receipts in year				
Sale of Assets	171	549	143	15
Other Income	* 10	192	81	15
Deferred Capital Receipts	* -	-	-	
Capital receipts used to fund capital expend	* (252)	(212)	(160)	15,20a,36b
Legal Costs of Sale	(1)	-	-	15
Payments to capital receipts pool	(1)	-	-	15
<b>Non Empty Homes sub-total</b>	<b>1,207</b>	<b>1,736</b>	<b>1,800</b>	
<b>Empty Homes</b>				
Balance at 1st April	-	-	-	
Other Income	* 59	432	510	15
Capital receipts used to fund capital expend	* (59)	(432)	(510)	15,20a,36b
<b>Empty Homes sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Balance at 31st March</b>	<b>1,207</b>	<b>1,736</b>	<b>1,800</b>	

## Note 35c - 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	* restated		* restated		Balance 31 <sup>st</sup> March 2016 £000s	Note
	31 <sup>st</sup> March 2014 £000s	Net Movement in year £000s	31 <sup>st</sup> March 2015 £000s	Net Movement in year £000s		
	Regional Housing Grant	375	(36)	339		
Communities for Habitats	25	-	25	-	25	10
Disabled Facilities Grants	-	-	-	153	153	10
Regeneration Grants	13	(13)	-	-	-	10
Homes & Communities Agency *	-	-	-	-	-	10
Homelessness Grants	-	-	-	191	191	was in 35a
Clean Bus Technology Funding	-	-	-	486	486	10
	<b>413</b>	<b>(49)</b>	<b>364</b>	<b>830</b>	<b>1,194</b>	MiR

The Empty Homes Strategy, funded by grant from the Homes and Communities Agency (HCA), is now being treated as capital grant, and therefore no longer moves through the Grant Unapplied Account. Please refer to Note 2 for further details of this amendment, and Note 34 the movement on the HCA grant during each financial year.

# Notes to Core Financial Statements

## Note 36 Unusable Reserves

### 36a Revaluation Reserve

In accordance with the Statement of Recommended Practice, from 1st April 2007 the Revaluation Reserve contains 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. Accumulated gains arising before the 1<sup>st</sup> April 2007 were consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	2014/15 £000s	2015/16 £000s	Note
Balance at 1st April	11,302	12,151	
Surplus/(Deficit) on revaluation of assets in the year			
Property, Plant & Equipment	1,025	180	17
Investment Assets	-	-	18
Assets Held for Disposal	-	-	29
Value of assets disposed of in the year	(38)	(63)	15, 29, 36b
Depreciation in the year	(116)	(131)	15,17,18,36b
Impairments in the year	(22)	-	15 & 17
<b>Balance at 31st March</b>	<b>12,151</b>	<b>12,137</b>	

### 36b Capital Adjustment Account

In accordance with the CIPFA Code of Practice the Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the Code 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	* restated 2013/2014 £000s	* restated 2014/2015 £000s	2015/2016 £000s	Note
Balance at 1st April	12,484	10,368	9,924	
Revenue and Capital Receipts used to finance capital				
Revenue Contributions	263	413	323	15 & 20
Useable Capital Receipts	252	212	160	15, 20, 35b
Capital Grants and Contributions	988	623	426	15 & 20
Losses on Revaluation of assets				
Property, Plant & Equipment	(2,272)	(270)	(73)	17
Investment Assets	-	-	-	18
Assets Held for Disposal	-	-	-	29
Write off NBV of disposals (net of Revaluation Reserve)	(227)	(236)	(15)	15, 17, 29, 36a
Minimum Revenue Provision for repayment of debt	629	605	591	15 & 20
Depreciation of Property, Plant and Equipment	(984)	(1,049)	(1,053)	15,17,18,36a
Amortisation of Intangible Assets	(52)	(47)	(39)	15 & 19
Impairment of Property, Plant & Equipment assets	(35)	(43)	(1)	15 & 17
Revenue Expenditure funded from Capital under statute	(678)	(652)	(678)	15 & 20
<b>Non Empty Homes sub-total</b>	<b>10,368</b>	<b>9,924</b>	<b>9,565</b>	
<b>Empty Homes</b>				
Balance at 1st April	-	(564)	(1,783)	
Revenue and Capital Receipts used to finance capital				
Revenue Contributions	-	80	510	15 & 20
Useable Capital Receipts	59	-	-	15, 20, 35b
Capital Grants and Contributions	473	2,114	355	34
Revenue Expenditure funded from Capital under statute	(1,096)	(3,413)	(453)	15 & 20
<b>Empty Homes sub-total</b>	<b>(564)</b>	<b>(1,783)</b>	<b>(1,371)</b>	
<b>Balance at 31st March</b>	<b>9,804</b>	<b>8,141</b>	<b>8,194</b>	

## 36c Deferred Capital Receipts Account

In the past Deferred Capital Receipts held the amounts of mortgages for former council house tenants falling due in future years. The last such mortgage ended in November 2013.

The balance of £2,465k at 31<sup>st</sup> March 2016 (£2,834k at March 2015) pertains solely to the value of HCA grant repayable in future years in relation to the Empty Homes Strategy. For further details please refer to Notes 2, 23 and 35b.

Deferred Capital Receipts Account	re-stated		31 <sup>st</sup> March 2016	Note
	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015		
	£000s	£000s	£000s	
<b>East Lancs Empty Homes Loans</b>				
Balance at 1st April	-	1,000	2,834	2
New Deferred Receipts	* 1,059	2,266	140	23
Amounts received	* (59)	(432)	(467)	23, 35b
Amounts written off	-	-	(42)	23, 35b
<b>Balance at 31st March</b>	<b>1,000</b>	<b>2,834</b>	<b>2,465</b>	Note 23

## Note 37 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 2013 which was reported in December 2013. This did not affect the Council's Pension Scheme Liabilities and Pension Reserve in the Consolidated Balance Sheet until 31st March 2014. The fund has undergone another revaluation which is due to be reported in December 2016 to be effective in the council's next Consolidated Balance Sheet in March 2017.

### 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).

### 37a - Present Net Value of Scheme

The underlying assets and liabilities attributable to Rossendale Borough Council at 31st March were:-

Scheme History	2011/12	2012/13	2013/14	2014/15	2015/16	Note
	£000s	£000s	£000s	£000s	£000s	
Scheme Liabilities at 31 <sup>st</sup> March	(67,888)	(76,638)	(73,369)	(84,178)	(80,607)	37b
Scheme Assets at 31 <sup>st</sup> March	41,988	47,103	45,771	50,127	50,854	37c
<b>Net Scheme Assets/(Liabilities)</b>	<b>(25,900)</b>	<b>(29,535)</b>	<b>(27,598)</b>	<b>(34,051)</b>	<b>(29,753)</b>	

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total net liability of £34m 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



# Notes to Core Financial Statements

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 had been the practice in the past. As a result, future pension increases under the Lancashire County Pension Fund are expected to be slightly lower, on average, than would have been the case if this change had not been made. The precise financial effect has been taken into account in the IAS19 figures shown on page 66.

## 37b - Present Value of Scheme Liabilities

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

Scheme Liabilities	2014/15 £000s	2015/16 £000s	Note
Scheme Liabilities as at 1 <sup>st</sup> April	73,369	84,178	
Current Service Cost	787	967	37f
Interest on Pension Liabilities	3,162	2,640	37f
Member Contributions	254	244	
Remeasurement of liabilities	9,869	(3,829)	37f
Curtailments	-	-	37f
Benefits/transfers paid	(3,263)	(3,593)	
<b>Scheme Liabilities as at 31<sup>st</sup> March</b>	<b>84,178</b>	<b>80,607</b>	

Of the above liabilities there is an unfunded element, for which the value at 31<sup>st</sup> March 2016 was £2,152k (£2,354k at 31<sup>st</sup> March 2015).

