



Ashfield District Council

Statement of Accounts

2008/2009

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Explanatory Foreword

Introduction

This foreword gives a brief description of the services provided by the Council, the cost of providing them and the sources of finance required to meet the cost. It also draws attention to the main financial statements of account, which the Council is required to keep by law, and gives an overall financial review of the Council's performance during the year.

Glossary of Terms & Abbreviations

A glossary of terms & abbreviations is included at the end of the document.

Substantive Changes Introduced into the 2008 SORP

The disclosure note for retirement benefits has been changed to implement the requirements of the Pension SORP 2007.

Revaluations of fixed assets on disposal is no longer permitted.

The Accounts

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting, the Local Government Statement of Recommended Practice (SORP) 2008 and the Accounts and Audit Regulations 2003. The Statement of Accounting Policies gives further details of how Ashfield District Council have applied the SORP.

The Council's accounts for the year 2008/09 consist of the following main statements with supporting notes where applicable:

The Statement of Responsibilities for the Statement of Accounts

This statement sets out the respective responsibilities of the Council and the Chief Financial Officer for the accounts.

The Statement of Accounting Policies

This section explains a number of local policies that the Council conforms to. They are reviewed each year.

The Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The Statement of the Movement on the General Fund Balance

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 Council is required to raise Council Tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when fixed assets are consumed;
- The payment of a share of council housing receipts to the government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than Council Tax;
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

The Statement of Total Gains and Losses

This statement brings together all the gains and losses of the Council for the year and shows the aggregate change in its net worth. In addition to the surplus/deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

The Balance Sheet

This statement is fundamental to the understanding of an authority's financial position at the 31st March 2009. It shows the balances and reserves at an authority's disposal, its long-term debt, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held. Explanations and further information regarding many of the items listed are contained in the notes, which follow the Balance Sheet.

The Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined here, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

The Housing Revenue Account

The Housing Revenue Account sets out the income and expenditure arising from the provision, management and maintenance of the Council's housing stock. This is a self-supporting account that is maintained separately from the rest of the Council's accounts and is required to operate with a positive working balance.

The Collection Fund

This shows the transactions in the year for the collection of Council Tax, National Non-Domestic Rates and residual Community Charge income, and precept payments to Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority.

The Group Accounts

The Council are required to determine whether they have a group relationship with other entities and prepare group accounts where appropriate. The Council has 100% interest in Ashfield Homes Limited (AHL), through the issue of a single £1 share. This company was formed on the 26th September 2001 and commenced business to undertake the housing management function on behalf of Ashfield District Council on 1st April 2002.

Ashfield District Council have considered there is a sufficient group relationship with Ashfield Homes Limited to consolidate both sets of accounts comprising of The Group Income and Expenditure Account, The Group Statement of Total Recognised Gains and Losses, The Group Balance Sheet and the Group Cash Flow Statement. These reflect the extended service delivery and economic unit that conducts activities under the control of the parent reporting authority.

Annual Governance Statement

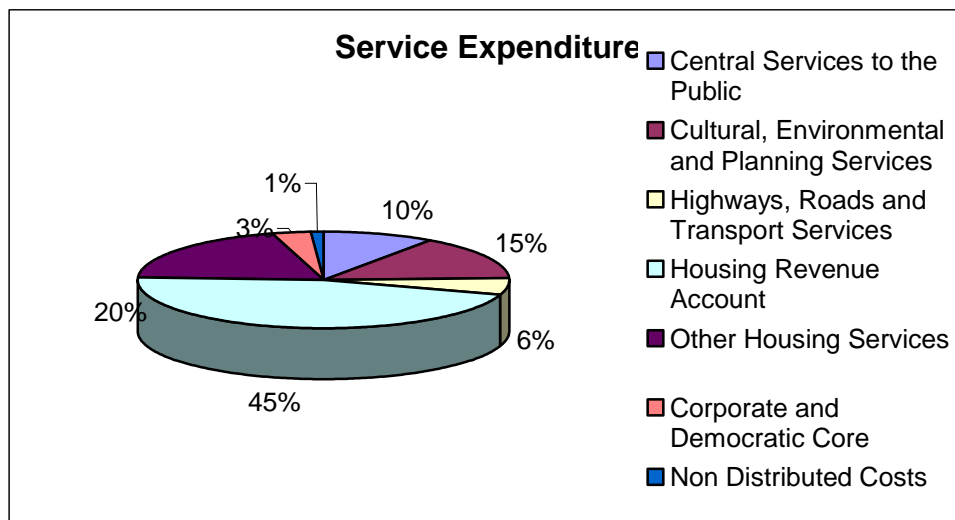
The Annual Governance Statement is the formal statement that recognises, records and publishes an authority's governance arrangements.

Audit Certificate and Opinion

The Council's accounts are subject to an external audit annually by the Audit Commission's nominated District Auditor.

Services Provided and Sources of Finance

The Council provides a wide range of services and facilities for the area of Ashfield, these being reflected in the two main revenue accounts; the Income and Expenditure Account and Housing Revenue Account. There have been no acquired or discontinued operations of any significance during 2008/09. The key services are listed below.



General Fund

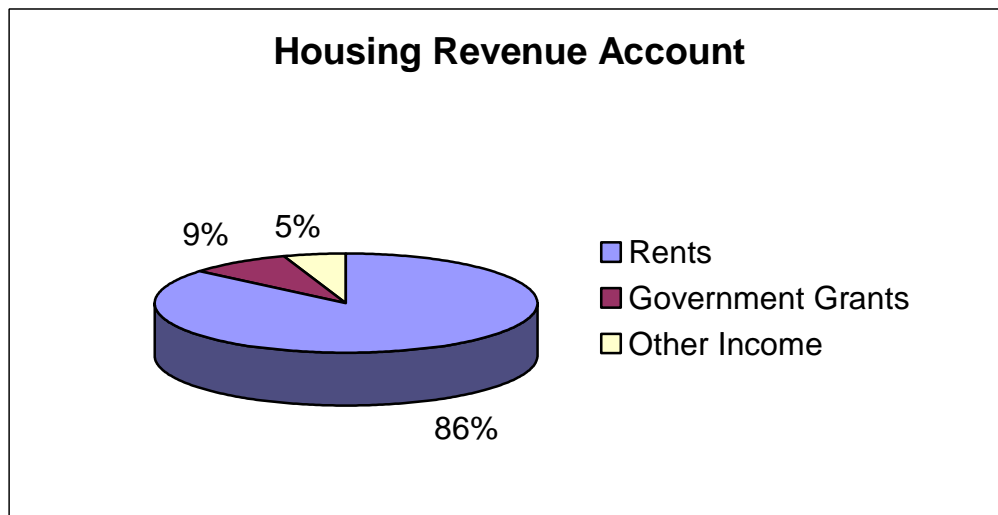
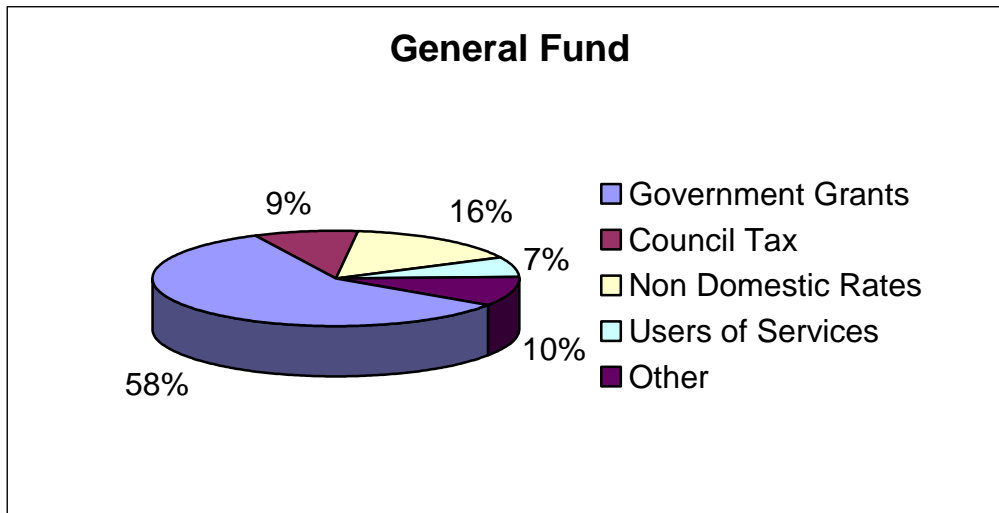
- Accommodation for the Homeless
- Allotments
- Car Parks
- Cemeteries
- Concessionary Travel Allowances
- Economic Development
- Environmental Health Services
- Improvement Grants
- Industrial Estates
- Leisure Centres
- Maintenance of Roads (via a Management and Operation Partnership with Nottinghamshire County Council and other District Councils in Nottinghamshire)
- Markets
- Parks and Open Spaces
- Pollution Control
- Public Conveniences
- Public Halls and Community Centres
- Refuse Collection
- Registration of Electors
- Swimming Pools
- Town Planning and Building Control

Housing Revenue Account

Provision, Repair and Maintenance of Council Houses
Provision of Council Garages

Sources of Finance

The total gross expenditure incurred in providing these services was £128.6m. (Split £70.1m General Fund, £59.4m Housing Revenue Account). Income is received from a number of sources to meet this expenditure. This is shown diagrammatically below.



Financial Performance

Revenue Expenditure for the General Fund

A comparison of actual net expenditure, with the approved budget figures is given below:

	Original Budget £000	Revised Budget £000	Actual £000
Division			
Chief Executive Officer	2575	3014	3538
Community and Economic Promotion	3482	4644	4392
Deputy CEO Outward	291	1003	1101
Land and Property	468	1595	1143
Health and Housing	1507	1528	1421
Deputy CEO Inward	273	224	277
Revenues, Information Technology & Customer	2891	2699	1962
Financial Management and Audit	80	0	-227
Neighbourhood Services	4900	5504	5365
Divisional Spending	16,468	20,210	18,972
Replace: FRS 17 adjustment			(1,112)
Add back: Capital Financing Costs	2,585	2,758	5,172
Net Expenditure on Services	19,053	22,968	23,032
Contingencies	350	100	
Net Cost of Sale of Fixed Assets			26
Pension Interest Cost and Expected Return			2,182
Net Interest Charges	194	(31)	18
Contribution to Housing Pooled Capital Receipts			262
Net Operating Expenditure	19,597	23,037	25,520
Funding			
LABGI Grant		(287)	(287)
Housing and Planning Delivery Grant		(241)	(240)
Area Based Grant		(1,466)	(1,474)
Re-distributed NNDR	(9,699)	(9,699)	(9,699)
Revenue Support Grant	(1,350)	(1,350)	(1,350)
Council Tax	(5,533)	(5,533)	(5,533)
Collection Fund Adjustment	39	39	39
Funding Total	(16,544)	(18,538)	(18,545)
Net General Fund Deficit before movements	3,053	4,499	6,975
Movements on the General Fund Reserve			
Reversal of Capital Financing Costs	(2,680)	(2,757)	(5,172)
Net charge made for retirement benefits - FRS17			(3,829)
Provision for debt repayment	678	761	761
Reversal of Contribution to Hsg Cap Receipts			(262)
Financial Instruments - amortised costs			(100)
Pension Fund Contributions			2,738
Net transfer to earmarked reserves	(100)	(954)	241
	(2,102)	(2,950)	(5,623)
Net General Fund Deficit after movements	950	1,549	1,352

At operational level, after stripping out charges relating to capital assets and pension fund adjustments, divisional net expenditure at £19.0m was £1.2m less than the revised budget of £20.2m, a reduction of 6%.

