



**Draft  
Audited  
Statement of  
Accounts  
2012/2013**

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# **A. Auditor's Report**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHAMPTON  
BOROUGH COUNCIL**

## **A. Auditor's Report**

## B. Explanatory Foreword

### 1. Introduction

This document presents the Statement of Accounts for Northampton Borough Council as at 31 March 2013. The Council has a statutory duty to approve and publish this Statement of Accounts document for the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.

This document complies with recommended practice from the Chartered Institute of Public Finance and Accountancy and its format is largely prescribed.

To comply with the Accounts and Audit Regulation 2003 (as amended by later updates), the Council is required to make reasonable endeavours to have the Statement of Accounts audited and received and approved by the end of September 2013. The responsibility for approval is delegated to the Audit Committee. The Audit Committee met and approved the accounts at its meeting on XX<sup>th</sup> September 2013 to include any changes arising from the audit of the accounts. These accounts have been amended. The Council's Chief Financial Officer approved the accounts for publication on XX<sup>th</sup> September 2013.

This foreword outlines the key individual statements that comprise the Statement of Accounts, including a description of their purpose and the relationship between them. It also highlights the main activities/variations that took place during 2012/13 in each of the main activity areas.

### 2. The Statements

#### Single Entity Accounts

These financial statements are for a single entity.

The detailed accounts and related information are shown on pages 41 to 151 and consist of the following: -

#### Core Financial Statements

##### Movements in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into: -

- Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and
- Unusable Reserves.

The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The "Net Increase/Decrease before Transfers to Earmarked Reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

##### Comprehensive Income and Expenditure Statement

This statement summarises the transactions, shown on an accounting basis in line with the requirements of International Financial Reporting Standards (IFRS), undertaken in the year to provide services to the public. This statement does not show in detail the amount of funding from local taxes and general government grants. Authorities raise taxation to cover expenditure in accordance with regulations which may be different from the accounting cost. The taxation position is shown in the Notes to the Core Statements.

## B. Explanatory Foreword

### Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes:

- reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and
- reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

### Notes to the Core Statements

This section comprises the recommended notes to the Movements in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement, plus additional notes deemed useful to aid the understanding of the reader of the accounts.

### **Supplementary Financial Statements**

#### Housing Revenue Account (HRA) Income and Expenditure Account

The HRA Income and Expenditure Account shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Statement of Movement in the Housing Revenue Account Reserve. The HRA accounts do not form part of The CIPFA Code and so the presentation adopted is the same as in previous years, following UK GAAP.

#### Movement in Housing Revenue Account Reserve

This statement details the adjustments which must be made to the movement on the HRA Income and Expenditure Account in order to arrive at the year on year changes to the Housing Revenue Account Balance. The balances shown on this statement relate entirely to the Housing Revenue Account.

## B. Explanatory Foreword

### Notes to the HRA Accounts

This section comprises the recommended notes to the Housing Revenue Account supplementary financial statements.

### The Collection Fund Income and Expenditure Account

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement 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.

### Notes to the Collection Fund

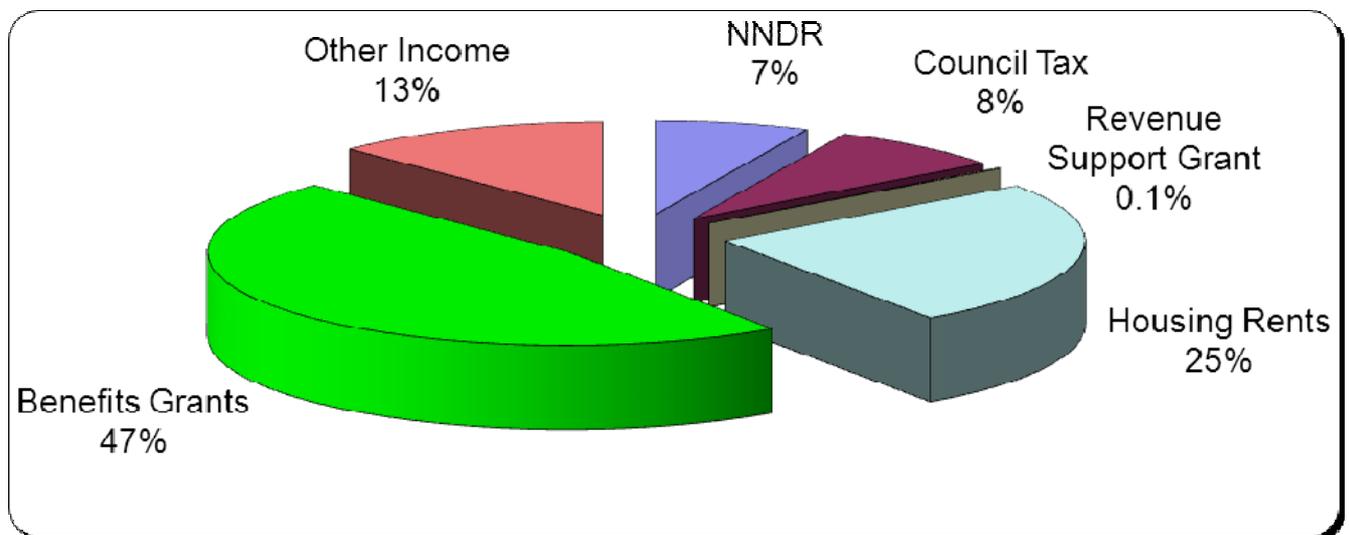
This section comprises the recommended notes to the Collection Fund supplementary financial statements.

### 3. Financial Summary 2012/13

This section shows service expenditure, interest payable, other operating costs, income from grants, local taxpayers and other sources compared in overall terms to the budget.

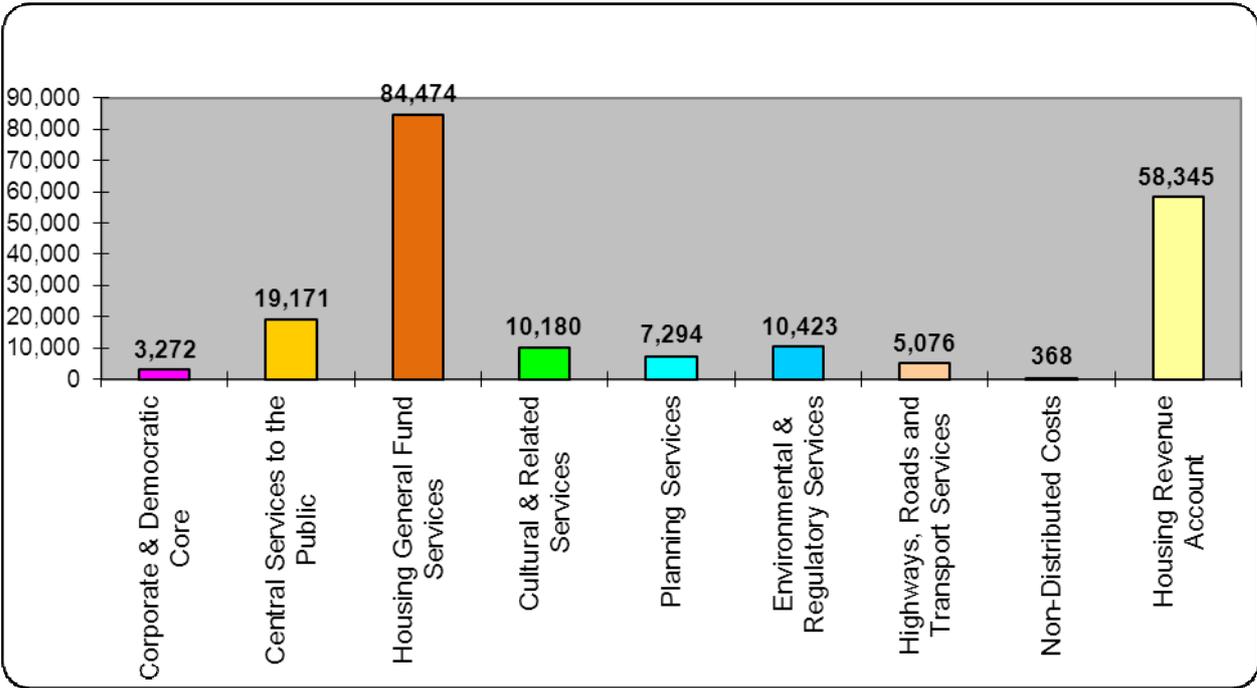
#### a) Revenue Spending and Sources of Income

The following charts outline where the Council's revenue money came from, how it was spent and on which services. The charts show the overall position of the Council's revenue accounts for 2012/13 (i.e. both General Fund and HRA).



# B. Explanatory Foreword

## What Services Have Been Provided with the Money?



## B. Explanatory Foreword

### b) General Fund Account

The following table summarises the position for the General Fund for 2012/13. Some notes are included following the table to explain the main variations to the budget for the year.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Director of Planning and Regeneration	3,042	2,808	-234
Director of Finance and Support	10,376	10,354	-22
Director of Housing	1,055	1,070	15
Borough Solicitor	2,064	1,958	-106
Director of Environment and Culture	15,276	15,200	-76
<b>Total within Budget Managers Control</b>	<b>31,813</b>	<b>31,390</b>	<b>-423</b>
Capital Expenditure charged to Revenue Account	39	301	262
Provisions	0	169	169
Net Support Service Recharges	-5,370	-5,173	197
Interest and Financing	1,744	1,679	-65
Parish Precepts and Grants	957	956	-1
Government Funding	-13,294	-13,294	0
Council Tax	-15,065	-15,059	6
Council Tax freeze grant	-353	-353	0
Non specific grants	0	-1,471	-1,471
<b>Technical Accounting Adjustments</b>	<b>-31,342</b>	<b>-32,245</b>	<b>-903</b>
<b>General Fund (under) / over spend</b>	<b>471</b>	<b>-855</b>	<b>-1,326</b>
Net Contribution to/(from) Reserves	-571	863	1,434
<b>General Fund Deficit (Surplus)</b>	<b>-100</b>	<b>8</b>	<b>108</b>
Balance b/fwd		-3,140	
<b>Balance c/fwd</b>		<b>-3,132</b>	

#### Variations to Budget

After taking account of contributions to reserves and balances, the Council's General Fund working balance was reduced by £8k. This is after making a net contribution to General Fund earmarked reserves of £863k to mitigate specific business risks.

There were a number of variances that have contributed to this position, which are listed below. Further details of these variances can be found in the Council's outturn reports which were considered by Cabinet on 17<sup>th</sup> July 2013.

## B. Explanatory Foreword

Under (-) / Over spends	£000s
Reserve Movements	1,434
Provisions	169
Interest and Debt Management	-65
Non specific grants	-1,471
Development Control	-147
Financial Services	-76
Audit	-79
Office Accommodation	-53
Benefits	250
Call Care	268
Travellers Sites	-60
Private Sector Housing Solutions	-222
Legal	-79
Community Developments	-58
Community Centres	-50
Information Technology	-154
Environmental Protection	-177
Environmental Services	389
Car Parking	107
Bus Station	-106
Markets	-69
Other Variations each below +/- £50k	357
	108

## B. Explanatory Foreword

### c) Housing Revenue Account

The following table outlines the outturn position for the Housing Revenue Account for 2012/13. Some notes are included following the table to explain the main variations to the budget for the year.

	Budget	Actual	Variance
	£000s	£000s	£000s
<b>Expenditure</b>			
Net Service Expenditure	-6,072	-6,351	-279
Interest and Capital Financing Adjustments	6,072	6,351	279
<b>(Surplus)/Deficit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance brought forward</b>		-5,001	
<b>Balance carried forward</b>		<b>-5,001</b>	

### Variations to Budget

After taking account of contributions to reserves and balances, the Council's Housing Revenue Account working balance remained at £5m. This is after making a net contribution to HRA earmarked reserves of £6.209m, to fund the capital programme in future years (£6.18m), HRA service improvements (£670k) and the HRA insurance reserve (£300k). Transfers were made from the Service Improvement Reserve (£274k) and the HRA Reform Reserve (£667k) to support revenue expenditure during the year.

There were a number of variances that have contributed to this position, the most significant of which are listed below. Further details of these variances can be found in the Council's outturn reports which were considered by Cabinet on 17<sup>th</sup> July 2013.

<b>Under (-) / Over spends</b>	£000s
Rent Income - Dwellings	-238
Service Charge income	192
General Management	-929
Special Services	200
Contribution to Earmarked Reserves	287
Rent Rebate Subsidy Deductions	-643
Capital Adjustments	842
Interest and Financing	279
Other Minor Variations	10
	<b>0</b>

## B. Explanatory Foreword

### d) Capital Expenditure

Capital expenditure relates to spending on new and improved assets, such as land, buildings, infrastructure, equipment, and IT. It also includes revenue expenditure funded from capital under statute (REFCUS). In 2012/13 the Council spent £32.28 million on capital projects, compared with a budget of £39.96 million, excluding finance lease expenditure and the HRA reform debt payment.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000s	£000s	£000s
<b>Expenditure</b>			
Housing Revenue Account Schemes	28,754	27,446	-1,308
General Fund Housing Schemes	3,223	2,510	-713
Other General Fund Schemes	7,979	7,319	-660
<b>Total Capital Expenditure</b>	<b>39,956</b>	<b>37,275</b>	<b>-2,681</b>
<b>Sources of Financing</b>			
Major Repairs Allowance		9,901	
Revenue Contributions to Capital Expenditure		301	
Grants and Contributions		22,585	
Capital Receipts		2,334	
Finance Leases		0	
Unsupported Borrowing		2,154	
		<b>37,275</b>	

### Capital Variations to Budget

The spend on the capital programme was approximately £2.7m below budget for the year. The majority of this variance relates to schemes that are currently underway or still planned to take place. The budget has been carried forward into the next financial year (i.e. 2013/14). The majority of this carry forward is due to the timing of approvals and the timescales for letting contracts.

## B. Explanatory Foreword

### e) Current Borrowing Facilities

Current borrowing facilities are as detailed below: -

Description	£000s
Long Term Borrowing - LOBOs	24,788
Homes and Communities Agency PWLB	1,170
Long Term Finance Leases	190,114
Temporary Borrowing	289
	299
	<b>216,660</b>

Long-term borrowing is undertaken to finance capital programme expenditure, both in relation to the historic programme and for future capital schemes up to three years in advance.

Borrowing decisions are made with reference to prudential indicators that ensure that borrowing is prudent, affordable and sustainable. The prudential indicator for gross debt and the capital financing requirement (CFR) is the key indicator of prudence, measuring whether external borrowing exceeds the closing CFR in the preceding year plus the estimates of any additional capital requirement for the current and next two financial years. The Council's external borrowing figure is £217m, which falls within the forward looking CFR forecast of £222m (based on prudential indicators agreed by Council in February 2013).

The Council's existing borrowing was reduced by £21k in respect of the annual annuity loan payment to the Homes and Communities Agency. The amount of temporary borrowing was reduced by £48k.

Capital programme expenditure of £2.2m financed by borrowing during 2012-13 was funded through internal borrowing (cash balances).

The current net book value (fair value) of the Council's property plant and equipment (non-current assets) is £461m, of which £354m relates to council dwellings.

## B. Explanatory Foreword

### 4. Significant Changes in 2012/13

#### a) Assets acquired or enhanced

Capital expenditure represents major investment in new and improved assets such as land, buildings, infrastructure, equipment, and information technology assets. Expenditure is incurred in pursuit of the Council's objectives and priorities and the delivery of services, and can be for the acquisition of new assets, enhancement of existing assets or investment in assets owned by third parties.

<b>Capital Expenditure</b>	
	£000s
<b>Housing Revenue Account</b>	
Council Housing	27,164
Other Housing Assets	282
Revenue Expenditure Funded from Capital under Statute	0
	<b>27,446</b>
<b>General Fund</b>	
Information Technology	494
Lease Buy Out	3,000
Corporate Buildings	1,025
Leisure and Community Facilities	974
Other Capital Works	1,577
Finance Leases	0
Derecognised Finance Leases	0
Revenue Expenditure Funded from Capital under Statute	2,759
	<b>9,829</b>
	<b>37,275</b>

#### b) Statutory Functions

There have been no changes to the statutory functions of the Authority during 2012/13. The Council has decided, however, that in 2013/14 it will join LGSS, a partnership established by the County Councils of Northamptonshire and Cambridgeshire, as an Added Value Partner.

On 1 June 2013, the Council transferred the majority of its support service functions (Revenues and Benefits, Insurance, Legal, Finance, Procurement, ICT, and Human Resources, Organisational Development and Business Improvement) to LGSS with the intention of reducing costs and improving the quality of the services it delivers.

#### c) Accounting Policies

There is a material prior period adjustment in relation to a change in the policy on Component Accounting. Further details can be found at note 1 in section F of the Statement of Accounts.

#### d) Exceptional Items and Unusual charges or credits in the accounts

There was one new unusual item for NBC during 2012-13. This was a grant for Decent Homes from the Homes and Communities Agency to the value of £16,945,000, which is new in 2012/13. There will be further Decent Homes grants in future years.

## B. Explanatory Foreword

### 5. Other Matters of Note

#### a) Pensions Liabilities and Assets

Retirement Benefits that are promised to employees under the terms of the pension scheme are recognised as a liability on the Council's balance sheet. Liabilities are measured on an actuarial basis, estimating the future cash flows that will arise. The Council's share of the investments held in the pension scheme is measured at fair value at the date of the balance sheet. Details of the Council's pension assets and liabilities can be found in note 45 to the financial statements.

#### b) Significant Provisions or Contingencies and Material Write-offs

The Council makes a provision to cover future insurance liabilities where values can be reasonably estimated. Details of this provision, and all other provisions made by the Council, are shown in note 24 to the Core Statements.

There are two significant contingency items reported in the accounts (at note 46 and 47 to the Core Statements) relating a capital grant received from the East Midland Development Agency (EMDA) and a capital grant received from West Northamptonshire Development Corporation (WNDC). The first capital grant received from EMDA for site clearance of the Blueberry Diner was awarded on condition of scheme completion within a fixed time period and, due to that time period not having been complied with, up to the full amount of the grant of £2m may be clawed back by EMDA. The Council is in discussion with the successor organisation to EMDA, HCA about this matter and is confident that the claw back will not be applied. These are not new contingent liabilities for this year. The second capital grant was received from WNDC for construction of the new Bus Interchange. The work must be completed by 31 March 2014

There have been no material write-offs in the year.

#### c) Current Economic Climate

The main financial impact on the Council of the current economic climate has been the continuation of low returns on investment due to the exceptionally low interest rates offered by banks, building societies and other investment counterparties.

The average rate of interest earned on investments in 2012/13 was 1.21%, compared to 1.00% in 2011/12. Actual investment interest earned in 2012/13 was £692k, compared to £770k in 2011/12.

The impact of the low returns has been managed through savings and efficiencies made generally across the Council's budgets.

#### d) Adequacy of Reserves

An appropriate level of reserves was determined by a professional judgement based on local circumstances including overall budget value, risks and robustness of budgets, major initiatives being undertaken, budget assumptions, available earmarked reserves and provisions, and the Council's historic record of effective budget management.

## B. Explanatory Foreword

The Chief Financial Officer has developed a risk management approach to the level of reserves and determined that the minimum level should be £3.1m.

In arriving at the recommendation on the minimum prudent level of reserves strategic, operational, and financial risks have been taken into account, as has the robustness of estimates information (above) and guidance from CIPFA and Government on Treasury risk.

In addition, earmarked reserves are held against specific risks and known expenditure commitments.

### 6. Conclusion

On the General Fund, the Council has managed to deliver an outturn at virtually on budget for 2012/13, allowing the Council to maintain its level of working balances at its risk assessed level of £3.1m and increase the level of earmarked reserves needed to support future expenditure and mitigate against future business risks. This is against a backdrop of an increasingly challenging funding regime (including Local Government Finance Reform), which presupposes continuing efficiency savings from council services and significantly cut the amount of government funding for 2013/14 and onwards. The Council is committed to continuing its programme of strategic business reviews, which will drive out further efficiencies and will allow the Council to meet the financial challenges ahead.

During 2012/13, the Council managed to maintain General Fund working balances at £3.1m whilst also contributing a net of £863k to General Fund earmarked reserves to mitigate some specific business risks. This is testament to the strong financial control operated by the Council and to the ability of service managers to deliver services, aided by strong support services, in a difficult economic climate.

The Capital Programme is under-spent by £2.7m in 2011/12 against budget; however this is largely to do with timing. The Council has made positive improvements in project management and is committed to maintaining and improving on this into the future.

The outturn for the Housing Revenue Account (HRA) shows that the level of working balances is maintained at £5m and general revenue earmarked reserves are increased. The revenue position of the HRA continues to be healthy with challenges facing the Council in delivering the capital improvements necessary to deliver good quality homes at an affordable price to its tenants. The HRA finance reform is now in place as of 1<sup>st</sup> April 2012 and the Council is monitoring the developing position on this.

The Council continues to consolidate and strengthen its financial position to enable a sound platform from which to maintain and improve essential services within available resources. The level of working balances and the risk mitigation provided by reserves should enable the Council to concentrate on improving its services and improving the overall efficiency of the Council in line with priorities.

## B. Explanatory Foreword

### 7. Further Information

Further information about these accounts is available from: -

Rebecca Smith Assistant Head of Finance (for Northampton Borough Council), LGSS Northamptonshire County Council John Dryden House 8-10 The Lakes Northampton NN4 7YD	Glenn Hammons Head of Corporate Finance, LGSS Northamptonshire County Council John Dryden House 8-10 The Lakes Northampton NN4 7YD
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Interested members of the public have a statutory right to inspect the accounts before the audit is completed and the availability of the accounts was advertised in the local press and on the Council's website in order to facilitate this.

## C. Statement of Responsibilities

This Statement of Accounts has been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.

### 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 Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts

### The Chief Financial Officer

In preparing this Statement of Accounts, the Chief Financial Officer has:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting.

### Certificate

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2013.

Glenn Hammons Chief Finance Officer
Date: XX September 2013

## D. Accounting Policies

### 1.1 INTRODUCTION

The accounting policies for the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting. Where there is no specific guidance in the CIPFA Code, the Authority has developed its own accounting policy, which is aimed at creating information, which is:

- Relevant to the decision making needs of users; and
- Reliable, in that the financial statements:
  - Represent faithfully the financial position, financial performance and cash flows of the entity;
  - Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
  - Are neutral i.e. free from bias;
  - Are prudent; and
  - Are complete in all material respects.

This document outlines how Northampton Borough Council (the Council) will account for all income, expenditure, assets and liabilities held and incurred during the 2012/13 financial year.

The accounting policies of the Authority are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authorities accounts.

The accounting policies of the Authority as far as possible have been developed to ensure that the accounts of the Authority are understandable, relevant, reliable and comparable, and free from material error or misstatement.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and certain categories of financial instrument.

A **Glossary of Terms** can be found in section I.

### 1.2 ACCOUNTING PRINCIPLES

#### a **Going Concern**

The Authority prepares its accounts on the basis that the Authority is a going concern; that is that there is the assumption that the functions of the Authority will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Authority would still account on the basis of going concern as the provision of services would continue in another authority.

#### b **Accruals Concept**

The Authority accounts for income and expenditure in the period to which the service to which it relates has taken place, rather than when cash payments are received or made.

## D. Accounting Policies

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet respectively. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet respectively and the Comprehensive Income and Expenditure Statement adjusted accordingly.

### c **Cost of Services**

Internal service costs (e.g. Human Resources) are apportioned across the core service areas to represent the total cost of delivering that service to the public.

This is in accordance with the costing principals of the CIPFA Service Reporting Code of Practice 2012/13 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-democratic organisation.
- Non-Distributed Costs – the costs of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account as part of the Net Cost of Services.

### d **Value Added Tax**

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it. Any amounts outstanding (payment or receipt) at the year-end date is held as a creditor or debtor after netting off the amounts due / owed.

### e **Changes in Accounting Policy**

Where there is a known future change in accounting policy required by the CIPFA Code, the Authority will disclose in the notes to the accounts:

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively;
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The Authority will also disclose information relating to an accounting standard, which has been issued but not yet adopted.

## D. Accounting Policies

### f **Previous Year Adjustments**

Omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- i) Was available when financial statements for those periods were authorised for issue; and
- ii) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights, or misinterpretations of facts, and fraud.

Where those errors are thought to be material, an adjustment will be entered into the financial statements comparative year balances, and the columns headed restated. In addition full disclosure as to the nature, circumstance, and value of the adjustment will be disclosed in the notes to the accounts.

### g **Events after the Balance Sheet date**

Where there is a material post balance sheet event, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date, and materially affects the amounts to be included in the accounts; adjusting items will have been shown in the accounts.

### h **Exceptional and extraordinary items and prior period adjustments**

Exceptional and extraordinary items will have been disclosed separately on the face of the Comprehensive Income and Expenditure Statement and details will be disclosed in the notes to the accounts.

### i **Contingent assets and liabilities**

Where the Council has a contingent asset or liability this will be disclosed as a note to the accounts.

## **Capital Accounting**

### j **Recognition of Capital Expenditure (de-minimis Policy).**

In accordance with International Accounting Standard 16 (IAS 16), the Council recognises non-current assets when all four of the following tests are met:

- Assets held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- Assets expected to be used for more than one financial period.
- Assets where it is expected that future economic benefit will flow to the Authority.
- Assets where the cost can be measured reliably.

The capital cost of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner required by management.

## D. Accounting Policies

- Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the Authority incurred either when the asset was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.
- Subsequent expenditure that will substantially increase the market value of the asset.
- Subsequent expenditure that will substantially increase the extent to which the Authority can use the asset for the purpose, or in conjunction with the functions of the Authority.

The Authority has a general de-minimis level of £6,000 for capital expenditure purposes. Where an asset has been acquired for less than £6,000 but has been funded by ring fenced capital funding, this will be treated as capital.

Capital Assets are held on the balance sheet as non-current assets, unless otherwise stated.

### k **Non-Current Asset Classification.**

The Authority manages its assets in the following categories:

- **Intangible Assets.**

In line with International Accounting Standard 38 (IAS 38), the Authority recognises intangible assets as non-monetary assets without physical substance, where that asset meets the capital expenditure criteria set out in accounting policy j.

- **Property, Plant and Equipment Assets.**

Property Plant and Equipment Assets are subcategorised into Operational Land and Building, Community Assets, Vehicles Plant and Equipment, Infrastructure Assets, Assets Under Construction and Non-Operational Assets.

- **Land and/or Buildings Assets**, in line with IAS 16, are recorded, valued and accounted for based on their significant components.
- **Community Assets** are assets that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect for sale or change of use.

If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be valued accordingly.

Test for Community Assets:

- Is the intent to hold the asset forever?
- Does the asset have an indeterminable useful life?
- Are there restrictions on disposal?

The answers for the first two questions have to be yes, while an affirmative answer to the third question is not obligatory but may help determine the correct classification.