## 37c - Present Value of Scheme Assets

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

Scheme Assets	2014/15 £000s	2015/16 £000s	Note
Scheme Assets as at 1 <sup>st</sup> April	45,771	50,127	
Interest on plan assets	1,985	1,578	37f
Remeasurement of assets	3,715	801	37g
Administration expenses	(15)	(15)	37f
Employer contributions	1,680	1,712	37f
Member contributions	254	244	
Benefits/transfers paid	(3,263)	(3,593)	
<b>Scheme Assets as at 31<sup>st</sup> March</b>	<b>50,127</b>	<b>50,854</b>	37d

## 37d - Major Categories of Scheme Assets

Scheme Assets	31 <sup>st</sup> March 2015		31 <sup>st</sup> March 2016		Note
	£000s	%	£000s	%	
Equities	17,254	34.4%	17,480	34.4%	
Bonds	2,269	4.6%	2,058	4.0%	
Property	4,719	9.4%	4,887	9.6%	
Alternatives	23,456	46.8%	24,680	48.5%	
Cash & Cash equivalents	2,429	4.2%	1,749	3.4%	
<b>Total Scheme Assets</b>	<b>50,127</b>		<b>50,854</b>		37c

# Notes to Core Financial Statements

## 37e - Scheme Membership

The membership of the scheme was as follows:-

Scheme Membership	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016
Active Members	143	153
Deferred Members	257	257
Pensioners	424	427
Widows	130	123

## 37f - 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	2014/15 £000s	2015/16 £000s	Note
<b>Comprehensive Income and Expenditure Statement</b>			
Net Costs of Services			
Current service cost	787	967	37b
Past Service cost/(gain)	-	-	37b
Financing and Investment Income and Expenditure			
Interest cost	3,162	2,640	37b
Curtailments & Settlements	-	-	37b
Expected return on assets in the scheme	(1,985)	(1,578)	37c
Administration expenses	15	15	37c
<b>Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,979</b>	<b>2,044</b>	
<b>Other Comprehensive Income and Expenditure</b>			
Actuarial (gains)/losses	6,154	4,630	37g
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>8,133</b>	<b>6,674</b>	
<b>Movement in Reserves Statement</b>			
Reverse net charges for retirement benefits in accordance with the Code	(1,979)	(2,044)	15
<b>Actual charge to the General Fund Balance in the year</b>			
Employer's contributions payable to the scheme	1,680	1,712	15

## 37g – Re-measurement impacts in the Other Comprehensive Income & Expenditure Statement

Remeasurement Gains/(Losses)	2014/15 £000s	2015/16 £000s	Note
Experience gains/(losses)	-	-	
Gains/(losses) on financial assumptions	(9,869)	3,829	
Gains/(losses) on demographic assumptions	-	-	
Remeasurement of Liabilities gains/(losses)	(9,869)	3,829	37b
Remeasurement of Assets gains/(losses)	3,715	801	37c
<b>Net Actuarial gains/(losses) in current year</b>	<b>(6,154)</b>	<b>4,630</b>	

## 37h – Actual gains and losses on plan assets

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)	2014/15		2015/16	
	£000s	%	£000s	%
Actual Return on Plan Assets	5,700	11.4%	2,379	4.7%

## 37i - 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 2013 which was published in December 2013. 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 2014. The fund has undergone another revaluation which is due to be reported in December 2016 to be effective in the council's next Consolidated Balance Sheet in March 2017.

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>Duration information as at the end of the accounting period</b>		
Estimated Macaulay duration of liabilities	15 yrs	15 yrs
Duration profile used to determine assumptions	Very Mature	Very Mature
<b>Financial Assumptions</b>		
Rate of CPI inflation	2.00%	2.00%
Rate of increase in salaries	3.50%	3.50%
Rate of increase in pensions	2.00%	2.00%
Discount rate	3.20%	3.50%
<b>Post retirement mortality assumptions</b>		
Non-retired members (retiring in the future in normal health)	S1PA CMI_2012_1.5% (100% Males, 98% Females)	
Current pensioners (retired in normal health)	S1PA CMI_2012_1.5% (100% Males, 98% Females)	
<b>Life expectancy</b>		
of a male (female) future pensioner aged 65 in 20 yrs	25.1 (27.8) yrs	25.2 (27.9) yrs
of a male (female) current pensioner aged 65	22.9 (25.4) yrs	23 (25.6) yrs
<b>Takeup of option to convert annual pension into lump sum at retirement</b>	50% take maximum cash, 50% take 3/80ths cash	
<b>Market value of total fund assets</b>		
	£5,011m	£5,643m
Last actuarial valuation 31st March 2013	bid value at 28th February 2015	bid value at 29th February 2016
		£5,788m

## 37j – Sensitivity Analysis of Actuarial Assumptions

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 2016	Central Estimates for 2016/17	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+ 0.1% p.a. discount rate	+ 0.1% p.a. inflation	+ 0.1% p.a. salary inflation	+ 1 yr to member's life expectancy
	£000s	£000s	£000s	£000s	£000s
Liabilities	80,607	79,369	81,863	80,805	82,231
Assets	(50,854)	(50,854)	(50,854)	(50,854)	(50,854)
Deficit/(Surplus)	29,753	28,515	31,009	29,951	31,377
Projected current service cost	886	860	913	886	905
Projected net interest cost	1,011	995	1,058	1,021	1,071
Projected Employer contributions	(1,754)	(1,754)	(1,754)	(1,754)	(1,754)

## 37k – Budgeting figures used in the Assumptions

Budgeting figures used in assumptions for the following year	2014/15 £000s	2015/16 £000s
<b>Projected Pension cost next year</b>		
Estimated Pay	3,815	3,704
Service Cost (% of pay)	25.7%	23.5%
Implied Service Cost including interest	996	886
Net Interest Cost	1,062	1,011
Administration Expenses	15	15
	<b>2,073</b>	<b>1,912</b>
<b>Projected employer contributions next year</b>		
Normal contributions	(1,528)	(1,554)
£ for £ recharges	(189)	(200)
	<b>(1,717)</b>	<b>(1,754)</b>
<b>Projected deficit/(surplus) for operations next year</b>	356	158
<b>Current deficit/(surplus)</b>	34,051	29,753
<b>Projected deficit/(surplus) at end of next year</b>	<b>34,407</b>	<b>29,911</b>

## Note 38 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 has accrued VAT savings as set out in the Transfer Agreement. The amount and timing of these monies was uncertain and dependent on the level of repairs undertaken and performance of Green Vale Housing Association. This agreement was time limited and included in the Comprehensive Income and Expenditure Statement in the year it is received. The final amount due to Rossendale Borough Council has been accrued for at March 2016 as £53.4k. Any variance from that amount following the closure of 2015/16 accounts for Green Vale Housing Association will be accounted for in the 2016/17 financial year.

# Notes to Core Financial Statements

## 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 lease taken out by the Trust in 2008, specifically for the extension of Haslingden Sports Centre. The total balance payable to the end of the lease, including interest, was £1.1m at the 31<sup>st</sup> March 2016 (£1.3m at 31<sup>st</sup> March 2015). 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 minimal. This risk is under constant review.