The main reductions against the revised budget resulted from

- Higher than anticipated subsidy relating to housing benefits
- Unspent amounts set aside as contingencies
- Reduced costs of operating leisure facilities
- Various fee income increases
- Employee savings across many areas of the Council
- Concessionary fares expenditure less than budgeted
- Items that were in progress at the year end but where the projects were not completed until 2009-10

These savings were substantially offset by

- Increased pension payments in support of early retirements
- Increased provisions for bad debts
- Reduced use of earmarked reserves aligned with expenditure
- Additional contributions to earmarked reserves

The General Fund deficit for the year was £1.4m, compared to an original estimate of £1.0m and a revised estimate of £1.5m.

Housing Revenue Account

	Original Budget 2008/09 £000	Revised Budget 2008/09 £000	Actual 2008/09 £000
Income			
Dwelling Rents (gross)	(19,807)	(19,807)	(19,953)
Non-dwelling Rents (gross)	(133)	(139)	(145)
Charges for Services and Facilities	(1,146)	(1,110)	(1,097)
Contribution Towards Expenditure	0	0	0
HRA Subsidy Receivable (including MRA)	(1,739)	(1,739)	(1,972)
Repayment of balances from AHL			
Total Income	(22,825)	(22,795)	(23,167)
Expenditure			
Repairs and Maintenance	6,664	6,664	6,664
Supervision and Management	5,789	5,833	5,850
Rents, Rates, Taxes and other charges	65	40	16
Depreciation and Impairment of fixed assets	5,932	6,649	45,612
Debt management costs	21	25	27
Rent Rebates	709	709	778
Increased provision for bad or doubtful debts	75	75	161
HRA share of Corporate and Democratic Core	385	272	280
Total Expenditure	19,640	20,268	59,388
Net Cost of HRA Services	(3,186)	(2,527)	36,221
Gain or loss on sale of HRA fixed assets	40	20	67
Interest payable and similar charges	4,204	4,220	4,111
Interest and investment income	(400)	(675)	(540)
Pensions Interest Cost and expected return on Pensions assets	0	0	0
(Surplus) or deficit for the year on HRA services	658	1,038	39,859
Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(1,786)	(2,373)	(41,313)
HRA surplus	(1,128)	(1,335)	(1,454)
Balance Brought Forward	(8,393)	(8,554)	(8,553)
Balance Carried Forward	(9,520)	(9,889)	(10,007)

At operational level, after stripping out charges relating to capital assets, HRA net income at £9.4m was £0.2m greater than the revised budget of £9.2m, an increase of 2%.

The increases in income resulted from:

- Increased rental income
- Increased HRA subsidy

This was however, offset by an increase in the bad debt provision for Housing Rents unpaid as at the 31st March 2009.

There were significant variations between actual and budget relating to capital charges, caused by a significant change in the housing market affecting the carrying values of the Council Dwellings. These charges are however reversed out in the Statement of

Movement in Housing Revenue Account Balance and therefore do not affect the overall value of this reserve.

Capital Expenditure and Financing

Capital Expenditure

Capital expenditure of £18.3m was incurred on the following main projects:

	£000
Butlers Hill Industrial Development	76
Titchfield Park Improvements	168
Portland Park Improvements	73
Healdswood Recreation Ground Activity Equipment	58
Hucknall Leisure Centre Changing Rooms	253
Hucknall Leisure Centre Gym and Fitness	180
Improvement Grants	1,929
Purchase of Vehicles	938
Fire Alarms in Sheltered Courts	147
Summerhill Court Flat Conversion	480
Brown Bin Roll Out	240
Trusteel Properties Coxmoor Estate	716
Decent Homes Expenditure	4,968
PC Replacement	148
Capital Salaries	499
North Ashfield Leisure Centre	5,623
Asset Management Works	202
Northern Depot – New Engineering Section	125
Bluebell Wood Changing Rooms	67
Depot – Security and Parking	160
Council Offices Refurbishment	174
Other	1,102
Total	18,326

Capital Financing

This expenditure was financed from the following sources:

	£000	£000
Loans		5,294
Capital Receipts		
General Fund	2,605	
Housing	2,900	5,505
Major Repairs Allowance		5,008
Grants and Other Contributions		2,519
Total		18,326

Pensions

Ashfield District Council is a member of the Nottinghamshire County Council Pension Fund and the assets and liabilities attributable to the Council are evaluated on an annual basis by an independent actuary. The financial statements have taken into account the accounting policy requirements under FRS17.

Treasury Management Activities

The Council can borrow for any purpose for which it is legally entitled to incur expenditure. In practice the Council sets its own borrowing limits based upon tests of affordability and prudence. These are set annually in its Borrowing Activities Report to Cabinet, the latest of which was approved by Cabinet on 26th February 2009. During 2008/09 the Council had set an authorised limit of £144m and an operational boundary of £124m as required under the Prudential Code, and overall borrowing remained within these limits at all times. For 2009/10 these limits have been revised to £140m and £125m respectively.

The outstanding debt as at the 31st March 2009 was £89.6m.

The Council maintained its policy of externalising surplus funds through the use of a fund manager during the period of these accounts. City Deposit Brokers have £11m of funds under their control.

Future Capital Programme

The Council has an approved capital programme up to 2011/12, which will provide a total investment over the next 3 years of £42.2m for the benefit of the Ashfield area.

Future Spending

	2009/10 £000	2010/11 £000	2011/12 £000
General Fund	9,412	6,464	3,135
HRA	6,427	8,725	8,031
Total	15,839	15,189	11,166

Future Funding

	2009/10 £000	2010/11 £000	2011/12 £000
Specific Grants and Contributions	5,359	3,023	337
Borrowing	4,057	0	4,243
Capital Receipts	1,362	4,118	1,758
Revenue	100	0	0
MRA	4,961	8,048	4,828
Total	15,839	15,189	11,166

Further Information

Further information about the accounts is available from:

Head of Financial Management & Audit Services,
Ashfield District Council,
Council Offices,
Urban Road,
Kirkby-in-Ashfield,
Nottingham,
East Midlands,
NG17 8DA.

Members of the public have a statutory right to inspect the accounts before the annual audit of the accounts is completed. The availability of the accounts for inspection is advertised in the local press.

The Statement of Responsibilities for the Statement of Accounts

Responsibilities of the Council

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Responsibilities of the Head of Finance

The Head of Finance is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this Statement of Accounts, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Maintained proper, up to date accounting records;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm that the Statement of Accounts presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2009.

R L Taylor, C.P.F.A.
Head of Financial Management & Audit Services
30th June 2009

I confirm that the accounts were approved by the Council meeting held on
30th June 2009.
Signed on behalf of Ashfield District Council:

Councillor Mrs May Barsby
Chairman of the Council
30th June 2009

Statement of Accounting Policies

1. Introduction

The Statement of Accounts summarises the council's transactions for the financial year 2008/09 and its position at the year end 31st March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2008 (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. General Principles

This Statement of Accounts has been prepared in accordance with the fundamental accounting principles set out below:

- Financial information should be relevant, reliable, comparable and understandable;
- Materiality of information must be considered, i.e. information must be of such significance as to justify its inclusion;
- The accounts must be prepared on both an accruals basis (i.e. income and expenditure must be recognised in the accounting period in which the effects of these are experienced) and assuming that the Council will continue to be operational in the foreseeable future (principle of going concern);
- Local Authority finance operates within a framework of legislation and regulation, and where legislative and accounting principles conflict, legislative requirements shall apply.
- Where a prior period adjustment to the accounts is necessary a restatement of the comparative figures for the previous year will be made.

The following explanations are areas that are considered significant in regards to the way items have been treated in the accounts.

3. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, in accordance with FRS18.

Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.

Supplies are recorded as expenditure when they are consumed – for material items, where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.

Works are charged as expenditure when they are completed before which they are carried as work in progress on the Balance Sheet.

Interest payable on borrowings and receivable on investments is accounted for in the year in which it relates.

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. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

Grant claims are submitted on an actual basis wherever possible, however if the information to do this is not available then a best estimate basis is adopted.

An exception to this principle relates to electricity and other similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

4. 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 benefit, 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 Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year – where it becomes more likely than not that a transfer of economic benefit will not be required (or lower settlement anticipated) the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (for example, 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.

5. Reserves

The Council sets aside specific amounts as revenues for future policy purposes or to cover potential liabilities. Reserves are created by appropriating amounts in the Statement of Movement on 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 so that there is no net charge against Council Tax for the expenditure.

Some reserves are required to be created by statute, for example:

The Revaluation Reserve and the Capital Adjustment Account can only be used for specific statutory purposes; they do not represent usable resources to the Council and can not be used to finance expenditure.

The Major Repairs Reserve is used to finance the element of HRA capital expenditure which is funded by the Major Repairs Allowance.

6. Revenue Government Grants and Contributions

Government grants are accounted for on an accruals basis and income has been credited to the appropriate revenue account matched to the related service expenditure.

7. Retirement Benefits

The Council contributes to the Nottinghamshire County Council Superannuation Fund. The Superannuation Fund's Actuary undertakes a valuation every three years and determines the rate of contribution the Council needs to make.

The liabilities of the County Council's pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates (and so forth), and projections of projected earnings for current employees.

Liabilities are discounted to their fair value at current prices.

The assets of the Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

Asset Category	Basis of Valuation
Quoted Securities	Bid valuation
Unquoted Securities	Professional estimate
Property	Market value
Unitised Securities	Average of the bid and offer rates

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 (allocated in the Income and Expenditure Account 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 earlier years (debited to the Net Cost of Service in the Income and Expenditure Account, as part of non-distributed costs);

- Interest Costs - the expected increase in the present value of liabilities during the year as they move one year closer to being paid (debited to the Net Operating expenditure in the Income and Expenditure Account);
- 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 the Net Operating Expenditure in the Income and Expenditure Account);
- Gains/Losses on Settlement and Curtailment – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefit of employees (debited to the Net Cost of Services in the Income and Expenditure Account, as part of non-distributable costs);
- Actuarial Gains and Losses – change in the net pension 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 Total Recognisable Gains and Losses);
- Contributions paid to the County Pension Fund – cash paid as employer’s contributions to the pension fund.

Statutory provisions limit the Council to raise the Council Tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on General Fund Balances this means that there are appropriations to and from the pension reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at year end. See note 29 of the Core Financial Statements.

8. VAT

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

9. Overheads and Support Services

These costs are charged to all services of the Council according to either Service Level Agreements or a detailed study of officers’ time spent on various services. The exception to this are:

- Corporate and Democratic Core, which are costs relating to the Council’s status as a multi-functional democratic organisation;
- Other non distributed costs – the cost of discretionary benefits awarded to employees retiring early.

The main bases of allocations outlined below:

Costs	Basis of Allocation
Administrative Buildings	Floor Area
Central Support	Actual time spent or unit cost
Service Management	Actual time spent
Information Technology utilised or	Systems operated, equipment

time spent on programming and development used

10. Intangible Fixed Assets

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council (for example software licences) would be capitalised if it would bring economic benefit to the Council for more than one year. However the balance is charged to the relevant service revenue account in the year of occurrence because software licences involve annual renewal.