- **Infrastructure Assets**, include all tangible (physical) assets required within the authorities land drainage system, and cemetery roadways. There is no prospect for sale of infrastructure assets; expenditure is only recoverable through continued use of the asset.

## D. Accounting Policies

- **Vehicles, Plant and Equipment Assets and Assets Under Construction** are also classified as Property Plant and Equipment where they do not meet the criteria for Investment Property Assets or Assets Held for Sale.
- **Surplus Assets** are assets, which the Authority no longer operates from, however do not meet the definition of held for sale. All surplus assets are treated in the same way as operational assets of the same type (valuation, depreciation, recognition etc).
- **Heritage Assets** are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that make it important to ensure that they are preserved for future generations. They may be any kind of asset including buildings, works of art, furniture, exhibits, artefacts, etc or intangible assets such as recordings of significant historical events.

As such, assets in this category are held principally for their contribution to knowledge and/or culture.

- **Investment Property Assets** are items of land and / or buildings held by the Authority solely for the purpose of rental income generation or capital appreciation or both.

Therefore, where there is a service of the Authority being delivered from the property, this is not classified as Investment Property Assets. This includes where the intention of the asset is to generate economic growth to an area such as below market value rental.

Some Assets Under Construction will also be classified as Investment Property Assets where the intended eventual use is rental income generation or capital appreciation.

- **Assets Held for Sale.**

The Authority will classify assets as held for sale where:

- The asset is in the condition required for sale and is vacant.
- The assets sale is highly probable.
- The asset has been advertised for sale and a buyer sought.
- The completion of the sale is expected within 12 months.

Assets which become non-operational / surplus which do not meet all of the requirements set out as assets held for sale continue to be classified and accounted for as their previous category. In addition, if the asset later no longer meets the criteria, it is restored to its previous classification and all transactions, which would have occurred, shall be retrospectively applied as though the asset had never been held for sale. Investment properties, which become available for sale, remain as Investment Properties.

Assets meeting the criteria as held for sale are held as current assets on the balance sheet as income is expected within 12 months.

## D. Accounting Policies

It is possible that assets meet the criteria to be held for sale; however a change in circumstance beyond the control of the Authority means that the sale is delayed beyond 12 months. In these instances the Authority follows the policies outlined for assets held for sale; however disclosure of the value for these assets is within non-current assets.

### I **Non-Current Asset Valuation Methodology.**

The various classifications of assets as outlined in accounting policy k are valued on differing basis. Where not explicitly stated otherwise, property revaluations are completed by an RICS qualified valuer, on a 5 year rolling programme i.e. 20% of the Council's assets are revalued each year.

Where there is an upward revaluation, the carrying value is increased and the associated credit charged directly to the revaluation reserve. This is then reflected in the MIRS as a revaluation gain. Where there is a revaluation, which results in a lower than carrying amount valuation, this is treated in line with accounting policy m impairment of assets.

Valuations are completed as follows:

- **Intangible Assets** - the Authority recognises Intangible Assets at cost. The Authority will revalue intangible assets annually where there is determinable market value for the asset.
- **Property Plant and Equipment** - Property Assets are held at fair value, which is the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of exiting use value (EUV) in accordance with UKPS 1.3 of the RICS Valuation Standards. As a matter of last resort, where no other valuation method can be used, depreciated replacement cost is used.
  - **Council Dwellings** – Land and building structure are valued at EUV for Social Housing, being 34% of market value. Individual components are valued at Depreciated Historic Cost.
  - **Vehicles and Assets under construction** within PPE are held at fair value.
  - **Community Assets** - the Authority recognises Community Assets at depreciated historic cost (not revalued).
  - **Infrastructure Assets** - the Authority recognises Infrastructure Assets at depreciated historic cost (not revalued).
- **Investment Property Assets** - Investment Properties are annually revalued at fair value, which is to be interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. This includes investment property under construction. The fair value of investment property held under a lease is the lease interest.
- **Assets Held for Sale** - Assets held for sale are held at fair value.
- **Heritage Assets** – Heritage Assets are held at valuation where practicable (and at depreciated historic cost where it is not practicable to obtain a valuation).

### m **Impairment of Non-Current Assets**

The accounting policy has been created in accordance with IAS 36.

## D. Accounting Policies

Impairment is the amount to which the carrying amount of an asset exceeds the recoverable amount.

At the end of each reporting period the Authority assesses whether there is any indication that an asset may be impaired

The Authority recognises impairment as:

- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an assets market value during the period;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Authority to undertake a significant reorganisation; and
- A significant adverse change in the statutory or other regulatory environment in which the Authority operates.

Where there has been a previous revaluation taken to the revaluation reserve, an impairment up to that value would reverse the previous revaluation. Any further impairment or if there has been no previous revaluation, the impairment is charged to revenue. This is then reversed through the movement in reserves statement and charged to the capital adjustment account.

### n **Disposal of Non-Current Assets**

Where an asset is identified as surplus to requirements, and meets the definition of an asset held for sale (see note k) it will be accounted for in accordance with note k, where an asset does not meet the classification of available for sale it will be tested for impairment, prior to being made available for disposal. There will be no impairments at the point of disposal. When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Sale proceeds in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts are credited to the Useable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Reserve from the movement in reserves statement. The value of the asset is transferred to the capital adjustment account via the movement in reserves statement.

Sale proceeds below £10k are below de-minimis and are credited straight to the Comprehensive Income and Expenditure Statement.

### o **Depreciation / Amortisation Methodology**

Depreciation is provided for on all completed assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

Depreciation is calculated using the Straight-Line method over the determined life of the asset. The Council depreciates assets in the year of acquisition and disposal. This is in accordance with regulations. Where an asset has major components with different estimated useful lives, these are depreciated separately.

Residual values

## D. Accounting Policies

Asset Type	Assumed Residual Value
Property Assets	Land Value only
Vehicles, Plant and Equipment	Nil
Intangible Assets	Nil

Useful Economic Lives of assets are:

Asset Group	Useful economic Lives (UELS)
Council Dwellings	50 years
Housing Buildings	10-70 years*
Other Buildings	4-69 years*
Land	Not depreciated
Community Assets	15-50 years*
Heritage Assets	Not depreciated*
Infrastructure Assets	25 years
Intangible Assets	3-10 years*
Vehicles, Plant and Equipment	3-25 years*
Investment Properties	Not depreciated
Assets Held for Sale	Not depreciated
Surplus Assets	5-60 years*

\* Depending on the nature of the specific asset

In the Year of acquisition and disposal, the Authority charges a quarter of the annual depreciation where the asset is owned on the first day of each financial quarter.

### p Leases

In line with the interpretation IFRIC 4, the Authority recognises a lease to be any agreement, which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

### q Defining a Finance Lease

A finance lease is where substantially all of the risks and rewards incidental to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if title is not transferred.
  - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
  - The Authority recognises major part to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.

## D. Accounting Policies

- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
  - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
  - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
  - The Authority recognises “substantially all” to mean 90% of the value of the asset. In some circumstances, a level of 75% can be used if the Council believes that using this level will give a result that better reflects the underlying transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Authority as to whether an asset is operating or finance.

### r **Defining an Operating Lease**

Any lease which is not a finance lease is recognised by the Authority to be an operating lease.

### s **Lessee Accounting for a Finance Lease**

Where the Authority is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Authority will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the asset, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made. Lease payments made to the lessor, are split between the repayment of borrowings, and interest, which is charged to the Income and Expenditure account.

### t **Lessor Accounting for a Finance Lease**

Where the Authority is the lessor for a finance lease, the asset is not recognised in the asset register; however a long-term debtor at the present value of minimum lease payments is recognised. Income received is split between capital - credited against the debtor, and finance income credited to the Comprehensive Income and Expenditure Statement as interest receivable.

### u **Lessor Accounting for an Operating Lease**

Where the Authority is the lessor for an operating lease, normally the asset is classified as an investment property. Any rental income is credited to the relevant service income.

## D. Accounting Policies

### v **Lessee Accounting for an Operating Lease**

Costs associated with operating leased assets where the Authority is the lessor are charged immediately to the relevant revenue service expenditure within the net cost of services on an accruals basis.

### w **Service Concession Agreements (PFI and other similar contracts)**

PFI and similar arrangements are usually agreements with the private sector for the construction or enhancement of fixed assets needed to provide services to a public sector body. PFI and similar contracts are assessed against criteria within IFRIC 12 (Service Concession Arrangements) to determine whether the risks and rewards incidental to ownership lie with the Authority or the contractor.

Where these lie with the contractor, all payments made during the life of the contract are chargeable to revenue as incurred.

Where these lie with the Authority, the Authority shall assess them against two tests:

- a) the local authority controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price;  
and where
- b) the local authority controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

Where test a) is met but not test b) the arrangement is reviewed to see if it contains an embedded lease, in which case this will be accounted for in accordance with the Authority's leasing policies.

Where test b) is met but not test a) the Authority will recognise the difference between the expected value of the fixed assets at the end of the arrangement and the amount (if any) it will have to pay the contractor then.

Where both tests are met the Authority will recognise a Property, Plant or Equipment asset in the Balance Sheet for value of the construction costs. Once recognised this asset is treated in line with the Authority's other PPE assets. A corresponding long-term liability of equal value is also recognised.

Payments made during the life of the contract are split into finance costs, capital costs and service costs. The split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as Interest payable. Capital Costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments or Dowry payments reduce the level of liability at the start of the contract.

PFI Credits are treated as general revenue government grants.

### x **Capital Grants and Contributions**

The Authority recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions, and donations are recognised as income at the date that the Authority has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

## D. Accounting Policies

Any grant received before these recognition criteria were satisfied would be held as a capital grant received in advance. Any grant, which had met the recognition criteria but had not been received, would be shown in the Comprehensive Income and Expenditure Account with a corresponding debtor. This is in line with the accruals concept policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the relevant service revenue account within the net cost of services.

In order to not impact on the level of Council Tax, the Authority removes the credit from the General Reserves through the Movement in Reserves Statement, and crediting to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

Relevant Government Grants are treated in accordance with this policy.

### **y Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions or that is capital in nature but does not result in the creation of non-current assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of Council Tax.

### **z Minimum Revenue Provision (MRP)**

The Council has implemented the 2012 CLG Minimum Revenue Provision (MRP) guidance, and assessed their MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

Where a historical debt liability was created prior to 1<sup>st</sup> April 2008, MRP will be charged at the rate of 4% on the reducing balance, in accordance with Option 1 of the guidance, the “regulatory method”.

The debt liability relating to capital expenditure incurred from 2008-09 onwards is subject to MRP under option 3, the “asset life method”, and is charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, is related to the estimated life of that building.

Estimated life periods are determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council generally adopts these periods. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives are assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it is grouped together in a manner that reflects the nature

## D. Accounting Policies

of the main component of expenditure and is only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Council seeks to spread MRP charges prudently in relation to asset lives, and with regard to the revenue impact of MRP charges. Where prudent to do so, capital receipts are used to repay borrowing previously taken out in relation to assets with a short life. MRP on residual debt is based on the lives of the remaining asset for which borrowing was undertaken.

MRP is charged from the financial year after the asset comes into use. In cases where the Council has approved the use of capital receipts to fund the asset, this funding is assumed when the receipt is contractually certain, even if not actually received. In such cases no MRP charge is made.

Where finance leases are held on the balance sheet, the MRP is set at a charge equivalent to the element of the annual lease charge that goes to write down the balance sheet liability, thereby applying Option 3 in a modified form.

The Council has taken advantage of any transitional arrangements introduced to minimise or negate the impact of retrospective accounting adjustments as a result of the transfer to the balance sheet of finance leases previously treated as operating leases under the introduction of IFRS.

### aa **Capital Reserves**

The Authority holds capital reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted for through the Movement in Reserves Statement.

### **Revenue Accounting**

### ab **Recognition of Revenue Expenditure.**

The Authority recognises revenue expenditure as expenditure, which is not capital.

### ac **Employee Costs**

In accordance with IAS 19, the Authority accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

#### **Short-term employee benefits:**

- **Salaries and Wages** - The total salary and wages earned by employees within the financial year have been charged to the revenue expenditure account. Where the amount accrued exceeds the amount paid at the 31st March, a creditor will be reflected in the accounts.

## D. Accounting Policies

- **Leave Owed** - The Authority allows employees to earn time off in one period and carry forward amounts of accrued leave into the following period, such as annual leave, flexi-time and time off in lieu. The cost associated with this leave is attributable to the period in which it is earned, rather than when it is exercised. As such a charge has been made to the service revenue account and a creditor accrual has been reflected in the Balance Sheet.
- **Maternity/Paternity Leave** - The obligation upon the Authority to allow maternity leave and pay maternity pay occurs in mid stages of pregnancy. The cost associated with this leave is attributable to the period in which the obligation is created, rather than when it is exercised. As such a charge has been made to the service revenue account and a creditor accrual has been reflected in the Balance Sheet for time off owed at the 31st March.

### Termination Benefits

- **Redundancy Costs** - The obligation to pay redundancy costs occurs when there is a formal plan to create redundancies, which has been approved. The plan would include the location, function and approximate number of employees affected; the termination benefits offered; and the time of implementation. When these recognition criteria have been met the Authority recognises the costs associated with this in the service revenue expenditure and create a creditor in the Balance Sheet. In the case of an offer to encourage voluntary redundancy, the Authority has recognised the estimated cost based on the expected number of employees taking the offer.

- **Pensions Costs**

Employees of the Council are members of the Local Government Pension Scheme administered by Northamptonshire County Council. The Scheme provides benefits to members (retirement lump sums and pensions) earned as employees of the Council.

The Local Government Pension Scheme is a defined benefit scheme. The liabilities of the scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.

Pension liabilities are measured using the projected unit method and discounted at the balance sheet date rate of return on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of spot yields on AA rated corporate bonds.

The change in the net pension liability is analysed into seven components:

- Current service cost - the increase in liabilities as result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked
- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

## D. Accounting Policies

- Interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Gains/losses on settlements and curtailments the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Statement of Comprehensive Income and expenditure.
- Contributions paid to the Northamptonshire County Council Pension Fund – cash paid as employers contributions to the Pension Fund.

In relation to retirement benefits, statutory provisions require the General Reserves to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

- **Early Retirement, Discretionary Payments** - the Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### ad Revenue Grants and Contributions

Grants, contributions, and donations are recognised as income at the date that the Authority has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (receipts in advance). Any grant, which had met the recognition criteria but had not been received, would be shown as a debtor. This is in line with the accruals concept policy.

Revenue grants will either be received to be used only for a specific purpose, or can be used for general purpose. Those for a specific purpose are recognised as income in the relevant service revenue account (wherever the related expenditure is incurred) within the net cost of services. Those, which are for general purpose, are shown in the foot of the Comprehensive Expenditure and Income Statement, before the net surplus or deficit.

## D. Accounting Policies

### ae Carbon Reduction Commitment Scheme

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase, which will last until 31 March 2014. The Authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the costs of the Authority's services and is apportioned to services on the basis of energy consumption

### af Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Authority recognises an obligation, based on the best estimate of the likely settlement. When payments are eventually made, it is charged to the provision. Estimated settlements are reviewed at the end of each financial year and adjustments with the service revenue account are made as required.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

### ag Revenue Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council Tax in that year for the expenditure.

The Council maintains earmarked reserves for a number of reasons including: -

- Setting aside money for future policy initiatives;
- To finance expenditure on future projects;
- To mitigate the impact between financial years of expenditure and income on general working balances;
- To mitigate the effect of specifically identified significant risks; and
- To protect the Authority against unexpected events and change in legislation.

The Council's risk-based assessment of the required level of General Fund working balance is £3.1m. This level of general working balance is considered reasonable due to the mitigation of some risks through the holding of earmarked reserves.

Certain reserves are kept to manage the accounting processes for tangible fixed assets, retirement benefits, and financial instruments and these reserves do not represent usable resources for the Council – these reserves are explained below.

## **D. Accounting Policies**

### **Insurance Provision/Reserve**

Surpluses or deficits required in the insurance provision are charged or credited back to individual services. Claims paid that are not recognised in the provision are funded from this reserve. Any changes required to the Insurance Reserve will be debited or credited to the MIRS.

### **Subsidy Equalisation Reserve**

Subsidy claims are very much reliant upon regulations issued by the grant paying bodies. These can change in-year and so the net cost of benefit payments and subsidy claims from the Government can be extremely volatile. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Core Business Systems Reserve**

The Core Business Systems Reserve will be used to improve the main financial and subsidiary financial systems of the Council to streamline administrative processes and improve the quality of information and controls. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Building Maintenance Reserve**

This reserve consists of balances set aside from revenue to finance any major unanticipated maintenance projects. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Supporting Business and Economic Growth Reserve**

This reserve has been set up to finance corporate initiatives to support business and economic growth in the local area. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Change and Performance Reserve**

This reserve will continue to support strategic business reviews and other service reviews that will improve the performance of the Council. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Debt Financing Reserve**

This reserve has been set up to mitigate the additional market risks inherent in treasury management transactions during this period of worldwide economic uncertainty. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Rent Deposit Scheme**

The rent deposit scheme reserve supports part of the Council's anti-homelessness policies. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Leasing**

The leasing reserve is used to equalise the impact of lease agreements to revenue over the life of the lease. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

## **D. Accounting Policies**

### **Carbon Management**

This reserve is used to hold funding for carbon management initiatives and includes funds the Council has saved from operating such initiatives and also the balance of funding received from Salix (which is an independent social enterprise, a not for profit company limited by guarantee), which must be used specifically for this purpose. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **General Reserve**

The General Reserve allows the Council to commit funding to individual projects which may spread across more than one year. This reserve is also used for any contingency sums set aside during budget setting to mitigate risks within the budget. It also holds General Fund grants where any conditions have been met pending matching expenditure. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **Arts Reserve**

This is used to finance the purchase of exhibits for the Museum and Art Gallery. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### **HRA Earmarked Reserves**

These reserves contain amounts specifically set aside to finance HRA projects. The money in these reserves must be used on the Housing Revenue Account. Any changes required to these Reserves will be debited or credited to the Movement in Reserves Statement.

### **ah Council Tax Recognition**

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year. The Authority's share of the accrued Council Tax income is obtained from the information that is required by billing authorities in the production of the Collection Fund Statements.

If the net cash paid to the Authority in the year is more than its proportionate share of net cash collected from Council Tax debtors in the year the Authority will recognise a credit adjustment for the same amount in creditors after adjusting for the previous year brought forward and vice versa if net cash paid is less than the proportionate share.

The Cash Flow Statement includes within operating activities the net Council Tax cash received from the Collection Fund in the year (i.e. the precept for the year plus its share of Collection Fund surplus for the previous year, or less the amount paid to the Collection Fund in respect of its share of the previous year's Collection Fund deficit). The difference between the net cash received from the Collection Fund and the Authority's share of cash collected from Council Tax debtors by the billing authority in the year is included within financing activities in the Cash Flow Statement.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

## D. Accounting Policies

### ai Inventories and long-term contracts

Inventories include goods held for future use. Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Inventories are recorded in terms of average cost. Work in progress on long term contracts is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works. The Council currently does not have any contracts that fulfil this criterion.

### aj Provisions for bad and doubtful debts

In order to suitably reflect the varied nature of debtors within the Council, the basis for providing for bad debts is specific to the circumstances in each individual department. The general policy followed is:

- No public sector debt is provided for (other Local Authorities, NHS, or Central Government).
- Aged debt is reviewed and a reasonable percentage provided for.

Significant individual invoices are reviewed and wholly provided for where it is thought to be necessary.

### Treasury Management

### ak Definition of Treasury Management Activities

The Authority has adopted the following definition of Treasury Management activities:

The management of the Authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Authority regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority.

The Authority acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is therefore committed to the principals of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

### al Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus any interest accrued to 31st March and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

## D. Accounting Policies

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Reserves to be spread over future years.

The Authority has a policy of spreading the gain/loss over the term of the replacement loan subject to a minimum period of 10 years with the case of discounts. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Reserves is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### am Financial Assets

Financial assets are classified into two types:

- **Loans and receivables** - assets that have fixed or determinable payments but are not quoted in an active market

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus any interest accrued to 31st March and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. However, the Council could make loans to organisations or individuals at less than market rates (soft loans).

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Reserves is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Reserves is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

- **Available-for-sale assets** - assets that have a quoted market price and/or do not have fixed or determinable payments.

## D. Accounting Policies

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Values are based on the following principles:

- Instruments with quoted market prices the market price
- Other instruments with fixed and determinable payments discounted cash flow analysis

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Movement in Reserves Statement. The exception is where impairment losses have been incurred these are debited to the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

- **Financial assets at fair value through income and expenditure** – The council does not generally deal in derivatives but may take out forward loans from time to time as part of its overall Treasury Management Strategy.

### an **Interests in Companies and Other Entities**

The council has no material interests in companies and other entities that have the nature of subsidiaries, associates, and joint ventures and so there is no requirement to prepare group accounts. The Council has one Joint Arrangements that is Not an Entity (JANEs), the Joint Planning Unit (JPU): this is not material to the accounts.

### ao **Business Improvement Districts**

The Council collects Business Rates in respect of two Business Improvement Districts (BIDs), the first based on the Brackmills Industrial Estate geographic area, and the second based on the Town Centre geographic area. For both of these BIDs, the Council collects the business rates and pays the amount collected over to the BID on a monthly basis. The money collected is treated as a creditor in the Council's accounts to reflect the fact that the cash received will be paid to the BID and any balances are only there because of a timing issue.

### ap **Cash and Cash Equivalents**

Cash is represented by notes and coins held by the Authority and deposits available on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts only arise as part of the Council's cash management and are therefore netted off against Cash and Cash Equivalents.

Bank overdrafts will only be shown separately as liabilities in the Balance Sheet where they are not an integral part of the Council's cash management; no such instances currently exist that would require separate disclosure from cash and cash equivalents.

## D. Accounting Policies

### aq Component Accounting

For **Council Dwellings** the following components are valued, enhanced and depreciated separately – Kitchen, Bathroom, Windows and Doors, Heating Systems and Lights and Electrics. No other components are material and are therefore treated as part of the building structure. The separately identified components will be depreciated over their useful lives. They will be derecognised when replaced by new components.

For **all other assets**, components will only be shown separately in the asset register if they are significant i.e. if they cost more than £250,000 and their cost amounts to more than 25% of the total cost of the asset. Where the value of an asset is not known, Gross Book Value will be used as a proxy for the determination of significant components.

Land and buildings will be separately valued. The building component will be fully depreciated over its useful life, the residual value of the whole asset being the land component.

The nature of property assets is such that any revaluation relates mainly to the land and structure so will not be passed down to any individual components that have been identified.

Non-dwelling assets will be considered for componentisation if they are material, i.e. have a total building valuation in excess of £1m. Components will only be separately valued if they are significant, i.e. above the de-minimis level of 25% detailed above.

Components will be derecognised if their replacement is deemed to be significant under this policy, i.e. if the cost of it is more than £250,000 and amounts to more than 25% of the total cost of the asset.

Where significant components, as defined above, have been separately recorded on the Asset Register they will be depreciated over their useful lives.

### ar General Government Grants

General government grants and contributions in the form of Revenue Support Grant, Redistributed NNDR, New Homes Bonus, etc are disclosed on the face of the Comprehensive Income and Expenditure Statement in the line Taxation and Non-Specific Grant Income. Further detail of this is shown in Note 11 to the accounts.

## **D. Accounting Policies**

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## **E. Core Financial Statements**

### **E1 Movement in Reserves Statement**

The Movement in Reserves Statement (MIRS) shows the movement in the year on the different reserves held by the Authority, analysed into:

- Usable Reserves – those that can be applied to fund expenditure or reduce local taxation); and
- Unusable Reserves – those that cannot be applied. These comprise of reserves to hold accounting adjustments relating largely to timing differences between when amounts have to be reported as income and expenditure and when those amounts are actually realised.

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Statement is shown on the next two pages, and includes restated figures for 2011/12.

## E. Core Financial Statements

### E1 Movement in Reserves Statement

	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Earmarked HRA Reserves
	£000s	£000s	£000s	£000s
<b>Balance at 31st March 2011 Brought forward</b>	<b>-2,672</b>	<b>-16,009</b>	<b>-4,894</b>	<b>-17,239</b>
<b><u>Movement in reserves during 2011/12</u></b>				
Surplus or (deficit) on provision of services	4,095	0	194,448	0
Other Comprehensive Expenditure and Income	0	0	0	0
<b>Total Comprehensive Expenditure and Income</b>	<b>4,095</b>	<b>0</b>	<b>194,448</b>	<b>0</b>
Adjustments between accounting basis and funding basis under regulations	-4,762	0	-183,657	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>-667</b>	<b>0</b>	<b>10,791</b>	<b>0</b>
Transfers to/from Earmarked Reserves	199	-199	-10,900	10,900
<b>Increase / (Decrease) in Year</b>	<b>-468</b>	<b>-199</b>	<b>-109</b>	<b>10,900</b>
<b>Balance at 31st March 2012 carried forward</b>	<b>-3,140</b>	<b>-16,209</b>	<b>-5,001</b>	<b>-6,340</b>
<b><u>Movement in reserves during 2012/13</u></b>				
Surplus or (deficit) on provision of services	2,369	0	-1,577	0
Other Comprehensive Expenditure and Income	0	0	0	0
<b>Total Comprehensive Expenditure and Income</b>	<b>2,369</b>	<b>0</b>	<b>-1,577</b>	<b>0</b>
Adjustments between accounting basis and funding basis under regulations	-3,224	0	-4,632	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>-855</b>	<b>0</b>	<b>-6,209</b>	<b>0</b>
Transfers to/from Earmarked Reserves	863	-863	6,209	-6,209
<b>Increase / (Decrease) in Year</b>	<b>8</b>	<b>-863</b>	<b>0</b>	<b>-6,209</b>
<b>Balance at 31st March 2013 carried forward</b>	<b>-3,132</b>	<b>-17,072</b>	<b>-5,001</b>	<b>-12,549</b>

## E. Core Financial Statements

### E1 Movement in Reserves Statement

Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Note
£000s	£000s	£000s	£000s	£000s	£000s	
<b>0</b>	<b>-4,491</b>	<b>-1,705</b>	<b>-47,010</b>	<b>-387,448</b>	<b>-434,458</b>	
0	0	0	198,543	0	198,543	31c
0	0	0	0	15,136	15,136	9
<b>0</b>	<b>0</b>	<b>0</b>	<b>198,543</b>	<b>15,136</b>	<b>213,679</b>	
0	2,423	1,012	-184,984	184,984	0	7
<b>0</b>	<b>2,423</b>	<b>1,012</b>	<b>13,559</b>	<b>200,120</b>	<b>213,679</b>	
0	0	0	0	0	0	8
<b>0</b>	<b>2,423</b>	<b>1,012</b>	<b>13,559</b>	<b>200,120</b>	<b>213,680</b>	
<b>0</b>	<b>-2,068</b>	<b>-693</b>	<b>-33,451</b>	<b>-187,328</b>	<b>-220,779</b>	
0	0	0	792	0	792	31c
0	0	0	0	10,174	10,174	9
<b>0</b>	<b>0</b>	<b>0</b>	<b>792</b>	<b>10,174</b>	<b>10,966</b>	
-1,542	-1,199	-1,844	-12,441	12,441	0	7
<b>-1,542</b>	<b>-1,199</b>	<b>-1,844</b>	<b>-11,649</b>	<b>22,615</b>	<b>10,966</b>	
0	0	0	0	0	0	8
<b>-1,542</b>	<b>-1,199</b>	<b>-1,844</b>	<b>-11,649</b>	<b>22,615</b>	<b>10,966</b>	
<b>-1,542</b>	<b>-3,267</b>	<b>-2,537</b>	<b>-45,100</b>	<b>-164,713</b>	<b>-209,813</b>	

## E. Core Financial Statements

### E2 Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. This statement does not show in detail the amount of funding from local taxes and general government grants. 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 Notes to the Core Statements.