## Note 39 Cash Flow notes

### Note 39a Reconciliation of Revenue Surplus to Net Cash Flow

Reconciliation of I&E Surplus to Net Cash Flow from revenue activities	RBC			Group			Note
	<i>* restated</i>	<i>* restated</i>		<i>* restated</i>	<i>* restated</i>		
	31st	31st	31st	31st	31st	31st	
	March	March	March	March	March	March	
	2014	2015	2015	2014	2015	2016	
	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Adjust net surplus/(deficit) on provision of services for noncash movements</b>							
Depreciation and Impairments	1,141	1,230	1,185	1,875	1,936	1,891	15
Amortisation of Intangible Assets	52	47	39	52	47	39	15
Revaluation losses charged to Revenue	2,272	270	73	2,272	270	73	
Carrying amount of non-current assets sold	270	274	79	233	231	36	15,17,29
Pension Fund Adjustment	869	299	332	785	235	268	15 & 37f
<b>Adjustment net surplus/(deficit) on provision of services between accruals and cash accounting</b>							
(Incr)/Decr in Inventories	12	(35)	(5)	40	-	30	26
(Incr)/Decr in Debtors	(703)	1,705	(1,629)	(623)	1,845	(1,489)	27
Adjusted for Cash (Outflows)/Inflows - agency	(972)	(1,178)	1,193	(972)	(1,178)	1,193	
(Incr)/Decr in Creditors	(929)	1,671	112	(779)	1,573	14	32
(Incr)/Decr in Grant Receipts in Advance	671	1,090	(805)	821	992	(903)	32
(Incr)/Decr in Short-term Provisions	(361)	185	1,125	(361)	202	1,142	33
(Incr)/Decr in Long-term Provisions	170	145	517	170	145	517	33
<b>Adjust net surplus or deficit on the provision of services for noncash movements</b>	<b>2,492</b>	<b>5,703</b>	<b>2,216</b>	<b>3,513</b>	<b>6,298</b>	<b>2,811</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 PPE & intangible assets	-	-	-	-	44	44	15 & 36b
Proceeds from the sale of PPE	(170)	549	143	(242)	516	110	15 & 35b
Other income	(608)	192	80	(608)	192	80	15 & 35c
Change in Government Grants Unapplied	874	(105)	(1,143)	874	(105)	(1,143)	15 & 35c
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	<b>96</b>	<b>636</b>	<b>(920)</b>	<b>24</b>	<b>647</b>	<b>(909)</b>	

### Note 39b Net Change in Liquid Resources

Net change in liquid resources	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016	Movement	Note
	£000s	£000s	£000s	
Cash in Hand	1	1	-	
Cash at Bank	3,862	3,298	(564)	24a,24c,28
<b>Net Book Value at 31st March</b>	<b>3,863</b>	<b>3,299</b>	<b>(564)</b>	25 & 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 2015/16	Place Directorate £000s	Business Directorate £000s	Corporate Management £000s	Rossendale Borough Council Total £000s	Rossendale Transport £000s	Group Total £000s
Fees & Charges and other service income	(1,756)	(2,154)	(681)	(4,591)	(9,426)	(14,017)
Interest & Investment Income	-	-	(86)	(86)	(1)	(87)
Government Grants & Other Contributions	(21,898)	(2,085)	(85)	(24,068)	-	(24,068)
<b>Total Income</b>	<b>(23,654)</b>	<b>(4,239)</b>	<b>(852)</b>	<b>(28,745)</b>	<b>(9,427)</b>	<b>(38,172)</b>
Employee Expenses	2,347	2,188	2,072	6,607	5,121	11,728
Premises Expenses	35	2,107	955	3,097	308	3,405
Transport Expenses	371	34	8	413	2,529	2,942
Other Service Expenses	3,453	3,133	646	7,232	553	7,785
Transfer Payments (Benefits)	20,693	-	-	20,693	-	20,693
Support Service Recharges	493	1,128	(1,621)	-	-	-
Depreciation, Amortisation & Impairments	763	26	(716)	73	602	675
Capital Financing & Interest Payments	448	429	308	1,185	156	1,341
<b>Total Expenditure</b>	<b>28,603</b>	<b>9,045</b>	<b>1,652</b>	<b>39,300</b>	<b>9,269</b>	<b>48,569</b>
<b>Net Expenditure</b>	<b>4,949</b>	<b>4,806</b>	<b>800</b>	<b>10,555</b>	<b>(158)</b>	<b>10,397</b>

The comparator figures for 2014/15 are shown below.

Directorate Income & Expenditure 2014/15	Place Directorate £000s	Business Directorate £000s	Corporate Management £000s	Rossendale Borough Council Total £000s	Rossendale Transport £000s	Group Total £000s
Fees & Charges and other service income	(1,637)	(2,428)	(909)	(4,974)	(9,919)	(14,893)
Interest & Investment Income	-	-	(155)	(155)	(2)	(157)
Government Grants & Other Contributions	(22,365)	(2,471)	(134)	(24,970)	-	(24,970)
<b>Total Income</b>	<b>(24,002)</b>	<b>(4,899)</b>	<b>(1,198)</b>	<b>(30,099)</b>	<b>(9,921)</b>	<b>(40,020)</b>
Employee Expenses	2,429	1,954	2,027	6,410	5,295	11,705
Premises Expenses	27	1,841	1,123	2,991	247	3,238
Transport Expenses	471	36	10	517	2,592	3,109
Other Service Expenses	3,214	3,103	1,119	7,436	534	7,970
Transfer Payments (Benefits)	21,141	-	-	21,141	-	21,141
Support Service Recharges	445	725	(1,170)	-	-	-
Depreciation, Amortisation & Impairments	904	50	(954)	-	706	706
Capital Financing & Interest Payments	475	1	301	777	222	999
<b>Total Expenditure</b>	<b>29,106</b>	<b>7,710</b>	<b>2,456</b>	<b>39,272</b>	<b>9,596</b>	<b>48,868</b>
<b>Net Expenditure</b>	<b>5,104</b>	<b>2,811</b>	<b>1,258</b>	<b>9,173</b>	<b>(325)</b>	<b>8,848</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	2014/15 £000s	2015/16 £000s	Notes
Net Expenditure in the Directorate Analysis	9,173	10,555	
<b>ADD BACK depreciation, amortisation and impairments reversed out of the Directorate Analysis report but included within the CIES as Cost of Services</b>			
Depreciation of Property, Plant and Equipment	1,165	1,184	36a, 36b
Impairment of Property, Plant and Equipment	65	1	36a, 36b
Losses on revaluation of Property, Plant & Equipment	270	73	36b
Depreciation of Intangible Assets	47	39	36a, 36b
LESS Charges made to Trading Accounts	(100)	(100)	
<b>ADD amounts not in the Directorate Analysis which are reported in the CIES</b>			
Change in Unapplied Government Grants	49	(639)	15 & 35c
<b>REMOVE amounts in the Directorate Analysis which are not reported in the CIES</b>			
Capital expenditure in the year charged to General Fund	(493)	(833)	15 & 36b
Transfers (to)/from Earmarked Reserves	(2,342)	(968)	MiR, 35a
LESS Transfers to Earmarked Reserves funded by direct grants	207	637	
Statutory provisions for the financing of capital investment	(605)	(591)	15,20a,36b
<b>REMOVE amounts in the Directorate Analysis which are reported in the CIES below the Cost of Services line</b>			
Interest payable on debt	(171)	(163)	24b
IAS19 Pension adjustments	(893)	(745)	15, 37
Interest and investment income	155	86	24b
(Surplus)/Deficit on Trading Undertakings - less charges included in adj's above	63	55	8
<b>Comprehensive Income and Expenditure Statement - Cost of Services</b>	<b>6,590</b>	<b>8,591</b>	

## Note 41 Approval of Statement of Accounts

The Draft Statement of Accounts were reported to the Audit and Accounts Committee for scrutiny on the 28<sup>th</sup> June 2016 before being submitted for public inspection and external audit.

The audited accounts will return to this Committee on the 27<sup>th</sup> September 2016 for final approval.