11. Tangible Fixed Assets

Tangible fixed assets are assets that have a physical substance and are held for the use in the provision of service or for administrative purposes on a continuing basis.

All expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, because it yields benefit to the Council and the services that it provides for, for more than one financial year. Capitalised expenditure that does not enhance the previously assessed value of the asset (for example rearrangement of office accommodation) is charged to revenue as it is incurred.

The Council has adopted £6,000 as the de-minimus level for the addition of capital expenditure to fixed assets on the balance sheet relating to buildings and infrastructure assets. There is no limit for vehicles, plant and equipment. Plots of land are included from the value of £250

Assets have been included in the Balance Sheet using the following valuation methods:

Asset Category	Basis of Valuation
Council dwellings	Existing use value for social housing less depreciation with inflation indices applied between revaluations.
Operational assets	Net current replacement cost less depreciation which is depreciated replacement cost (DRC) for specialised assets and existing use value (EUV) for non specialised.
Non-operational assets	Market value (being the lower of net current replacement cost or net realisable value).
Infrastructure	Historic cost less depreciation.
Vehicles, plant and equipment	Historic cost less depreciation. For vehicles this is reviewed by the transport manager to ensure this is broadly consistent with lower of Net Current Replacement Cost or Net Realisable Value.

Community assets

There is no market value for these assets as they are not available for sale. From 2007-08 historical costs are being accumulated as a proxy value

Those assets which are not stated at historic cost are re-valued by external professional valuers. Assets are re-valued where there are material changes in the value, but as a minimum every five years in accordance with the Appraisal and Valuation Standards issued by The Royal Institution of Chartered Surveyors (RICS) Manual [5th edition], which are jointly approved with the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Council dwellings were re-valued during 2005/06 by King Sturge, a specialist valuation company. Other assets were valued by Robert Clarke during 2007/08.

The asset value included in the Balance Sheet has been reviewed by the Council's previous Estates Manager and Estates Officer both of whom are fully qualified Members of the Royal Institution of Chartered Surveyors (MRICS). Additionally the Councils Beacon Properties were revalued by King Sturge as at the 31st March 2009.

Equipment and infrastructure assets did not form part of this valuation and have been included in the Balance Sheet at historical cost. Vehicles do not form part of any revaluation schedule as they are depreciated and disposed of within the five year recommended revaluation schedule, however the value of vehicles included in the Balance Sheet has been reviewed by the Council's Transport Manager.

All asset values used in the accounts are approved on a certificate issued by the Council's Valuation and Estates Officer (who is a Chartered Surveyor).

Capital receipts from the disposal of assets are held in the Useable Capital Receipts Reserve until such time as they are to finance other capital expenditure. A proportion of some of the capital receipts received for the disposal of housing assets has to be paid across to Central Government. Interest on capital receipts unapplied is credited to the General Fund.

On revaluation any increases in the value of assets are adjusted in the Revaluation Reserve. If an asset is revalued downwards this is charged against any value in the revaluation reserve for that asset. If that value is insufficient the remainder is charged to the appropriate revenue account as an impairment.

Depreciation

Assets, excluding land are being depreciated over their estimated useful economic lives. Buildings are depreciated over different time scales according to construction and condition and were considered individually as part of the revaluation. Assets are being depreciated using the straight line method, taking assumed residual values into consideration. Assets are being depreciated over the following periods:

Infrastructure	40 years
Dwellings	55 years

Other Buildings	5 - 40 years
Computer and other Equipment	5 - 10 years
Vehicles/Plant	1 - 5 years

During the 2008/09 financial year there were no changes to the way in which assets were depreciated.

Impairment

The value of assets included in the Balance Sheet is reviewed annually to determine whether there have been any significant reductions in value as a result of impairment (see Glossary of terms and abbreviations). As a result of the King Sturges and Estates Officer revaluations significant impairment has been charged to the accounts in 2008/09.

Disposals

When an asset is disposed, the carrying value of the asset is written off to the Income and Expenditure Account. The asset would normally only be revalued to open market value when the asset is deemed surplus to requirements.

12. Charges to Revenue for Fixed Assets

The capital charges made to General Fund and Housing Revenue Accounts service accounts equate to the depreciation charge for each asset and any impairment on those assets. The charges are reversed through the SMGFB, and replaced with the provision required for Minimum Revenue Provision (MRP). Additionally a charge is made to the HRA for interest on debt outstanding (as measured by the capital finance requirement) using the consolidated rate of interest (based on the Councils average borrowing cost).

13. Revenue Expenditure Funded from Capital under Statute

This represents expenditure which funds revenue but it does not create or enhance a tangible fixed asset, however, under statute the authority is able to fund such expenditure from capital resources. It mainly relates to grants to third parties (eg. improvement grants to owner occupiers), the expenditure is accounted for as revenue expenditure in the year it is made, together with any grants received towards that expenditure.

Because it is funded from capital resources the net expenditure is reversed out through the SMGFB to avoid impact on the level of Council Tax.

14. Leases

The Council does not have any finance leases which result in fixed assets being accounted for using the policies applied generally to tangible fixed assets.

The Council does have operating leases when substantially the risk and rewards to the leased property remains with the lessor. Rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease.

Additionally, the Council acts as a lessor for commercial properties. Income is credited to the relevant service revenue account as received. The Council has not rented any assets to a third party which would be classified as a finance lease.

15. Repurchase of Borrowing

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio with substantially the same overall effect (when viewed as a whole), gains or losses are recognised on the Balance Sheet and written down to revenue on a straight line basis over the term of the replacement loan.

16. Investments

Investments are recorded in the balance sheet at a value that includes the principal sum, interest determined by using the effective interest rate and interest that is accrued to the end of the year and is due to be received in a future accounting period.

17. Stocks and Work in Progress

These Balance Sheet figures are recorded on the following basis:

- Works in progress relating to the Operational Services Section, are included at cost. No estimation is included for a profit element;
- Stocks and stores held are included at the latest price paid.

This does not comply with SSAP 9, which require stocks to be shown at the lower of actual cost or net realisable value. The difference is not material.

18. Private Finance Initiative

The Council has no Private Finance Initiatives.

19. Contingent Assets and Liabilities

Contingent assets and liabilities are not accrued in the accounts they are disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits.

20. Provisions for Bad or Doubtful Debts

The carrying amount of debtors has been adjusted for doubtful debts, which have been provided for, and known irrecoverable debts have been written off.

21. Capital Grants and Contributions

Where grants and contributions are received, that are identifiable to tangible fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the released assets in the relevant service revenue account, in line with the depreciation policy applied to them.

22. Interest

External interest payable is debited to the General Fund Income and Expenditure Account. External interest receivable is credited to the General Fund Income and Expenditure Account. Interest is accounted for on an accruals basis.

The General Fund pays interest internally to the Housing Revenue Account, Insurance Funds and Provisions, section 106 monies, developers' contributions and the Harold Farr bequest fund.

23. Financial Instruments

Until 2007/08 financial instruments were not covered comprehensively by UK financial reporting standards. The introduction of FRS 25, FRS 26 and FRS 29 introduced new reporting and disclosure requirements on local authorities due to a change in accounting policy. Ongoing adjustments are included in the Income and Expenditure Account.

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables are assets that have fixed or determinable payments but are not quoted in an active market;
- Available for sale assets have a quoted market price and/or do not have fixed or determinable payments.

Financial Liabilities

Financial liabilities are classified as follows:

- amortised cost

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account 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 and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

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 Income and Expenditure Account. Any gains and losses that arise on de-recognition of the asset are credited/debited to the Income and Expenditure Account.

Fair valuation

Financial liabilities and assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows which take place over the remaining life of the instruments determined by applying current interest rates

- PWLB loans new maturity rates as at 31st March.
- Market loans

Available for sale Financial Assets

After consideration, it has been determined that the authority has no available for sale financial assets. This will be evaluated annually.

Credit Risk

This is the risk that other parties may fail to pay amounts due to the Council. Credit risk arises from deposits with banks and financial institutions. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score of A or F3 on the "Fitch" rating scheme, or are in the top 15 rated building societies in the United Kingdom. The Council has a policy of not investing more than £5m with any individual 3rd party, and diversifies its portfolio of investments between types of financial institution.

Over the last 5 years there has been no history of defaults however the Council acknowledges that risk has increased in the past year due to the uncertain economic times. The current events within the banking sector endorse the need to be vigilant in this area and the Council will continually monitor this situation, but at this time has no reason to impair the Balance Sheet value at 31st March 2009.

Most of the debts held by customers of the Council are of a short term nature and the risks of default are taken into account when bad debt provisions are calculated. Debtors are reduced by the bad debt provisions and this produces a realistic carrying amount in the Balance Sheet.

Liquidity Risk

This is the risk that the authority may not have funds available to meet its commitments to make payments. As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council has a policy for the upper and lower limits for the maturity structure of fixed rate debt which acts as a measure of the long term exposure to interest rate risk.

Market Risk

This is the risk that the value of an instrument will fluctuate because of changes in interest rates, markets prices, foreign currencies, exchange rates etc. The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments, but does not invest or borrow in any foreign currency and so is not subject to exchange rate risk.

Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- Borrowings at fixed rates – the fair value of liabilities will fall;
- Investments at variable rates – the interest credited to the Income and Expenditure Account will rise;
- Investments at fixed rates – the fair value of assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the STRGL.

24. Interests in Companies and Other Entities

The Council has an interest in Ashfield Homes Limited which has the nature of a subsidiary. This requires the preparation of group accounts. In the council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

The Core Financial Statements

Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2007/08		2008/09	
Net Expend £000		Gross Expend £000	Gross Income £000
			Net Expend £000
Service Expenditure			
1,646	Central Services to the Public	12,357	(11,724)
11,404	Cultural, Environmental and Planning Services	18,977	(5,203)
1,620	Highways, Roads and Transport Services	7,231	(5,974)
(4,102)	Housing Revenue Account	59,108	(23,166)
1,376	Other Housing Services	25,190	(23,374)
1,531	Corporate and Democratic Core	4,388	(147)
426	Non Distributed Costs	1,337	(7)
13,901	Net Cost of Services	128,588	(69,595)
759	Net Loss or Gain on sale of Fixed Assets		92
163	Parish Council Precepts		168
(54)	Net (Surplus) / Deficit on Trading Undertakings		262
1,020	Pensions Interest Cost and Expected Return		2,182
4,386	Interest Payable and Other Charges		4,447
173	Amortisation of Premiums and Discounts		0
(1,160)	Interest and Investment Income.		(858)
2,514	Contribution to Housing Pooled Capital Receipts		262
21,702	Net Operating Expenditure		65,548
(870)	LABGI Grant		(287)
(108)	PSA Grant		0
(277)	Housing Planning Delivery Grant		(240)
0	Area Based Grant		(1,474)
	Formula Grant:		
(1,537)	Revenue Support Grant		(1,350)
(9,158)	Contribution from NNDR Pool		(9,699)
(5,494)	Demands on the Collection Fund		(5,663)
4,258	Net (Surplus) / Deficit		46,835