2010/11	2011/12			
Net Expenditure Restated	Gross Expenditure Restated	Gross Income Restated	Net Expenditure Restated	
	£000s	£000s	£000s	
				<b>EXPENDITURE ON SERVICES</b>
1,775	19,444	-16,768	2,676	<b>Central services to the public</b>
8,881	8,398	-975	7,423	<b>Cultural, environmental and planning</b>
9,292	11,787	-4,431	7,356	Cultural and related services
4,741	7,692	-2,369	5,323	Environment and Regulatory Services
1,911	3,918	-4,026	-108	Planning Services
				<b>Highways, roads and transport</b>
				<b>Housing</b>
456	46,405	-45,962	443	Housing Revenue Account
151,457	0	0	0	Exceptional Item - change in valuation basis
0	192,920	0	192,920	Exceptional Item - HRA Reform Payment
6,242	81,374	-75,259	6,115	General Fund Housing
3,697	3,578	-48	3,530	<b>Corporate and democratic core</b>
-33	21	-70	-49	<b>Non distributed costs</b>
-29,209	0	0	0	Exceptional Item - Past Service Gain
<b>159,210</b>	<b>375,537</b>	<b>-149,908</b>	<b>225,629</b>	<b>Cost of Services</b>
603	7,394	-4,763	2,631	Other Operating Expenditure
4,555	15,740	-13,012	2,728	Financing and Investment Income and Expenditure
-35,809	143	-32,588	-32,445	Taxation and Non-Specific Grant Income
<b>128,559</b>			<b>198,543</b>	<b>(Surplus) or Deficit on Provision of Services</b>
7,913			-5,104	Surplus or deficit on revaluation of non current assets
0			0	Impairment Losses on non-current assets charged to the revaluation reserve.
0			0	Surplus or deficit on revaluation of available for sale financial assets
-43,595			20,240	Actuarial gains / losses on pension assets / liabilities
<b>-35,682</b>			<b>15,136</b>	<b>Other Comprehensive Income and Expenditure</b>
<b>92,877</b>			<b>213,679</b>	<b>Total Comprehensive Income and Expenditure</b>

## E. Core Financial Statements

### E2 Comprehensive Income and Expenditure Statement

	2012/13			Note
	Gross Expenditure	Gross Income	Net Expenditure	
<b>EXPENDITURE ON SERVICES</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	
<b>Central services to the public</b>	19,171	-16,551	2,620	
<b>Cultural, environmental and planning</b>				
Cultural and related services	10,180	-886	9,294	
Environment and Regulatory Services	10,423	-3,919	6,504	
Planning Services	7,294	-3,231	4,063	
<b>Highways, roads and transport</b>	5,076	-3,493	1,583	
<b>Housing</b>				
Housing Revenue Account	58,345	-50,925	7,420	
Exceptional Item - change in valuation basis	0	0	0	
Exceptional Item - HRA Reform Payment	0	0	0	
General Fund Housing	84,474	-78,960	5,514	
<b>Corporate and democratic core</b>	3,272	-39	3,233	
<b>Non distributed costs</b>	368	-360	8	
Exceptional Item - Past Service Gain	0	0	0	
<b>Cost of Services</b>	<b>198,603</b>	<b>-158,364</b>	<b>40,239</b>	
Other Operating Expenditure	7,750	-5,327	2,423	10
Financing and Investment Income and Expenditure	20,611	-9,301	11,310	11
Taxation and Non-Specific Grant Income	1	-53,181	-53,180	12
<b>(Surplus) or Deficit on Provision of Services</b>			<b>792</b>	
Surplus or deficit on revaluation of non current assets			-1,855	
Impairment Losses on non-current assets charged to the revaluation reserve.			0	
Surplus or deficit on revaluation of available for sale financial assets			0	
Actuarial gains / losses on pension assets / liabilities			12,029	
<b>Other Comprehensive Income and Expenditure</b>			<b>10,174</b>	9
<b>Total Comprehensive Income and Expenditure</b>			<b>10,966</b>	

**E. Core Financial Statements**  
**E2 Comprehensive Income and Expenditure Statement**

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## E. Core Financial Statements

### E3 Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

1st April 2011 Restated	31st March 2012 Restated		31st March 2013	Notes
£000s	£000s		£000s	
459,033	469,814	Property, Plant and Equipment	460,705	13
33,319	36,536	Heritage Assets	36,448	14
6,664	7,522	Investment Property	7,398	15
3,919	3,258	Intangible Assets	2,214	16
0	0	Assets Held for Sale	0	22
0	0	Long Term Investments	1,003	17
33	240	Long Term Debtors	163	17
<b>502,968</b>	<b>517,370</b>	<b>Long Term Assets</b>	<b>507,931</b>	
44,162	12,089	Short Term Investments	25,745	17g
892	869	Assets Held for Sale	1,144	22
502	420	Inventories	67	18
7,841	13,497	Short Term Debtors	17,023	20
34,633	25,205	Cash and Cash Equivalents	21,803	21,17g
<b>88,030</b>	<b>52,080</b>	<b>Current Assets</b>	<b>65,782</b>	
0	0	Cash and cash Equivalents	0	21
-191	-348	Short Term Borrowing	-299	17
-23,814	-12,521	Short Term Creditors	-14,018	23
-206	-384	Provisions	-318	24
<b>-24,211</b>	<b>-13,253</b>	<b>Current Liabilities</b>	<b>-14,635</b>	
-4,240	-3,825	Capital Grants Receipts in Advance	-5,279	17
-59	-52	Provisions	-205	24
-32,397	-216,092	Long Term Borrowing	-216,071	17
-95,633	-115,448	Other Long Term Liabilities	-127,710	41/45
<b>-132,329</b>	<b>-335,417</b>	<b>Long Term Liabilities</b>	<b>-349,265</b>	
<b>434,458</b>	<b>220,780</b>	<b>Net Assets</b>	<b>209,813</b>	
47,010	33,452	Usable Reserves	45,100	25
387,448	187,328	Unusable Reserves	164,713	26
<b>434,458</b>	<b>220,780</b>	<b>Total Reserves</b>	<b>209,813</b>	

The unaudited accounts were issued on 28th June 2013. The audited accounts were authorised for issue on XXth September 2013.

## **E. Core Financial Statements**

### **E3 Balance Sheet**

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## E. Core Financial Statements

### E4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2011/12 £,000 Restated		2012/13 £,000	Notes
-198,543	Net Surplus or (deficit on the provision of services	-792	
17,877	Adjustment to surplus or deficit on the provision of services	38,947	
-7,217	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-28,660	
<b>-187,883</b>	<b>Net Cashflows from Operating Activities</b>	<b>9,495</b>	27, 28
9,709	Net Cashflows from Investing Activities	-18,616	29
168,747	Net Cashflows from Financing Activities	5,719	30
<b>-9,427</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-3,402</b>	
34,632	Cash and Cash Equivalents at the Beginning of the Reporting Period	25,205	
<b>25,205</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>21,803</b>	

## **E. Core Financial Statements**

### **E4 Cash Flow Statement**

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## F. Notes to the Core Financial Statements

### 1 Prior Year Adjustments

Accounting Policies in relation to component accounting have been revised. In relation to Council Dwellings, the following components are valued, enhanced and depreciated separately – Kitchen, Bathroom, Windows & Doors, Heating Systems and Lights & Electrics. No other components are material and are therefore treated as part of the building structure.

If the policy had been implemented in 2010/11 then the net book value of Council Dwellings by 31st March 2012 would have been £360.532m, compared to £373.257m as reported in the Statement of Accounts for 2011/12. This net decrease of £12.725m is a result of greater revaluation losses and increased depreciation charges under the revised policy.

The statements and supporting notes have been amended to reflect the restatement, the key effects of which are:

- At 1 April 2011 the carrying amount of Council Dwellings, part of Property, Plant and Equipment, has been reduced by £8.654m. This is offset by a reduction in the Capital Adjustment Account within Unusable Reserves.
- The fully restated 1 April 2011 Balance Sheet is provided on page 47. The adjustments that have been made to that Balance Sheet over the version published in the 2011/12 Statement of Accounts are as follows:

#### Effect on Balance Sheet 1 April 2011

	Opening Balances as at 1 April 2011 £'000	Restatement £'000	Restatement required to opening balances as at 1 April 2011 £'000
Property, Plant & Equipment	467,687	459,033	-8,654
Long-term Assets	511,622	502,968	-8,654
<b>Total Net Assets</b>	<b>443,112</b>	<b>434,458</b>	<b>-8,654</b>
Unusable Reserves	396,102	387,448	-8,654
<b>Net Worth/Total Reserves</b>	<b>443,112</b>	<b>434,458</b>	<b>-8,654</b>

#### Comprehensive Income and Expenditure Statement

The additional revaluation loss and depreciation charge results in an increase in HRA gross and net expenditure of £8.654m in 2010/11 and £4.071m in 2011/12. A restated statement is shown on page 44.

## F. Notes to the Core Financial Statements

### Movement in Reserves Statement - Unusable Reserves 2011/12

The restatement of the relevant lines of the Movement in Reserves Statement, as of 31 March 2012, as a result of the application of this new accounting policy is presented in the table below.

	<b>As previously Stated 31 March 2012 £'000</b>	<b>As Restated 31 March 2012 £'000</b>	<b>Restatement Required 2012 £'000</b>
<b>Balance as at the end of the previous reporting period - 31 March 2011</b>	<b>-396,102</b>	<b>-387,448</b>	<b>8,654</b>
Surplus or Deficit on the Provision of Services	0	0	0
Other Comprehensive Income & Expenditure	15,136	15,136	0
Adjustments between the accounting basis and the funding basis under regulations	180,913	184,984	4,071
<b>Increase/(decrease) in the year</b>	<b>196,049</b>	<b>200,120</b>	<b>4,071</b>
<b>Balance as at the end of the current reporting period - 31 March 2012</b>	<b>-200,053</b>	<b>-187,328</b>	<b>12,725</b>

There is an equal and opposite adjustment to Usable Reserves, as a result of an increase in the HRA deficit. A fully restated Movement in Reserves Statement is shown on page 41.

The resulting restated Balance Sheet for 31 March 2012 is provided on page 47. The adjustments that have been made to that Balance Sheet over the version published in the 2011/12 Statement of Accounts are as follows:

## F. Notes to the Core Financial Statements

### Effect on Balance Sheet 31 March 2012

	As previously Stated 31 March 2012 £'000	As Restated 31 March 2012 £'000	Restatement Required 2012 £'000
Property, Plant & Equipment	482,538	469,813	-12,725
Long-term Assets	530,094	517,369	-12,725
<b>Total Net Assets</b>	<b>233,504</b>	<b>220,779</b>	<b>-12,725</b>
Unusable Reserves	200,052	187,327	-12,725
<b>Net Worth/Total Reserves</b>	<b>233,504</b>	<b>220,779</b>	<b>-12,725</b>

## 2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT BEEN ADOPTED

IFRS7 requires the Authority to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that been issued, but is not yet required to be adopted by the Authority.

### **IAS 19 Employee Benefits**

The figures in the Comprehensive Income and Expenditure Statement and in note 44 to the accounts relating to pension transactions are based on the current version of IAS19. Changes to IAS19 come into effect for the financial year to 31st March 2014. The changes will be adopted retrospectively for the prior year, in accordance with IAS8. There are new classes of components of defined benefit cost to be recognised in the financial statement relating to net interest on the defined benefit liability / asset and re-measurements of the net defined benefit liability / asset.

The effect of the change to IAS19 on the income statement to 31st March 2013 will be an increase of £988,000. This will be more fully disclosed in the accounts covering the financial year to 31st March 2014.

### **IFRS 13 - Fair Value Measurement**

The standard introduces the concept of a fair value hierarchy based on the inputs used to measure fair value. The hierarchy is: -

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs either directly (prices) or indirectly (derived from prices).

Level 3: Inputs that are not based on observable market data (unobservable inputs).

When inputs categorised in more than one level are used, the entire fair value measurement is classified in the same hierarchy level as the lowest level input that is significant to the entire measurement. The concept is intended to help increase consistency and comparability in fair value measurements and related disclosures.

## F. Notes to the Core Financial Statements

IFRS 13 enhances the disclosures about fair value measurements, including disclosure around the valuation method and inputs used and the information used to develop those inputs. Additional quantitative and descriptive disclosures are required where Level 3 unobservable inputs are used, with the intent of helping financial statement readers understand the sensitivity of the analysis to the key significant inputs.

The adoption of IFRS 13 for public sector circumstances will allow for a new definition of fair value called "public sector valuation". Fair value will not apply to:  
Intangible Assets where no active market exists (carried at historical cost)  
Heritage assets (held at valuation)  
Community assets (held at valuation)

There will have to be a change in accounting policy in line with the adoption of IFRS 13.

### **Collection Fund**

As from 2013/14 there will be changes to the entries within the Council's Collection Fund account relating to changes that are required to account for the localisation of business rates. These changes include:

- Payments of non-domestic rates split between billing and precepting authorities and payments to central government;
- Business rate supplement changes;
- Impairments of non-domestic rates debts; and
- Movements and balances on the fund split between council tax, non-domestic rates, business rates supplements, and community charges.

These changes, along with the localisation of Council Tax Benefit, will change the balance of each transaction in the account. The account will, however, continue to be presented on the statutory basis with the agency nature of the account being accounted for in the Council's main accounts.

## **3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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In applying the accounting policies set out in Section D (above), the Authority has had to make certain judgments about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.
- The state of the economy is very unpredictable at the present time. The Authority has based its assumptions about bad debt levels based on its current expectations about peoples' ability to pay.
- Valuations of Council Dwellings have been based on the latest Government guidance, and impairment has been recognised to reflect this. Local authority housing is facing significant financial reform in the coming years, however, there are no indications at present that the social housing valuation percentages for the local area will be changed again.
- Useful economic lives are based on estimates either from professional (RICS qualified) valuers in the case of property, and service experts in relation to other assets. Infrastructure has a useful economic life of 25 years in line with CIPFA guidance.

## F. Notes to the Core Financial Statements

Estimates and judgements are evaluated based on historical experience and other factors including horizon scanning for future events that are believed to be reasonable under the circumstances. Actual events may differ from these expectations.

The main areas where judgement and estimates are used are in accounting for fixed assets and provisions.

### 4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority 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 Authority's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (excluding land)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be carried out in relation to individual assets. The current economic climate makes it uncertain how much the authority will be able to spend on repairs and maintenance on these assets, so there is uncertainty in the useful economic lives allocated to each asset.	If useful economic lives are reduced there would be an increase in depreciation and a reduction in the carrying value of the assets. It is estimated that the annual depreciation charge for buildings would increase by approximately £403k for every year that useful lives had to be reduced.
Benefit Overpayments Provision	The Authority has made a provision of £4.11m in respect of Overpayments to Benefit Claimants. This provision is based upon an analysis of outstanding debt as at year end and is considered prudent in light of the highly uncertain nature of future recovery levels.	As the provision for Benefit Overpayments is currently set at 97.5% of the overall debt, any movement in the level of overpayments will have a corresponding, equivalent impact on the level of provision required.
Insurance Provision and Reserve	The Council has made a provision of £328k for actual insurance claims outstanding and reserves of £2.7m are set aside for unknown future claims. The amount in the reserve is based upon an actuarial report from our independent advisors, who have specialist experience in forecasting.	If the insurance provision proves to be insufficient then funds can be transferred from the insurance reserve. If the level of insurance reserve were to prove incorrect, then the effect would be equivalent to the amount of the additional claims.

## F. Notes to the Core Financial Statements

Pensions Liability	The Council has a liability for retirement benefits promised under the terms of the pension scheme of £127m. Liabilities are measured on an actuarial basis, estimating future cash flows discounted to present values. This 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 on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	If the principal assumptions used to measure the liability were to differ, then the effect would be: - <ul style="list-style-type: none"> <li>• 0.5% decrease in discount rate = £25.5m</li> <li>• 1 year increase in life expectancy = £8.6m</li> <li>• 0.5% salary increase = £5.2m</li> <li>• 0.5% increase in Pensions rate = £20m</li> </ul>
Arrears	The General Fund has provided for a bad debt provision of £467k. This is based on modelled assumptions of the amount of debt cleared at various time points. The model is based on past recovery rates but any changes in the economic climate could impact on the recovery of outstanding debts.	The amount of debt having a provision against it equates to £1.702m. Therefore any changes in the recovery of our debts will have a maximum impact of £1,082k.
Minimum lease payments on operating leases (Authority as lessor)	Future estimates of minimum lease payments contain a number of assumptions about lease rental income and lease periods; for example that leases will not be renewed at the end of their term, and that vacant properties will not be leased at a future date.	If leases are extended beyond their original term or renewed on expiry, and vacant properties are leased out, then future rental income will exceed the minimum lease payments calculated. Conversely if lessees default on their leases or payments then future rental income may be reduced.

This list does not include assets and liabilities that have are carried at fair value based on a recently observed market price.

## **F. Notes to the Core Financial Statements**

### **5 MATERIAL ITEMS OF INCOME AND EXPENSE**

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During the financial year 2012/13, the Council had four material items to disclose in the accounts which is not detailed elsewhere. The Council entered a contract from 4<sup>th</sup> June 2011 for the provision of Environmental Services (Waste Collection, Street Cleaning, Parks etc.). The contract payments in 2012/13 totalled £6.64m. The contract period is for a minimum of seven years.

Rent allowances for the year totalled £41.4m and rent rebates (combined total for General Fund and HRA) for the year were £31.7m.

In addition there was a grant for Decent Homes from the Homes and Communities Agency to the value of £16,945,000.

### **6 EVENTS AFTER THE BALANCE SHEET DATE**

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The Statement of Accounts was authorised for issue by the Chief Finance Officer on the date shown in the Explanatory Foreword section B. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There has been a change to legislation around business rates which takes effect from 1 April 2013 in relation to the implementation of the local retention of business rates scheme.

Local authorities will assume the liability for refunding rate payers who have successfully appealed against the rateable value of their property on the rating list. This will include amounts that were paid over to central Government in respect of 2012/13 and prior years. Previously such amounts would not have been recognised as income by local authorities, but would have transferred to CLG.

When authorities assume these liabilities on 1 April 2013 a provision will need to be recognised. There is therefore a non adjusting post balance sheet event that gives this authority a liability of £155.8k from that date, being its share of the outstanding appeals risk.

## F. Notes to the Core Financial Statements

### 7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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

	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
<b>2011/12 - Restated</b>	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Adjustments primarily involving the capital adjustment account:</b>								
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Charges for depreciation and impairment of non-current assets	-2,329	-51	0	-6,835	0	0	-9,215	9,215
Revaluation gains on PPE	1,341	5,695	0	0	0	0	7,036	-7,036
Revaluation losses on Property Plant and equipment	-2,995	-5,736	0	0	0	0	-8,731	8,731
Movements in the market value of Investment properties	652	0	0	0	0	0	652	-652
Amortisation of Intangible assets	-498	-411	0	0	0	0	-909	909
Capital Grants and contributions applied (if any)	3,061	0	0	0	0	0	3,061	-3,061
Income in relation to donated assets if any	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	-4,364	-192,920	0	0	0	0	-197,284	197,284
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	-2,168	-2,202	0	0	0	0	-4,370	4,370
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Statutory provision for the financing of capital investment	446	0	0	0	0	0	446	-446
Capital expenditure charged against the General Fund and HRA balances	119	12,455	0	0	0	0	12,574	-12,574
Balance of MRA	0	0	0	0	0	0	0	0
<b>Total Adjustments primarily involving the capital adjustment account</b>	<b>-6,735</b>	<b>-183,170</b>	<b>0</b>	<b>-6,835</b>	<b>0</b>	<b>0</b>	<b>-196,740</b>	<b>196,740</b>

## F. Notes to the Core Financial Statements

<b>2011/12 - Restated</b>	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	392	0	0	0	0	-392	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	1,404	1,404	-1,404
<b>Total Adjustments primarily involving the Capital Grants Unapplied Account</b>	<b>392</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,012</b>	<b>1,404</b>	<b>-1,404</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,720	1,767	0	0	-3,487	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	4,978	0	4,978	-4,978
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	-4	0	0	4	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to Government Capital Receipts pool	-973	0	0	0	973	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0	0	0	0	-46	0	-46	46
<b>Total Adjustments primarily involving the Capital Receipts Reserve</b>	<b>747</b>	<b>1,763</b>	<b>0</b>	<b>0</b>	<b>2,422</b>	<b>0</b>	<b>4,932</b>	<b>-4,932</b>
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>								
Transfer of deferred sale proceed credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	281	2	0	0	0	0	283	-283
<b>Total Adjustments primarily involving the Deferred Capital Receipts Reserve</b>	<b>281</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>283</b>	<b>-283</b>
<b>Adjustment primarily involving the Major Repairs Reserve:</b>								
Reversal of major Repairs Allowance credited to the HRA	0	1,326	0	-1,326	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	8,161	0	0	8,161	-8,161
<b>Total Adjustment primarily involving the Major Repairs Reserve</b>	<b>0</b>	<b>1,326</b>	<b>0</b>	<b>6,835</b>	<b>0</b>	<b>0</b>	<b>8,161</b>	<b>-8,161</b>

## F. Notes to the Core Financial Statements

	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
<b>2011/12 - Restated</b>								
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b> Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	0	315	0	0	0	0	315	-315
<b>Adjustments primarily involving the Pensions Reserve:</b> Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and expenditure Statement	-5,237	-1,699	0	0	0	0	-6,936	6,936
Employer's pensions contributions and direct payments to pensioners payable in the year	5,798	1,884	0	0	0	0	7,682	-7,682
<b>Total Adjustments primarily involving the Pensions Reserve</b>	<b>561</b>	<b>185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>746</b>	<b>-746</b>
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b> Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	0	0	0	0	0	0	0	0
<b>Adjustment primarily involving the Accumulated Absences Account:</b> Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-7	-7	0	0	0	0	-14	14
<b>Total Adjustments</b>	<b>-4,761</b>	<b>-179,586</b>	<b>0</b>	<b>0</b>	<b>2,422</b>	<b>1,012</b>	<b>-180,913</b>	<b>180,913</b>

## F. Notes to the Core Financial Statements

<b>2012/13</b>	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Adjustments primarily involving the capital adjustment account:</b>								
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>								
Charges for depreciation and impairment of non-current assets	-2,446	0	0	-7,819	0	0	-10,265	10,265
Revaluation gains on PPE	2,836	276	0	0	0	0	3,112	-3,112
Revaluation losses on Property Plant and equipment	-8,033	-24,919	0	0	0	0	-32,952	32,952
Movements in the market value of Investment properties	-46	0	0	0	0	0	-46	46
Amortisation of Intangible assets	-821	0	0	0	0	0	-821	821
Capital Grants and contributions applied (if any)	5,571	16,945	0	0	0	0	22,516	-22,516
Income in relation to donated assets if any	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	-2,759	0	0	0	0	0	-2,759	2,759
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	-1,326	-3,370	0	0	0	0	-4,696	4,696
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Statutory provision for the financing of capital investment	903	0	0	0	0	0	903	-903
Capital expenditure charged against the General Fund and HRA balances	301	0	0	0	0	0	301	-301
Balance of MRA	0	0	0	0	0	0	0	0
<b>Total Adjustments primarily involving the capital adjustment account</b>	<b>-5,820</b>	<b>-11,068</b>	<b>0</b>	<b>-7,819</b>	<b>0</b>	<b>0</b>	<b>-24,707</b>	<b>24,707</b>
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,913	0	0	0	0	-1,913	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	69	69	-69
<b>Total Adjustments primarily involving the Capital Grants Unapplied Account</b>	<b>1,913</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,844</b>	<b>69</b>	<b>-69</b>

## F. Notes to the Core Financial Statements

<b>2012/13</b>	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,636	2,670	0	0	-4,306	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	2,334	0	2,334	-2,334
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	-73	0	0	73	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to Government Capital Receipts pool	-755	0	0	0	755	0	0	0
Transfer from Deferred Capital receipts Reserve upon receipt of cash	0		0	0	-56	0	-56	56
<b>Total Adjustments primarily involving the Capital Receipts Reserve</b>	<b>881</b>	<b>2,597</b>	<b>0</b>	<b>0</b>	<b>-1,200</b>	<b>0</b>	<b>2,278</b>	<b>-2,278</b>
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>								
Transfer of deferred sale proceed credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0	0
<b>Total Adjustments primarily involving the Deferred Capital Receipts Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustment primarily involving the Major Repairs Reserve:</b>								
Reversal of major Repairs Allowance credited to the HRA	0	3,624	0	-3,624	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	9,901	0	0	9,901	-9,901
<b>Total Adjustment primarily involving the Major Repairs Reserve</b>	<b>0</b>	<b>3,624</b>	<b>0</b>	<b>6,277</b>	<b>0</b>	<b>0</b>	<b>9,901</b>	<b>-9,901</b>
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	302	0	0	0	0	302	-302

## F. Notes to the Core Financial Statements

<b>2012/13</b>	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Adjustments primarily involving the Pensions Reserve:</b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and expenditure Statement	-6,211	-2,091	0	0	0	0	-8,302	8,302
Employer's pensions contributions and direct payments to pensioners payable in the year	5,940	2,000	0	0	0	0	7,940	-7,940
<b>Total Adjustments primarily involving the Pensions Reserve</b>	<b>-271</b>	<b>-91</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-362</b>	<b>362</b>
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>								
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	33	0	0	0	0	0	33	-33
<b>Adjustment primarily involving the Accumulated Absences Account:</b>								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	41	4	0	0	0	0	45	-45
<b>Total Adjustments</b>	<b>-3,223</b>	<b>-4,632</b>	<b>0</b>	<b>-1,542</b>	<b>-1,200</b>	<b>-1,844</b>	<b>-12,441</b>	<b>12,441</b>

## F. Notes to the Core Financial Statements

### 8 TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2012/13.

	Balance at 31st March 2011	Additions to Reserve 2011/12	Use Of Reserve 2011/12	Balance at 31st March 2012	Additions to Reserve 2012/13	Use Of Reserve 2012/13	Balance at 31st March 2013
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>General Fund</b>							
Insurance	2,302	87	-246	2,143	390	-90	2,443
Subsidy Equalisation	500	0	0	500	62	0	562
Core Business Systems	299	0	-45	254	0	-20	234
Building Maintenance	329	0	-20	309	0	-75	234
Supporting Business and Economic Growth	386	119	-222	283	0	-58	225
Change and Performance	860	24	-66	818	0	-116	702
Debt Financing	377	0	0	377	109	-1	485
Rent Deposit Scheme	100	60	0	160	0	0	160
Leasing	7	0	0	7	0	0	7
Carbon Management	123	46	0	169	15	-89	95
General	7,230	995	-2,380	5,845	935	-1,204	5,576
Revenue Grants	3,477	1,986	-661	4,802	2,124	-1,479	5,447
Arts	19	0	0	19	0	0	19
Delapre Abbey	0	525	-3	522	390	-29	883
<b>Total General Fund</b>	<b>16,009</b>	<b>3,842</b>	<b>-3,643</b>	<b>16,208</b>	<b>4,025</b>	<b>-3,161</b>	<b>17,072</b>
<b>HRA</b>							
HRA Reserves	13,860	2,208	-13,287	2,781	6,013	0	8,794
Supporting People Reserve	558	0	0	558	0	0	558
HRA Reform Reserve	2,000	0	0	2,000	0	-667	1,333
Leaseholders Reserve	0	0	0	0	168	0	168
Insurance Reserve	0	0	0	0	300	0	300
Service Improvement Reserve	801	347	-148	1,000	670	-274	1,396
Project Reserve	20	0	-20	0	0	0	0
<b>Total HRA</b>	<b>17,239</b>	<b>2,555</b>	<b>-13,455</b>	<b>6,339</b>	<b>7,151</b>	<b>-941</b>	<b>12,549</b>
<b>Total Earmarked</b>	<b>33,248</b>	<b>6,397</b>	<b>-17,098</b>	<b>22,547</b>	<b>11,176</b>	<b>-4,102</b>	<b>29,621</b>

#### Insurance Reserve

Surpluses or deficits required in the insurance provision are charged or credited back to individual services. Claims paid that are not recognised in the provision are funded from this reserve. Any changes required to the Insurance Reserve will be debited or credited to the MIRS.