**Councillor T. Aldred**

Chair of the Audit and Accounts Committee

# Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement below shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

COLLECTION FUND		2014/15		2015/16		Note
		Council Tax £000	Business Rates £000	Council Tax £000	Business Rates £000	
<b>Income</b>						
	Council Tax Income	30,707	-	31,831	-	
	Council Tax Benefit	-	-	-	-	
	Non Domestic Rates	-	13,743	-	13,330	
		<b>30,707</b>	<b>13,743</b>	<b>31,831</b>	<b>13,330</b>	
<b>Expenditure</b>						
	Precepts paid out					
	Lancashire County Council	20,185	1,151	21,808	1,240	
	Rossendale Borough Council	4,672	5,114	4,939	5,513	9
	Lancashire Police Authority	2,842	-	3,070	-	
	Lancashire Fire Authority	1,160	128	1,252	138	
	Other costs and provisions					
	Payment to Central Government	-	6,392	-	6,891	
	Provisions for Rating Appeals	-	554	-	1,291	CF4
	Provisions for Bad Debts	407	165	388	328	CF5
	Cost of Collection Allowance	-	101	-	101	
		<b>29,266</b>	<b>13,605</b>	<b>31,457</b>	<b>15,502</b>	
<b>Surplus / (deficit) Council Tax</b>		<b>1,441</b>	<b>138</b>	<b>374</b>	<b>(2,172)</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 to the major Preceptors

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

Apportionment of in-year surplus/(deficit) to major preceptors		2014/15		2015/16		Note
		Council Tax £000	Business Rates £000	Council Tax £000	Business Rates £000	
<b>Preceptor</b>	Central Government	-	70		(1,086)	
	Lancashire County Council	1,010	12	262	(195)	
	Rossendale Borough Council	231	55	60	(869)	15
	Lancashire Police Authority	142	-	37	-	
	Lancashire Fire Authority	58	1	15	(22)	
<b>Surplus/(deficit) for the year</b>		<b>1,441</b>	<b>138</b>	<b>374</b>	<b>(2,172)</b>	

# Collection Fund

## Collection Fund Note 2 Collection Fund Adjustment Account

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

Apportionment of in-year surplus/(deficit) to major preceptors	2014/15 £000	2015/16 £000	Note
Balance at 1st April	(110)	65	
Prior year (surplus)/deficit charged to revenue in the year	(111)	(120)	15
Apportioned Council Tax surplus/(deficit) for the year	231	60	15
Apportioned Business Rates surplus/(deficit) for the year	55	(869)	15
<b>Balance at 31st March</b>	<b>65</b>	<b>(864)</b>	

## 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 2015/16 was 18,494 compared to 18,425 for 2014/15.

The basic amount of Council Tax for a Band D property rose in 2015/16 from £1,580.75 to £1,607.10 following an increase of 1.99% on the Lancashire County Council levy and on the Lancashire Police Authority levy and an increase of 1.9% on the Lancashire Fire Authority levy.

Rossendale Borough Council and Whitworth Town Council froze their Council Tax for the sixth year running – 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	2015/16 Band D Equivalent	2014/15 Band D Equivalent
Special	5/9		48.00	26.70	28.94
A	6/9	16,130	13,900.30	9,266.80	9,232.84
B	7/9	4,882	4,431.50	3,446.70	3,632.91
C	8/9	4,016	3,695.80	3,285.10	3,355.79
D	1	3,275	3,060.30	3,060.30	2,846.49
E	11/9	1,882	1,790.50	2,188.40	1,674.42
F	13/9	651	624.00	901.30	581.91
G	15/9	435	407.00	678.30	394.65
H	2	38	27.00	54.00	26.75
			<b>31,309</b>	<b>22,907.60</b>	<b>21,774.70</b>
Less adjustments for anticipated changes to the base and losses on collection				(3,414.10)	(3,350.10)
<b>Band D equivalent number of properties</b>				<b>19,493.50</b>	<b>18,424.60</b>

# Collection Fund

## Collection Fund Note 4 Provision for Rating Appeals

Provision for Rating Appeals	2014/15		2015/16		Note
	Council	Business	Council	Business	
	Tax	Rates	Tax	Rates	
	£000s	£000s	£000s	£000s	
Balance as 1st April	-	460	-	1,014	
Provision made in year	-	554	-	1,291	
Provision utilised in year	-	-	-	-	
<b>Balance at 31st March 2016</b>	<b>-</b>	<b>1,014</b>	<b>-</b>	<b>2,305</b>	
<b>Balance at 31st March - Rossendale only</b>	<b>-</b>	<b>406</b>	<b>-</b>	<b>922</b>	33

The Council has made provision for the anticipated impact on the Collection Fund in respect of rating appeals lodged with the Valuation Office at the 31<sup>st</sup> of March 2016, based upon the recent levels of successful appeals and the average number of years that those appeals were backdated over.

## Collection Fund Note 5 Provision for Bad Debts

Bad Debts Provision	2014/15		2015/16		Note
	Council	Business	Council	Business	
	Tax	Rates	Tax	Rates	
	£000s	£000s	£000s	£000s	
Balance as 1st April	2,245	869	2,447	824	
Provision made in year	406	165	388	328	
Debts written off	(204)	(210)	(115)	(84)	
<b>Balance at 31st March 2016</b>	<b>2,447</b>	<b>824</b>	<b>2,720</b>	<b>1,068</b>	
<b>Balance at 31st March - Rossendale only</b>	<b>396</b>	<b>329</b>	<b>433</b>	<b>427</b>	27

Under the new Retained Business Rates scheme Rossendale Borough Council accounts for 40% of the arrears and the provision against those arrears as from 1<sup>st</sup> April 2013. Prior to that all arrears, and provisions against them, were the sole responsibility of Central Government.

## Collection Fund Note 6 Arrears

Arrears	2014/15		2015/16		Note
	Council	Business	Council	Business	
	Tax	Rates	Tax	Rates	
	£000s	£000s	£000s	£000s	
Balance as 1st April	4,003	1,052	4,510	1,060	
Change in year	507	8	621	277	
<b>Balance at 31st March 2016</b>	<b>4,510</b>	<b>1,060</b>	<b>5,131</b>	<b>1,337</b>	
<b>Balance at 31st March - Rossendale only</b>	<b>730</b>	<b>428</b>	<b>815</b>	<b>535</b>	27

The in-year collection rate for 2015/16 Council Tax was 96.8% compared to a target performance of 96.9%. 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 2015/16 was 97.4% compared to a target performance of 97.9%. Note 27 also shows the Rossendale Borough Council portion of the Business Rates arrears.

In both cases Note 27 shows arrears net of the provision for bad debts shown in Note 5 above.



## Collection Fund Note 7 Non-Domestic Rates (NDR)

April 2013 saw the introduction of new system of local business rates retention. Under the new model Rossendale Borough Council retains 40% of the business rates collected locally (after payment of a tariff to Central Government). Previously Rossendale Council collected business rates on behalf of Central Government but had no stake in the amounts collected.

Non-domestic rates are organized on a national basis. Central Government specifies an amount (49.3p in 2015/16 and 48.2p in 2014/15) and subject to the effects of transitional arrangements local businesses pay rates calculated by multiplying the rateable value of their property by that amount. The rateable value for business premises in Rossendale dropped to £36,473k by March 2016 from £36,777k in March 2015.

The net business rates collected within Rossendale after provision for bad debts and appeals were £13,330k compared with £13,743k in 2014/15.

## Collection Fund Note 8 Council Tax for all Precepting Bodies 2015/16

Precepting Bodies	2014/15	Change	2015/16							
	Band D £		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	1,107.74	1.99%	753.19	878.72	1,004.25	1,129.78	1,380.84	1,631.90	1,882.97	2,259.56
Fire	63.65	1.90%	43.24	50.45	57.65	64.86	79.27	93.69	108.10	129.72
Police	155.96	1.99%	106.04	123.71	141.39	159.06	194.41	229.75	265.10	318.12
<b>Total (excl parish)</b>	<b>1,580.75</b>	<b>1.67%</b>	<b>1,071.40</b>	<b>1,249.97</b>	<b>1,428.53</b>	<b>1,607.10</b>	<b>1,964.23</b>	<b>2,321.36</b>	<b>2,678.50</b>	<b>3,214.20</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>1,603.76</b>	<b>0.00%</b>	<b>1,086.74</b>	<b>1,267.87</b>	<b>1,448.98</b>	<b>1,630.11</b>	<b>1,992.35</b>	<b>2,354.60</b>	<b>2,716.85</b>	<b>3,260.22</b>



# Group Accounts

Notes are only reproduced here where the group activity has significantly changed those figures already presented for the single entity accounts. 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.

For an explanation of the Movement in Reserves Statement, the Comprehensive Income and Expenditure Account, the Balance Sheet and the Cash Flow Statement please refer to the descriptions with the main Core Statements on pages 17 to 20.