Statement of Movement on the General Fund Balance

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 Council is required to raise Council Tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when fixed assets are consumed.
- The payment of a share of council housing receipts to the government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than Council Tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Ashfield District Council are a currently a constituent member of a Joint Crematorium Committee along with neighbouring Authorities; Newark and Sherwood DC and Mansfield DC. The arrangements are such that the current activities are split on a throughput basis by each Council. The balance sheet is divided by an average of the throughput over the last five years. Ashfield's share has been included in both the Income and Expenditure Account and the Balance Sheet in line with the aforementioned formula. Comparative figures for 2007/2008 have been amended for consistency

Statement of Movement on the General Fund Balance

2007/08 Net Exp £000		2008/09 Net Exp £000
4,258	Deficit for the Year on the Income and Expenditure Account	46,835
(6,274)	Net Additional Amount Required by Statute and Non-Statutory Proper Practices to be Debited or Credited to the General Fund Balance for the Year	(45,482)
(2,016)	(Increase) / decrease in General Fund Balance for the Year	1,353
(3,470)	General Fund Balance Brought Forward	(5,486)
(5,486)	General Fund Balance C/Fwd Available for New Expenditure	(4,132)

Note on Reconciling Items for Statement of Movement on the General Fund

Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year

(448)	Amortisation of Intangible Fixed Assets	(74)
(3,398)	Depreciation and Impairment of Fixed Assets	(44,634)
(877)	Difference between amounts charged to the I & E Account for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	0
(402)	Difference between amounts charged to the I & E Account for Amortisation due to Effective Interest Calculations	0
1,493	Government Grants Deferred Amortisation	1,618
(2,334)	Revenue Expenditure Funded from Capital under Statute	(1,936)
(514)	Net Loss on disposal of Fixed Assets	(36)
(1,393)	Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	(1,566)
(3,523)	Net Charges Made for Retirement Benefits in Accordance with FRS 17	(3,829)
(11,396)		(50,457)

Amounts not included in the Income and Expenditure Account but required by statute when determining the Movement on the General Fund Balance for the year

672	Minimum Revenue Provision for Capital Financing	761
(2,514)	Transfer from Useable Capital Receipts to Meet Payments to the Housing Capital Receipts Pool	(262)
0	Amortisation of Premiums and Discounts	144
1,197	Financial Instruments - Reconciliation to Amortised Costs	(100)
2,480	Employers Contributions Payable to the Nottinghamshire County Council Pension Fund and Retirement Benefits Payable Direct to Pensioners	2,738
1,835		3,281

Transfers (to)/from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year

2,564	Housing Revenue Account Balance	1,453
0	Voluntary Revenue Provision for Capital Financing	116
800	Net transfer to/(from) Earmarked Reserves	125
3,364		1,694
(6,197)	Net Additional Amount Required to be Credited to the General Fund Balance for the Year	(45,482)

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2007/08		2008/09
£000		£000
4,258	(Surplus) / Deficit for the year on the Income and Expenditure Account	46,835
(17,232)	(Surplus) / Deficit arising on revaluation of fixed assets	(4,055)
8,794	Actuarial (gains) / Losses on pension fund assets and liabilities	(5,222)
(51)	Movement in Collection Fund balance (Ashfield DC share only)	(61)
(77)	Other	(61)
(4,308)	Total recognised (Gains) / Losses for the year	37,436
	Reconciliation to Balance Sheet:	
227,666	Net worth as per Balance Sheet as @ 1st April 2008	230,951
230,951	Net worth as per Balance Sheet as @ 31st March 2009	193,515
(3,285)	Movement in net worth (Gain) / Loss	37,436

It should be noted that the figures for 2007/2008 have been amended due to a prior period adjustment in relation to the Bank Reconciliation. The adjustment related to a period before 2007/2008 and therefore only the Cash and Reserves figures on the Balance Sheet are affected.

The comparative figures for 2007/2008 have also been adjusted for Ashfield's share of the Joint Crematorium Committee.

Balance Sheet

31st March 2008 £000		31st March 2009 £000	£000	Note
	FIXED ASSETS:			
0	Intangible Fixed Assets			12
	Tangible Fixed Assets			15
	Operational Assets:			15
281,035	Council Dwellings	252,193		
3,374	Other HRA	1,752		
37,675	Other Land and Buildings	47,773		
5,241	Vehicles, Plant and Equipment	8,220		
4,984	Infrastructure Assets	4,817		
152	Community Assets	755		
<u>19,065</u>	Non-Operational Assets:	5,100		15
351,526	Total Fixed Assets		320,610	15
4,205	Long Term Investments	5,057		31
206	Long Term Debtors	177		33
<u>0</u>	Deferred Premiums on Early Repayment of Debt	0	<u>5,234</u>	
355,937	Total Long Term Assets		325,844	
	Current Assets			
147	Stocks and Work in Progress	158		32
11,136	Debtors	10,387		33
9,653	Investments	9,062		31
0	Suspense Accounts	16		
			<u>19,623</u>	
376,873	Total Assets		345,467	
	Current Liabilities			
(36)	Short Term Borrowing	(10,049)		
(9,514)	Creditors	(8,331)		34
<u>(237)</u>	Cash Overdrawn	<u>(183)</u>		
			<u>(18,563)</u>	
367,086	Total Assets less Current Liabilities		326,904	
	Long Term Liabilities			
(80,858)	Long Term Borrowing	(80,910)		35.5
(211)	Provisions	(136)		22
(7,378)	Government Grants Deferred Account	(7,952)		
(5,164)	Unapplied Contributions	(6,001)		
(29)	Deferred Capital Receipts	(26)		
<u>(42,495)</u>	Liability Related to Defined Benefit Pension Scheme	<u>(38,364)</u>	<u>(133,389)</u>	
<u>230,951</u>	Total Assets less Liabilities		<u>193,515</u>	

Balance Sheet (Continued)

31st March 2008 £000		31st March 2009 £000	£000	<i>Note</i>
	Financed By:			
42,495	Pensions Reserve	38,364		
(15,434)	Revaluation Reserve	(20,066)		37
(228,689)	Capital Adjustments Account	(188,097)		36
(5,120)	Useable Capital Receipts Reserve	0		39
(5,497)	Earmarked Reserves	(5,622)		24
(5,785)	Major Repairs Reserve	(4,968)		
(5,485)	General Fund Balance	(4,133)		
13	Collection Fund Revenue Account	(48)		
(8,554)	Housing Revenue Account	(10,007)		
<u>1,105</u>	Financial Instruments Adjustment Account	1,062	<u>(193,515)</u>	38
<u>(230,951)</u>	Total Net Worth		<u>(193,515)</u>	

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined here, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

2007/08			2008/09	
£000	£000		£000	£000
REVENUE ACTIVITIES				
Cash Outflows				
17,433		Cash Paid to and on Behalf of Employees	18,178	
2,527		Payments to Capital Receipts Pool	589	
28,583		Other Operating Cash Payments	28,064	
9,005		Housing Benefit Paid Out	10,620	
25,422		NNDR Payments to National Pool	28,187	
<u>45,235</u>		Precepts Paid	<u>47,175</u>	
	128,205			132,813
Cash Inflows				
(8,255)		Rents (Net of Rebates)	(8,420)	
(42,583)		Council Tax Receipts	(44,524)	
(9,158)		NNDR Receipts from National Pool	(9,639)	
(25,915)		NNDR Receipts	(27,562)	
(1,537)		Revenue Support Grant	(1,350)	
(29,958)		DWP Grants for Benefits	(31,013)	Note 44
(5,200)		Other Government Grants	(4,143)	Note 44
<u>(10,729)</u>		Cash Received for Goods and Services	<u>(10,271)</u>	
	<u>(133,335)</u>			<u>(136,922)</u>
	(5,130)			(4,109) Note 40
RETURNS ON INVESTMENTS / SERVICING OF FINANCE				
Cash Outflows				
<u>3,936</u>		Interest Paid	<u>4,176</u>	
	3,936			4,176
Cash Inflows				
<u>(1,160)</u>		Interest Received	<u>(566)</u>	
	(1,160)			(566)
CAPITAL ACTIVITIES				
Cash Outflows				
21,824		Purchase of Fixed Assets	17,243	
<u>0</u>		Other Capital Cash Payments	<u>874</u>	
	21,824			18,117
Cash Inflows				
(9,498)		Sale of Fixed Assets	(682)	
(751)		Capital Grants Received	(638)	Note 44
<u>(6,668)</u>		Other Capital Cash Receipts	<u>(6,140)</u>	
	<u>(16,917)</u>			<u>(7,460)</u>
	2,553			10,158
Net Cash (Inflow)/Outflow Before Financing				
MANAGEMENT OF LIQUID RESOURCES				
<u>(3,592)</u>		Net increase / (decrease) in other Liquid Resources	<u>(258)</u>	
	(3,592)			(258) Note 41
FINANCING				
Cash Outflows				
<u>743</u>		Repayment of Amounts Borrowed	<u>46</u>	
	743			46
Cash Inflows				
0		New Long Term Loans Raised	0	
<u>(700)</u>		New Short Term Loans Raised	<u>(10,000)</u>	
	(700)			(10,000)
	<u>(996)</u>	Net (Increase)/Decrease In Cash		<u>(54)</u>

Notes to the Core Financial Statements

Notes to the Income and Expenditure Account

1. Trading Operations

2007/08 (Surplus)/Loss £000		Expenditure £000	2008/09 Income £000	(Surplus)/Loss £000
(25)	Markets	512	(457)	55
<u>(29)</u>	Industrial Estates	<u>583</u>	<u>(376)</u>	<u>207</u>
(54)	Net (Surplus) / Deficit	1,095	(833)	262
63	Trade Refuse Collection	587	(526)	61
80	Car Parking	207	(146)	61
38	Ashfield Business Centre	96	(53)	43
(90)	Central Redevelopment Areas	142	(148)	(6)
(19)	Council Shops	71	(50)	21
21	Private Drains	31	0	31
1	Cesspools	1	0	1
119	Pest Control	112	(26)	86
<u>159</u>		<u>2,342</u>	<u>(1,782)</u>	<u>560</u>

Trading undertakings are maintained by the Council to meet the objective of regeneration.

2. Section 137 (Discretionary) Expenditure

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not for profit bodies providing a public service in the United Kingdom and mayoral appeals. The Council's expenditure under this power was £65,654, mainly on the provision of grants to voluntary bodies working in the local area (£74,024 during 2007/08).

3. Publicity Expenditure

Section 5 (1) of the Local Government Act 1986, requires a Local Authority to account separately for expenditure incurred on publicity. The Council's expenditure on publicity was:

	2007/08 £000	2008/09 £000
Recruitment Advertising	131	137
Ashfield News	24	39
Advertising	80	65
	<u>235</u>	<u>241</u>

This related to the placing of advertisements for job vacancies, the production of the Ashfield News, a free newspaper produced by the Council and delivered to all residents of the area, and expenditure incurred on the promotion and marketing of the Council's services.

4. Building Control

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Section cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control Section divided between chargeable and non-chargeable activities.