## **F. Notes to the Core Financial Statements**

### Subsidy Equalisation Reserve

Subsidy claims are very much reliant upon regulations issued by the grant paying bodies. These can change in-year and so the net cost of benefit payments and subsidy claims from the Government can be extremely volatile. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Core Business Systems Reserve

The Core Business Systems Reserve will be used to improve the main financial and subsidiary financial systems of the Council to streamline administrative processes and improve the quality of information and controls. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Building Maintenance Reserve

This reserve consists of balances set aside from revenue to finance any major unanticipated maintenance projects. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Supporting Business and Economic Growth Reserve

This reserve has been set up to finance corporate initiatives to support business and economic growth in the local area. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Change and Performance Reserve

This reserve will continue to support strategic business reviews and other service reviews that will improve the performance of the Council. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Debt Financing Reserve

This reserve has been set up to mitigate the additional market risks inherent in treasury management transactions during this period of world-wide economic uncertainty. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Rent Deposit Scheme

The rent deposit scheme reserve supports part of the Council's anti-homelessness policies. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Leasing

The leasing reserve is used to equalise the impact of lease agreements to revenue over the life of the lease. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Carbon Management

This reserve is used to hold funding for carbon management initiatives and includes funds the Council has saved from operating such initiatives and also the balance of funding received from Salix (which is an independent social enterprise, a not for profit company limited by guarantee), which must be used specifically for this purpose. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

## F. Notes to the Core Financial Statements

### General Reserve

The General Reserve allows the Council to commit funding to individual projects which may spread across more than one year. This reserve is also used for any contingency sums set aside during budget setting to mitigate risks within the budget. It also holds General Fund grants pending matching expenditure. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### Revenue Grants

This reserve is for revenue grants where all the grant conditions have been met. These will be drawn down and matched to relevant expenditure when it is incurred.

### Arts Reserve

This is used to finance the purchase of exhibits for the Museum and Art Gallery. Any changes required to this Reserve will be debited or credited to the Movement in Reserves Statement.

### HRA Earmarked Reserves

These reserves contain amounts specifically set aside to finance HRA projects. The money in these reserves must be used on the Housing Revenue Account. Any changes required to these Reserves will be debited or credited to the Movement in Reserves Statement.

## 9 OTHER COMPREHENSIVE EXPENDITURE AND INCOME

2010/11 £,000	2011/12 £,000		2012/13 £,000
		<b>Revaluation Reserve</b>	
-3,930	-5,081	General Fund Revaluation Gains	-5,401
668	991	General Fund Revaluation Losses	5,544
0	20	General Fund Impairment	18
-1,511	-1,105	HRA Revaluation Gains	-2,243
12,686	71	HRA Revaluation Losses	227
<b>7,913</b>	<b>-5,104</b>	<b>Total</b>	<b>-1,855</b>
		<b>Actuarial Gains and Losses to the Pensions Reserve</b>	
<b>-43,595</b>	<b>20,240</b>		<b>12,029</b>
<b>-35,682</b>	<b>15,136</b>	<b>Other Comprehensive Expenditure and Income</b>	<b>10,174</b>

## F. Notes to the Core Financial Statements

### 10 OTHER OPERATING EXPENDITURE

2010/11	2011/12		2012/13
£000s	£000s		£000s
926	942	Parish council precepts	976
-20	-20	Levies	-20
1,231	973	Payments to the Government Housing capital Receipts Pool	755
48	132	Trading	248
-1,581	604	Gains/Losses on the disposal of non-current assets	464
<b>604</b>	<b>2,631</b>	<b>Total</b>	<b>2,423</b>

### 11 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2010/11	2011/12		2012/13
£000s	£000s		£000s
1,792	1,625	Interest payable and similar charges	7,659
5,181	3,267	Pensions interest cost and expected return on pensions assets	4,438
-1,876	-812	Interest receivable and similar charges	-834
-541	-1352	Income and expenditure in relation to investment properties and changes in their fair value	47
<b>4,556</b>	<b>2,728</b>	<b>Total</b>	<b>11,310</b>

### 12 TAXATION AND NON SPECIFIC GRANT INCOME

2010/11	2011/12		2012/13
£000s	£000s		£000s
-14,954	-14,966	Council tax income	-15,092
-931	-1932	Capital grants and contributions	-6,200
-2,401	-3,355	Revenue Support Grant	-253
-16,535	-10,852	Non domestic rates	-13,042
-989	-1,340	Non-ring fenced government grants	-18,593
<b>-35,810</b>	<b>-32,445</b>	<b>Total</b>	<b>-53,180</b>

## F. Notes to the Core Financial Statements

### 13 PROPERTY, PLANT AND EQUIPMENT

#### a) Movements

<b>Movements in 2011/12 Restated</b>	<b>Council Dwellings</b>	<b>Housing Land and Buildings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture and Equipment</b>
	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>				
At 1st April 2011	359,188	17,736	83,251	10,477
Additions	21,156	28	3,590	940
Donations	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-64	388	-313	-188
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-10,402	3	-5,547	-699
Derecognition – disposals	-1,835	0	-154	-4,268
Derecognition – other	0	-225	0	0
Assets reclassified (to) / from Held for sale	0	0	-150	0
Other movements in cost or valuation	0	0	1,278	55
<b>At 31 March 2012</b>	<b>368,044</b>	<b>17,930</b>	<b>81,955</b>	<b>6,317</b>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2011	-7,321	-322	-6,621	-6,563
Depreciation Charge	-7,545	-320	-1,799	-438
Depreciation written out to the revaluation reserve	2	158	1,196	275
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,323	8	4,314	278
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	-20	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	-51	-11	0
Derecognition – Disposals	28	0	22	3,576
Derecognition – other	0	8	0	0
Other Movements	0	0	3	-3
<b>At 31 March 2012</b>	<b>-7,513</b>	<b>-519</b>	<b>-2,916</b>	<b>-2,875</b>
<b>Net Book Value</b>				
At 31 March 2011	351,868	17,414	76,630	3,914
At 31 March 2012	360,531	17,411	79,039	3,442

## F. Notes to the Core Financial Statements

Infra- structure Assets	Community Assets	Surplus Assets	Assets Under Construct -ion	Total Property, Plant and Equipment
£000s	£000s	£000s	£000s	£000s
1,402	5,134	1,390	1,614	<b>480,192</b>
0	419	0	2,130	<b>28,263</b>
0	0	0	0	<b>0</b>
0	0	-65	0	<b>-242</b>
0	0	1	0	<b>-16,644</b>
0	0	0	0	<b>-6,257</b>
0	0	0	0	<b>-225</b>
0	0	-735	0	<b>-885</b>
0	3	0	-1,614	<b>-278</b>
<b>1,402</b>	<b>5,556</b>	<b>591</b>	<b>2,130</b>	<b>483,925</b>
-238	-4	-91	0	<b>-21,160</b>
-16	-5	-20	0	<b>-10,143</b>
0	0	87	0	<b>1,718</b>
0	0	0	0	<b>11,923</b>
0	0	0	0	<b>-20</b>
0	0	0	0	<b>-62</b>
0	0	0	0	<b>3,626</b>
0	0	0	0	<b>8</b>
0	0	0	0	<b>0</b>
<b>-254</b>	<b>-9</b>	<b>-24</b>	<b>0</b>	<b>-14,110</b>
<b>1,164</b>	<b>5,130</b>	<b>1,299</b>	<b>1,614</b>	<b>459,033</b>
<b>1,148</b>	<b>5,547</b>	<b>567</b>	<b>2,130</b>	<b>469,814</b>

## F. Notes to the Core Financial Statements

Movements in 2012/13	Council Dwellings	Housing Land and Buildings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment
	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>				
At 1st April 2012	368,044	17,930	81,955	6,317
Additions	27,430	0	4,258	408
Donations	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-6,088	488	-547	-1,998
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	-24,774	2	-6,270	-1,222
Derecognition – disposals	-1,720	-108	-1,098	-562
Derecognition – other	-1,629	-5	-10	-33
Assets reclassified (to) / from Held for sale	0	0	-250	0
Other movements in cost or valuation	0	0	2,057	5
<b>At 31 March 2013</b>	<b>361,263</b>	<b>18,307</b>	<b>80,095</b>	<b>2,915</b>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2012	-7,513	-519	-2,916	-2,875
Depreciation Charge	-7,813	-315	-1,464	-832
Depreciation written out to the revaluation reserve	7,390	225	316	2,126
Depreciation written out to the Surplus/Deficit on the Provision of Services	122	8	1,683	572
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	-18	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	-17	0
Derecognition – Disposals	29	2	0	545
Derecognition – other	78	0	1	21
Other Movements	0	0	0	0
<b>At 31 March 2013</b>	<b>-7,707</b>	<b>-599</b>	<b>-2,415</b>	<b>-443</b>
<b>Net Book Value</b>				
<b>At 31 March 2012</b>	<b>360,531</b>	<b>17,411</b>	<b>79,039</b>	<b>3,442</b>
<b>At 31 March 2013</b>	<b>353,556</b>	<b>17,708</b>	<b>77,680</b>	<b>2,472</b>

## F. Notes to the Core Financial Statements

Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construct-ion	Total Property, Plant and Equipment
£000s	£000s	£000s	£000s	£000s
1,402	5,555	591	2,130	<b>483,924</b>
309	126	0	1,789	<b>34,320</b>
0	0	0	0	<b>0</b>
0	0	-161	0	<b>-8,306</b>
0	0	0	0	<b>-32,264</b>
0	0	0	0	<b>-3,488</b>
0	0	-55	0	<b>-1,732</b>
0	0	-79	0	<b>-329</b>
422	-356	70	-2,130	<b>68</b>
<b>2,133</b>	<b>5,325</b>	<b>366</b>	<b>1,789</b>	<b>472,193</b>
-254	-9	-24	0	<b>-14,110</b>
-44	-12	-5	0	<b>-10,485</b>
0	0	22	0	<b>10,079</b>
0	0	0	0	<b>2,385</b>
0	0	0	0	<b>-18</b>
0	0	0	0	<b>-17</b>
0	0	0	0	<b>576</b>
0	0	2	0	<b>102</b>
-4	4	0	0	<b>0</b>
<b>-302</b>	<b>-17</b>	<b>-5</b>	<b>0</b>	<b>-11,488</b>
<b>1,148</b>	<b>5,546</b>	<b>567</b>	<b>2,130</b>	<b>469,814</b>
<b>1,831</b>	<b>5,308</b>	<b>361</b>	<b>1,789</b>	<b>460,705</b>

The table for 2011/12 in note 13a) above includes several assets valued at depreciated replacement cost (DRC). In common with some other local authorities, the Royal Institute of Chartered Surveyors (RICS) methodology for calculating DRC has been used. This requires financing costs to be incorporated into the calculation, while the CIPFA Code of Practice on Local Authority Accounting methodology for calculating DRC requires financing costs to be excluded. The total value of property plant and equipment is therefore over stated by £1.447m, relating to the financing costs included in the RICS methodology. The CIPFA Code of Practice methodology has been adopted from 2012/13.

## F. Notes to the Core Financial Statements

### b) Depreciation

The useful lives and depreciation rates used in the calculation of depreciation are detailed in accounting policy 'o'.

### c) Capital Commitments

At 31 March 2013, the Authority has a number of committed contracts for the construction or enhancement of Property, Plant, and Equipment in 2013/14 and future years budgeted to cost £6,181k. Similar commitments at 31 March 2012 were £1,925k. The major commitments are:

<b>Contract</b>	<b>Contractor</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Basis of Commitment</b>
		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	
Complete Roofs	Oakleaf/Warkton	397	0	0	Roofing works on Housing properties
Bus Interchange	Keir Construction	5,784	0	0	Construction works
<b>Total</b>		<b>6,181</b>	<b>0</b>	<b>0</b>	

### d) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture, and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The main Housing stock was initially valued by the Beacon Method at April 2000. A rolling programme of revaluation exists whereby approximately 20% of the Housing stock is revalued each year and the average percentage change established on the revalued properties is then applied to the remaining stock.

The significant assumptions applied in estimating the fair values are:

- Each property has good title
- Each property is not subject to flooding, subsidence, shrinkage, or other such hazards
- The land is not affected in any way by contamination
- Each property is free from structural defect and is in reasonable condition
- Where properties are vacant, the current and future use are the same with no potential redevelopment of the site

## F. Notes to the Core Financial Statements

	<b>Council Dwellings</b>	<b>Other HRA Land and Build.</b>	<b>Other Land and Build.</b>	<b>Vehicles, Plant, Furniture and Equip.</b>	<b>Surplus Assets</b>	<b>Total</b>
	£000s	£000s	£000s	£000s	£000s	£000s
Valued at fair value in						
2012/13	333,833	12,061	56,988	2,501	0	405,383
2011/12	0	0	540	0	0	540
2010/11	0	6,143	4,455	0	295	10,893
2009/10	0	32	6,832	0	0	6,864
2008/09	0	71	4,963	0	0	5,034
Previous Years	0	0	0	0	0	0
<b>Total</b>	<b>333,833</b>	<b>18,307</b>	<b>73,778</b>	<b>2,501</b>	<b>295</b>	<b>428,714</b>

## F. Notes to the Core Financial Statements

f) Information on Assets Held

31/03/2012 Restated		31/03/2013
<b>Number</b>	<b>Operational Assets</b>	<b>Number</b>
12,102	<b>Council Dwellings</b>	12,047
	<b>Other Land and Buildings</b>	
	Council Houses not used as dwellings -	
27	Community Rooms	27
89	Shared Ownership Properties	88
3,150	Council Garages	3,132
16	Other Housing Properties	21
66	Operational Shops	66
62.88ha	Allotments	62.88ha
5	Sports & Leisure Centres	7
26	Community Centres	25
1	Museums, Art Galleries	1
1	Open Markets	1
13	Public Conveniences	13
5	Multi-Storey Pay & Display Car Parks	5
3	Local Area Offices	2
3	Central Administrative Offices	3
1	Gypsy Site	1
1	Bus Station	1
19	Surface Pay & Display Car Parks	18
6	Pavilions	7
1	Depots	1
13	Sub-Depots	14
73	<b>Infrastructure</b>	80
186	<b>Vehicles, Plant, Furniture and Equipment</b>	166
	<b>Community Assets</b>	
887.45ha	Parks and Open Spaces	887.45ha
1	Guildhall	1
1	Historical Buildings	1
2	Monuments/Memorials/Exhibitions	2
8	Cemeteries	8
	<b>Heritage Assets</b>	
37	Buildings & Statuary	37
163	Museum Exhibits	163
123	Guildhall Contents	123
15	Mayoral Regalia	15
	<b>Non-operational Assets</b>	
290	Commercial Property (Units)	290
65.97ha	Agricultural Land	65.97ha
1	Golf Course	1
1	Theatres	1
1	Indoor Market/Arts Venue	0
54	<b>Intangible Assets</b>	54

## F. Notes to the Core Financial Statements

### g) Donated Assets

The Council did not take on any material new donated assets in 2011/12 or 2012/13.

## 14 HERITAGE ASSETS

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Reconciliation of the heritage assets held by the Authority:

	Historic Building and Statuary	Museum Exhibits	Mayoral Regalia	Guildhall Artefacts	Total Heritage Assets
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
1 April 2011	1,717	29,655	48	1,932	33,352
Additions	112	0	0	0	112
Disposals	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,097	0	0	0	3,097
Revaluation increases/(decreases) recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0
<b>31 March 2012</b>	<b>4,926</b>	<b>29,655</b>	<b>48</b>	<b>1,932</b>	<b>36,561</b>
<b>Depreciation and Impairment</b>					
1 April 2011	-33	0	0	0	-33
Depreciation	-53	0	0	0	-53
Disposals	0	0	0	0	0
Depreciation written out to the revaluation reserve	61	0	0	0	62
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0
<b>31 March 2012</b>	<b>-25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-25</b>
<b>Net Book Value</b>					
at 31 March 2011	1,684	29,655	48	1,932	33,319
at 31 March 2012	4,901	29,655	48	1,932	36,536

## F. Notes to the Core Financial Statements

	Historic Buildings Statuary	Museum Exhibits	Mayoral Regalia	Guildhall Artefacts	Total Heritage Assets
	£,000	£000	£,000	£,000	£,000
<b>Cost or Valuation</b>					
1 April 2012	4,926	29,655	48	1,932	36,561
Additions	1	0	0	0	1
Disposals	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	0	0	0
Revaluation increases/(decreases) recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0
<b>31 March 2013</b>	<b>4,927</b>	<b>29,655</b>	<b>48</b>	<b>1,932</b>	<b>36,562</b>
<b>Depreciation and Impairment</b>					
1 April 2012	-25	0	0	0	-25
Depreciation	-89	0	0	0	-89
Disposals		0	0	0	0
Depreciation written out to the revaluation reserve	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0
<b>31 March 2013</b>	<b>-114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-114</b>
<b>Net Book Value</b>					
at 31 March 2012	4,901	29,655	48	1,932	36,536
<b>at 31 March 2013</b>	<b>4,813</b>	<b>29,655</b>	<b>48</b>	<b>1,932</b>	<b>36,448</b>

### Buildings and Statuary

Historic Buildings that were previously included in Community Assets were valued as part of the five-year rolling programme of valuations undertaken by the Council's internal valuers. Statuary has been valued at market valuations by Art and Antiques Ltd in March 2012.

### Museum Exhibits

Museum Exhibits were valued in March 2010 by Arts and Antiques Ltd for insurance purposes: these valuations are based on market values. Of particular interest is the shoe collection, which is the largest collection of shoe heritage in the world and is designated as being of national importance.

### Mayoral Regalia

These comprise of the chains and pendants of office and were valued in March 2010 by Arts and Antiques Ltd for insurance purposes. These valuations are based on market values.

## F. Notes to the Core Financial Statements

### Guildhall Artefacts

These are items within the Guildhall such as paintings, clocks, lighting and furniture. Again, they were valued in March 2010 based on market values by Arts and Antiques Ltd for insurance purposes.

### Enhancements of Heritage Assets

Enhancements on Heritage Assets reflect improvement works undertaken at Delapre Abbey and at Abington Park Museum.

### Disposals

There were no disposals of Heritage Assets in 2012/13

## 15. INVESTMENT PROPERTIES

- a) The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2011/12		2012/13
£000s		£000s
-892	Rental income from investment property	-580
19	Direct operating expenses arising from investment property	74
<b>-873</b>	<b>Net (gain) / loss</b>	<b>-506</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct, or develop investment property or repairs, maintenance or enhancement.

- b) The following table summarises the movement in the fair value of investment properties over the year:

2011/12		2012/13
£000s		£000s
6,664	<b>Balance at start of the year</b>	7,521
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
	Transfers:	
0	to/from Inventories	0
206	to/from Property, Plant and Equipment	-70
651	Net Gains / Losses from fair value adjustments	-54
<b>7,521</b>	<b>Balance at end of year</b>	<b>7,397</b>

## F. Notes to the Core Financial Statements

### 16. INTANGIBLE ASSETS

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The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant, and Equipment. The intangible assets include both purchased licenses and internally generated software.

- a) All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are:

	Internally Generated Assets	Other Assets
	£000s	£000s
3 Years	0	1,907
5 Years	0	168
10 Years	0	138
<b>Total</b>	<b>0</b>	<b>2,214</b>

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1,240k charged to revenue in 2012/13 was charged to the appropriate cost centres and then absorbed as an overhead across all the service headings in the Net Expenditure of Services where the original service charged was an overhead. It is not, therefore, possible to quantify exactly how much of the amortisation is attributable to each service heading.

## F. Notes to the Core Financial Statements

### b) Movements

2011/12				2012/13		
Internally Generated Assets	Other Assets	Total		Internally Generated Assets	Other Assets	Total
£000s	£000s	£000s	£000s	£000s	£000s	
			<b>Balance at start of year</b>			
0	5,271	5,271	Gross carrying amounts	0	5,179	
0	-1,351	-1,351	Accumulated amortisation	0	-1,921	
<b>0</b>	<b>3,920</b>	<b>3,920</b>	<b>Net carrying amount at start of year</b>	<b>0</b>	<b>3,258</b>	
0	298	298	Purchases	0	195	
0	73	73	Changes in Asset class - Gross value	0	2	
0	0	0	Changes in Asset class - Amortisation	0	0	
0	-463	-463	Disposals - Gross value	0	0	
0	340	340	Disposals - Amortisation	0	0	
0	-909	-909	Amortisation for the Period	0	-1,241	
<b>0</b>	<b>3,259</b>	<b>3,920</b>	<b>Net carrying amount at end of year</b>	<b>0</b>	<b>2,214</b>	
			Comprising:			
0	5,179	5,179	Gross carrying amounts	0	5,376	
0	-1,920	-1,920	Accumulated Amortisation	0	-3,162	
<b>0</b>	<b>3,259</b>	<b>3,259</b>	<b>Net carrying amount at end of year</b>	<b>0</b>	<b>2,214</b>	

- c) There is one item of capitalised software that is individually significant to the financial statements:

31 March 2012		31 March 2013	Remaining Amortisation Period
£000s		£000s	
1,575	IBS - Housing Management System	1,196	5 Years

## F. Notes to the Core Financial Statements

### 17. FINANCIAL INSTRUMENTS

#### a) Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-Term		Current	
	31 March 2012	31 March 2013	31 March 2012	31 March 2013
	£000s	£000s	£000s	£000s
<b>Investments</b>				
Loans and receivables	0	1,003	37,293	47,548
<b>Total Investments</b>	<b>0</b>	<b>1,003</b>	<b>37,293</b>	<b>47,548</b>
<b>Debtors</b>				
Loans and receivables	240	163	6,345	13,627
<b>Total Debtors</b>	<b>240</b>	<b>163</b>	<b>6,345</b>	<b>13,627</b>
<b>Borrowings</b>				
Financial Liabilities at amortised cost	-216,092	-216,072	-348	-299
Financial liabilities at fair value through profit and loss	0	0	0	0
<b>Total Borrowings</b>	<b>-216,092</b>	<b>-216,072</b>	<b>-348</b>	<b>-299</b>
<b>Other Long Term Liabilities</b>				
PFI and finance leases	-418	-289	0	0
<b>Total Other long term liabilities</b>	<b>-418</b>	<b>-289</b>	<b>0</b>	<b>0</b>
<b>Creditors</b>				
Financial Liabilities at amortised cost	-3,825	-5,279	-12,581	-12,175
<b>Total Creditors</b>	<b>-3,825</b>	<b>-5,279</b>	<b>-12,581</b>	<b>-12,175</b>

#### b) Reclassifications

There have been no reclassifications of financial instruments during the year.

## F. Notes to the Core Financial Statements

### c) Income, Expense, Gains, and Losses

2011/12				2012/13		
Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Total		Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Total
£000s	£000s	£000s		£000s	£000s	£000s
-1,625	0	-1,625	Interest expenditure	-7,659	0	-7,659
0	-508	-508	Impairment losses	0	-589	-589
-1,625	-508	-2,133	<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	-7,659	-589	-8,248
0	812	812	Interest income	0	833	833
0	812	812	<b>Total Income in Surplus or Deficit on the Provision of Services</b>	0	833	833
<b>-1,625</b>	<b>304</b>	<b>-1,321</b>	<b>Net gain/(loss) for the year</b>	<b>-7,659</b>	<b>244</b>	<b>-7,415</b>

The Authority did not have any Financial Assets available for sale or Assets and Liabilities at Fair Value through profit and loss for either 2011/12 or 2012/13.

### d) Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the investments, using the following assumptions.

- Estimated ranges of interest and discount rates at 31 March 2013:
  - 1.15% to 4.03% for loans from the PWLB based on new lending rates for equivalent loans at that date;
  - 1.00% to 4.11% for other loans payable, based on discount rates applying at that date;
  - 0.35% to 0.76% for loans receivable, based on new lending rates for equivalent loans at that date;
- no early repayment or impairment is recognised;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2012		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
Financial Liabilities	-12,929	-12,929	-12,474	-12,474
Long Term Creditors	-220,335	-196,414	-221,639	-209,646

## F. Notes to the Core Financial Statements

The fair value of liabilities at 31 March 2012 and at 31 March 2013 is lower than the carrying amount at the same date because the Authority's portfolio of loans includes a number of fixed rate loans where the interest payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2012 and 31 March 2013 respectively) arising from a commitment to pay interest to lenders below current market rates.

	31 March 2012		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
Loans and Receivables	43,638	43,707	62,178	62,306
Long Term Debtors	240	240	163	163

The fair value of the assets at 31 March 2012 and 31 March 2013 is higher than the carrying amount at the same date because the Authority's portfolio of investments includes a number of fixed rate loans where the interest payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2012 and 31 March 2013 respectively) attributable to the commitment to receive interest above current market rates.