## Group Movement in Reserves Statement

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 2013</b>	<b>9,048</b>	<b>(8,146)</b>	<b>902</b>	<b>489</b>	<b>1,391</b>
<b>Movement in Reserves during 2013/2014</b>					
Surplus/(deficit) on provision of services	(1,137)	-	(1,137)	166	(971)
Other Comprehensive Expenditure and Income	-	5,298	5,298	(249)	5,049
<b>Total Comprehensive Expenditure and Income</b>	<b>(1,137)</b>	<b>5,298</b>	<b>4,161</b>	<b>(83)</b>	<b>4,078</b>
Adjustments between accounting basis & funding basis under regulations	2,754	(2,754)	-	-	-
<b>Net incr/(decr) before transfers to Reserves</b>	<b>1,617</b>	<b>2,544</b>	<b>4,161</b>	<b>(83)</b>	<b>4,078</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/(decrease) in Year</b>	<b>1,617</b>	<b>2,544</b>	<b>4,161</b>	<b>(83)</b>	<b>4,078</b>
<b>Balance at 31 March 2014 carried forward</b>	<b>10,665</b>	<b>(5,602)</b>	<b>5,063</b>	<b>406</b>	<b>5,469</b>
<b>Movement in Reserves during 2014/2015</b>					
Surplus/(deficit) on provision of services	2,155	-	2,155	325	2,480
Other Comprehensive Expenditure and Income	-	(5,129)	(5,129)	(484)	(5,613)
<b>Total Comprehensive Expenditure and Income</b>	<b>2,155</b>	<b>(5,129)</b>	<b>(2,974)</b>	<b>(159)</b>	<b>(3,133)</b>
Adjustments between accounting basis & funding basis under regulations	129	(129)	-	-	-
<b>Net incr/(decr) before transfers to Reserves</b>	<b>2,284</b>	<b>(5,258)</b>	<b>(2,974)</b>	<b>(159)</b>	<b>(3,133)</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/(decrease) in Year</b>	<b>2,284</b>	<b>(5,258)</b>	<b>(2,974)</b>	<b>(159)</b>	<b>(3,133)</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>12,949</b>	<b>(10,860)</b>	<b>2,089</b>	<b>247</b>	<b>2,336</b>
<b>Movement in Reserves during 2015/2016</b>					
Surplus/(deficit) on provision of services	(1,288)	-	(1,288)	158	(1,130)
Other Comprehensive Expenditure and Income	-	4,811	4,811	(73)	4,738
<b>Total Comprehensive Expenditure and Income</b>	<b>(1,288)</b>	<b>4,811</b>	<b>3,523</b>	<b>85</b>	<b>3,608</b>
Adjustments between accounting basis & funding basis under regulations	1,773	(1,773)	-	-	-
<b>Net incr/(decr) before transfers to Reserves</b>	<b>485</b>	<b>3,038</b>	<b>3,523</b>	<b>85</b>	<b>3,608</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/(decrease) in Year</b>	<b>485</b>	<b>3,038</b>	<b>3,523</b>	<b>85</b>	<b>3,608</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>13,434</b>	<b>(7,822)</b>	<b>5,612</b>	<b>332</b>	<b>5,944</b>

## Group Comprehensive Income and Expenditure Statement

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	* restated 31st March 2014			* restated 31st March 2015			31st March 2016			Note
	Gross Expend £000s	Income £000s	Net Expend £000s	Gross Expend £000s	Income £000s	Net Expend £000s	Gross Expend £000s	Income £000s	Net Expend £000s	
	<b>Continuing Operations</b>									
Central Services to the Public	1,095	(985)	110	1,408	(1,425)	(17)	1,313	(1,686)	(373)	
Cultural	3,225	(335)	2,890	1,921	(335)	1,586	2,127	(320)	1,807	
Environmental	5,043	(1,643)	3,400	4,323	(1,883)	2,440	4,829	(1,995)	2,834	
Planning	1,017	(578)	439	1,515	(1,234)	281	1,937	(1,474)	463	
Highways, Roads & Transport Services	9,808	(9,946)	(138)	9,544	(9,957)	(413)	9,257	(9,941)	(684)	
Housing General Fund *	23,121	(21,949)	1,172	26,353	(25,777)	576	25,586	(22,501)	3,085	
Corporate & Democratic Core	887	(78)	809	246	(135)	111	412	(58)	354	
Other Central Services	2,070	(251)	1,819	1,223	(240)	983	1,229	(198)	1,031	
Non-Distributed Costs	(34)	(463)	(497)	898	(391)	507	12	(251)	(239)	
<b>Cost of Services</b>	<b>46,232</b>	<b>(36,228)</b>	<b>10,004</b>	<b>47,431</b>	<b>(41,377)</b>	<b>6,054</b>	<b>46,702</b>	<b>(38,424)</b>	<b>8,278</b>	
<b>Other Operating Expenditure</b>										
Whitworth Town Council Precept	54	-	54	55	-	55	55	-	55	
Capital receipts paid to Government Pool	1	-	1	-	-	-	-	-	-	
(Gain)/Loss on disposal of fixed assets	270	(205)	65	274	(539)	(265)	79	(143)	(64)	
Other Income *	-	(1,392)	(1,392)	-	(624)	(624)	-	(590)	(590)	
<b>Financing &amp; Investment Income &amp; Expenditure</b>										
Interest payable on debt	357	-	357	393	-	393	319	-	319	
Interest and investment income	-	(127)	(127)	-	(220)	(220)	-	(87)	(87)	
Pensions - interest cost	3,147	-	3,147	3,162	-	3,162	2,640	-	2,640	GR9
Pensions - curtailments	32	-	32	-	-	-	-	-	-	GR9
Pensions - admin expenses	16	-	16	15	-	15	15	-	15	GR9
Pensions - interest on assets	14	(1,936)	(1,922)	27	(1,985)	(1,958)	-	(1,578)	(1,578)	GR9
(Surplus)/Deficit on Trading Undertakings	381	(344)	37	328	(292)	36	365	(320)	45	
<b>Taxation and Non-Specific Grant Income</b>										
Taxation	-	-	-	17	-	17	-	-	-	
Collection Fund										
Council Tax	-	(4,634)	(4,634)	-	(4,672)	(4,672)	-	(4,939)	(4,939)	
Council Tax re prior year losses	-	-	-	-	-	-	-	120	120	
Retained Business Rates	-	(1,846)	(1,846)	-	(1,897)	(1,897)	-	(2,234)	(2,234)	
Collection Fund (surplus)/deficit										
Council Tax	(56)	-	(56)	-	(231)	(231)	-	(60)	(60)	
Retained Business Rates	151	-	151	-	(55)	(55)	869	-	869	
Rate Support Grant	-	(2,861)	(2,861)	-	(2,235)	(2,235)	-	(1,605)	(1,605)	
Non service related Government Grants	-	(55)	(55)	-	(55)	(55)	-	(54)	(54)	
<b>(Surplus)/Deficit on Provision of Services</b>	<b>50,599</b>	<b>(49,628)</b>	<b>971</b>	<b>51,702</b>	<b>(54,182)</b>	<b>(2,480)</b>	<b>51,044</b>	<b>(49,914)</b>	<b>1,130</b>	
<b>(Surplus)/deficit on revaluations:-</b>										
Property, Plant & Equipment assets			(2,492)			(1,025)			(181)	GR1
Pension Fund Assets			(2,073)			6,638			(4,557)	GR1
<b>Other Comprehensive Income and Expenditure</b>			<b>(4,565)</b>			<b>5,613</b>			<b>(4,738)</b>	
<b>Total Comprehensive Income and Expenditure</b>			<b>(3,594)</b>			<b>3,133</b>			<b>(3,608)</b>	

Please refer to Note 2 to the main Core Statements for details of the restated figures for 2013/14 and 2014/15.