	2008/09		Total Building Control
	Chargeable	Non - Chargeable	£
	£	£	£
Expenditure			
Employees Expenses	152,087	109,591	261,678
Premises	11	8	18
Transport	8,315	5,991	14,306
Supplies and Services	25,964	18,759	44,723
Central and Support Service Charges	76,023	54,756	130,780
Total Expenditure	<u>262,400</u>	<u>189,105</u>	<u>451,505</u>
Income			
Building Regulation Fees	(224,992)	0	(224,992)
Other Income	0	0	0
Total Income	<u>(224,992)</u>	<u>0</u>	<u>(224,992)</u>
(Surplus) / Deficit for Year	<u><u>37,408</u></u>	<u><u>189,105</u></u>	<u><u>226,513</u></u>

5. Local Authority (Goods and Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies.

The Council carries out highways maintenance work on a partnership basis for which it is reimbursed at cost by Nottingham County Council. This supersedes the Highways agency agreement and is commonly referred to as the MOP agreement. The Engineering Section of Neighbourhood Services Division supervises work carried out on the highways. The types of work undertaken include footways maintenance, road resurfacing, verge cutting and street lighting maintenance. Total expenditure including administration in 2008/09 was £4,465k (2007/08 expenditure was £3,534k).

6. Members Allowances

The total amount paid under the members' allowances scheme during the year was £430,819 (£378,284 in 2007/08).

7. Officers' Remuneration

The Council has employed the following numbers of employees, whose remuneration, excluding employers National Insurance and pensions' contributions exceeded £50,000 per annum:

Remuneration £	Number of Employees	
	2007/08	2008/09
50,000 – 59,999	2	2
60,000 – 69,999	3	2
70,000 – 79,999	2	2
80,000 – 89,999	-	0
90,000 – 99,999	1	0
100,000 – 109,999	0	1

On the 31st March 2009, the Chief Executive Officer was granted early retirement. Additionally, a head of service who commenced employment with the Council in 2008/09 did not earn over £50,000 in this financial year, and the post of Head of Financial Management is covered on an interim basis and is therefore not included within this analysis. As a result of this it is expected that the break-down of the remuneration will change in subsequent years.

8. Related Party Transactions

Financial Reporting Standard 8 requires the council 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 assess the extent to which the

council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central government has effective control over the general operations of the council – it is responsible for providing the statutory framework within which the council operates, 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). Details of transactions with government departments are set out in a note relating to the Cash Flow Statement.

Members of the council have direct control over the council's financial and operating policies. During 2008/09, works and services to the value of £4,624 including VAT were commissioned from a company in which two members had an interest. Works and services to the value of £112,560 including VAT were also commissioned from a company in which one other party had an interest. Contracts were entered into following a competitive process.

Most related transactions with Related Parties are disclosed elsewhere in the Statement of Accounts as follows:

Payments to/from Central Government	Cash Flow Statement
Precepts from other local authorities	Collection Fund Note 1
Manage & Operate Partnership with NCC	I & E Account Note 5
Superannuation Contributions	I & E Account Note 29
Members Allowances	I & E Account Note 6
Ashfield Homes Limited	Group Accounts

Any other transactions with organisations of interest to members were low in value and therefore considered to be immaterial, or otherwise the relationship was considered to be insignificant to the financing of the companies.

The Council maintains a register of Members interests together with a record of interests declared at Committees and Council meetings.

Letters were sent to Members of the Council and the Management Team explaining the requirements of FRS 8, and asking for declarations to assist in complying with the Standard. The information has been used in the preparation of the disclosure.

9. Audit Costs

In 2008/09 Ashfield District Council incurred the following fees relating to external audit and inspection:

	2007/08 £000	2008/09 £000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	82	93
Fees payable to the Audit Commission in respect of statutory inspection	6	6
Fees payable to the Audit Commission for the certification of grant claims and returns	26	25
Fees payable to the Audit Commission in respect of Use of Resources	25	25
Total	<u>139</u>	<u>149</u>

Notes to the Balance Sheet

10. Prior Period Adjustment

The Auditors Certificate and Opinion on the accounts for 2007-08 was qualified because he had not been able to satisfy himself as to the accuracy of the cash overdrawn balance.

This statement of accounts for 2008-09 includes a prior period adjustment correcting the accounts following the completion of the bank reconciliation to March 2009. The adjustment relates to a period before April 2007 and therefore neither the 2008-09 Accounts nor the comparator year 2007-08 Accounts are changed. In accordance with the SORP guidance, the amendment is made only to the opening balances at 1 April for the prior year.

The adjustment is to reduce the cash overdrawn balance and increase the value of earmarked reserves at 1st April 2007 by £353k.

11. Capital Expenditure and Financing

	2007/08 £000	2008/09 £000
Opening Capital Financing Requirement	97,011	99,456
Capital Investment		
Operational Assets	8,603	15,092
Non-Operational Assets	10,607	1,239
Deferred Charges	2,565	1,929
Other	448	66
Sources of Finance		
Capital Receipts	(11,412)	(5,505)
Government Grants and Other Contributions	(3,378)	(2,519)
Major Repairs Reserve	(4,316)	(5,008)
Minimum Revenue Provision	(672)	(761)
Revenue Contributions	0	
Closing Capital Financing Requirement	99,456	103,989
Movement in the Year	2,445	4,533
Explanation of Movement in the Year		
Increase in Underlying Need to Borrow (Supported by Government Financial Assistance)	0	0
Increase in Underlying Need to Borrow (Un-Supported by Government Financial Assistance)	3,117	5,294
Minimum Revenue Provision	(672)	(761)
	2,445	4,533

12. Movement in Revenue expenditure funded from capital under statute and Intangible Assets

Revenue expenditure funded from capital under statute comprise of Improvement Grants, Intangible assets comprise of Computer Licences and Training.

	REFCUS £000	Intangible assets £000	Total £000
Balance as at 31st March 2008	0	0	0
Expenditure	2,187	75	2,262
Government Grant	(251)	0	(251)
Amounts written off to Income and Expenditure Account	(1,936)	(75)	(2,011)
Balance as at 31st March 2009	0	0	0

13. Capital Commitments

As at 31st March 2009, the Council was committed to capital works amounting to £2.89m. The large contracts entered into include £2.5m for decent homes work and £0.31m for the Coxmoor Environmental Improvements Project. Additionally, the Councils Building Services section is committed to numerous minor outstanding projects at a combined cost of £0.08m.

14. Undischarged Obligations

There were no undischarged obligations under PFI schemes during 2008/09.

15. Tangible Fixed Assets

The major asset group held by the Council is dwellings. At 31st March 2009 there were 7,075 Council dwellings (7,084 at 31st March 2008). There are also other types of HRA property, the most numerous of which are garages let to Council tenants. Land and buildings covers a diverse range of property of which the major items are the main civic offices in Kirkby and the offices and depot at Sutton. Other significant items include the 4 active sports centres along with 89 commercial units rented out (89 at 31st March 2008). The remainder include buildings on parks and cemeteries, smaller offices and homeless accommodation.

Although Community assets are included at a low value because there is not a market valuation or historical valuation available. As a proxy for historical cost, capital expenditure has been accumulated from 2008/09. This does not reflect the value of these assets to Ashfield. This category includes both country parks such as Brierley Forest and Portland and town park space such as Sutton Lawn, Kingsway and Titchfield. Also included is the Kingsmill Reservoir, and cemeteries and allotments.

Non Operational assets comprise unfinished capital schemes and assets no longer required for Council use.

Fixed Assets Analysis

	Operational Assets							Non Operational Assets		
	Council		Land & Buildings	Vehicles, Plant & Equipment		Community		Assets Under Construction	Surplus assets held for disposal	Total
	Dwellings	Other HRA		Infrastructure	Assets	Total	£000s			
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Cost or Valuation										
At 01 April 2008	295,798	3,416	37,903	10,216	6,704	152	354,190	14,130	4,949	19,079
Additions	5,985	0	6,978	1,643	0	404	15,010	1,062	0	1,062
Donations	0	0	0	0	0	0	0	0	0	0
Disposals	(388)	(137)	(27)	(270)	0	0	(822)	0	0	0
Reclassifications	0	0	8,916	3,040	0	377	12,333	(14,083)	1,750	(12,333)
Revaluations	9,827	(145)	(3,827)	(82)	0	0	5,773	0	(1,139)	(1,139)
Impairment	(38,558)	(1,271)	(763)	73	0	(174)	(40,692)	(107)	(1,140)	(1,246)
At 31 March 2009	272,663	1,863	49,181	14,619	6,704	760	345,791	1,002	4,420	5,421
Depreciation										
At 01 April 2008	(14,762)	(44)	(228)	(4,975)	(1,720)	0	(21,729)	0	(14)	(14)
Charge for 2008/09	(5,716)	(68)	(1,464)	(1,623)	(167)	(5)	(9,042)	0	(27)	(27)
Disposals	6	0	4	198	0	0	208	0	0	0
Reclassifications	0	0	281	0	0	0	281	0	(281)	(281)
Revaluations	0	0	0	0	0	0	0	0	0	0
At 31 March 2009	(20,471)	(112)	(1,407)	(6,400)	(1,887)	(5)	(30,281)	0	(321)	(321)
Balance Sheet Amount At 31 March 2009	252,192	1,752	47,774	8,220	4,817	755	315,510	1,002	4,099	5,100
Balance Sheet Amount At 01 April 2008	281,036	3,372	37,675	5,241	4,984	152	332,461	14,130	4,935	19,065
Nature of Asset Holding										
Owned	252,192	1,752	47,774	8,220	4,817	755	315,510	1,002	4,099	5,100
Finance Lease	0	0	0	0	0	0	0	0	0	0
PFI	0	0	0	0	0	0	0	0	0	0
	252,192	1,752	47,774	8,220	4,817	755	315,510	1,002	4,099	5,100

16. Tangible Fixed Asset Valuations

	Council Dwellings	Other HRA	Land & Buildings	Vehicles, Plant & Equipment	Infra - structure	Community	Assets under construction	Surplus assets held for disposal	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value of assets 31st March 2009	252,193	1,752	47,773	8,220	4,817	755	1,002	4,098	320,610
Valued at historical cost	-	77	1,446	8,220	4,817	755	1,002	-	16,317
Valued at current value:									
31 March 2008 by the Estates manager (MRICS) employed by ADC	-	-	2,312	-	-	-	-	4,054	6,366
31 March 2006 by King Sturge professional valuers plus inflation index recommended by the Estates manager	281,035	-	-	-	-	-	-	-	281,035
31 March 2006 by King Sturge professional valuers	-	2,280	-	-	-	-	-	-	2,280
31 January 2008 by Robert Clark professional valuers	-	1,017	33,808	-	-	-	-	-	34,825
31 March 2009 by the Estates manager (MRICS) employed by ADC	-	-1,622	10,207	-	-	-	-	44	8,629
31 March 2009 by King Sturge professional valuers	-28,843	-	-	-	-	-	-	-	-28,843

17. Fixed Assets – Information about Depreciation Methodologies

The methodologies used for depreciation are described fully within accounting policy number 11. The total amount of depreciation at the end of the year carried over all classes of asset was £30.602m (£21.494m 31st March 2008). The write back of previous year's cumulative depreciation on assets which have been re-valued downwards have not been in the Fixed Asset Analysis.

18. Assets held under Leases

It had been the Council's policy until 31st March 2004 to acquire vehicles, plant and certain items of equipment through operating leases, whereby the Council effectively rents the vehicle for a set number of years. It is now the Council's policy to purchase these assets. The Council does not have any finance leases.

Other land and buildings – The Council does not lease any land and buildings.