Available for sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

### e) Short Term Borrowing

31 March 2012	Short Term Borrowing	31 March 2013
£000s		£000s
90	Billing Parish Council 7 day notice account	90
239	Northampton Volunteer Bureau 7 day notice account	189
19	HCA principal due within 1 year	20
<b>348</b>		<b>299</b>

## F. Notes to the Core Financial Statements

### f) Long Term Borrowing

31 March 2012	Long Term Borrowing	31 March 2013
£000s		£000s
	Analysis of loans by type	
190,113	Public Works Loan Board	190,113
24,788	Money Market LOBOs	24,788
1,191	Homes and Communities Agency	1,170
<b>216,092</b>		<b>216,071</b>
	Analysis of loans by maturity	
20	Maturing in 1-2 years	15,743
23,824	Maturing in 2-5 years	10,129
12,194	Maturing in 5-10 years	15,194
180,054	Maturing in over 10 years	175,005
<b>216,092</b>		<b>216,071</b>

### g) Investments

31/03/2012	Investment Type	31/03/2013
£,000		£,000
	<b>Included in Cash and Cash Equivalents</b>	
10,141	Deposit and Call Accounts	17,071
3,930	Money Market Funds	2,620
11,000	Fixed Term Investments	0
<b>25,071</b>		<b>19,691</b>
	<b>Current Investments - Under 1 Year</b>	
0	Building Society Investments < 1 Year	5,505
12,089	Bank Investments < 1 Year	20,240
0	Local Authorities < 1 Year	0
0	Other Investments < 1 Year	0
<b>12,089</b>		<b>25,745</b>
	<b>Long Term Investments - Over 1 Year</b>	
0	Long Term Investments - Fixed Term	1,003
<b>0</b>		<b>1,003</b>
<b>37,160</b>	<b>Total</b>	<b>46,439</b>

## F. Notes to the Core Financial Statements

### 18. INVENTORIES

	Westbridge Depot Main Stores	Sub Stores	Other Stores	Total
	£000s	£000s	£000s	£000s
<b>2011/12</b>				
Balance outstanding at start of year	268	63	171	502
Purchases	1,034	8	163	1,205
Revaluations	0	0	11	11
Recognised as an expense in the year	-878	-54	-147	-1,079
Written off balances	-171	0	-18	-189
Reversals of write-offs in previous years	0	0	0	0
Reclassification / Transfers	0	0	-30	-30
<b>Balance outstanding at year end</b>	<b>253</b>	<b>17</b>	<b>150</b>	<b>420</b>
<b>2012/13</b>				
Balance outstanding at start of year	253	17	150	420
Purchases	737	0	149	886
Revaluations	0	0	1	1
Recognised as an expense in the year	-797	0	-187	-984
Written off balances	-193	0	-22	-215
Reversals of write-offs in previous years	0	0	0	0
Reclassification / Transfers	0	-17	-25	-42
<b>Balance outstanding at year end</b>	<b>0</b>	<b>0</b>	<b>66</b>	<b>66</b>

### 19. CONSTRUCTION CONTRACTS

In 2012/13, the Council did not have any external construction contracts in progress.

## F. Notes to the Core Financial Statements

### 20. DEBTORS

1 April 2011 £,000	31 March 2012 £,000		31 March 2013 £,000
5,675	11,911	Central Government Bodies	16,041
-1,227	-1,728	Less Impairment Allowance	-1,497
<b>4,448</b>	<b>10,183</b>	<b>Central Government Bodies</b>	<b>14,544</b>
2,071	827	Other Local Authorities	648
-448	-120	Less Impairment Allowance	-79
<b>1,623</b>	<b>707</b>	<b>Other Local Authorities</b>	<b>569</b>
52	0	NHS Bodies	59
-11	0	Less Impairment Allowance	-11
<b>41</b>	<b>0</b>	<b>NHS Bodies</b>	<b>48</b>
1,560	2,718	Public Corporations and Trading Funds	748
-337	-394	Less Impairment Allowance	-310
<b>1,223</b>	<b>2,324</b>	<b>Public Corporations and Trading Funds</b>	<b>438</b>
6,366	5,945	Other entities and Individuals	7,087
-5,860	-5,661	Less Impairment Allowance	-5,664
<b>506</b>	<b>284</b>	<b>Other entities and Individuals</b>	<b>1,423</b>
<b>7,841</b>	<b>13,498</b>	<b>Total</b>	<b>17,022</b>

### 21. CASH AND CASH EQUIVALENTS

31/03/2012		31/03/2013
£000s		£000s
11	Cash held by the Authority	12
0	Bank current accounts - Giro Account	0
<b>11</b>	<b>Total Cash and Giro Accounts</b>	<b>12</b>
<b>123</b>	<b>Overdraft/Operating Account used as part of cash management</b>	<b>2,099</b>
10,141	Deposit Account Facilities with banks	17,071
0	Deposit Account Facilities with building societies	0
3,930	Deposits with money market funds	2,620
11,000	Short Term Investments (up to 3 months) with banks	0
0	Short Term Investments (up to 3 months) with building societies	0
<b>25,071</b>	<b>Total Cash Equivalents</b>	<b>19,691</b>
<b>25,205</b>	<b>Total Cash and Cash Equivalents</b>	<b>21,802</b>

## F. Notes to the Core Financial Statements

### 22. ASSETS HELD FOR SALE

	Current		Non Current	
	2011/12	2012/13	2011/12	2012/13
	£000s	£000s	£000s	£000s
<b>Balance outstanding at start of year</b>	893	869	0	0
Assets newly classified as held for sale:				
Property Plant and Equipment	885	428	0	0
Intangible Assets	0	0	0	0
Other assets/liabilities in disposal groups	0	0	0	0
Revaluation losses	-85	0	0	0
Revaluation gains	574	0	0	0
Impairment losses	0	0	0	0
Assets declassified as held for sale:		0		
Property, Plant and Equipment	0	0	0	0
Intangible Assets	0	0	0	0
Other assets/liabilities in disposal groups	0	0	0	0
Assets sold	-1398	-153	0	0
Transfers from non-current to current	0	0	0	0
Other movements	0	0	0	0
<b>Balance outstanding at year end</b>	<b>869</b>	<b>1,144</b>	<b>0</b>	<b>0</b>

### 23. CREDITORS

31/03/2012		31/03/2013
£000s		£000s
1,591	Central Government Bodies	891
1,636	Other Local Authorities	3,259
13	NHS Bodies	42
7,242	Public Corporations and Trading Funds	7,542
2,039	Other Entities and Individuals	2,285
<b>12,521</b>	<b>Total Creditors</b>	<b>14,018</b>

## F. Notes to the Core Financial Statements

### 24. PROVISIONS

#### Long Term Provisions

	Insurance Provision	Other Provisions	Total
	£000s	£000s	£000s
<b>Balance at 1 April 2012</b>	-47	-5	-52
Additional provisions made	-178	0	-178
Amounts used	21	0	21
Unused amounts reversed	4	0	4
Unwinding of discounts	0	0	0
<b>Balance at 31 March 2013</b>	<b>-200</b>	<b>-5</b>	<b>-205</b>

#### Short Term Provisions

	Insurance Provision	Accumulated Absences	Other Provisions	Total
	£000s	£000s	£000s	£000s
<b>Balance at 1 April 2012</b>	-181	-203	0	-384
Additional provisions made	-115	-159	0	-274
Amounts used	103	204	0	307
Unused amounts reversed	34	0	0	34
Unwinding of discounts	0	0	0	0
<b>Balance at 31 March 2013</b>	<b>-159</b>	<b>-158</b>	<b>0</b>	<b>-317</b>

a) Insurance Provision

The provision covers the following risks: -

- Liability claims under the policy excess arising from 1992/93 onwards.
- Claims under the policy excess on the Council's own dwellings.
- Claims over the "paid locally" figure but under the excess on the Council's motor vehicles.
- Death-in-service cover for employees who have council loans for the purchase of cars required for essential purposes.
- Other small miscellaneous items arising from time to time.

External premiums are charged direct to the revenue accounts, as are the costs of the internal Insurance Provision. This provision is reduced as claims are settled.

The estimated cost of outstanding claims is held in the Insurance provision as at 31<sup>st</sup> March 2013; an actuarial forecast of future valid claims made against 2012/13 and before is held in the Insurance Reserve.

b) Other

The balance of £5k on Long Term Provisions represents a small provision in respect of the Rent Assistance and Rent Guarantee Schemes.

The balance of £158k on Short Term Provisions represents a provision for payments for leave time owed to staff at 31<sup>st</sup> March; there is unlikely to be a claim for this so this is represented as a provision rather than a charge to the accounts.

## F. Notes to the Core Financial Statements

### 25. USABLE RESERVES

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Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and note 6 and further detail about earmarked reserves is shown in Note 7.

### 26. UNUSABLE RESERVES

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#### a) Balances

31/03/2012 Restated		31/03/2013
£000s		£000s
-49,477	Revaluation Reserve	-50,714
343	Financial Instruments Adjustment Account Available for Sale Financial Instruments Reserve	41
0		0
-253,157	Capital Adjustment Account	-241,373
-270	Deferred Capital Receipts Reserve	-214
115,030	Pensions Reserve	127,421
0	Collection Fund Adjustment Account	-33
0	Unequal Pay Back Pay Account	0
204	Short Term Compensated Absences Account	159
<b>-187,327</b>		<b>-164,713</b>

#### b) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

## F. Notes to the Core Financial Statements

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

General Fund	Housing Revenue Account	2011/12		General Fund	Housing Revenue Account	2012/13
£000s	£000s	£000s		£000s	£000s	£000s
<b>-42,494</b>	<b>-3,552</b>	<b>-46,046</b>	<b>Balance at 1 April</b>	<b>-45,071</b>	<b>-4,407</b>	<b>-49,478</b>
-5,081	-1,105	-6,186	Upward Revaluation of assets	-5,401	-2,243	-7,644
1,011	71	1,082	Downward Revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	5,563	226	5,789
<b>-4,070</b>	<b>-1,034</b>	<b>-5,104</b>	<b>Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>162</b>	<b>-2,017</b>	<b>-1,855</b>
582	102	684	Difference between fair value depreciation and historical cost depreciation	213	276	489
911	77	989	Accumulated gains on assets sold or scrapped	21	109	130
<b>1,493</b>	<b>179</b>	<b>1,673</b>	<b>Amounts written off to the Capital Adjustment Account</b>	<b>234</b>	<b>385</b>	<b>619</b>
<b>-45,071</b>	<b>-4,407</b>	<b>-49,478</b>	<b>Balance at 31 March</b>	<b>-44,675</b>	<b>-6,039</b>	<b>-50,714</b>

### c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account is used to reconcile the accounting treatment of Financial Instruments that has been adopted and the actual charges that must be made under statute.

2011/12		2012/13
£000s		£000s
658	Balance as at 1 April	343
-315	Transitional Arrangements - Unattached Premia	-302
<b>343</b>	<b>Balance as at 31 March</b>	<b>41</b>

## F. Notes to the Core Financial Statements

### d) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

The Council currently holds no equity investments, other quoted investments, or other financial assets classified as available for sale.

### e) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction, and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant, and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

## F. Notes to the Core Financial Statements

General Fund	HRA Restated	2011/12 Restated		General Fund	HRA	2012/13
£000s	£000s	£000s		£000s	£000s	£000s
-64,705	-373,045	-437,750	Balance at 1 April	-65,072	-188,085	-253,157
			Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
2,329	7,929	10,258	- Charges for depreciation and impairment of non current assets	2,446	7,818	10,264
2,995	8,763	11,758	- Revaluation losses on Property, Plant and Equipment	8,033	24,919	32,952
-1,341	-5,695	-7,036	- Revaluation gains on Property, Plant and Equipment	-2,836	-276	-3,112
498	411	909	- Amortisation of intangible assets	821	0	821
4,364	192,920	197,284	- Revenue expenditure funded from capital under statute	2,759	0	2,759
2,168	2,202	4,370	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,326	3,371	4,697
<b>11,013</b>	<b>206,530</b>	<b>217,543</b>		<b>12,549</b>	<b>35,832</b>	<b>48,381</b>
-1,360	-314	-1,674	Adjusting amounts written out of the Revaluation Reserve	-234	-385	-619
<b>9,653</b>	<b>206,216</b>	<b>215,869</b>	<b>Net written out amount of the cost of the Revaluation Reserve</b>	<b>12,315</b>	<b>35,447</b>	<b>47,762</b>
			Capital financing applied in the year:			
-4,280	-698	-4,978	- Use of the Capital Receipts Reserve to Finance new capital expenditure	-1,734	-600	-2,334
0	-8,161	-8,161	- Use of the Major Repairs Reserve to finance new capital expenditure	0	-9,901	-9,901
			- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital expenditure			
-3,061	0	-3,061	- Application of grants to capital financing from the Capital Grants Unapplied Account	-5,571	-16,945	-22,516
-1,462	58	-1,404	- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	-69	0	-69
-446	0	-446	- Capital expenditure charged against the General Fund and HRA balances	-903	0	-903
-119	-12455	-12,574	- Capital expenditure charged against the General Fund and HRA balances	-301	0	-301
<b>-9,368</b>	<b>-21,256</b>	<b>-30,624</b>		<b>-8,578</b>	<b>-27,446</b>	<b>-36,024</b>
-652	0	-652	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	46	0	46
0	0	0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	0	0
<b>-65,072</b>	<b>-188,085</b>	<b>-253,157</b>	<b>Balance at 31 March</b>	<b>-61,289</b>	<b>-180,084</b>	<b>-241,373</b>

## F. Notes to the Core Financial Statements

### f) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2011/12		2012/13
£000s		£000s
-35	Balance as at 1 April	-270
-281	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
46	Transfer to the Capital Receipts Reserve upon receipt of cash	57
<b>-270</b>	<b>Balance as at 31 March</b>	<b>-213</b>

### g) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2011/12		2012/13
£000s		£000s
95,536	Balance as at 1 April	115,030
20,240	Actuarial gains or losses on pension assets and liabilities	12,029
6,927	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement	8,302
-7,968	Employer's pensions contributions and direct payments to pensioners payable in the year	-7,939
295	Pensions Correction	-1
<b>115,030</b>	<b>Balance as at 31 March</b>	<b>127,421</b>

## F. Notes to the Core Financial Statements

### h) Collection Fund Adjustment Account

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

2011/12		2012/13
£000s		£000s
0	Balance as at 1 April	0
0	Amounts by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	-33
<b>0</b>	<b>Balance as at 31 March</b>	<b>-33</b>

### i) Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants. The information available at this time is that any further settlements of Unequal Pay back pay are unlikely to be made.

### j) Short Term Compensated Absences Account

The Short Term Compensated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2011/12		2012/13
£000s		£000s
190	Balance as at 1 April	204
14	Movements in year	-45
<b>204</b>	<b>Balance as at 31 March</b>	<b>159</b>

## F. Notes to the Core Financial Statements

### 27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2011/12		2012/13
£'000		£'000
<b>(198,543)</b>	<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(792)</b>
	<b><u>Adjust net surplus or deficit on the provision of services for non cash movements</u></b>	
13,285	Depreciation	10,263
1,695	Impairment and downward valuations	29,840
909	Amortisation	821
0	Adjustments for effective interest rates	0
53	Increase/Decrease in Interest Creditors	0
4,020	Increase/Decrease in Creditors	673
90	Increase/Decrease in Interest and Dividend Debtors	(159)
(5,400)	Increase/Decrease in Debtors	(8,036)
82	Increase/Decrease in Inventories	353
(746)	Pension Liability	362
170	Contributions to/(from) Provisions	87
4,370	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	4,697
0	Issuing of Council Mortgages relating to deferred capital receipts	0
0	Carrying amount of short and long term investments sold	0
(651)	Movement in Investment Property Values	46
<b>(180,666)</b>	<b>Adjusted net surplus or deficit on the provision of services for non cash movements</b>	<b>38,155</b>
	<b><u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u></b>	
(3,453)	Capital Grants credited to surplus or deficit on the provision of services	(24,429)
0	Proceeds from the sale of short and long term investments	0
(3,764)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(4,231)
<b>(7,217)</b>	<b>Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	<b>(28,660)</b>
<b>(187,883)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>9,495</b>

## F. Notes to the Core Financial Statements

### 28. CASH FLOW STATEMENT - OPERATING ACTIVITIES (INTEREST)

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2011/12		2012/13
£'000		£'000
902	Interest Received	675
(1,572)	Interest Paid	(7,659)
0	Dividends Received	0
<b>(670)</b>	<b>Total</b>	<b>(6,984)</b>

### 29. CASH FLOW STATEMENT - INVESTING ACTIVITIES

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2011/12		2012/13
£'000		£'000
(28,265)	Purchase of Property, Plant and Equipment, investment property and intangible assets	(34,516)
(29,000)	Purchase of short and long term investments	(31,500)
(274)	Other payments for investing activities	0
1,809	Proceeds from the sale of property plant and equipment, investment property and intangible assets	2,653
61,005	Proceeds from short-term and long-term investments	17,000
4,434	Other Receipts from Investing Activities	27,747
<b>9,709</b>	<b>Total Cash Flows from Investing Activities</b>	<b>(18,616)</b>

## F. Notes to the Core Financial Statements

### 30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2011/12		2012/13
£'000		£'000
184,230	Cash receipts of short and long term borrowing	70
(15,021)	Billing Authorities - Council Tax and NNDR adjustments	5,927
(92)	Repayment of Short-Term and Long-Term Borrowing	(139)
(370)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(139)
<b>168,747</b>	<b>Total Cash Flows from Financing Activities</b>	<b>5,719</b>

## F. Notes to the Core Financial Statements

### 31. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *CIPFA Service Reporting Code of Practice (SERCOP)*. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across Directorates and Departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on support services is budgeted for within the relevant department and not charged to other departments and directorates.

The income and expenditure of the Authority's directorates recorded in the budget reports for the year is as follows:

## F. Notes to the Core Financial Statements

### a) Income and expenditure of the Authority's Directorates Recorded in the Budget Reports For the Year 2011/12

	Customers & Communities	Resources	Regeneration, Enterprise, and Planning	Borough Secretary
	£,000	£,000	£,000	£,000
Fees, Charges, & Other Service Income	-12,184	-2,596	-3,795	-460
Government Grants	-61	-85,277	0	0
<b>Total Income</b>	<b>-12,245</b>	<b>-87,873</b>	<b>-3,795</b>	<b>-460</b>
Employee Expenses	8,808	11,258	3,498	1,920
Other Service Expenses	19,776	87,158	2,629	812
Support Services Recharges	0	0	0	0
<b>Total Expenditure</b>	<b>28,584</b>	<b>98,416</b>	<b>6,127</b>	<b>2,732</b>
<b>Total</b>	<b>16,339</b>	<b>10,543</b>	<b>2,332</b>	<b>2,272</b>

### Income and expenditure of the Authority's Directorates Recorded in the Budget Reports For the Year 2012/13

	Customers & Communities	Resources	Regeneration, Enterprise, and Planning	Borough Secretary
	£,000	£,000	£,000	£,000
Fees, Charges, & Other Service Income	-10,879	-2,570	-4,118	-689
Government Grants	-65	-89,284	0	0
<b>Total Income</b>	<b>-10,944</b>	<b>-91,854</b>	<b>-4,118</b>	<b>-689</b>
Employee Expenses	6,864	11,330	3,548	1,763
Other Service Expenses	19,280	90,877	3,378	885
Support Services Recharges	0	0	0	0
<b>Total Expenditure</b>	<b>26,144</b>	<b>102,207</b>	<b>6,926</b>	<b>2,648</b>
<b>Total</b>	<b>15,200</b>	<b>10,353</b>	<b>2,808</b>	<b>1,959</b>

## F. Notes to the Core Financial Statements

### a) Income and expenditure of the Authority's Directorates Recorded in the Budget Reports For the Year 2011/12 ctd.

	Housing General Fund	General Fund Total	HRA	Total
	£,000	£,000	£,000	£,000
Fees, Charges, & Other Service Income	-3,545	-22,580	-48,002	-70,582
Government Grants	-61	-85,399	0	-85,399
<b>Total Income</b>	<b>-3,606</b>	<b>-107,979</b>	<b>-48,002</b>	<b>-155,981</b>
Employee Expenses	2,652	28,136	9,861	37,997
Other Service Expenses	1,263	111,638	23,364	135,002
Support Services Recharges	0	0	0	0
<b>Total Expenditure</b>	<b>3,915</b>	<b>139,774</b>	<b>33,225</b>	<b>172,999</b>
<b>Total</b>	<b>309</b>	<b>31,795</b>	<b>-14,777</b>	<b>17,018</b>

### Income and expenditure of the Authority's Directorates Recorded in the Budget Reports For the Year 2012/13 ctd.

	Housing General Fund	General Fund Total	HRA	Total
	£,000	£,000	£,000	£,000
Fees, Charges, & Other Service Income	-2,547	-20,803	-51,325	-72,128
Government Grants	-297	-89,646	0	-89,646
<b>Total Income</b>	<b>-2,844</b>	<b>-110,449</b>	<b>-51,325</b>	<b>-161,774</b>
Employee Expenses	2,569	26,074	10,581	36,655
Other Service Expenses	1,345	115,765	10,936	126,701
Support Services Recharges	0	0	0	0
<b>Total Expenditure</b>	<b>3,914</b>	<b>141,839</b>	<b>21,517</b>	<b>163,356</b>
<b>Total</b>	<b>1,070</b>	<b>31,390</b>	<b>-29,808</b>	<b>1,582</b>

### b) Reconciliation of Income and Expenditure Reported in Budget Reports to Cost of Services in the Comprehensive Income and Expenditure Statement

	2011/12 £,000	2012/13 £,000
Net expenditure in the Directorate Analysis	17,018	1,582
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	207,391	38,951
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	1,220	-294
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>225,629</b>	<b>40,239</b>

## F. Notes to the Core Financial Statements

### c) Reconciliation to Subjective Analysis

	2011/12 - Restated			
	Customers and Communities	Resources	Regeneration, Enterprise and Planning	Borough Secretary
	£000s	£000s	£000s	£000s
Fees, charges and other service income	-12,589	-2,596	-4,301	-460
Interest and investment income	0	0	0	0
Income from Council Tax	0	0	0	0
Government grants and contributions	-61	-85,277	0	0
Employee expenses	9,162	7,534	3,657	2,003
Other service expenses	19,843	87,552	2,636	814
Support service recharges	-287	-4,037	-76	-690
Depreciation, amortisation and impairment	2,891	1,118	-238	18
Interest payments	0	0	0	0
Pensions interest cost and expected return on pensions assets	0	0	0	0
Precepts and levies	0	0	0	0
Payments to Housing Capital Receipts Pool	0	0	0	0
Gain or loss on disposal of non-current assets	293	-34	-96	0
<b>Surplus or deficit on the provision of services</b>	<b>19,252</b>	<b>4,260</b>	<b>1,582</b>	<b>1,685</b>

	2012/13			
	Customers and Communities	Resources	Regeneration, Enterprise and Planning	Borough Secretary
	£000s	£000s	£000s	£000s
Fees, charges and other service income	-10,879	-2,279	-4,376	-689
Interest and investment income	0	0	0	0
Income from Council Tax	0	0	0	0
Government grants and contributions	-65	-89,284	0	0
Employee expenses	7,158	7,304	3,727	1,827
Other service expenses	19,304	90,894	3,476	889
Support service recharges	-2,144	-3,244	33	-312
Depreciation, amortisation and impairment	6,433	631	1,103	19
Interest payments	0	0	0	0
Pensions interest cost and expected return on pensions assets	0	0	0	0
Precepts and levies	0	0	0	0
Payments to Housing Capital Receipts Pool	0	0	0	0
Gain or loss on disposal of non-current assets	-264	12	-41	0
<b>Surplus or deficit on the provision of services</b>	<b>19,543</b>	<b>4,034</b>	<b>3,922</b>	<b>1,734</b>

## F. Notes to the Core Financial Statements

	2011/12 - Restated				
	Housing General Fund	HRA	Debt Financing	Other (Below the line)	Total
	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	-4,156	-48,002	0	-204	-72,308
Interest and investment income	0	-222	-590	0	-812
Income from Council Tax	0	0	0	-14,966	-14,966
Government grants and contributions	-61	0	0	-17,274	-102,673
Employee expenses	2,761	8,881	0	0	33,998
Other service expenses	1,274	23,364	0	0	135,483
Support service recharges	4,571	197,712	0	0	197,193
Depreciation, amortisation and impairment	41	11,407	0	0	15,237
Interest payments	0	70	1,555	0	1,625
Pensions interest cost and expected return on pensions assets	0	801	0	2,466	3,267
Precepts and levies	0	0	0	922	922
Payments to Housing Capital Receipts Pool	0	0	0	973	973
Gain or loss on disposal of non-current assets	4	437	0	0	604
<b>Surplus or deficit on the provision of services</b>	<b>4,438</b>	<b>194,448</b>	<b>965</b>	<b>-28,083</b>	<b>198,543</b>

	2012/13				
	Director of Housing	HRA	Debt Financing	Other (Below the line)	Total
	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	-3,749	-51,325	0	-6,160	-79,457
Interest and investment income	0	6,353	-532	0	5,821
Income from Council Tax	0	0	0	-15,092	-15,092
Government grants and contributions	-297	-16,945	0	-14,982	-121,573
Employee expenses	2,678	9,551	0	0	32,245
Other service expenses	1,371	10,935	0	0	126,869
Support service recharges	3,253	5,012	0	0	2,598
Depreciation, amortisation and impairment	324	33,254	0	0	41,764
Interest payments	0	-304	1,308	0	1,004
Pensions interest cost and expected return on pensions assets	0	1,118	0	3,320	4,438
Precepts and levies	0	0	0	956	956
Payments to Housing Capital Receipts Pool	0	0	0	755	755
Gain or loss on disposal of non-current assets	-17	774	0	0	464
<b>Surplus or deficit on the provision of services</b>	<b>3,563</b>	<b>-1,577</b>	<b>776</b>	<b>-31,203</b>	<b>792</b>

## F. Notes to the Core Financial Statements

### 32. TRADING ACCOUNTS

The Authority has established 2 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Authority or other organisations. Details of these units are as follows:

2010/11 Net	2011/12 Net		2012/13 Income	2012/13 Exp.	2012/13 Net
£000s	£000s		£000s	£000s	£000s
-514	-1,611	Property Management	-1,709	1,978	269
21	11	Construction Services	0	0	0
<b>-493</b>	<b>-1,600</b>	<b>Total Surplus\Deficit</b>	<b>-1,709</b>	<b>1,978</b>	<b>269</b>

Property Management - Relates to the property costs of Industrial Units, Investment Property and Other Properties that the Council rents out.