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

Reconciliation of Single Entity & Group (Surplus)/Deficit	* restated 2013/14			* restated 2014/15			2015/16			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Provision of Services *	1,137	(166)	971	(2,155)	(325)	(2,480)	1,288	(158)	1,130	2
Revaluation of fixed assets	(2,492)	-	(2,492)	(1,025)	-	(1,025)	(181)	-	(181)	
Revaluation of pension fund assets	(2,806)	249	(2,557)	6,154	484	6,638	(4,630)	73	(4,557)	
<b>Group Comprehensive (Income)/Expenditure</b>	<b>(4,161)</b>	<b>83</b>	<b>(4,078)</b>	<b>2,974</b>	<b>159</b>	<b>3,133</b>	<b>(3,523)</b>	<b>(85)</b>	<b>(3,608)</b>	

# Group Accounts

## Group Balance Sheet

BALANCE SHEET	<i>*restated</i>			Note
	31st March 2014 £000s	<i>* restated</i> 31st March 2015 £000s	31st March 2016 £000s	
Property, Plant & Equipment				
Other Land and Buildings	24,240	24,107	24,107	
Vehicles, Plant, Furniture & Equipment	5,578	4,614	4,614	
Infrastructure	202	189	189	
Community Assets	927	948	948	
Assets under construction	-	796	796	
Surplus Assets	715	509	509	
	<b>31,662</b>	<b>31,163</b>	<b>31,163</b>	GR2
Heritage Assets	2,165	2,163	2,163	
Investment Properties	539	539	539	
Intangible Assets	122	109	109	
Long-term Investments	2	2	2	
Long-term Debtors	3,657	3,271	3,271	
<b>Long-term Assets</b>	<b>38,147</b>	<b>37,247</b>	<b>37,247</b>	
Short-term Investments	7,500	7,000	7,000	
Inventories	143	202	202	GR3
Short Term Debtors	<b>1,596</b>	<b>3,429</b>	3,429	GR4
Cash and cash equivalents	4,299	3,644	3,644	GR5
Assets held for sale within one year	197	60	60	
<b>Current Assets</b>	<b>13,735</b>	<b>14,335</b>	<b>14,335</b>	
Short-term Borrowing	(958)	(958)	(958)	GR6
Short-term Creditors	<b>(4,447)</b>	<b>(4,838)</b>	(4,838)	GR7
Short-term Provisions	(431)	(1,556)	(1,556)	
Short-term Capital Grant Receipts in Advance	<b>(1,761)</b>	<b>(956)</b>	(956)	
<b>Current Liabilities</b>	<b>(7,597)</b>	<b>(8,308)</b>	<b>(8,308)</b>	
Long Term Borrowing	(5,763)	(5,384)	(5,384)	GR6
Provisions	(430)	(947)	(947)	
Net Pensions Liability	(35,755)	(30,999)	(30,999)	GR9
<b>Long- term Liabilities</b>	<b>(41,948)</b>	<b>(37,330)</b>	<b>(37,330)</b>	
<b>Net Assets</b>	<b>2,337</b>	<b>5,944</b>	<b>5,944</b>	
<b>Represented by:</b>				
General Fund	1,000	1,000	1,000	
Earmarked Reserves	<b>9,849</b>	<b>9,440</b>	9,440	
Capital Receipts Reserve	<b>1,736</b>	<b>1,800</b>	1,800	
Capital Grants Unapplied	<b>364</b>	<b>1,194</b>	1,194	
<b>Usable Reserves</b>	<b>12,949</b>	<b>13,434</b>	<b>13,434</b>	
Revaluation Reserve	12,292	12,278	12,278	
Pension Reserve	(34,051)	(29,753)	(29,753)	GR9
Capital Adjustment Account	<b>8,141</b>	<b>8,194</b>	8,194	
Deferred Capital Receipts	<b>2,834</b>	<b>2,465</b>	2,465	
Collection Fund Adjustment Account	65	(865)	(865)	
Reserves of Group Entities	106	191	191	
<b>Unusable Reserves</b>	<b>(10,613)</b>	<b>(7,490)</b>	<b>(7,490)</b>	
<b>Total Reserves</b>	<b>2,336</b>	<b>5,944</b>	<b>5,944</b>	

Phil Seddon, Head of Finance

17<sup>th</sup> June 2016



# Group Accounts

## Group Cash Flow Statement

<b>CASH FLOW STATEMENT</b>	<i>* restated</i> <b>2013/14</b> <b>£000</b>	<i>* restated</i> <b>2014/15</b> <b>£000</b>	<b>2015/16</b> <b>£000</b>	<b>Note</b>
<b>Operating Activities</b>				
Net surplus/(deficit) on the provision of services *	(971)	2,480	(1,130)	
Adjustment for noncash movements *	3,363	6,396	2,277	39a
Adjustment for items that are investing and financing activities *	24	647	(800)	39a
<b>Net cash flows from Operating Activities</b>	<b>2,416</b>	<b>9,523</b>	<b>347</b>	
<b>Investing Activities</b>				
Additions to property, plant and equipment & intangible assets *	(1,771)	(1,920)	(824)	39a
Proceeds from the sale of property, plant and equipment	242	582	179	39a
Increase in Unapplied Government Grants	-	-	-	
Deferred Capital Receipt *	(999)	(1,834)	369	
Increase/(decrease) in long-term debtors *	(1,078)	(1,842)	386	39a
Other income	608	192	80	39a
<b>Net Cash Flows from Investing Activities</b>	<b>(2,998)</b>	<b>(4,822)</b>	<b>190</b>	
<b>Management of Liquid Resources</b>				
Cash inflows - Short-term investments	9,000	3,500	10,437	
Cash outflows - Short-term investments	(8,000)	(8,000)	(9,937)	
<b>Financing</b>				
Cash (Outflows)/Inflows - agency operations				
National non-domestic rates	308	910	(518)	
Council Tax	664	268	(675)	
Cash Outflows - Repayments of amounts borrowed	(302)	(998)	(499)	
Cash Inflows - New long-term loans	508	-	-	
Cash Inflows - New short-term loans	100	-	-	
<b>Net Cash Flows from Financing Activities</b>	<b>2,278</b>	<b>(4,320)</b>	<b>(1,192)</b>	
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>1,696</b>	<b>381</b>	<b>(655)</b>	GR2
Cash and Cash Equivalents at the beginning of the year	2,222	3,918	4,299	GR2
<b>Cash and Cash Equivalents at the end of the year</b>	<b>3,918</b>	<b>4,299</b>	<b>3,644</b>	GR2





# Group Accounts

## Group Note 2 Property, Plant & Equipment

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

Property, Plant & Equipment	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra- structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s	Total Assets £000s
<b>Cost or Valuation 1st April 2015</b>	32,339	15,405	326	1,137	-	839	50,046
Additions	575	444	-	23	80	-	1,122
Revaluation increases/(decreases)- to Revaluation Reserve	181	-	-	-	-	-	181
to Provision of Services	(71)	-	-	-	-	-	(71)
Reclassifications- to/from Assets Held for Sale	73	-	-	-	-	-	73
others	(677)	-	-	-	1,077	(400)	-
Derecognition- on disposal	(106)	(258)	-	-	-	-	(364)
<b>Cost or Valuation 31<sup>st</sup> March 2016</b>	<b>32,314</b>	<b>15,591</b>	<b>326</b>	<b>1,160</b>	<b>1,157</b>	<b>439</b>	<b>50,987</b>
<b>Accum Depreciation and Impairments 1st April 2014</b>	(8,098)	(9,829)	(124)	(210)	-	(124)	(18,385)
Depreciation for the year- to Revaluation Reserve	(122)	-	-	(1)	(6)	-	(129)
to Provision of Services	(246)	(1,335)	(13)	-	-	-	(1,594)
Impairment losses/(reversals) to Revaluation Reserve	-	(1)	-	-	-	-	(1)
to Provision of Services	-	-	-	-	-	-	-
Reclassifications	155	-	-	-	(155)	-	-
Derecognition- on disposal	104	189	-	-	-	-	293
<b>Accumulated Depreciation and Impairments 31st March 2016</b>	<b>(8,207)</b>	<b>(10,976)</b>	<b>(137)</b>	<b>(211)</b>	<b>(161)</b>	<b>(124)</b>	<b>(19,816)</b>
Net Book Value at 31st March 2016	24,107	4,615	189	949	996	315	31,171
Net Book Value at 31st March 2015	24,241	5,576	202	927	-	715	31,661

Included in the total net book value of vehicles in the above table is £1,945k (£2,289k in March 2015) in respect of public carrying vehicles held under finance leases by Rossendale Transport Ltd. Depreciation on those assets was £495k (£601k in 2014/15).