Vehicles, plant and equipment – The Council uses refuse vehicles, vehicles used for highways and ground maintenance, pest control vehicles and other assorted small plant financed under the terms of an operating lease.

The SORP requires charges to be made evenly throughout the period of the lease.

Commitments under operating leases – the authority was committed at the 31st March 2008 to making payments of £82k under operating leases in 2009/10 comprising the elements in the table below:

	Other Land and Buildings	Vehicles, Plant and Equipment	Total
	£000	£000	£000
Total Rentals Paid in 2008/09		131	131
Outstanding Undischarged Leasing Obligations			
Leases expiring in 2009/10	0	65	65
Leases expiring between 2010/11 and 2014/15	0	17	17
Leases expiring after 2014/15	0	0	0

19. Assets held for Leases

With regard to the Council's activity as a lessor, the gross value of assets held for use in operating leases as at 31st March 2009 was £8.41m (these properties were subject to accumulated depreciation of £0.46m). The net book value of these assets is £7.95m. These properties have a total purchase cost of £7.66m. The council as a lessor does not have any finance leases.

Rental income from operating leases relating to retail, commercial and industrial units was £435k.

20. Analysis of Net Assets Employed

	31st March 2008 £000	31st March 2009 £000
General Fund	657	(4,664)
Housing Revenue Account	225,711	194,297
Trading Undertakings	4,862	3,882
	<u>231,230</u>	<u>193,515</u>

21. Interests in Companies

The Council has 100% interest in Ashfield Homes Limited (AHL), through the issue of a single £1 investment share, which does not impact on the Balance Sheet. The Balance Sheet includes inter-company balances of £228K owed to Ashfield Homes Limited and £628K owed by Ashfield Homes Limited.

22. Provisions

Insurance Provision

At the end of the year the Council had a £136k insurance provision. The Council maintains an insurance provision to meet its outstanding liability (within the policy excess) for claims in line with the reserves calculated by the Council's Insurers. Most claims come to fruition within 1-2 years. The factors affecting these values can change and the Insurance companies regularly review the reserves. The insurance provision's main risk is that several incurred but not reported claims could affect its adequacy. Over and above this provision the Council also maintains additional insurance funds.

	Balance at 31 March 2008 £000	Receipts In Year £000	Payments In Year £000	Balance at 31 March 2009 £000
Liability Insurance Fund	(211)		96	(115)
Property Insurance Fund	0	(21)		(21)
	<u>(211)</u>	<u>(21)</u>	<u>96</u>	<u>(136)</u>

23. Other Provisions

The Council have no other provisions other than the above insurance provision.

24. Reserves

	Balance at 31 March 2008 £000	Receipts In Year £000	Payments In Year £000	Balance at 31 March 2009 £000
Specific Reserves:				
Agenda 21	(30)			(30)
Capital Reserve	(116)		116	0
Corporate Improvement	(401)		59	(342)
Coxmoor Community Centre	(49)			(49)
District Planning Enquiry	(83)	(37)		(120)
Elections	(46)	(38)		(84)
Energy Efficiency Fund	(40)			(40)
Grant Aid Working Party	(1)			(1)
Grave Spaces Maintenance	(1)			(1)
Harold Farr Bequest Fund	(14)	(1)	1	(14)
Information Technology Fund	(167)			(167)
Joint Use	(150)			(150)
Law and Order Initiatives	(2)			(2)
Neighbourhood Renewal Fund	(837)		472	(365)
Planning Delivery Grant	(757)	(240)	303	(694)
Redeployment Fund	(253)	(150)	60	(343)
Regeneration Fund	(103)		5	(98)
Single Status Contingency	(427)	(100)		(527)
Sutton Landfill Closure	(562)		42	(520)
Sutton Market Hall Rates	(2)			(2)
Enforcement Fund	0	(200)		(200)
Concessionary Fares Fund	0	(81)		(81)
Bank Reconciliation Reserve	(74)			(74)
Joint Crematorium Committee Reserve	(937)	(99)		(1,036)
Insurance Related Funds:				
Computer	(20)	(1)		(21)
Liability	(218)	(46)		(264)
Motor	(17)	(6)		(23)
Property	(141)	(188)		(329)
Risk Management	(49)		4	(45)
	<u>(5,497)</u>	<u>(1,187)</u>	<u>1,062</u>	<u>(5,622)</u>

Further details of reserves held by the Council are as follows:

Agenda 21 – The fund was originally established to meet the Council’s Agenda 21 objectives.

Capital Reserve – This fund was set up out of available monies to support spending on capital projects.

Corporate Improvement – As part of the Councils move to redirect resources to its corporate priorities and seek improvement in services through fundamental reviews of service delivery there are occasions where the recommendations of the review propose major changes to the service provision which have “one off” costs. This may also be true when services have been inspected by the Audit Commission or

where the Council has been inspected as a whole through exercises such as the Comprehensive Performance Assessment. To ensure that these one off areas of expenditure do not have an adverse impact on the ongoing underlying financial position of the Authority a Corporate Improvement Fund has been established by utilising any under spends within the budget for contingencies.

Coxmoor Community Centre – Established out of income streams to Coxmoor Community Centre. The funds will be applied to support the activities of the Centre when grant support from Neighbourhood Management expires.

District Planning Enquiry – Monies are being set aside out of revenue over the next four years to meet costs associated with the Local Development Framework and any subsequent inquiry.

Elections fund – To support the cost of local elections including by-elections, the timing of which are uncertain. An annual contribution is made from revenue.

Energy Efficiency fund – To support cost saving initiatives which are energy related. A proportion of the savings are repaid to the fund.

Grant Aid Working Party – Annual sums are paid into this fund from revenue each year and the working party determines how the money is spent. Applications are received and have to meet certain predetermined criteria to be considered.

Grave Spaces Maintenance – This fund was established many years ago to maintain grave spaces.

Harold Farr Bequest fund – This fund was established through a sum of money that was bequeathed to the Council to be used for good causes. Interest is added annually and is used for this purpose, thus maintaining the capital sum.

Information Technology – Established to fund IT replacement programmes.

Joint Use Fund – This was set up to carry out necessary improvements to the Joint Use Centres.

Law and Order Initiatives – Available monies have been set aside to provide a source of funding to help the Council meet its law and order aspirations.

Neighbourhood Renewal Fund - This is substantially dedicated to meeting the costs of the Neighbourhood Wardens Service over the next few years. The fund has been established with contributions from the Neighbourhood Renewal money along with annual contributions from the Council, Nottinghamshire County Council and Nottinghamshire Police Authority. The service is managed on a day to day basis by Ashfield Homes Limited.

Redeployment Fund – This fund is used to fund staff whilst on redeployment within the Council.

Regeneration Fund – This fund was set up to provide leverage by way of match funding for grant aided regeneration schemes.

Single Status – This fund was established to meet the ongoing costs and residual costs of Single Status negotiations.

Sutton Landfill – Initially established from the first tranche of LABGI monies, followed by contributions from the revenue account. The fund will be used to meet additional costs of refuse collection and disposal as a result of the closure of the Sutton landfill site.

Sutton Market Hall Rates – This reserve was set up for the rates for Sutton Hall market.

Planning Delivery Grant Reserve - This reserve was set up to hold Planning Delivery Grant held for use in future years.

Enforcement Fund - This reserve has been established to fund the cost of work carried out in default pending the recovery of costs

Concessionary Fares Fund - This reserve is to fund any agreed contribution towards asset replacement costs within the County-wide scheme and also to fund additional costs as a result of agreed in-year increases in contributions to operators.

Bank Reconciliation Reserve - This reserve is to fund any adjustments to the accounts found necessary as a result of errors subsequently being discovered in the ledger adjustment made in the 2008-09 accounts.

Joint Crematorium Committee Reserve - This reserve is to fund periodic major repair and renewal costs to equipment at the crematorium

25. Contingent Assets and Liabilities

Insurance

During 1992/93, Municipal Mutual Insurance (MMI) who had been the Council's main insurers ceased accepting new business. As at 31st March 2009 the estimate for the claim outstanding was nil – there were no claims outstanding (31st March 2008 – estimated claims were less than £1k). The total amount paid under this scheme of arrangement since 1992/93 has been £420k. If MMI funds ran out this would be subject to claw-back, however no such claw-back is anticipated by them at this time.

The Independent Insurance Company who was the Council's Liability Insurer between 1992 & 1998 has been forced into liquidation. As at the 31st March 2009 there were no claims outstanding. However, if any further claims arise then it is likely that the whole or at least part of this amount would fall to Ashfield.

Ashfield Homes Ltd

The Council is the parent company and sole owner of Ashfield Homes Ltd (AHL). In the event of the Management agreement between the Council and AHL ending, all assets and liabilities of AHL would transfer to the Council. This includes all

liabilities relating to pension obligations. The Council has specifically indemnified AHL in respect of these. It is expected that any pension fund deficit will be reduced by continued additional employers' contributions. The actuarial valuation of the pension fund deficit for AHL at 31st March 2009 was £4.2m.

Back Pay Claims

The Council is in the process of reviewing its pay and grading structure in line with a national agreement. A key aspect of this review is to ensure equal pay is given to jobs of equal value. The review has still to be finalised. Once the review has been completed there remains the potential for individual employee groups to make equal pay claims covering the period of up to six years prior to the implementation date. Given the process has not concluded it is not presently possible to quantify the nature or quantum of any claim that may arise but the Council has given consideration as to how it may fund any such claims that may materialise. The Single Status Contingency Reserve is available for this purpose.

Sale of Garden Road Allotments

As part of the agreement to the sale of Garden Road Allotments a £400,000 top-soil allowance is being held in an escrow agreement by Eversheds LLP. The work has now been completed; however the final sum is in dispute. It is likely that the outcome will be decided by an independent expert. The cost of the work will be within the £400,000 and any agreed sum will be paid directly to the contractor with the balance due to the Council.

VAT reclaim

The Council has submitted a claim in March 2009 to H M Revenues and Customs for overpaid VAT totalling £1.4m. This relates to a variety of activities going back as far as 1973 where VAT on income was accounted for and in respect of which the Council now contends that VAT was not due. In the event that all or any part of this claim is paid, there will be additional income receivable by the Council

26. Authorisation of Accounts for Issue

The Accounts were authorised by the Council on 30th June 2009.

27. Events after the Balance Sheet Date

Under the requirements of FRS 21 the Council is required to disclose any post balance sheet events that may have a material effect on the account balances and financial position shown in these accounts. When the Accounts were authorised by the Council, there were no known events transpiring after 31st March that were material to these accounts.

28. Trust Funds

The District Council acts as the sole trustee to the Teversal Community Centre and Recreation Ground. Funds are on deposit with Co-operative Bank plc and the day

to day activities are included within the Councils ledger. Balances at the year end are transferred between the Councils main account and the Community Centre account, any balances due are carried as a debtor or creditor on the balance sheet. The annual return is completed and audited by the Council and sent to the Charity Commission by the end of January in the year following the year of account. The Community Centres accounts have been evaluated and excluded from the group accounts.

The purpose of Teversal Community Centre is for the “Provision and maintenance of a community centre and recreation ground for the use of the inhabitants of Teversal, Stanton Hill, Skegby and the neighbourhood thereof without distinction of political, religious or other opinions including use for meetings, lectures and classes and for other forms of recreation and leisure time occupation, with the object of improving the conditions of life for the said inhabitants”.