Construction Services - This was previously the provision of a Highways Repairs service. This loss making service ceased in 2008/09 however there were residual Service charges and Capital costs which have reduced over time and are now complete.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Authority's services to the public (e.g. markets), whilst others may be support services to the Authority's services to the public. The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure:

2010/11 Net	2011/12 Net		2012/13 Income	2012/13 Exp.	2012/13 Net
£000s	£000s		£000s	£000s	£000s
4	1	Trade Refuse	0	0	0
729	817	Markets	-531	699	168
<b>733</b>	<b>818</b>	<b>Total Surplus\Deficit</b>	<b>-531</b>	<b>699</b>	<b>168</b>

Trade Refuse - This service previously provided a waste collection service to local companies. The service has now ceased but there were still minor residual costs in 2011/12.

Markets - This service maintains and manages the Northampton market square.

## F. Notes to the Core Financial Statements

### 33. AGENCY SERVICES

An Agency agreement with the County Council commenced on 1<sup>st</sup> July 2003 which allows the Council to undertake a much smaller range of functions than under the previous Highways Agency Agreement.

2011/12		2012/13
£000s		£000s
271	Administration costs and ancillary services	262
-187	Income including transfer fees from NCC	-187
<b>84</b>	<b>Net surplus / deficit arising on the agency agreement</b>	<b>75</b>

### 34. POOLED BUDGETS

The Council has entered into a pooled budget arrangement with its partners, led by Northamptonshire County Council, to work together to increase the joint working they undertake to improve the well being of children and young people in their area and to better deliver the "Every Child Matters" agenda. In 2012/13 the Borough's contribution to the pooled budget was £11k (£10k in 2011/12).

The contributions were agreed to be in the following proportions for 2012/13: -

Northamptonshire County Council	56%
PCT	31%
District / Borough Councils in Northamptonshire (Total)	11%
Police Authority	2%

The contributions are subject to change as per the agreement.

2011/12		2012/13
£000s		£000s
-256	<b>Balance Brought Forward</b>	-244
	Funding Provided to the Pool	
-11	Northampton BC	-11
-573	The Partners	-537
<b>-584</b>		<b>-548</b>
<b>596</b>	<b>Expenditure Met from the Pool</b>	<b>501</b>
<b>-244</b>	<b>Balance Carried Forward</b>	<b>-291</b>

## F. Notes to the Core Financial Statements

### 35. MEMBERS' ALLOWANCES

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The Authority paid the following amounts to members of the Council during the year:

2011/12		2012/13
£000s		£000s
	<b>Expenditure</b>	
26	Mayor/Deputy Mayor Allowance	27
399	Members' Allowances	400
3	Expenses	1
<b>428</b>	<b>Total</b>	<b>428</b>

## F. Notes to the Core Financial Statements

### 36. OFFICERS' REMUNERATION

#### a) Senior Officers

Job Title	Year	Note	Salary (inc Fees and Allowances)	Compensation for loss of Office	Benefits in Kind (Car Allowance)	Total Remuneration excl Pension	Pension Contributions	Total Remuneration including Pension
			£000s	£000s	£000s	£000s	£000s	£000s
Chief Executive	2012/13		138	0	1	139	18	157
	2011/12		138	0	1	139	18	157
Borough Secretary	2012/13	7	78	0	1	79	10	89
	2011/12		70	0	1	71	9	80
Director of Customers and Communities	2012/13	7	111	0	1	112	15	127
	2011/12		111	0	1	112	15	127
Director of Resources	2012/13	7	108	0	1	109	14	123
	2011/12		105	0	1	106	14	120
Director of Housing	2012/13		108	0	1	109	14	123
	2011/12		105	0	1	106	14	120
Director of Regeneration, Enterprise and Planning	2012/13	1 & 7	51	0	0	51	7	58
Head of Partnership Support	2012/13	2, 6, & 7	42	39	1	82	6	88
	2011/12		63	0	1	64	9	73
Head of Customer and Cultural Services	2012/13	7	69	0	1	70	9	79
	2011/12		67	0	1	68	9	77
Head of Strategic Housing	2012/13	7	83	0	0	83	11	94
	2011/12		80	0	0	80	11	91
Head of Business Change	2012/13	7	85	0	1	86	11	97
	2011/12		83	0	1	84	11	95
Head of Joint Planning Unit	2012/13		67	0	1	68	9	77
	2011/12		65	0	1	66	9	75
Head of Planning	2012/13		85	0	1	86	11	97
	2011/12		85	0	1	86	11	97
Head of Policy and Community Engagement	2012/13	3	16	28	0	44	0	44
	2011/12		62	0	1	63	8	71
Head of Communities and Environment	2012/13	4	60	0	1	61	8	69
	2011/12		56	0	1	57	7	64
Head of Regeneration and Development	2012/13		71	0	1	72	9	81
	2011/12		71	0	1	72	9	81
Head of Finance and Resources	2012/13	8	65	0	1	66	9	75
Head of Revenues and Benefits	2011/12		59	0	1	60	8	68
Total	2012/13	5	1,237	67	13	1,317	161	1,478
	2011/12		1,220	0	14	1,234	162	1,396

## F. Notes to the Core Financial Statements

### Notes re 2012/13

1. Director of Regeneration, Enterprise & Planning started 1 October 2012 – Annualised salary £102k.
2. Head of Partnership Support – Redundancy – Left 31 January 2013 – Annualised salary £69k.
3. Head of Policy & Community Engagement – Redundancy – Left 9 April 2012 – Annualised salary £61k.
4. Change of Title from Head of Public Protection to Head of Communities & Environment
5. Head of Landlord Services vacant post - Annualised Salary £83k. Post is awaiting permanent recruitment and is currently being covered on an interim basis.

### Notes re 2011/12

6. Maternity leave – Annualised salary £69k.
7. In March 2012 there was a senior management restructure with the effect that there were changes to the following roles:

Borough Solicitor	Became	Borough Secretary
Director of Environment & Culture	Became	Director of Customers & Communities
Director of Finance & Support	Became	Director of Resources
Director of Local Strategic Partnership	Became	Head of Partnership Support
Director of Planning & Regeneration	Became	Director of Regeneration, Enterprise & Planning
Head of Customer Services & ICT	Became	Head of Customer & Cultural Services
Head of Housing Needs & Support	Became	Head of Strategic Housing
Head of Human Resources	Became	Head of Business Change

8. The roles of Head of Finance and Head of Revenues and Benefits were deleted as part of the restructure in March 2012 and replaced with a single role of Head of Finance and Resources.

## F. Notes to the Core Financial Statements

### b) Officers paid over £50,000

The Council is required, under the Accounts and Audit Regulations 2011 to disclose the number of employees whose remuneration was £50,000 or more (excluding employer's pension contributions). This is shown in bands of £5,000 in the table below and includes the posts in the table at 36a above:

2011/12 No. of Employees	Remuneration Band	2012/13 No. of Employees
9	£50,000 - £54,999	7
3	£55,000 - £59,999	1
3	£60,000 - £64,999	4
3	£65,000 - £69,999	2
2	£70,000 - £74,999	2
0	£75,000 - £79,999	1
2	£80,000 - £84,999	2
1	£85,000 - £89,999	2
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
1	£100,000 - £104,999	0
2	£105,000 - £109,999	2
2	£110,000 - £114,999	1
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	0
0	£130,000 - £134,999	0
1	£135,000 - £139,999	1

### c) Exit Packages

(a) Exit Package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other agreed departures		(d) Total Number of exit packages by cost band (b + c)		(e) Total cost of exit packages in each band	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12 £'000	2012/13 £'000
£0 - £20,000	14	8	5	4	19	12	£154	£82
£20,001 - £40,000	2	2	0	1	2	3	£42	£88
£40,001 - £60,000	3	0	1	1	4	1	£186	£53
£60,001 - £80,000	1	0	0	0	1	0	£75	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £150,000	0	0	0	0	0	0	£0	£0

## F. Notes to the Core Financial Statements

The total cost in the table above includes £223k for exit packages that have been agreed, accrued for, and charged to the Authority's Comprehensive Income and Expenditure Statement in the current year and £457k for 2011/12.

### 37. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2011/12		2012/13
£000s		£000s
164	Fees payable with regard to external audit services carried out by the appointed auditor (Section 5 Audit Commission Act 1998)	97
0	Fees payable in respect of statutory inspection (Section 10 Local Government Act 1999)	0
33	Fees payable for the certification of Grant Claims and Returns (Section 28 Audit Commission Act 1998)	46
1	Fees payable in respect of other services provided by the appointed auditor	1
<b>198</b>		<b>144</b>

The Council's appointed auditor for the 2011/12 Statement of Accounts audits was the Audit Commission, and for the 2012/13 Statement of Accounts it is KPMG.

## F. Notes to the Core Financial Statements

### 38. GRANT INCOME

The Authority credited the following grants, contributions, and donations to the Comprehensive Income and Expenditure Statement:

2011/12		2012/13
£000s		£000s
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
-3,354	Revenue Support Grant	-209
-10,852	NNDR from Pool	-13,042
-558	Other Grants individually less than £100,000	-400
0	Decent Homes Grant	-16,945
0	St Crispins S106	-125
0	South Meadow Road S106	-506
0	Former Rylands School s106	-206
-351	Council Tax freeze grant	-352
-989	New Homes Bonus	-1,259
-266	Housing and Planning Delivery Grant	0
-1,000	West Northants Development Corporation	-5,000
-109	Northants Improvement and Efficiency Partnership	0
<b>-17,479</b>	<b>Total</b>	<b>-38,044</b>
	<b>Credited to Services</b>	
-170	Additional Housing Admin. Grant	-156
-15,014	Council Tax Benefit Subsidy	-14,990
-818	Rent Rebate Subsidy Limitation Claim	0
-187	Northampton County Council Contribution for Grass Cutting	-187
-184	Homelessness Admin Grant	0
-1,662	Housing Benefit Admin. Grant	-1,578
-27,928	HRA Rent Rebates Grant	-30,275
-269	Non HRA Rent Rebates	-386
0	Northampton Area Procurement Service Contributions	0
-1,568	Northamptonshire County Council Recycling Credits	-1,584
0	Recruitment Portal project	0
-39,312	Rent Allowance Grant	-41,127
-23	Section 106 Contributions	-92
-16	Shared Customer Contact Centre	0
-125	Home Choice funding	-187
0	Single Persons Discount	0
-568	Joint Planning Unit Contribution	-598
-140	Supporting People	-126
-495	NCC Food Caddies	0
-132	Housing and Planning Delivery Grant	-195
-721	Other Grants Individually Less Than £100,000	-1,364
<b>-89,332</b>	<b>Total</b>	<b>-92,845</b>

## F. Notes to the Core Financial Statements

The Authority has received a number of grants, contributions, and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

### Current Liabilities

2011/12		2012/13
£000s		£000s
	<b>Capital Grants Receipts in Advance</b>	
916	S 106 - St Crispins Hospital Site	861
373	S 106 - Pineham	0
0	English Heritage Grant	149
0	Other Grants/Contributions Individually Less Than £100,000	262
<b>1,289</b>	<b>Total</b>	<b>1,272</b>
	<b>Revenue Grants Receipts in Advance:</b>	
135	Grants/Contributions Individually Less Than £100,000	4
<b>135</b>	<b>Total</b>	<b>4</b>
	<b>Donated Assets Account:</b>	
0	Grants/Contributions Individually Less Than £100,000	0
<b>1,424</b>	<b>Grand Total</b>	<b>1,276</b>

## F. Notes to the Core Financial Statements

### Long-Term Liabilities

2011/12		2012/13
£000s		£000s
	<b>Capital Grants Receipts in Advance:</b>	
439	S 106 - St Crispins Hospital Site	308
68	S 106 Pineham	873
873	S 106 - SW Country Park - Swan Valley	442
442	S 106 - Land at Upton SWD Ph1 re Country Park	113
0	S106 - Sainsburys Sixfields	548
0	S106 - Land at Booth Rise	236
0	S106 - British Timken	115
0	S106 - Banbury Lane	307
229	Other Grants/Contributions Individually Less Than £100,000	608
<b>2,051</b>	<b>Total</b>	<b>3,550</b>
	<b>Revenue Grants Receipts in Advance:</b>	
1,438	S 106 - St Crispins Hospital Site	1,489
125	S 106 - CCTV-Southern Development Link road	0
85	S 106 - CCTV-Harvey Reeves Road	155
125	Other Grants/Contributions Individually Less Than £100,000	84
<b>1,773</b>	<b>Total</b>	<b>1,728</b>
	<b>Donated Assets Account:</b>	
0	<b>Total</b>	0
<b>3,824</b>	<b>Grand Total</b>	<b>5,278</b>

### 39. RELATED PARTIES

*The Council* is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to access the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with Council.

*The UK Government* has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits).

*Members* of the Council have direct control over the Council's financial and operating policies. During 2012/13 expenditure to the value of £4.996m ( £3.289m 2011/12) was paid to parties where members had an interest or where they serve as a nominated representative on outside bodies and income to the value of £2.835 (£4.207m in 2011/12) was receivable from these bodies. Contracts were entered into in full compliance with the Council's standing orders. All transactions are recorded in the Register of Members' Interest, open to public inspection at The Guildhall, Northampton.

## F. Notes to the Core Financial Statements

There have been changes to the organisations that Councillors are involved with and overall an increase in the values between 2011/12 and 2012/13. The increases are mainly due to including the paying over the Bid values for the Brackmills and the Town Centre whose organisations now have Members on their boards. Additionally there has been an increase in relation to the West Northamptonshire Development Corporation (WNDC) due to the various Regeneration projects.

The Council approved grant funding (£1.762m) to a number of organisations, some of which have representatives of the Council as members and these are detailed in the Register of Members' Interests. The values involved are not considered by the Council to be material but it is supposed would cause the organisations in question considerable hardship if withdrawn.

Grants paid to outside bodies where a member has an involvement with the organisation:

	<b>2012/13 Payments £</b>
Citizens Advice Bureau	80,250
Welfare Rights Advice Service (Community Law)	65,250
Northants Racial Equality Council	19,750
Northampton Theatres Trust	543,208
Northampton Twining Association	700
<b>Total</b>	<b>709,158</b>

## F. Notes to the Core Financial Statements

### Other Grants Paid to Outside Bodies:

*Only values paid over £5k are individually listed.*

	2012/13 £
Relate Marriage Guidance	12,000
Home-Start Northampton	18,750
Northants Society for Autism	5,750
Dostiyo Asian Womens Group	8,250
Doddridge Community Care	17,250
Door To Door Service	73,000
Soup Kitchen	18,750
Tools for Self Reliance	7,500
Volunteer Bureau	126,750
Manna House	8,750
Shopmobility	24,875
Northampton Rape Crisis Centre	30,750
Nene Valley Christian Refuge	8,125
Age Concern	71,625
Northampton Womens Aid	38,250
Bellinge Community House	18,000
Families In Partnership	8,875
Crime to Christ Charitable	11,250
Sunflower Centre	10,000
Experts By Experience	7,250
Arts Development NBC	25,000
General All Community Centres	95,000
Northampton Association for single homeless	37,500
River Nene Regional Park	5,000
Nightsafe - Building Safer Communities	5,922
Stand Up Schools Programme	15,000
Other small grants	31,832
<b>Total</b>	<b>741,004</b>

## F. Notes to the Core Financial Statements

### Grants to Community Centres Participating in the Community Asset Transfer Scheme

The Council paid a number of transition grants to local groups taking on the operation of their local community centres in 2012/13.

	2012/13 £
Abington Community Centre	18,800
Bellinge Community Centre	11,261
Briar Hill Community Centre	13,512
Far Cotton Resource Centre	6,475
Duston Community Centre	10,200
Kingsthorpe Community Centre	9,889
Rectory Farm Community Centre	13,611
Spencer/Dallington Community Centre	15,600
Standens Barn Community Centre	25,458
St James Community Centre	14,295
Semilong Community Centre	16,744
Kings Heath Community Centre	23,300
Camp Hill Community Centre	12,200
Vernon Terrace Community Centre	9,889
Alliston Gardens Community Facility	19,583
The Pastures Spring Park	24,900
<b>Total</b>	<b>245,717</b>

### Councillor Community Enabling Fund Grants paid to outside bodies where a Member has an involvement with the organisation.

A new scheme was implemented in 2012/13 to enhance the Community Leadership role of elected members. This provides up to £3,000 for each member to use on appropriate expenditure in their local communities.

	2012/13 Payments £
Brookside Community Trust	1,500
Northampton Leisure Trust	2,150
Camrose Community Toy Library	1,500
Cedar Road Primary School	292
Duston Parish Council	800
Friends of Eastfield Park	200
Wootton and East Hunsbury PC	869
<b>Total</b>	<b>7,311</b>

In addition Community Enabling Grants totalling £59k were paid to external organisations where there is no member involvement in the recipient organisation.

## F. Notes to the Core Financial Statements

### 40. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

<b>Total 2011/12</b>		<b>Total 2012/13</b>
£000s		£000s
<b>20,106</b>	<b>Opening Capital Financing Requirement</b>	<b>215,440</b>
	<b>Capital Investment</b>	
28,263	Property, Plant and Equipment	34,320
112	Heritage Assets	1
0	Investment Properties	0
298	Intangible Assets	195
197,284	Revenue Expenditure Funded from Capital under Statute	2,759
<b>225,957</b>		<b>37,275</b>
	<b>Sources of Finance</b>	
-4,978	Capital Receipts	-2,334
0	Sums Set aside from Capital Receipts	0
-12,626	Government Grants and Other Contributions	-32,486
-446	Sums Set aside from Revenue	-903
-12,573	Direct Revenue Contributions	-301
		-76
<b>-30,623</b>		<b>-36,100</b>
<b>215,440</b>	<b>Closing Capital Financing Requirement</b>	<b>216,615</b>

## F. Notes to the Core Financial Statements

Total 2011/12		Total 2012/13
£000s		£000s
<b>20,106</b>	<b>Opening Capital Financing Requirement</b>	<b>215,440</b>
0	Increase in underlying need to borrow (supported by government financial assistance)	0
195,389	Increase in underlying need to borrow (unsupported by government financial assistance)	1,175
454	Assets acquired under finance lease	0
-509	Assets derecognised as finance leases	0
<b>195,334</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>1,175</b>
<b>215,440</b>	<b>Closing Capital Financing Requirement</b>	<b>216,615</b>

### 41. LEASES

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#### Authority as Lessee

##### Finance Leases

- a) The Council has a number of assets that are required to be treated as finance leases under IFRS accounting rules. These include recycling equipment, IT assets, and a specialist vehicle. The assets acquired under these leases are carried in the Balance Sheet at the following net amounts:

31/03/2012		31/03/2013
£000s		£000s
384	Vehicles, Plant, Furniture and Equipment	304
12	Intangible Fixed Assets	3
<b>396</b>		<b>307</b>

- b) The Authority is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The present value of the leases and the future minimum lease payments at the balance sheet date are as follows:

## F. Notes to the Core Financial Statements

31/03/2012		31/03/2013
£000s		£000s
624	Future minimum lease payments	464
8	Vehicles, Plant, Furniture and Equipment	4
	Intangible Fixed Assets	
<b>632</b>	<b>Future minimum lease payments</b>	<b>468</b>
	Net present value of minimum lease payments	
139	Current	129
418	Non-current	289
<b>557</b>	<b>Present value of minimum lease payments</b>	<b>418</b>
<b>75</b>	<b>Finance costs payable in future years</b>	<b>50</b>

- c) The present value of the leases and the minimum lease payments at the balance sheet date split over the over future periods are as follows:

31/03/2012		Local Authority as Lessee - Finance Leases	31/03/2013	
Present Value of Leases	Minimum Lease Payments		Present Value of Leases	Minimum Lease Payments
£000s	£000s		£000s	£000s
139	164	Not later than one year	129	148
331	378	Later than one year and not later than five years	276	307
87	90	Later than 5 years	13	13
<b>557</b>	<b>632</b>		<b>418</b>	<b>468</b>

- d) The Council has a sub lease arrangement for a finance lease for wheeled bins. The total of future minimum sub lease payments expected to be received under this non-cancellable sub lease at the balance sheet date is as follows:

31 March 2012	Local Authority as Lessee - Finance Leases - Sub Leases	31 March 2013
£000s		£000s
107	<b>Total future minimum lease payments</b> Vehicles, Plant, Furniture and Equipment	51

## F. Notes to the Core Financial Statements

### Operating Leases

- e) The Council uses IT equipment, gym equipment, and vehicles financed under the terms of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

<b>31/03/2012</b>	<b>Local Authority as Lessee - Operating Leases</b>	<b>31/03/2013</b>
£000s		£000s
212	Not later than one year	295
424	Later than one year and not later than five years	786
26	Later than 5 years	4
<b>662</b>	<b>Minimum lease payments</b>	<b>1085</b>
<b>-434</b>	<b>Future minimum sub-lease payments receivable</b>	<b>-289</b>

- f) Charges to revenue

The expenditure charged to the Council's Comprehensive Income and Expenditure Statement during the year in relation to operating leases was:

<b>31/03/2012</b>	<b>Local Authority as Lessee - Operating Leases</b>	<b>31/03/2013</b>
£000s		£000s
	Minimum lease payments	
347	Contract Hire	184
678	Other	162
0	Contingent rents	0
-156	Sublease payments receivable	-112
<b>869</b>		<b>234</b>

### **Authority as Lessor**

#### Finance Leases

- g) The authority has two lessor property leases that have been assessed as finance leases.

## F. Notes to the Core Financial Statements

The gross investment in the leases and the minimum lease payments receivable at the balance sheet date are as follows:

31 March 2012	Leases - Authority as Lessor - Finance Leases	31 March 2013
£000s		£000s
225	<b>Gross investment in leases</b> Other Land and Buildings	210
6	<b>Net present value of minimum lease payments receivable</b> Current	7
136	Non-current	123
<b>142</b>	<b>Present value of minimum lease payments receivable</b>	<b>130</b>
<b>83</b>	<b>Unearned finance income</b>	<b>80</b>

- h) The gross investment in the leases and the minimum lease payments receivable at the balance sheet date split over the future periods are as follows:

31 March 2012		Leases - Authority as Lessor - Finance Leases	31 March 2013	
Gross investment in leases	Minimum Lease payments receivable		Gross investment in leases	Minimum Lease payments receivable
£000	£000		£000	£000
17	6	Not later than one year	17	7
68	30	Later than one year and not later than five years	69	33
140	100	Later than five years	124	91
<b>225</b>	<b>136</b>	<b>Minimum lease payments receivable</b>	<b>210</b>	<b>131</b>

In respect of pre-existing leases as at 31 March 2010 the Authority has adopted the mitigation contained in The Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2010.

### Operating Leases

- i) Periods

The Authority leases out property under operating leases for the following purposes:

- The provision of other land and buildings including shops and industrial units to meet local demand for commercial premises.
- The provision of community assets to meet residents' community needs.

## F. Notes to the Core Financial Statements

- To provide infrastructure enabling current and future construction to service local demand for housing and commercial property.

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

31/03/2012	Local Authority as Lessor - Operating Leases - Minimum Lease Payments	31/03/2013
£000s		£000s
2,051	Not later than one year	1,966
5,375	Later than one year and not later than five years	5,283
53,657	Later than 5 years	53,704
<b>61,083</b>		<b>60,953</b>

The minimum lease payments receivable do not include rents that are contingent on future events, such as adjustments following rent reviews. In 2012/13, £9k contingent rents were receivable by the Authority (£9k in 2011/12).

*Note: Assets provided under operating leases, where the Council is lessor, have been included in the Council's disclosures on owned assets.*

### 42. IMPAIRMENT LOSSES

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During 2012/13 buildings on Sheep Street were impaired to recognise the development of the site as a Bus Interchange and the land was revalued at the same time. One of the buildings damaged by fire in 2011/12 was reinstated and its value increased accordingly. The other building damaged during 2011/12 is anticipated to be reinstated during 2013/14.

### 43. CAPITALISATION OF BORROWING COSTS

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The Council has no capitalised borrowing costs. All borrowing costs are recognised as an expense in the accounts as they are incurred.

### 44. TERMINATION BENEFITS

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The Authority terminated the contracts of a number of employees in 2012/13, incurring liabilities of £261,218 (£460,408 in 2011/12). Of this total, £111,195 relates to pension strain, and £150,023 relates to the lump sum payments. The majority of these benefits were incurred as a result of restructures that occurred during the year.

### 45. DEFINED BENEFIT PENSION SCHEMES

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#### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

## F. Notes to the Core Financial Statements

The Authority participates in one post employment scheme:

The Local Government Pension Scheme, administered locally by Northamptonshire County Council – this is a funded defined benefit final salary 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.

### Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

- a) The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2011/12		2012/13
£000s		£000s
	<b><u>Comprehensive Income and Expenditure Statement</u></b>	
	<b>Net Cost of Service</b>	
3,991	Current Service Cost	3,759
49	Past Service Cost	0
-380	Settlements and curtailments	105
295	Correction of Pension Contributions	-1
	<b>Financing and investment Income and Expenditure</b>	
13,028	Interest Cost	12,198
-9,761	Expected Return on Scheme Assets	-7,760
<b>7,222</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of services</b>	<b>8,301</b>
20,240	Actuarial gains and losses	12,029
<b>27,462</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>20,330</b>
	<b>Movement in Reserves Statement</b>	
-27,462	Reversal of net charges against the Surplus or deficit for the Provision of Services for the post employment benefits in accordance with the Code	-20,330
<b>7,968</b>	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b> <b>employers' contributions payable to scheme</b>	<b>7,939</b>

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31st March 2013 is a loss of £95m.

## F. Notes to the Core Financial Statements

These figures are based on the current version of IAS19. Changes to IAS19 come into effect for the financial year to 31st March 2014. The changes will be adopted retrospectively for the prior year, in accordance with IAS8. The effect of the change to IAS19 on the income statement to 31st March 2013 will be an increase of £988,000. This will be disclosed in the accounts covering the financial year to 31st March 2014.

### Assets and Liabilities in Relation to Post-employment Benefits

b) Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2010/11	2011/12		2012/13
£000s	£000s		£000s
-320,187	-254,467	<b>Opening Balance</b>	-257,184
-5,895	-3,991	Current Service Cost	-3,759
-16,295	-13,028	Interest Cost	-12,198
-1,738	-1,384	Contribution by Scheme Participants	-1,266
50,224	-12,621	Actuarial Gains/(Losses)	-24,662
29,209	-49	Past Service Gains/(Costs)	-
0	-200	Curtailment Gains/(Losses)	-105
0	17,156	Liabilities Extinguished on Settlements	-
10,215	11,401	Benefits Paid	11,333
<b>-254,467</b>	<b>-257,183</b>	<b>Closing Balance</b>	<b>-287,841</b>

c) Reconciliation of fair value of the scheme (plan) assets:

2010/11	2011/12		2012/13
£000s	£000s		£000s
154,530	158,931	<b>Opening Balance</b>	142,153
11,115	9,761	Expected Return on Assets	7,760
1,738	1,384	Contribution by Scheme Participants	1,266
7,539	6,789	Contributions by the Employer	7,071
854	884	Contributions in respect of unfunded benefits	869
-6,629	-7,619	Actuarial Gains/(Losses)	12,633
	-16,576	Assets distributed in settlements	0
-10,216	-11,401	Benefits Paid	-11,333
<b>158,931</b>	<b>142,153</b>	<b>Closing Balance</b>	<b>160,419</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

## F. Notes to the Core Financial Statements

The actual return on scheme assets in the year was a loss of £20.4m (£2.2m in 2011/12).