# Group Accounts

Comparator movements in 2014/15 can be seen in the table below.

	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra-structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s	Total Assets £000s
<b>Property, Plant &amp; Equipment</b>							
<b>Cost or Valuation 1st April 2014</b>	31,342	15,338	326	1,063	-	872	48,941
Additions	364	2,334	-	68	-	-	2,766
Revaluation increases/(decreases)- to Revaluation Reserve	875	-	-	6	-	144	1,025
to Provision of Services	(230)	(4)	-	-	-	(37)	(271)
Reclassifications- to/from Assets Held for Sale	-	-	-	-	-	-	-
others	140	-	-	-	-	(140)	-
Derecognition- on disposal	(152)	(2,263)	-	-	-	-	(2,415)
<b>Cost or Valuation 31<sup>st</sup> March 2015</b>	<b>32,339</b>	<b>15,405</b>	<b>326</b>	<b>1,137</b>	<b>-</b>	<b>839</b>	<b>50,046</b>
<b>Accum Depreciation and Impairments 1st April 2014</b>	(7,798)	(10,438)	(106)	(185)	-	(120)	(18,647)
Depreciation for the year- to Revaluation Reserve	(109)	-	-	(1)	-	(4)	(114)
to Provision of Services	(238)	(1,469)	(18)	-	-	-	(1,725)
Impairment losses/(reversals) to Revaluation Reserve	(11)	-	-	(11)	-	-	(22)
to Provision of Services	45	(28)	-	(13)	-	-	4
Reclassifications	-	-	-	-	-	-	-
Derecognition- on disposal	13	2,106	-	-	-	-	2,119
<b>Accumulated Depreciation and Impairments 31st March 2015</b>	<b>(8,098)</b>	<b>(9,829)</b>	<b>(124)</b>	<b>(210)</b>	<b>-</b>	<b>(124)</b>	<b>(18,385)</b>
Net Book Value at 31st March 2015	24,241	5,576	202	927	-	715	31,661

## Group Note 3 Inventories

This note corresponds to the single entity Note 26.

Inventories	31st March 2015			31st March 2016			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Raw Materials & Consumables	40	103	143	45	157	202	
<b>Net Balance at 31st March</b>	<b>40</b>	<b>103</b>	<b>143</b>	<b>45</b>	<b>157</b>	<b>202</b>	

## Group Note 4 Debtors

This note corresponds to the single entity Note 27.

Debtors	* restated 31st March 2014			* restated 31st March 2015			31st March 2016		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Central Government Bodies	* 1,356	-	1,356	148	-	148	1,208	-	1,208
Other Local Authorities	630	-	630	107	-	107	857	-	857
Other entities and individuals									
Council Tax	286	-	286	334	-	334	382	-	382
Retained Business Rates	74	-	74	100	-	100	107	-	107
Advance Payments	188	349	429	179	250	429	119	76	195
Sundry Trade Debtors	195	264	472	250	222	472	80	600	680
<b>Net Balance at 31st March</b>	<b>2,729</b>	<b>613</b>	<b>3,247</b>	<b>1,118</b>	<b>472</b>	<b>1,590</b>	<b>2,753</b>	<b>676</b>	<b>3,429</b>

# Group Accounts

## Group Note 5 Net Change in Liquid Resources

This note corresponds to the single entity Note 28.

Short-term Investments, Cash and Cash Equivalents	31st March 2015			31st March 2016		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Bank Deposits - access <3 months	3,500	-	3,500	3,000	-	3,000
Bank Deposits - access 3 - 6 months	-	-	-	-	-	-
Bank Deposits - access 6 -12 months	4,000	-	4,000	4,000	-	4,000
<b>Total Short-term Investments</b>	<b>7,500</b>	<b>-</b>	<b>7,500</b>	<b>7,000</b>	<b>-</b>	<b>7,000</b>
Cash in Hand	1	4	5	1	4	5
Cash at Bank	3,862	432	4,294	3,303	336	3,639
Bank Overdraft	-	-	-	-	-	-
<b>Cash and Cash Equivalents</b>	<b>3,863</b>	<b>436</b>	<b>4,299</b>	<b>3,304</b>	<b>340</b>	<b>3,644</b>

## Group Note 6 Borrowing

This note corresponds to the single entity Note 31.

Borrowing	31st March 2015			31st March 2016		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Repayable in less than 12 months	184	774	958	184	774	958
Repayable between 1 & 2 years	184	774	958	184	774	958
between 2 & 5 years	552	929	1,481	552	860	1,412
between 5 & 10 years	920	564	1,484	920	438	1,358
in 10 years or more	1,840	-	1,840	1,656	-	1,656
<b>Balance at 31st March</b>	<b>3,680</b>	<b>3,041</b>	<b>6,721</b>	<b>3,496</b>	<b>2,846</b>	<b>6,342</b>

## Group Note 7 Creditors

This note corresponds to the single entity Note 32.

Creditors	* restated 31st March 2014			* restated 31st March 2015			31st March 2016			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Central Government Bodies	* 205	101	306	1,678	90	1,768	1,404	87	1,491	2
Other Local Authorities	219	-	219	171	-	171	146	-	146	
Bodies external to government										
Business Rates	164	-	164	172	-	172	156	-	156	
Advance Receipts: Council Tax	51	-	51	98	-	98	185	-	185	
Advance Receipts: Others	19	183	202	43	131	174	32	138	-	
Employee Benefit Expenses	44	-	44	50	-	50	25	-	25	
Sundry Trade Creditors	1,389	499	1,888	1,570	464	2,034	1,926	739	2,665	
<b>Balance at 31st March</b>	<b>2,091</b>	<b>783</b>	<b>2,874</b>	<b>3,782</b>	<b>685</b>	<b>4,467</b>	<b>3,874</b>	<b>964</b>	<b>4,668</b>	

# Group Accounts

## Group Note 8 Segmental Report

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

## Group Note 9 Local Government Pension Scheme – a defined benefit scheme

Rossendale Transport Ltd is a party to the same Local Government Pension Scheme, operated by Lancashire County Council, as Rossendale Borough Council. Therefore, the following tables should be read in conjunction with Note 37 to the single entity and the reference to the March 2013 scheme revaluation in the Explanatory foreword on page 10.

### 9a – Net Present Value of Scheme

Scheme History	2011/12	2012/13	2013/14	2014/15	2015/16	Note
	£000s	£000s	£000s	£000s	£000s	
Council	(67,888)	(76,638)	(73,369)	(84,178)	(80,607)	
Rossendale Transport Ltd	(7,742)	(8,689)	(8,905)	(9,909)	(9,909)	
<b>Scheme Liabilities at 31<sup>st</sup> March</b>	<b>(75,630)</b>	<b>(85,327)</b>	<b>(82,274)</b>	<b>(94,087)</b>	<b>(90,516)</b>	GR9b,9j
Council	41,988	47,103	45,771	50,127	50,854	
Rossendale Transport Ltd	6,488	7,273	7,247	7,780	7,780	
<b>Scheme Assets at 31<sup>st</sup> March</b>	<b>48,476</b>	<b>54,376</b>	<b>53,018</b>	<b>57,907</b>	<b>58,634</b>	GR9c,9d,9j
<b>Net Scheme Assets/(Liabilities)</b>	<b>(27,154)</b>	<b>(30,951)</b>	<b>(29,256)</b>	<b>(36,180)</b>	<b>(31,882)</b>	GR9j