In the financial year 2008/09 the gross expenditure was £27,423 with a gross income of £30,597. The trust has assets of £131,390 as at the balance sheet date.

There are a number of smaller trust funds where the Council act as the sole trustee. A review of these funds is currently being undertaken to determine their relevance and the extent of the Council's responsibilities in its capacity as trustee. None of these funds are included in the balance sheet or within the group accounts.

The purpose of the Beecroft Charity is for “the purchase of coal for poor people living in Sutton in Ashfield”. There has been no expenditure in respect of this charity within the last year. There are no other assets relating to this trust fund apart from the bank balance.

The William Barret Prize fund exists for the purchase of “prizes for swimming for children attending elementary school”. There has been no expenditure in respect of this charity within the last year. There are no other assets relating to this trust fund apart from the bank balance.

Analysis of current bank activity:

Name of Trust Fund	Balance as at 31st March		Expenditure £	Balance as at 31st March	
	2008 £	Income £		2009 £	
Teversal Community Centre and Recreation Ground	28,931	1,776	(35)		30,672
Beecroft Charity	263	4	0		267
William Barret Prize Fund	229	3	0		232
Wansley Hall Trust Fund	396	6	0		402
	<u>29,819</u>	<u>1,789</u>	<u>-35</u>		<u>31,573</u>

Please note that a creditor exists on the balance sheet for Teversal in the sum of £11,825 and when paid into their bank account will increase the above balance to £42,497.

There are three recreation charities that the council are also sole trustees for where no bank account exists. These are:

- Sutton-in-Ashfield Recreation Grounds 2006 Trust, which includes responsibility for a part of Sutton Lawn, part of Priestsic Road recreation ground and part of the Lammas recreation ground.
- Kirkby-in-Ashfield Recreation Ground, Lord Francis Park, responsibility extends to only a part of the Lord Francis Park recreation ground.
- Skegby Recreation Ground, responsibility extends to only a part of the Skegby recreation ground.

In each case the value of the parcels of land would be low as they are parts of larger recreational areas which can not be used for any other purpose. At present there is no valuation of the land areas attributable to the trusts. There are no other assets relating to these trusts.

Governance arrangements need establishing for each of these.

There are two other trust funds which the Council have an apparent responsibility to and their current status is being investigated. They are:

- William Booth's Charity for the Poor, which holds investment units that generate income which is paid into an account to which the Council is not a signatory. This charity was removed from the Charities Register on 12th February 2004 but has not yet been wound up. The charity holds 174 units administered by CCLA Investment Management Limited and the last valuation of these units within the financial year, as at the 31st December 2008 was £1,513.09. The value had decreased at the next valuation dated 30th June 2009 to £1,429.38.
- Wansley Hall Trust Fund, which does not show up on the Charity Commissions database and may just be a joint arrangement between Ashfield District Council and Nottinghamshire County Council to carry out a specific project. The balance on this bank account is £402 as at 31st March 2009 (£396 as at 31st March 2008).

29. Retirement Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement 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 the employees earn their future entitlement.

The authority participates in the Local Government Pensions Scheme for its employees, administered locally by Nottinghamshire County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

In 2008/09 the Council made an employer's contribution to the Local Government Pension Scheme of £2.74m (2007/08 £2.48m) which covers 100% of liabilities. This equates to 21.8% of employees net pensionable pay (2007/08 20.2%). Of this, 12.7% is funding for future liabilities and 9.1% for back-funding (2007/08 10 % and 10.2% respectively).

Expenditure on added years awarded by the Council was £280k representing 2.6% of total pensionable pay, (2007/08 £149k and 1.4%).

The Local Government Superannuation Fund was valued by the actuary as at March 2007.

Change of Accounting Policy

Under the 2008 SORP the Council has adopted the amendment to FRS17, *Retirement benefits*. The asset values as at 31st march 2009 are quoted at bid value, in previous years the mid market value was used. The change resulted in an increase in the values from £42.5m to £43.0m. The change relating to the figures at the 31st March 2008 are considered immaterial and as a result the figures for that year have not been restated.

Further information is included in Accounting Policy 7.

Transactions relating to retirement benefits

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, therefore the real cost of the retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	2007/08 As restated £'000	2008/09 £'000
Income and Expenditure Account		
<u>Net Cost of Services:</u>		
current service cost	1,761	1,511
past service cost	628	0
<u>Net Operating Expenditure</u>		
interest cost	4,653	5,717
expected return on scheme assets	-3,658	-3,535
<i>Loses (gains) on curtailment and settlements</i>	114	136
	<hr/>	<hr/>
Net Charge to the Income and Expenditure Account	3,498	3,829
<hr/>		
<u>Statement of Movement on the General Fund balance:</u>		
reversal of net charges made for retirement benefits in accordance with FRS 17	-3,498	-3,829
	<hr/>	<hr/>
Actual amount charges against the General Fund Balance for pensions in the year: employers contributions payable to scheme	2,205	2,458
	<hr/>	<hr/>

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains of £5.7m (loss of £8.8m 2007/08 as restated) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is £5.7m

Assets and liabilities in relation to retirement benefits.

Reconciliation of present value of the schemes liabilities:

	2007/08 £'000	2008/09 £'000
1 April	-86,830	-94,494
Current Service cost	-1,761	-1,511
Other Finance Income	-4,653	-5,717
Employers Contributions - General	2,810	2,793
Employers Contributions - Unfunded pension payments	275	280
Actuarial gains and losses	-3,593	18,623
Past Service costs	-628	0
Loses (gains) on curtailment and settlements	-114	-136
	<hr/>	<hr/>
31 March	-94,494	-80,162
	<hr/>	<hr/>

Reconciliation of fair value of the scheme assets:

	2007/08	2008/09
	As Restated	
	£'000	£'000
1 April	53,995	51,479
Expected rate of Return	3,658	3,535
Actuarial gains and losses	-5,569	-12,881
Employers contributions	2,480	2,738
Contributions by scheme participants	640	711
Benefits paid	-3,725	-3,784
31 March	51,479	41,798

The actual return on scheme assets in the year was £9,346,000 (2007/2008: £995,000)

Scheme history

	2004/05	2005/06	2006/07	2007/08	2008/09
	£'000	£'000	As restated	As restated	£'000
			£'000	£'000	
Present Value of Liabilities	-76,206	-86,954	-86,830	-94,494	-80,162
Fair Value of the assets in the Local Government Pension Scheme	41,279	50,081	53,995	51,479	41,798
Surplus/ Deficit in the Scheme	-34,927	-36,873	-32,835	-43,015	-38,364

The council has elected not to restate fair value for 2004/05 and 2005/06 as permitted by FRS 17 (as revised). The figures for 2006/07 and 2007/08 have been restated by Barnett Waddingham and are not consistent with previous years statements of Account.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £80.2m has a substantial negative impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £38.4m.

However statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy because the deficit on the scheme will be made good by increased contributions over the remaining life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Pension Scheme by the council in the year to 31st March 2010 is £2.5m.

Basis for estimating assets and liabilities

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

assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 1 April 2007
The principal assumptions used by the actuary have been:

	2007/08	2008/09
Long Term expected rate of return on assets in the scheme		
Equity Investments	7.5%	6.9%
Gilts	4.6%	4.0%
Bonds	6.1%	6.5%
Property	6.5%	6.4%
Cash	5.3%	3.0%
Mortality Assumptions		
Longevity at 65 for current pensioners		
Men	20.30	20.30
Women	23.91	23.91
Longevity at 65 for future pensioners		
Men	21.22	21.22
Women	24.91	24.91
Rate of Inflation	3.6%	3.0%
Rate of increase in salaries	5.1%	4.5%
Rate of increase in pensions	3.6%	3.0%
Rate for discounting scheme liabilities	6.1%	6.7%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

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

	2007/08 %	2008/09 %
Local Government Pension Scheme Assets		
Equity investments	62.1%	59.3%
Gilts	11.3%	14.6%
Bonds	3.9%	6.2%
Other Assets	22.7%	19.9%
	<u>100.0%</u>	<u>100.0%</u>

History of experience gains and losses

The actuarial gains identified as movements on the Pension Reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009:

	2004/05	2005/06	2006/07	2007/08	2008/09
	%	%	%	%	%
Differences between the expected and actual return on assets	4.3%	13.1%	2.1%	-9.0%	-30.8%
Experience gains and losses on liabilities	21.0%	10.2%	-4.6%	3.6%	-18.9%
	37.8%	21.9%	-12.8%	7.6%	-48.5%

30. Minimum Revenue Provision

2007/08		2008/09
£000		£000
672	Non-Housing Amount - 4% of Credit Ceiling after adjustment	761
<hr/>		<hr/>
<u>672</u>		<u>761</u>
2,140	Amount Charged as Depreciation	3,086
(1,468)	Net Charge to Statement of Movement on the General Fund Balance	(2,325)
<hr/>		<hr/>
<u>672</u>		<u>761</u>

31. Investments

	31st March	31st March
	2008	2009
	£000	£000
Short Term Investments:		
Direct Short Term Investment	458	1,766
Investments of Joint Crematorium Committee	835	1,055
City Deposit Brokers Managed Fund	8,360	6,241
	<hr/>	<hr/>
	<u>9,653</u>	<u>9,062</u>
Long Term Investments:		
Association of District Councils	50	0
Other Securities	1	1
City Deposit Brokers Managed Fund	4,154	5,056
	<hr/>	<hr/>
	<u>4,205</u>	<u>5,057</u>
Total Investments	<hr/> <u>13,858</u>	<hr/> <u>14,119</u>

32. Stocks and Work in Progress

A breakdown of the balance sheet figure is given below:

	31st March 2008 £000	31st March 2009 £000
Stocks	124	137
Work in Progress	23	21
	<u>147</u>	<u>158</u>

33. Debtors

	31st March 2008 £000	31st March 2009 £000
Amounts falling due in one year:		
National Non Domestic Rates	1,449	1,508
Council Tax	3,920	3,662
Council Tax Costs	259	275
Government Departments	1,978	1,494
Public Sector Bodies	1,182	939
Inland Revenue / Customs and Excise	742	879
Housing Rents	462	537
Housing Benefit Overpayments	369	463
Sundry Debtors	1,886	3,353
Other Debtors	1,501	919
	<u>13,748</u>	<u>14,029</u>
Less - Bad Debt Provisions:		
Housing	(318)	(393)
National Non Domestic Rates	(412)	(352)
Council Tax	(2,337)	(1,813)
Council Tax Costs	(113)	(90)
Balance Sheet Items	0	(390)
Other	(561)	(626)
	<u>10,007</u>	<u>10,365</u>
Payments in Advance:	<u>1,129</u>	<u>22</u>
	<u>11,136</u>	<u>10,387</u>
Long Term Debtors:		
Mortgages	16	7
Car Loans	86	77
Advances to Housing Associations	104	93
	<u>206</u>	<u>177</u>

34. Creditors

	31st March 2008 £000	31st March 2009 £000
Housing Rents	109	109
National Non Domestic Rates	406	311
Council Tax	316	297
Government Departments	762	842
Public Open Space Maintenance Fund	746	779
Creditors Total Account	255	257
Deposits	118	98
Accruals:		
Public Sector Bodies	2,403	2,119
Connaught	737	612
Income Tax	0	175
PAYE / NI	0	166
Other Accruals	1,725	1,461
Other Creditors	113	244
Income in Advance:	1,824	861
	<u>9,514</u>	<u>8,331</u>

35. Financial Instruments

Further information regarding Financial Instruments is contained within Accounting Policy number 23

35.1 The borrowings and investments included in the Balance Sheet are made up of the following categories of financial instruments

	Long Term		Short Term	
	31st March 2008 £000	31st March 2009 £000	31st March 2008 £000	31st March 2009 £000
Borrowings				
Financial Liabilities at Amortised Cost	80,858	80,910	36	10,049
Financial Liabilities at Fair Value through Profit and Loss	0	0	0	0
Total Borrowings	<u>80,858</u>	<u>80,910</u>	<u>36</u>	<u>10,049</u>
Investments				
Loans and Receivables Available for Sale Financial Assets	4,205	5,057	9,653	9,062
Unquoted Equity Investment at Cost	0	0	0	0
Total Investments	<u>4,205</u>	<u>5,057</u>	<u>9,653</u>	<u>9,062</u>

35.2 The gains and losses recognised in the Income and Expenditure Account, in relation to Financial Instruments are detailed in the following table.