### d) Scheme History

	2008/09	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s	£000s
Present Value of Scheme Liabilities	-208,600	-320,187	-254,468	-257,184	-287,841
Fair Value of Assets	111,482	154,530	158,931	142,153	160,419
<b>Surplus / (Deficit) in the Scheme</b>	<b>-97,118</b>	<b>-165,657</b>	<b>-95,537</b>	<b>-115,031</b>	<b>-127,422</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £127m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2013 is £7.4m.

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2007.

## F. Notes to the Core Financial Statements

e) The principal assumptions used by the actuary have been:

31/03/2012		31/03/2013
	Long Term Expected Rate of Return on Assets in the Scheme	
6.2%	Equity Investments	4.5%
3.5%	Bonds	4.5%
4.4%	Property	4.5%
3.5%	Other	4.5%
	Mortality Assumptions	
	Longevity at 65 for Current Pensioners:	
21.4	- Men	21.4
23.3	- Women	23.3
	Longevity at 65 for Future Pensioners:	
23.4	- Men	23.4
25.5	- Women	25.5
2.5%	Rate of Inflation	2.8%
4.8%*	Rate of Increase in Salaries*	5.1%**
2.5%	Rate of Increase in Pensions	4.5%
4.8%	Rate for Discounting Scheme Liabilities	4.5%
50.0%	Take-up of Option to Convert Annual Pension into Retirement Lump Sum Pre April 2008	50.0%
75.0%	Take-up of Option to Convert Annual Pension into Retirement Lump Sum Post April 2008	75.0%

\*Salary increases are assumed to be 1% p.a. until 31st March 2015, reverting to the long term assumption shown thereafter

\*\*Salary increases are assumed to be 1% p.a. until 31st March 2016, reverting to the long term assumption shown thereafter

f) The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

31/03/2012		31/03/2013
71%	Equities	73%
21%	Bonds	22%
6%	Property	5%
2%	Cash	0%
<b>100.0%</b>		<b>100.0%</b>

## F. Notes to the Core Financial Statements

### History of Experienced Gains and Losses

- g) The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31<sup>st</sup> March 2013:

	2008/09	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s	£000s
Fair Value of Employer Assets	111,482	154,531	158,931	142,153	160,419
Experienced Gain/Loss(-) on Assets	-41,244	34,004	-6,629	-7,619	12,633
Gain/Loss(-) as % of Asset Fair Value	-37.00%	22.00%	-4.17%	-5.36%	7.88%
Present Value of Liabilities	-208,600	-320,188	-254,468	-257,184	287,841
Experienced Gain/Loss(-) on Liabilities	-739	-726	35,113	-4,227	259
Gain/Loss(-) as % of Total Liabilities	0.35%	0.23%	-13.80%	1.64%	0.09%

### 46. CONTINGENT LIABILITIES

The Council is potentially liable for the following payments: -

- The Council has received Deposits under Section 106 agreements, which may be repayable if the conditions for each agreement are not met. No provision has been made in the Accounts for any interest that may become repayable under the terms of the individual agreements. In the event that every one of these deposits becomes repayable with interest, the Council's maximum liability for interest payable as at 31st March 2013 was estimated to be £596k (£825k as at 31st March 2012).
- A capital grant received from the East Midland Development Agency (EMDA) for site clearance of the Blueberry Diner. The grant was awarded on condition of scheme completion within a fixed time period and, due to that time period not having been complied with, up to the full amount of the grant of £2m may be clawed back by the HCA (EMDA's successor). The Council is making endeavours to secure a development partner for this site and is keeping the HCA fully updated of the progress. To date they have continued to be supportive.
- A West Northants Development Corporation (WNDC) agreement re the completion of the Bus interchange required by end of March 2014 with a potential cost of £3m.
- A Class action relating to Local Land Charges fees and the environmental information which according to a decided case should have been provided for free. This will effect all local authorities and could cost this Council £15k.
- Currently the Council is involved in the following Human Resources issues:
  - There are 8 Equal pay historical claims which, if lost, could cost £140k.
  - an unfair dismissal claim that is to go to tribunal.
  - a legal challenge to the changes in terms and conditions.

## F. Notes to the Core Financial Statements

- Under the 1987 [bond issue] Home Group raised finance to carry out development in a number of local authority areas. In so doing they entered into arrangements with local authorities for the purchase of land in return for nomination rights over 50% of the properties constructed. In addition the local authorities agreed to indemnify bond holders against a fixed percentage of indebtedness under the bonds incurred by Home Group. Home Group in turn gave a counter indemnity to the said local authorities in the same amount. Thus, for so long as Home Group remains solvent, there is no practical likelihood of a claim under the indemnity being made against a participant local authority. Home Group has a strong credit rating, the bond issue is underpinned by income from the properties constructed using the finance provided. The NBC proportion of the financial guarantee is 1.35% of £82.551m, representing a value of £1.111m.
- There are various outstanding issues relating to the Councils Environment contract which are not considered to be material.

### 47. CONTINGENT ASSETS

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The Council is currently monitoring the following contingent assets:

- Historic Costs associated with the redevelopment of Grosvenor / Greyfriars may be reimbursed by the developer depending on agreement of contract terms and the timing of that agreement.
- Recovery of costs estimated at £1.75m expended by NBC on the Grosvenor Multi Storey Car Park (MSCP) refurbishment from Legal and General in the event that the Development Agreement becomes unconditional.
- Recovery of £384k relating to the Enterprise Zone - this will come from any Business Rates uplift generated.
- There are potential outstanding payment deductions relating to the Councils contract with EMS and relating to quarters 2, 3, and 4.
- Costs awarded to the council from a successful court case which totalled £58k. This income will be divided between Regeneration and Legal.

## F. Notes to the Core Financial Statements

### 48. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in interest rates and stock market movements.

The Council's risk management processes consider the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services. The Local Government Act 2003 places a statutory duty on the Council to have regard to guidance issued or specified by the Secretary of State. This guidance includes the CIPFA Treasury Management Code of Practice. Treasury risk management is undertaken by the treasury team under policies approved by the Council in its Treasury Management Policy Statement, Treasury Management Practices and accompanying Schedules and the annual Treasury Management Strategy. These contain overall principles for risk management and specific risks which include credit and counterparty risk, liquidity risk, interest rate risk, exchange rate risk, refinancing risk, legal and regulatory risk, and market risk.

#### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures from the Authority's customers.

The risk exposure from investment counterparties is minimised through policies and procedures set out in the Council's Treasury Management Practices and accompanying Schedules and its Annual Investment Strategy. These require that deposits are not made with financial institutions unless they meet identified minimum credit criteria that includes, but is not entirely dependant on, external credit ratings, including sovereign ratings.

The Annual Investment Strategy also imposes value and investment period limits for each category of approved counterparty. The maximum limits for placements with individual or group counterparties in 2012-13 were £20m and 729 days for UK nationalised or part nationalised banking institutions, and £15m and 729 days for other UK counterparties, overseas counterparties with AAA sovereign ratings, UK local authorities and the UK Debt Management Office. Within this ceiling, lower limits apply in many instances depending on credit ratings and other factors specific to each institution.

Due to the nature of its business, the Council does not assess operational customers for credit worthiness and does not set credit limits on customers. In relation to mortgages, the Authority holds an equity stake in each relevant property as collateral against the mortgage outstanding. There are also certain exceptional circumstances under which the Council has placed a charge on a property as collateral against a specific debt. Business customers are not given individual credit limits, however, business customers are assessed, taking into account their financial position, past experience, and other factors, in line with parameters set by the Council, when contracts are entered into. This forms part of the Council's procurement procedures.

The Council's maximum exposure to credit risk in relation to its investments totalling £46.4m in banks, building societies and other institutions cannot be assessed generally

## F. Notes to the Core Financial Statements

as the risk of any counterparty failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2013 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk based on experience of default and uncollectability over the last five financial years adjusted to reflect current market conditions.

Estimated Maximum Exposure to Default and Uncollectability at 31 March 2012		Amount at 31 March 2013	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31 March 2013	Estimated Maximum Exposure to Default and Uncollectability at 31 March 2013
£000s		£000s	%	%	£000s
0	Mortgages	32	0%	0%	0
0	Finance Leases	181	0%	0%	0
87	Customers: Tenants	2,645	3.09%	3.09%	82
1,330	Customers: Sundry Debtors	3,452	29.29%	29.29%	1,011
0	Deposits with Banks and Financial Institutions	46,439	0%	0%	0
<b>1,417</b>		<b>52,749</b>			<b>1,093</b>

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits. The Council held no investments in the form of bonds during 2012/13.

## F. Notes to the Core Financial Statements

The Council does not generally allow credit for its customers (with the exception of mortgagees) such that £6.1m of the £52.7m exposure to credit risk is past its due date for payment. The past due, but not impaired, amount can be analysed by age as follows:

Amount at 31 March 2012	Aged Debt Analysis	Amount at 31 March 2013
£000s		£000s
3,595	Less than three months	2,854
970	Three to six months	781
618	Six months to one year	842
2,412	More than one year	1,621
<b>7,595</b>		<b>6,098</b>

Impairment on the debtors financial asset has been identified, standing at a total of £6.3m at the end of 2012/13.

The Council holds collateral against a number of mortgages. The balance sheet value of the principal amount outstanding on these is currently £32.8k (£34.1k in 2011/12).

The terms and conditions relating to the pledge are standard in all the mortgages held and are summarised as follows:

- The property is to be kept in good and substantial repair;
- No structural alterations, demolitions, additions are to be carried out to the property or any part of it without written consent of the Council;
- To comply in all respects with the Planning Acts;
- Not to do or permit on the property anything which may prejudice the insurance of the property;
- Limitations on the usage of the property;
- The right of the Council to inspect the property;
- That the borrower is required to observe and perform any covenants and provisions relating to the property;
- The Council's power of sale;
- Events on which the whole mortgage becomes repayable;
- Remedies available to the Council;
- The Council's power to transfer the benefit of the charge;
- The power of the Council to make written concessions in favour of the borrower.

### Liquidity Risk

The Council has a comprehensive cashflow management system in place that seeks to ensure that cash is available as needed. In the event of unexpected movements to the downside, the Council has ready access to borrowings from the money markets and (for capital expenditure purposes) from the Public Works Loan Board (PWLb). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to manage loans that are due to mature within any rolling three-

## F. Notes to the Core Financial Statements

year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

Amount at 31 March 2012	Maturity Profiles of Financial Liabilities	Amount at 31 March 2013
£000s		£000s
-12,929	Less than one year	-12,474
-149	One to two years	-21,086
-24,026	two to five years	-10,341
-196,160	More than five years	-190,212
<b>-233,264</b>		<b>-234,113</b>

Amounts maturing within one year include short term creditors, short term grants and Section 106 funding commitments, and temporary borrowing. Longer term maturities comprise long term debt, and long term grants and Section 106 funding. Two LOBO loans totalling £15.6m are due for maturity in the final quarter of 2014-15. Repayment of these will be funded from internal borrowing, new loans, or a combination of both.

### Market Risk

#### Interest Rate Risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- Borrowing at fixed rates – the fair value of the liabilities will fall;
- Investment at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- Investment at fixed rates – the fair value of the assets will fall.

Borrowing is not carried at fair value, so nominal gains and losses on fixed rate borrowing would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowing and investment will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. For example, during periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

The Council has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year.

## F. Notes to the Core Financial Statements

This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2013, if interest rates had been 1% higher with all other variables held constant, the financial effect would be: -

Amount at 31 March 2012		Amount at 31 March 2013
£000s		£000s
248	Increase in interest payable on variable rate borrowing	249
-283	Increase in interest receivable on variable rate investments	-261
0	Increase in government grant receivable for financing costs	0
<b>-35</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>-12</b>
82	Share of overall impact credited to the HRA	-15
<b>47</b>	<b>Impact remaining on General Fund</b>	<b>-27</b>
57	Increase in fair value of fixed rate investment assets	128
<b>57</b>	<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>128</b>
<b>33</b>	<b>Decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure</b>	<b>33</b>

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### Price Risk

The Council does not invest in equity shares and therefore has no exposure to loss arising from movements in share prices.

### Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

## F. Notes to the Core Financial Statements

### 49. BUILDING CONTROL TRADING ACCOUNT

A local authority is required at the end of the financial year to prepare a statement that sets out fully the details of its scheme for setting charges in relation to its building control function. The statement should also show the income recovered and the total costs incurred. There is no requirement for the information to be published; however it has been decided to continue publishing this note.

The Building Control chargeable service has, for the three-year period to 31st March 2013, made an operating surplus of £41k on a turnover of £869k. In the previous three-year period to 31st March 2012, there was an operating surplus of £59k against a turnover of £879k.

	2012/13		
	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
<b>Expenditure</b>			
Employees	120	73	193
Premises	0	0	0
Transport	5	3	8
Supplies and services	5	4	9
Support service charges	115	71	186
Capital Charges	0	0	0
<b>Total Expenditure</b>	<b>245</b>	<b>151</b>	<b>396</b>
<b>Income</b>			
Building Regulation fees	-245	0	-245
Other Income	0	0	0
<b>Total Income</b>	<b>-245</b>	<b>0</b>	<b>-245</b>
<b>Surplus (-) / Deficit for Year</b>	<b>0</b>	<b>151</b>	<b>151</b>
Comparatives for 2011/12	2011/12		
	Chargeable	Non-Chargeable	Total
	£000s	£000s	£000s
Expenditure	306	165	471
Income	-279	0	-279
<b>Surplus (-) / Deficit for Year</b>	<b>27</b>	<b>165</b>	<b>192</b>

## F. Notes to the Core Financial Statements

### 50. PUBLICITY EXPENDITURE

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There is now no longer a requirement to publish this note within the statement of accounts, however, the information must be produced and made available on request. It has been decided to continue publishing the note. In accordance with the Local Government Act 1986 (Section 5(1)), the Council's spending on publicity was: -

2011/12		2012/13
£000s		£000s
	<b>Expenditure</b>	
15	Recruitment Advertising	13
242	Publicity Unit	276
100	Other Publicity	131
<b>357</b>	<b>Total</b>	<b>420</b>

### 51. LOCAL AUTHORITIES (GOODS AND SERVICES) ACT 1970

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The Council is empowered by this Act to provide goods and services to other public bodies. The Authority provides a variety of services to other local authorities, the income from this is outlined below: -

2011/12			2012/13	
Exp	Income		Exp	Income
£000s	£000s		£000s	£000s
255	-300	Call Care	96	-79
100	-100	Print Services Unit	74	-74
<b>355</b>	<b>-400</b>		<b>169</b>	<b>-152</b>

### 52. TRUST FUNDS

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The Council acts as sole trustee in respect of two Trust Funds. One for the Northamptonshire Regiment Museum (balances of £88k) and the other the Northamptonshire Yeomanry Museums Trust (balances of £1k). The Trust funds are used to finance expenditure on the exhibits donated by the Regiments at their disbandment, which are housed at Abington Museum. Surplus funds are invested and accounted for separately to the Council's funds and no money is expended unless there are funds to do so.

## F. Notes to the Core Financial Statements

### 53. MINIMUM REVENUE PROVISION

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The Council is required by Statutory Instrument 2003 No. 3146 to set aside a minimum revenue provision (MRP) for the repayment of debt, and by Statutory Instrument 2008 No.414 to determine an amount of minimum revenue provision which it considers to be prudent. In doing so the Council is required to have regard to guidance issued under Section 21A of the Local Government Act 2003.

The Council approved the Council's Annual MRP statement for 2012/13, which is required by the guidance issued by CLG, on 29th February 2012. The MRP charged to the 2012/13 accounts relates to the General Fund historic debt liability incurred for the year.

The debt liability for General Fund capital expenditure up to and including 2007/08 has been calculated at the rate of 4% on the reducing balance, in accordance with option 1 of the guidance, the "regulatory method".

The debt liability for General Fund capital expenditure incurred since 2008/09 has been calculated as equal instalments over a period reasonably commensurate with the estimated useful life of each asset, in accordance with option 3 of the guidance, the "asset life method".

The Council's Minimum Revenue Provision, including finance lease adjustments, for 2012/13 was £903k. This compares to £446k in 2011/12.

### 54. HERITAGE ASSETS – 5 YEAR SUMMARY OF TRANSACTIONS

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Paragraph 4.10.4.5 of the Code of Practice on Local Authority Accounting requires the disclosure of Heritage Assets acquired through purchase and donation, and disposed of, over the last five years. It also allows for this information not to be given for any period prior to 1 April 2010 where it is not practicable. This is the case for Northampton Borough Council.

There was a large collecting programme of trainers to enhance the shoe collection between April 2009 and April 2012. This amounted to £75,000 for which the museum was given a purchase grant by the Heritage Lottery Fund. Since 1 April 2012 a number of shoes, social and military history artefacts, archaeology and art works have been donated to the museum the aggregate value of which is less than £3,000.

There has been one disposal, in March 2011, of a collection of stuffed animals sold at auction for £52k, which is taken to be its carrying value at the time.

## F. Notes to the Core Financial Statements

### 55. HERITAGE ASSETS – COLLECTIONS AND POLICIES

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#### COLLECTIONS

##### 1. Designated Shoe Collections

The collection of shoes and related objects from the industry is recognised by Arts Council England as a Designated Collection of national and international importance. The Shoe Collection is the largest collection of shoe heritage and related shoe industry objects in the world. The Shoe Collection began purely as a collection of footwear, however, over the years this has developed into a collection including over 12,000 shoes and covering the whole of the footwear industry worldwide. In total the collection contains over 50,000 objects and can be analysed into the following subdivisions: Footwear, Machinery, Tools, Lasts, Patterns and Material associated with the selling of shoes, Polish, shoe trees and other items used in the care of shoes, including shoe repairing, Factory furniture and fittings, Overshoes, spats, gaiters, ice skates and other items worn with shoes (excluding hosiery), Objects shaped like shoes and depicting shoes, Archival material including catalogues, photographs and trade magazines and Prints and paintings of shoes and shoemakers.

##### 2. Archaeology Collection

For over a century, Northampton Museums has collected archaeological material. The majority of archaeological material now coming to light in the county is the product of contract excavations in advance of development. Significant collections include Bronze Age pottery, Iron Age finds from Hunsbury, Roman finds from Duston and Irchester, pottery, weapons and jewellery from Anglo-Saxon cemeteries and many other objects were first collected in the 19th century. This set the scene for collecting and through excavations and fieldwork this has carried on ever since. There is also a Numismatic Collection and an Ancient Egyptian Collection. The latter consists of approximately 250 items from prehistory to the Ptolemaic period. The former is a collection of about 12,000 items, principally locally found Roman, English Medieval and later coins and tokens. Particular strengths are the coins from Northampton Mint, and a large number of Northamptonshire tokens and checks. There is also a collection of approximately 800 medals relating to local people, clubs or societies.

##### 3. Art Collection

The greater part of the fine art collection consists of British easel paintings and works on paper, from the 19th and 20th centuries. The collection's greatest strength lies in landscapes and portraits, topographical works and graphic art from 1960-2000. The collection has strong representation from local, professional artists, some of whom have been recognised nationally and are often linked to the 100 year old Town & County Art Society. The non-British pictures include an important group of 15th to 18th century Italian paintings - works of high quality by secondary masters, particularly from the Venetian School, most of which were consciously collected between 1967 and 1987 as a result of a former policy which sought to concentrate purchases in this one area of the collection. At present there are approximately 2,700 items in the Art Collection which fall into the following categories: Watercolours, Drawings, Prints (contemporary), Mixed Media (excluding drawings), and Sculpture.

## **F. Notes to the Core Financial Statements**

### **4. Decorative Art - Nature of the Current Collection**

The current collection encompasses ceramics, glassware, and metalware. The great areas of strength are the fine collections of British and Oriental ceramics given early in the 20th century by five private collectors. There are approximately 4,100 items in the decorative art collection (excluding furniture): Ceramics – British (and some Continental and North African), Glass – British (and some Irish), Metalwork, Enamels, and Oriental Collections (ceramics, bronzes and miscellaneous).

### **5. Ethnography**

The ethnographic collection consists of about 300 historic (not contemporary) objects from India, China and Japan, Africa, North America and. Many objects were purchased in the early to mid-20th century to enhance the displays at Abington Museum or acquired as the result of local collecting as well as some casual donations.

### **6. Geology**

A substantial number of Geological items were given to the Museum in the forty years following its founding in 1866, principally by the Third and Fourth Marquesses of Northampton and Beeby Thompson. The collection consists of about 40,000 items of which 75% are Northamptonshire Jurassic finds. The remaining 25% consists of fossils from outside the county, and a worldwide mineral collection.

### **7. Natural History**

The small Natural History Collection consists of a few mounted specimens and small collections of birds' eggs.

### **8. Social History**

In general, the Social History collection covers historical material post 1600 to the present that does not fall within another collection and includes fashion and costume. The collection covers community life including civic affairs, working life, and the full range of personal and domestic life material.

### **9. Northamptonshire Regiment and Yeomanry**

Northampton Borough Council is the sole trustee for the Northamptonshire Regimental Museum and Northamptonshire Yeomanry Regimental Museum Trust. The collecting for these collections will follow the inherent themes for regimental collections – reflecting both the military and civilian aspects of the Regiments impact.

## **POLICIES**

The Council maintains a record of its heritage assets within its asset register supplemented by the detailed records held by the relevant departments.

Some museum heritage assets are on display at the Authority's two museums while others are held at secure locations in storage e.g. while awaiting conservation work. Access to the civic regalia is limited to appropriate occasions, such as the use of the mace and mayor's chain at Council meetings. The statues, buildings, and similar heritage assets are largely accessible to the public to view in the parks and public places of Northampton.

## F. Notes to the Core Financial Statements

### 56. COLLECTION FUND

The Council, as a billing authority, is required to maintain a Collection Fund. The Collection Fund is used to account for the collection of Council Tax and National Non-Domestic Rate (NNDR) and then pays amounts to precepting authorities on the basis of their precept requests. The statutory transactions relating to this fund are detailed in the supplementary statements. Under the Code, the Authority is required to report on the collection fund figures shown within the core statements on an agency basis. The effect of this is shown below.

a) Precept Split

The split of these precepts is shown below:

Precept 2011/12	Percentage of Total Precepts		Precept 2012/13	Percentage of Total Precepts
<b>£000s</b>		<b>Precepting Authorities</b>	<b>£000s</b>	
68,779	71%	Northamptonshire County Council	69,089	71%
12,925	13%	Northamptonshire Police Authority	12,983	13%
14,966	16%	Northampton Borough Council	15,059	16%
<b>96,670</b>	<b>100%</b>	<b>Total Precepts for the year</b>	<b>97,131</b>	<b>100%</b>

b) Allocation of deficit

For the purposes of the accounts, the balance on the Collection Fund is assigned to the precepting authorities as shown below: -

Collection Fund Balance 2011/12	Treatment	Collection Fund Balance 2012/13
£		£
	<b>Creditors / Debtors</b>	
-434	Northamptonshire County Council	-150,083
-82	Northamptonshire Police Authority	-28,203
	<b>Reserve</b>	
-95	Northampton Borough Council	-32,714
<b>-611</b>	<b>Collection Fund Balance</b>	<b>-211,000</b>

## F. Notes to the Core Financial Statements

### c) Allocation of Council Tax Balances

The treatment of other balances, including debtors and creditors, relating to collection fund activity is shown below for both the statutory presentation and the presentation on an agency basis.

Statutory Presentation 2011/12 £000s	Agency Presentation 2011/12 £000s		Statutory Presentation 2012/13 £000s	Agency Presentation 2012/13 £000s
8,996	1,394	<b>Creditors / Debtors</b> Local Taxpayers Arrears	8,819	1,383
-1,100	-170	Local Taxpayers Prepayments	-2,276	-357
-7,999	-1,240	Local Taxpayers Impairments	-8,094	-1,269
-	-74	Northamptonshire County Council	0	-1,251
-	-14	Northamptonshire Police Authority	0	-235
-1	-	<b>Reserves</b> Collection Fund	-211	0
-	-	Council Tax Adjustment Account	0	-33
<b>-104</b>	<b>-104</b>	<b>Total</b>	<b>-1,762</b>	<b>-1,762</b>

### d) Allocation of NNDR Balances

The treatment of NNDR balances, held in debtors and creditors, is shown below for both the statutory presentation and the presentation on an agency basis.

Statutory Presentation 2011/12 £000s	Agency Presentation 2011/12 £000s		Statutory Presentation 2012/13 £000s	Agency Presentation 2012/13 £000s
1,000	-	<b>Creditors / Debtors</b> Local Taxpayers Arrears	2,066	-
-1,456	-	Local Taxpayers Prepayments	-1,734	-
-476	-	Local Taxpayers Impairments	-449	-
7,284	-	NNDR Pool	2,057	-
-	6,352	Net Amount owed to/ from Central Government	-	1,940
<b>6,352</b>	<b>6,352</b>	<b>Total</b>	<b>1,940</b>	<b>1,940</b>

# G1.Housing Revenue Account Income and Expenditure

The Housing Revenue Account (HRA) summarises the transactions relating to the provision, maintenance, and sale of Council houses and flats. The account has to be self-financing and there is a legal prohibition on cross subsidy to or from local taxpayers.

2010/11 Restated	2011/12 Restated		2012/13		Notes
	£000s		£000s	£000s	
		<b>Income</b>			
-42,246	-44,789	Dwelling Rents	-46,810		HRA3
-1,118	-1,107	Non Dwelling Rents	-1,094		
-1,452	-1,351	Charges for services and facilities	-2,669		
-88	-13	Contributions Towards Expenditure	-72		
0	0	Housing Revenue Account subsidy receivable	0		
0	0	Sums Directed by the Secretary of State that are income in accordance with UK GAAP	0		
<b>-44,904</b>	<b>-47,260</b>	<b>Total Income</b>		<b>-50,644</b>	
		<b>Expenditure</b>			
11,038	12,548	Repairs and Maintenance	12,795		
		Supervision and Management			
6,310	6,918	General Management	7,263		
-6,249	0	Exceptional Item - Past Service Gain	0		
0	192,920	Exceptional Item - HRA Reform Payment			
3,536	3,777	Special Services	4,290		
90	86	Rent, Rates, Taxes and other charges	29		
10,014	11,972	Negative Housing Revenue Account subsidy payable	1		HRA6
13,086	11,407	Depreciation and Impairment of Fixed Assets	33,245		HRA7
151,457	0	Exceptional Item - change in valuation basis	0		
0	0	Debt Management Costs	84		
396	177	Increased in provision for bad/doubtful debts	357		
0	0	Sums Directed by the Secretary of State that are expenditure in accordance with UK GAAP	0		
891	818	Rent Rebates transfer to General Fund	0		HRA8
<b>190,569</b>	<b>240,623</b>	<b>Total Expenditure</b>		<b>58,063</b>	
<b>145,665</b>	<b>193,363</b>	<b>Net Cost of Services</b>		<b>7,420</b>	
0	0	HRA Services share of Corporate and Democratic Core		0	
0	0	HRA share of other amounts included in the whole Authority Net Cost of Services but not allocated to specific services		0	
<b>145,665</b>	<b>193,363</b>	<b>Net Cost of HRA Services</b>		<b>7,420</b>	
-2,447	437	Gain (-) or Loss on sale of HRA Fixed Assets		774	
-247	-153	Interest Payable and other similar charges		6,057	
1,108	801	Interest and Investment Income		1,118	
-452	0	Pensions interest cost and expected return on pensions assets		-16,945	
11,174	-1,034	Non Specific Grant Income		-2,017	
		Surplus or deficit on revaluation of non current assets			
<b>154,801</b>	<b>193,414</b>	<b>Surplus (-) or Deficit for the year on HRA services</b>		<b>-3,593</b>	

## G2.Movement in Housing Revenue Account Reserve

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to account for the net costs of Council Housing in a different way.