### 9b – Present Value of Scheme Liabilities

Scheme Liabilities	31st March 2015			31st March 2016			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Scheme Liabilities at 1 <sup>st</sup> April	73,369	8,905	82,274	84,178	8,905	93,083	
Current Service Cost	787	41	828	967	41	1,008	GR9f
Interest on Pension Liabilities	3,162	374	3,536	2,640	374	3,014	GR9f
Member Contributions	254	9	263	244	9	253	
Past Service cost/(gain)	-	-	-	-	-	-	
Remeasurement of liabilities	9,869	1,061	10,930	(3,829)	1,061	(2,768)	GR9g
Curtailements	-	-	-	-	-	-	
Benefits/transfers paid	(3,263)	(481)	(3,744)	(3,593)	(481)	(4,074)	
<b>Scheme Liabilities at 31<sup>st</sup> March</b>	<b>84,178</b>	<b>9,909</b>	<b>94,087</b>	<b>80,607</b>	<b>9,909</b>	<b>90,516</b>	GR9a,9j

### 9c – Present Value of Scheme Assets

Scheme Assets	31st March 2015			31st March 2016			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Scheme Assets at 1 <sup>st</sup> April	45,771	7,247	53,018	50,127	7,247	57,374	
Interest on plan assets	1,985	437	2,422	1,578	437	2,015	GR9f
Remeasurement of assets	3,715	456	4,171	801	456	1,257	GR9g
Administration expenses	(15)	-	(15)	(15)	-	(15)	
Employer contributions	1,680	112	1,792	1,712	112	1,824	
Member contributions	254	9	263	244	9	253	
Benefits/transfers paid	(3,263)	(481)	(3,744)	(3,593)	(481)	(4,074)	
<b>Scheme Assets at 31<sup>st</sup> March</b>	<b>50,127</b>	<b>7,299</b>	<b>57,907</b>	<b>50,854</b>	<b>7,780</b>	<b>58,634</b>	GR9a,9d,9j

# Group Accounts

## 9d – Major Categories of Scheme Assets

Scheme Assets	31st March 2015			31st March 2016			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Equities	17,254	3,836	21,090	17,480	3,836	21,316	
Bonds	2,269	350	2,619	2,058	350	2,408	
Property	4,719	786	5,505	4,887	786	5,673	
Alternatives	23,456	2,435	25,891	24,680	2,435	27,115	
Cash & Cash equivalents	2,429	373	2,802	1,749	373	2,122	
<b>Total Scheme Assets</b>	<b>50,127</b>	<b>7,780</b>	<b>57,907</b>	<b>50,854</b>	<b>7,780</b>	<b>58,634</b>	GR9a,9c,9j

## 9e – Scheme Membership

Scheme Membership	31st March 2015			31st March 2016			Note
	Council	RT Ltd	Group	Council	RT Ltd	Group	
Active Members	143	13	156	153	13	166	
Deferred Members	257	10	267	257	10	267	
Pensioners	424	54	478	427	54	481	
Widows	130	4	134	123	4	127	

## 9f – Comprehensive Income and Expenditure Account

Reconciliation of the movement in the Pension Fund Reserve	31st March 2015			31st March 2016			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
<b>Comprehensive Income/Expend</b>							
Net Cost of Services - current service cost	787	41	1,783	967	-	967	GR9b
Financing & Investment Income/Expend							
Interest cost	3,162	374	3,536	2,640	-	2,640	GR9b
Expected return on assets in scheme	-	(437)	(2,422)	(1,578)	-	(1,578)	GR9c
Administration expenses	15	-	15	15	-	15	
<b>Total post-employment benefit charged to the CIES Provision of Services</b>	<b>3,964</b>	<b>(22)</b>	<b>2,912</b>	<b>2,044</b>	<b>-</b>	<b>2,044</b>	
<b>Income/Expend</b>							
Actuarial (gains)/losses	6,154	605	6,759	4,630	-	4,630	
<b>Total post-employment benefit charged to CIES</b>	<b>10,118</b>	<b>583</b>	<b>9,671</b>	<b>6,674</b>	<b>583</b>	<b>6,674</b>	
<b>Movement in Reserves Statement</b>							
Reversal of net charges made for retirement benefits in accordance with the Code	(1,979)	-	(1,979)	(2,044)	-	(2,044)	
<b>Actual charge in the year</b>							
Employer's contributions paid to the scheme	1,680	-	1,680	1,712	-	1,712	



# Group Accounts

## 9g – Re-measurement impacts in the Other Income and Expenditure Statement

Remeasurement Gains/(Losses)	31st March 2015			31st March 2016			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Experience gains/(losses)	-	(1,061)	(1,061)	-	(73)	(73)	
Gains/(losses) on financial assumptions	(9,869)	-	(9,869)	3,829	-	3,829	
Gains/(losses) on demographic assumptions	-	-	-	-	-	-	
Remeasurement of Liabilities gains/(losses)	(9,869)	(1,061)	(10,930)	3,829	(73)	3,756	GR9b
Remeasurement of Assets gains/(losses)	3,715	456	4,171	801	-	801	GR9c
<b>Net Actuarial gains/(losses) in current year</b>	<b>(6,154)</b>	<b>(605)</b>	<b>(6,759)</b>	<b>4,630</b>	<b>(73)</b>	<b>4,557</b>	

## 9h – Actual gains and losses on plan assets

Actual Gains/(Losses)	31st March 2015			31st March 2016			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Actual Return on Plan Assets	5700	605	6,305	2,379	73	2,452	

## 9i – Actuarial Assumptions

The actuarial assumptions are consistent across the Group, therefore please refer to note 37i.

## 9j – Sensitivity Analysis of Actuarial Assumptions

Sensitivity analysis based on assumptions as at 31st March 2015	Central Estimates for 2016/17			Sensitivity				Note
				1	2	3	4	
	Council £000s	RT Ltd £000s	Group £000s	+ 0.1% p.a. discount rate £000s	+ 0.1% p.a. inflation £000s	+ 0.1% p.a. salary inflation £000s	+ 1 yr to member's life expect £000s	
Liabilities	80,607	9,909	90,516	89,126	91,926	90,738	92,340	GR9b
Assets	(50,854)	(7,780)	(58,634)	(58,634)	(58,634)	(58,634)	(58,634)	GR9c
Deficit/(Surplus)	29,753	441	30,194	28,938	31,469	30,395	31,842	GR9a
Projected current service cost	886	41	927	900	955	927	947	
Projected net interest cost	1,011	301	1,312	1,291	1,373	1,325	1,390	



## 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.

## Business Rates

From the 1<sup>st</sup> April 2013 non-domestic rates, or Business Rates, were localised. In the past all business rates were collected locally but then paid over to central government and each authority was paid a share of the national pool based upon their population and circumstances.

Rosendale Borough Council now collects these rates and pays 50% direct to central government, 9% to Lancashire County Council and 1% to Lancashire Fire Authority. This means that 40% should be kept locally.

Note 9 to the core statements explains how the tariff system provides a national balancing adjustment between the 40% local share and the amount received previously from the national pool. After the tariff the actual amount kept by Rosendale Borough Council in 2013/14 was 15%.

## 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.

## **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**

# Glossary

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)

FRS17, 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.



# Glossary

## 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.

## Internal Borrowing

Whilst capital resources cannot be used to fund revenue works, revenue reserves can be used to support the costs of capital projects, either permanently, or temporarily. Temporary revenue funding is known as Internal Borrowing and these funds are repaid over the life of the asset in a process called the Minimum Revenue Provision. When the Council has the revenue reserves to do this it is usually a cheaper option than external borrowing.



## 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 (MRP)

The Minimum Revenue Provision is the minimum amount which must be charged to the Council's revenue account each year to repay the revenue reserves for amounts used to support the capital programme – known as Internal Borrowing.

## National non-domestic rates (NNDR) – see Business Rates from 1<sup>st</sup> April 2013

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. The is sometimes also referred to as the General Fund.





## 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।

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

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

برائے مہربانی 01706 217777 پر ٹیلیفون کریں یا پھر کیونٹی کیشن سیکشن سے اس پتہ پر رابطہ قائم کریں:

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

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