This statement below and the detailed reconciling items on the following page summarise the differences between the outturn on the HRA Income and Expenditure Account and the Housing Revenue Account Balance.

2010/11 Restated	2011/12 Restated		2012/13
£.000	£000s		£000s
154,801	193,414	Surplus (-) / Deficit for the year on the HRA Income and Expenditure Account	-3,594
-152,840	-193,522	Net additional amount required by statute to be debited or credited to the HRA Balance for the year	3,594
<b>1,961</b>	<b>-108</b>	<b>Increase (-) / Decrease in the HRA Balance for the Year</b>	<b>0</b>
-6,854	-4,893	HRA Balance brought forward	-5,001
<b>-4,893</b>	<b>-5,001</b>	<b>HRA Balance carried forward</b>	<b>-5,001</b>

## G2.Movement in Housing Revenue Account Reserve

### Detailed Transactions

2010/11 Restated	2011/12 Restated		2012/13	Note
	£000s		£000s	
		<b>Amounts included in the HRA Income and Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year</b>		
-160,111	-9,858	Impairment of non-current assets	-24,919	
-170	-411	Amortisation of intangible non-current assets	0	
	0	Capital Grants and Contributions Transferred to the Capital Adjustment A/c	16,945	
2,447	-437	Gain or Loss on sale of HRA non-current assets	-774	
3,879	-1,699	HRA share of contributions to or from the pensions reserve	-2,091	
-35	-192,920	Revenue Expenditure Funded from Capital Under Statute	0	
452	0	Application of Capital Grants and Contributions to capital financing passing through CI and E	0	
131	5,695	Revaluations	276	
<b>-153,407</b>	<b>-199,630</b>		<b>-10,563</b>	
		<b>Amounts not included in the HRA Income and Expenditure Account but required by statute to be included when determining the Movement on the HRA Balance for the year</b>		
3,646	1,326	Transfer to / from (-) Major Repairs Reserve	3,625	HRA9
0	0	Transfers to / from (-) Housing Repairs Account	0	HRA5
-11,174	1,034	Transfers to / from (-) Revaluation Reserve	2,017	
1,786	1,884	Employer's contributions payable to the Northamptonshire County Council Pension Fund and retirement benefits payable direct to pensioners	2,000	
315	315	Financial Instruments Adjustments	302	
13	-7	Amount by which officer remuneration charged to CI and E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	
0	12,455	Capital expenditure charged in-year to the HRA Balance		
5,981	-10,899	Net transfers to / from (-) earmarked reserves	6,209	
<b>567</b>	<b>6,108</b>		<b>14,156</b>	
<b>-152,840</b>	<b>-193,522</b>	<b>Net additional amount required to be credited or debited to the HRA balance for the year</b>	<b>3,594</b>	

## G3. Notes to the HRA Accounts

### 1. Prior Year Adjustments

Accounting Policies in relation to component accounting have been revised. In relation to Council Dwellings, the following components are valued, enhanced and depreciated separately – Kitchen, Bathroom, Windows & Doors, Heating Systems and Lights & Electrics. No other components are material and are therefore treated as part of the building structure.

If the policy had been implemented in 2010/11 then the net book value of Council Dwellings by 31st March 2012 would have been £360.532m, compared to £373,257m as reported in the Statement of Accounts for 2011/12. This net decrease of £12.725m is a result of greater revaluation losses and increased depreciation charges under the revised policy.

Further details are presented at note F1 to these Accounts.

### 2. HRA Assets and Capital Transactions

- a) At 31<sup>st</sup> March 2013 the Council was responsible for managing 12,047 units of accommodation (excluding shared ownership properties): -

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four+	
Flats-Low Rise	1,462	394	2	1	1,859
Flats-Medium Rise	1,760	858	119	4	2,741
Flats-High Rise	398	83	21		502
Houses and Bungalows	880	2,552	3,174	339	6,945
<b>Totals</b>	<b>4,500</b>	<b>3,887</b>	<b>3,316</b>	<b>344</b>	<b>12,047</b>

- b) The movement in housing stock can be summarised as follows: -

Type of Property	Stock at 31/03/2012	Stock Movements			Stock at 31/03/2012
		Sold	Disposed	Demolished	
Flats	5,118	-16	0	1	5,103
Houses and Bungalows	6,984	-40	0	0	6,944
<b>Dwellings (excl. Shared)</b>	<b>12,102</b>	<b>-56</b>	<b>0</b>	<b>1</b>	<b>12,047</b>
Shared Ownership	89	-1	0	0	88
<b>Totals</b>	<b>12,191</b>	<b>-57</b>	<b>0</b>	<b>1</b>	<b>12,135</b>

### G3. Notes to the HRA Accounts

c) The gross balance sheet value of housing assets at 31<sup>st</sup> March was as follows:-

<b>2011/12 Restated</b>	<b>Gross Balance Sheet Value</b>	<b>2012/13</b>
£000s		£000s
104,208	Operational Assets	
263,837	Land	100,646
20,197	Dwellings	260,618
	Other Capital Assets	20,427
<b>388,242</b>	<b>Total Operational Assets</b>	<b>381,691</b>
71	Non Operational Assets	520
<b>388,313</b>	<b>TOTAL</b>	<b>382,211</b>
<b>1,060,010</b>	Vacant Possession Value as at 1st April	<b>991,714</b>

d) Capital Receipts

<b>2011/12</b>	<b>Housing Capital Receipts</b>	<b>2012/13</b>
£000		£000
434	Land Sales	61
1,331	Dwelling Sales	1,781
0	Other Property Sales	0
<b>1,765</b>	<b>Total</b>	<b>1,842</b>
-973	Payable to the Secretary of State	-755
<b>-973</b>	<b>Net cost of Payments to CLG</b>	<b>-755</b>
<b>792</b>	<b>Useable Capital Receipts</b>	<b>1,087</b>

## G3. Notes to the HRA Accounts

### e) Capital Expenditure and Financing

2011/12	HRA Capital Expenditure and Financing	2012/13
£000s		£000s
	<b>Expenditure</b>	
0	Land Purchase	0
21,156	Dwellings	27,163
158	Other Property	283
192,920	Self-Financing	0
<b>214,234</b>	<b>Total Expenditure</b>	<b>27,446</b>
	<b>Financing</b>	
	Dwellings	
192,920	Borrowing	0
540	Useable Capital Receipts	318
12,455	Revenue Contributions	0
8,161	Major Repairs Reserve	9,901
0	Grants	16,945
0	Third Party Contributions	0
<b>214,076</b>		<b>27,163</b>
	Other Property	
158	Useable Capital Receipts	283
0	Major Repairs Reserve	0
<b>158</b>		<b>283</b>
<b>214,234</b>	<b>Total Financing</b>	<b>27,446</b>

### 3 Arrears

During 2012/13, arrears as a percentage of gross income were 5.3%. This represents a decrease of 0.2% since 2011/12 when the percentage was 5.1%. The figures for rent arrears are detailed below: -

2011/12	Arrears	2012/13
£000s		£000s
2,278	Gross Arrears at 31 March	2,482
-716	Prepayments	-609
<b>1,562</b>	<b>Net Arrears at 31 March</b>	<b>1,873</b>
1,607	Provision for bad debts at 31 March	1,218

## G3. Notes to the HRA Accounts

### 4 Vacant Possession Value

2011/12	HRA Vacant Possession Value	2012/13
£000s		£000s
1,060,010	Vacant Possession Value as at 1st April	991,714

2011/12	HRA Existing Use	2012/13
£000s		£000s
360,409	Existing Use Value as at 1st April	337,183

The Vacant Possession value of dwellings within the HRA as at 1 April was £991m (£1,060m in 2011/12). For the balance sheet, the figure has been reduced to 34% of this value for all except a small number of specific properties, i.e. £337m (£360m in 2011/12). This reflects the economic cost of providing Council housing at less than open market rents.

### 5 Housing Repairs Account

The transactions on the Housing Repairs Account for 2012/13 balanced to nil for the year, although this may not always be the case.

2011/12	Housing Repairs Account	2012/13
£000s		£000s
0	Balance B/f	0
10,347	Expenditure in the Year	12,795
-10,347	Contributions to the Housing Repairs Account	-12,795
0	Increase (-) / Decrease in the Housing Repairs Account Balance for the year	0
<b>0</b>	<b>Balance c/f</b>	<b>0</b>

## G3. Notes to the HRA Accounts

### 6 Housing Subsidy

The Government operated a "subsidy system" in relation to the Housing Revenue Account until 31<sup>st</sup> March 2012, leaving only a residual adjustment payment in 2012/13. It was based on a notional account representing the Government's assessment of what the Council should be collecting and spending. A breakdown of the elements in the subsidy calculations is shown below: -

2011/12	Housing Subsidy	2012/13
£000s		£000s
23	Prior Year Adjustment	1
-21,913	Management and Maintenance Allowance	0
-8,161	Major Repairs Allowance	0
-1,262	Charges for Capital	0
0	Other Allowances	0
43,284	Notional Rent	0
1	Interest on Receipts	0
<b>11,972</b>	<b>Total Amount to be paid to Government</b>	<b>1</b>

### 7 Depreciation, Amortisation, Impairment, and Revaluation of Non Current Assets

#### a) Depreciation and Amortisation

2011/12 Restated	Depreciation and Amortisation	2012/13
£000s		£000s
10,573	Operational Assets	
321	Dwellings	7,814
13	Other Property	315
	Vehicles, Plant and Equipment	16
<b>10,906</b>	<b>Total Depreciation</b>	<b>8,146</b>
411	Intangible Assets -amortisation	414
<b>411</b>	<b>Total Amortisation</b>	<b>414</b>
<b>11,317</b>	<b>Total</b>	<b>8,560</b>

### G3. Notes to the HRA Accounts

b) Impairment

2011/12	Impairment	2012/13
£000s		£000s
0	Operational Assets	0
51	Dwellings	0
0	Other Property	0
0	Vehicles, Plant and Equipment	0
<b>51</b>	<b>TOTAL</b>	<b>0</b>

c) Revaluation Gains and Losses

2011/12 I and E	2011/12 RRA	Revaluation Gains and Losses	2012/13 I and E	2012/13 RRA
£000s	£000s		£000s	£000s
12,012	63	Dwellings	13,226	13
11	8	Other Property	47	214
0	0	Vehicles, Plant and Equipment	4	0
<b>12,023</b>	<b>71</b>	<b>Revaluation Losses</b>	<b>13,277</b>	<b>226</b>
-5,673	-2	Dwellings	-260	-1,315
-23	-1,103	Other Property	-16	-927
0	0	Vehicles, Plant and Equipment	0	-1
<b>-5,696</b>	<b>-1,105</b>	<b>Revaluation Gains</b>	<b>-276</b>	<b>-2,243</b>
<b>6,327</b>	<b>-1,034</b>	<b>TOTAL</b>	<b>13,001</b>	<b>-2,017</b>

## G3. Notes to the HRA Accounts

### 8 Secretary of State Determinations

When councils raise rents by more than an amount determined by the Government, the Government limits the subsidy payable to those councils. Now that the responsibility for paying rent rebates has transferred to the General Fund, any authorities that had rent rebate subsidy limited have to transfer an amount from the HRA to the General Fund to recompense the General Fund in order that the General Fund does not carry additional costs.

2011/12	Secretary of State Determinations	2012/13
£000s		£000s
818	Rent Rebate Subsidy Limitation	0
<b>818</b>	<b>Total Effect of Special Directions</b>	<b>0</b>

### 9 Major Repairs Reserve

Authorities are required to maintain a Major Repairs Reserve (MRR). The MRR has two functions; the first is to act as a credit entry for the cost of depreciation on Council dwellings. The second is to hold unused balances of the notional Major Repairs Allowance (MRA), which can be used in future years. The notional MRA is as used in the self-financing valuation and represents the estimated annual cost of maintaining an Authority's stock at its existing level.

Council dwellings depreciation is not the same as the MRA; therefore an adjustment is required to ensure there is no bottom line impact on the HRA. The transactions on the MRR are detailed below: -

Major Repairs Reserve	£000s
Balance at 1 April 2012	0
Council Dwellings Depreciation	-7,814
Depreciation adjustment to agree to MRA	-3,629
	<b>-11,443</b>
Amount used to finance Capital Expenditure	
Dwellings	9,901
Other Property	0
	<b>9,901</b>
<b>Balance at 31 March 2013</b>	<b>-1,542</b>

### **G3. Notes to the HRA Accounts**

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# H1. Collection Fund Income and Expenditure Account

The Collection Fund account reflects the statutory requirement for billing Authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non Domestic Rates (NNDR).

2011/12		2012/13	Note
£000s		£000s	
	<b>INCOME</b>		
-83,973	Council Tax (net of benefits, discounts and transitional relief)	-84,566	
-14,764	Transfers from General Fund Council Tax benefits	-14,796	
-94,330	Income collectable from business ratepayers	-93,664	
0	Contributions Towards previous years' Collection Fund deficit	0	CF3
<b>-193,067</b>		<b>-193,026</b>	
	<b>EXPENDITURE</b>		
68,779	Precepts and demands:- Northamptonshire County Council	69,089	56a
12,925	Northamptonshire Police Authority	12,983	56a
14,966	Northampton Borough Council	15,059	56a
94,027	National Non-Domestic Rates Payments to national pool	93,363	
304	Cost of collection	301	
2,065	Bad and Doubtful Debts / Appeals Write-offs Provisions	2,020	CF4
0	Contributions Towards previous years' Collection Fund surplus	0	
<b>193,066</b>		<b>192,816</b>	
-1	<b>(Surplus)/deficit for the year</b>	-210	
0	Fund balance b/fwd	-1	
<b>-1</b>	<b>Fund Balance c/fwd</b>	<b>-211</b>	

## H2. Notes to the Collection Fund

### 1. National Non Domestic Rates (NNDR)

The Council collects non-domestic rates for its area that are based on local rateable values multiplied by a uniform rate in the pound. The total amount, less certain reliefs and other deductions, is paid into a central pool (the NNDR pool) managed by Central Government, which in turn pays back to councils a standard amount per head of the local adult population.

The total non-domestic rateable value as at 31 March 2013 was £245.9m and the equivalent figure for 2011/12 was £245.8m. The National Non-Domestic Rate multiplier for 2012/13 was 45.8p and the equivalent figure for 2011/12 was 43.3p. The small business non-domestic rating multiplier for 2012/13 was 45p and the equivalent figure for 2011/12 was 42.6p.

### 2. Council Tax

The Council's tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings for 2012/13, was calculated as follows: -

2011/12 Band D Equivalents	Band	Estimated number of taxable properties 2011/12 after discounts	Ratio	2012/13 Band D Equivalents
17.1	A(-)	32.8	5/9	18.2
16,738.8	A	25,102.8	6/9	16,735.2
14,068.8	B	18,135.4	7/9	14,105.3
17,397.1	C	19,713.9	8/9	17,523.5
9,281.3	D	9,314.8	9/9	9,314.8
6,073.0	E	5,009.4	11/9	6,122.6
3,094.6	F	2,158.9	13/9	3,118.4
1,838.1	G	1,126.4	15/9	1,877.4
105.8	H	53.9	18/9	107.7
68,614.5	Gross Council Tax Base			68,923.1
1,715.4	Non-collection provision			1,723.1
<b>66,899</b>	<b>Council Tax Base Used for setting the Precept</b>			<b>67,200</b>

The provision for non-collection was set at 2.5% for 2012/13 (and the same for 2011/12).

## H2. Notes to the Collection Fund

### 3. Analysis of In-year Contributions to Fund Deficits

The in-year contributions to Collection Fund deficits from the precepting authorities are detailed below: -

2011/12	Allocation Of Collection Fund Deficits	2012/13
<b>£000s</b>		<b>£000s</b>
0	Northampton Borough Council	0
0	Northamptonshire County Council	0
0	Northamptonshire Police Authority	0
<b>0</b>	<b>Total Deficit Recovered</b>	<b>0</b>

### 4. Provision for Bad and Doubtful Debts

2011/12	Provision for Bad and Doubtful Debts	2012/13
<b>£000s</b>		<b>£000s</b>
7,402	Bad Debt Provision B/f	7,999
-1,469	Write Offs	-1,925
2,066	Provision Made in Year	2,020
<b>7,999</b>	<b>Bad Debt Provision c/f</b>	<b>8,094</b>

# I Glossary of Terms

## GLOSSARY OF TERMS

### **Accrual**

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.

### **Actuarial Basis**

The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

### **Amortisation**

The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed aka wear and tear.

### **Amortised Cost**

The cost of intangible assets reduced by the amount of amortisation charged to date.

### **Assets**

Right or other access to future economic benefits.

### **Assets Held for Sale**

Non-Current Assets which meet the relevant criteria to be classified as held for sale.

### **Available for Sale Assets**

Financial assets that have a quoted market price and/or do not have fixed or determinable payments.

### **Balance Sheet**

Shows all balances including reserves, long-term debt, fixed and net current assets, together with summarised information on the fixed assets held.

### **Balance Sheet Date**

The date at which the Authority reports its financial statements. For Northampton Borough Council, this date is the 31st March.

### **Capital Adjustment Account**

Capital reserve largely comprising of resource applied to capital financing and is not available to the Authority to support new investment

### **Capital Costs**

Reflects the element of annual payment for PFI or Leased assets which is in relation to the reduction in the long term debt associated with the asset.

### **Capital Expenditure**

Expenditure on the acquisition of, or enhancement to fixed assets. This cannot be merely to maintain the value of an existing asset.

### **Capital Grant**

Grant which is intended to fund capital expenditure.

# I Glossary of Terms

## **Capital Grant Unapplied Reserve**

Capital reserve reflecting the value of capital grant received where there are no conditions outstanding; however expenditure on the associated asset has not been incurred.

## **Capital Reserves**

Reserve balances held for capital purposes

## **Cash Flow Statement**

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

## **CIPFA Code**

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Councils Statement of Accounts.

## **Collection Fund**

The fund maintained by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

## **Collection Fund Adjustment Account**

Revenue reserve to represent the difference between the income received by a local authority in Council Tax and the amount attributable to them.

## **Collection Fund Statements**

The statutory financial statements produced as part of the Statement of Accounts by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

## **Community Assets**

Assets which are held for the benefit of the community where there is no determinable useful life, such as works of art.

## **Comprehensive Income and Expenditure Statement (CIES)**

This statement reports the net cost of all the services which the Council is responsible for, and demonstrates how that cost has been financed.

## **Contingent Liability**

Potential costs that the Council may incur in the future because of something that happened in the past, but there is no certainty that a cost will occur.

## **Core Service Areas**

The services provided by the Authority externally, such as education, highway maintenance and adult social care.

## **Corporate and Democratic Core**

Costs associated with the democratic management of the Authority such as the Chief Executive's salary and Members' Allowances.

## **Council**

The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.

# I Glossary of Terms

## **Council Tax**

Council Tax is a local taxation that is levied on dwellings within the local Council area, and funds all Council services

## **Credit**

A credit represents income to an account.

## **Creditors**

Represents the amount that the Council owes other parties.

## **Debit**

A debit represents expenditure against an account.

## **Debtors**

Represents the amounts owed to the Council.

## **Deficit**

Arises when expenditure exceeds income or when expenditure exceeds available budget.

## **Defined Benefit Scheme**

Also known as a Final Salary Scheme. Pension scheme arrangement where the benefits payable to the members are determined by the scheme rules. In most cases there is a compulsory members contribution but over and above this all costs of meeting the quoted benefits are the responsibility of the employer.

## **Depreciation**

The term used to describe the charge made for the cost of using tangible fixed assets. The charge for the year will represent the amount of economic benefits consumed aka wear and tear.

## **Derecognition**

The process by which assets that are no longer deemed to belong to the Authority either by sale, destruction or other form of disposal, are removed from the accounts of the Authority.

## **Discount**

An allowance received through the early repayment of debt

## **Discounted Cash Flow**

A method of analysing future cash flows, by removing the impact time has on the value of money, and producing an equivalent current value (present value).

## **Donated Assets**

Assets which have been acquired at below market cost.

## **Earmarked Reserves**

Reserve balances which have been set aside for future spending in a specific area.

## **Employee**

A person who holds an office within the Authority, but does not include a person who is an elected councillor.

# I Glossary of Terms

## **Employee Costs**

The costs directly associated with employees, including but not exhaustively salaries and wages, National Insurance contributions and pensions costs.

## **Enhancement Expenditure**

Expenditure which increases the value of an asset.

## **Exceptional Items**

Events which are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly.

## **Extraordinary Items**

Material items possessing a high degree of abnormality which arise from events or transactions that fall outside the ordinary activities of the reporting entity and which are not expected to recur.

## **Fair Value**

Usually the amount that would be paid for an asset in an active market, however where there is no market for a certain type of asset (such as schools) other methods to determine fair value are used.

## **Finance Costs**

Reflects the element of annual payment for PFI or Leased assets which is in relation to interest payable on the loan liability.

## **Finance Lease**

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

## **Financial Assets**

A right to future economic benefits controlled by the Authority.

## **Financial Instruments Adjustment Account**

Revenue reserve which records the timing differences between the rate at which gains and losses are recognised and the rate at which debits and credits are required to be made against Council Tax.

## **Financial Liabilities**

An obligation to transfer economic benefits controlled by the Authority.

## **General Reserves / General Fund Balance**

The reserve held by the County Council for general purposes, i.e. against which there are no specific commitments.

## **Going Concern**

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

## **Grants**

Payment towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

# I Glossary of Terms

## **Impairment**

Impairment of an asset is caused either by a consumption of economic benefits, a deterioration in the service provided by an asset, or by a general fall in prices of that particular asset.

## **Infrastructure Assets**

Assets associated with the road networks owned and maintained by Northampton Borough Council.

## **Intangible Asset**

Non-current assets which do not have physical form such as software.

## **Internal Service Costs**

The provision of services by the central departments of the County Council. Examples finance, personnel, legal, administration, information technology and property.

## **International Accounting Standard (IASs)**

Regulations outlining the method of accounting for activities, IASs are currently being replaced with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board.

## **International Financial Reporting Standards**

Regulations outlining the method of accounting for activities, issued by the International Accounting Standards Board.

## **Inventory**

Fair value of current assets purchased which have not yet been consumed.

## **Investment Property Assets**

Assets held solely for the purposes of rental generation or for increasing the value pre-sale (capital appreciation).

## **Leases**

A method of funding expenditure by payment over a defined period of time.

## **Lessee**

The person or organisation that is using or occupying an asset under lease (tenant).

## **Lessor**

The person or organisation that owns an asset under lease (landlord).

## **Liabilities**

An obligation to transfer economic benefits. Current liabilities are payable within one year.

## **Loans and Receivables**

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

## **Materiality**

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

# I Glossary of Terms

## **Minimum Revenue Provision (MRP)**

A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).

## **Movement in Reserves Statement**

The statement detailing the movement in the reserves of the Authority.

## **Non-Current Assets**

Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.

## **Non-Distributed Costs**

The value of revenue operating expenditure that is not able to be apportioned to one of the authorities core service areas.

## **Operating Lease**

A lease where an asset is used only for a small proportion of its economic life.

## **Pensions Costs**

The benefits paid by the Authority which are accrued during the period of employment and paid to ex-employees after retirement.

## **Pensions Liability**

The cost, calculated by an Actuary, of providing the current members of a pension scheme with retirement benefits as set out in the pension scheme rules.

## **PFI**

See Private Finance Initiative

## **PFI Credits**

The financial support provided to Local Authorities to part fund PFI capital projects.

## **Premium**

A payment made in association with the early repayment of debt.

## **Previous Year Adjustments**

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.

## **Principal**

The amount of repayment to a lender which relates to the reduction in the loan, rather than the interest paid on the loan.

## **Private Finance Initiative (PFI)**

A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.

## **Projected Unit Method**

This is a common actuarial funding method to value pension scheme liabilities.

# I Glossary of Terms

## **Provisions**

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made to the costs.

## **Provision for Bad and Doubtful Debts**

A prudent reduction in the reported level of income owed to the Authority for non-payment of invoices and other debt.

## **Quoted Market Prices**

A method of determining the fair value of financial assets via prices quoted on an active market.

## **Recognition**

The process upon which assets are deemed to belong to the Authority either by purchase, construction or other form of acquisition.

## **Revaluation Gain**

The increase to the fair value of an asset following a valuation.

## **Revaluation Reserve**

This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

## **Revenue Expenditure**

Expenditure which is not capital.

## **Revenue Grant**

Grant which is not capital.

## **Revenue Expenditure Funded from Capital under Statute**

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset.

## **Service Reporting Code of Practice (SERCOP)**

Produced by CIPFA, this establishes proper practice with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.

## **Service Concession Arrangements**

Arrangements which involve the supply and maintenance of assets and service delivery.

## **Service Costs**

Reflects the element of annual payment for PFI or Leased assets which is in relation to services provided within the contract.

## **Short Term Benefits**

Employee benefits earned and consumed during employment.

## **Soft Loans**

Low interest rate loans.

## **Specific Grant**

# I Glossary of Terms

A grant awarded to a Council for a specific purpose or service that cannot be spent on anything else.

## **Straight Line Basis**

The method of calculating depreciation via charging the same amount each year over the life of the asset.

## **Subsidiary**

An organisation that is under the control of the Council aka the Council is the majority shareholder.

## **Surplus**

Arises when income exceeds expenditure or when expenditure is less than available budget.

## **Surplus Assets**

Assets which are no longer in operation.

## **Tenant**

The person or organisation that is occupying an asset under lease.

## **Termination Benefits**

Employee benefits paid upon termination of employment such as redundancy.

## **Treasury Management**

Utilisation of cash flows through investments and loans.

## **Useful Life**

The period with which an asset is expected to be useful to the Authority in its current state.

## **Value Added Tax**

National taxation charged on goods and services.

## **Work in Progress**

The fair value of incomplete contracts for goods and services which are to be charged to external customers.