Gains and Losses on Financial Instruments

	£000
Interest Expense	
Liabilities measured at 'Amortised Cost'	4,008
Interest Income	
Loans and Receivables	(859)
Net Gain / (Loss) for the Year	<u><u>3,149</u></u>

35.3 Fair Value

Financial liabilities and assets are carried in the balance sheet at amortised cost. The following table shows the fair value of those liabilities by using prevailing PWLB interest rates at 31st March 2009. No early repayment penalties have been included. The fair value of assets has been calculated by using 12 month LIBOR rate at 31st March 2009. The fair value of trade and other receivables has been adjudged to be the same as the carrying value and not included in the table below. The fair value of financial liabilities is higher than the carrying value, because a number of fixed loans within the Council's portfolio are running at rates lower than the prevailing rate. The fair value of financial assets is very similar to the carrying amount because they are comprised of short-term deals.

	31st March 2008		31st March 2009	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB	31,707	33,598	31,707	37,084
Money Market	48,879	56,396	48,978	53,318
Other Local Authorities	265	265	219	219
Short Term Borrowing	36	36	10,049	10,049
Cash in hand	237	237	183	183
	<u>81,124</u>	<u>90,532</u>	<u>91,136</u>	<u>100,853</u>
Association of District Councils	50	50	0	0
Money Market over 12 months	4,154	3,949	5,056	5,090
Other Securities	1	1	1	1
Direct Short Term Investments	458	458	1,766	1,766
Money Market less than 12 months	8,360	8,360	6,241	6,241
	<u>13,023</u>	<u>12,818</u>	<u>13,064</u>	<u>13,098</u>

35.4 Market Rate Risk

The impact of a one percent rise in interest rates at 31st March 2009 is minimal as regards interest payable and nil on interest receivable. This is due to not usually using variable rate deals. However the fair value of both financial liabilities and financial assets would decrease. This is a memorandum item only and would not change the Balance Sheet or other accounts.

35.5 Liquidity Risk

The authority manages its cash flow on a daily basis to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it 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.

An analysis of the long term borrowings included in the balance sheet is shown below

Carrying Amount 31st March 2008 £000	Source of Loan	Ranges of Interest Rates Payable %	Carrying Amount 31st March 2009 £000
31,707	Public Works Loan Board	4.25% to 9.875%	31,707
48,879	Money Market	3.00% to 7.95%	48,978
272	Other Local Authorities	5.04%	225
<u>80,858</u>			<u>80,910</u>
31st March 2008 £000	Maturity Within:		31st March 2009 £000
99	1-2 years	5.04%	102
10,727	2-5 years	5.04% to 7.63%	10,678
3,069	5-10 years	7.95%	3,069
66,963	More than 10 years	3.65% to 9.875%	67,061
<u>80,858</u>			<u>80,910</u>

35.6 Credit Risk

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

This risk is minimised by an investment policy which requires that deposits are not made with financial institutions unless they meet minimum standards. It also imposes a maximum amount which can be invested with each financial institution.

The credit criteria in respect of financial assets held by the authority are as detailed below:

Financial Asset Category	Criteria		Maximum Investment
Deposits with banks	Short Term	Minimum F3	£5M per counter-party
	Long Term	Minimum A	£5M per counter-party
Deposits with building societies	Short Term	Top 15 by asset value	£5M per counter-party
	Long Term	Top 15 by asset value	£5M per counter-party

The following analysis summarises the authority's potential exposure to credit risk, based on experience of default and uncollectability over the last 5 financial years, adjusted to reflect current market conditions.

	Amount @ 31st March 2009 £000	Historical Experience of default %	Historical experience adjusted for market conditions @ 31st March 09 %	Estimated maximum exposure to default and uncollectability £000
Deposits with banks and financial institutions	13,064	0	0.5	65
Bonds	0	0	0	0
Customers	3,362	5.6	7.5	252

The authority does not allow credit for its customers, and at the 31st March £3.362m was due for payment. The past due amount can be analysed by age as follows:

	31st March 2008 £000	31st March 2009 £000
Less than 2 months	1,418	2,025
2 to 6 months	180	924
6 to 12 months	23	73
More than 1 year	273	340
	<u>1,894</u>	<u>3,362</u>

35.7 Price Risk

The authority does not invest in equity shares and is not a shareholder in any businesses (other than AHL Ltd). The authority is not therefore exposed to any losses arising from movements in the price of shares.

35.8 Foreign Exchange Risk

The authority has no financial assets or liabilities denominated in foreign currency and therefore have no exposure to gains or losses arising from movements in exchange rates.

36. Capital Adjustment Account

The capital adjustment account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans. The balance on the reserve is reduced as loan debt is repaid.

	£000	£000
Balance as at 1st April 2008		(228,689)
Minimum Revenue Provision	(761)	
Resources used to fund Capital Programme	(5,622)	
Major Repairs Allowance Applied	(5,008)	
Impairment of Fixed Assets	41,547	
Depreciation Charged in Year	3,087	
Major Repairs Allowance Adjustment	5,773	
Write off Revenue Expenditure Funded from Capital Under Statute and Intangible assets.	2,010	
Disposals	684	
Other Adjustments	578	
Write Down of Government Grants Deferred	(1,634)	
Repayment of Transferred Debt	<u>(62)</u>	
		40,592
Balance as at 31st March 2009		<u>(188,097)</u>

37. Revaluation Reserve

This reserve has only been in existence since 1st April 2007 and its purpose is to record all the unrealised revaluation gains arising (since 1st April 2007) from holding fixed assets.

	£000
Balance as at 31st March 2008	(15,434)
Revaluations - ADC (net)	(4,566)
Revaluations - Crematorium	(67)
Balance as at 31st March 2009	<u>(20,067)</u>

38. Financial Instruments Adjustment Account

This account provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Statement of Recommended Practice and are required by statute to be met from the General Fund.

	£000
Balance as at 31st March 2008	(1,105)
Adjustment of Stepped Interest Loans	(100)
Premia Written Off to HRA in Year	143
Balance as at 31st March 2009	<u>(1,062)</u>

39. Useable Capital Receipts Reserve

The useable capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after paying the appropriate amount of housing receipts to the National Pool.

	£000	£000
Balance as at 31st March 2008		(5,120)
Capital Receipts in Year	(658)	
Less:		
In Year Capital Receipts Pooled	262	
Reserved Receipts	10	
Capital Receipts used for Financing	<u>5,506</u>	<u>5,120</u>
Balance as at 31st March 2009		<u>0</u>

Notes to the Cash Flow Statement

40. Reconciliation of Net (Surplus) / Deficit on Income & Expenditure Account to Net Cashflow

	£000
(Surplus) / Deficit on Income & Expenditure Account	46,835
Net Additional Amount Required by Statute and Non-Statutory Proper Practises to be debited or Credited to the General Fund Balance for the Year	(45,482)
Interest Paid	(4,162)
Interest Received	1,263
Minimum Revenue Provision	(761)
Payments to Housing Capital Receipts Pool	262
Financial Instruments - Reconciliation to amortised costs	100
Employers Contribution payable to NCC Pension Fund	(2,738)
Other non-cash items	105
Decrease in Provisions	75
Increase in Stock and Work in Progress	(11)
Decrease in Debtors	(778)
Decrease in Creditors	<u>1,183</u>
Net Revenue Cashflow	<u>(4,109)</u>

41. Reconciliation of Items in Financing and Management of Liquid Resources to Opening and Closing Balance Sheets

	Opening Balance	Financial Instruments Adjustment	Loans Raised	Loans Repaid	Closing Balance
	£000	£000	£000	£000	£000
Long Term Loans:					
Mortgage	48,398	580	0	0	48,978
PWLB	31,302	405	0	0	31,707
Broxtowe	265	0	0	(46)	219
	<u>79,965</u>	<u>985</u>	<u>0</u>	<u>(46)</u>	<u>80,904</u>
Short Term Loans:					
General	<u>36</u>	<u>13</u>	<u>10,000</u>	<u>0</u>	<u>10,049</u>
Liquid Resources:					
Investments	<u>13,023</u>	<u>(218)</u>	<u>101,908</u>	<u>(101,650)</u>	<u>13,064</u>

42. Explanation of the Liquid Resources Figure

The closing balance for liquid resources relates to £5M of long term investments, all invested with CDB, and £8M of short term investments. The short term investments are split between the Councils Special Interest Account which pays a higher rate of interest on overnight balances than the current account, a Bank of Scotland savings account and investments with CDB which will mature before the 31st March 2010.

43. Reconciliation of the Movement in Cash to the Movement in Net Debt

	2007/08 £000	2008/09 £000
Net Increase/(Decrease) in Cash	996	54
Net Cash flow Before Financing	2,553	10,158
Movement in Liquid Resources	(3,592)	(258)
	<u> </u>	<u> </u>
	<u>(43)</u>	<u>9,954</u>

This reconciliation confirms that during 2008/09 the Council increased its borrowings by £9.954m.

44. Analysis of Government Grants

	2007/08 £000	2008/09 £000
Department of Works & Pensions Grant:		
Council Tax Benefit Administration		
Council Tax Benefit Subsidy	(9,374)	(8,770)
Rent Allowances Subsidy	(8,520)	(9,567)
Non HRA Rent Rebates	(11,087)	(11,714)
Administration Grant	(977)	(962)
	<u>(29,958)</u>	<u>(31,013)</u>
Other Government Grants:		
Housing Revenue Account Subsidy	(2,433)	(1,906)
Local Authority Business Growth Initiative	(157)	(287)
Public Sector Agreement	(54)	0
Area Based Grant (prev LAA Grant)	(1,823)	(1,434)
Pathfinder	(304)	
Anti-Social Behaviour Grant		(25)
Building Safer Communities Grant		(129)
Waste Performance & Efficiency		(84)
Planning Delivery Grant	(277)	(240)
Local Housing Allowance	(132)	0
Flood Alleviation Scheme	(20)	0
Homelessness Grant	0	(38)
	<u>(5,200)</u>	<u>(4,143)</u>
Capital Grants:		
Derelict Land Grant		
Improvement Grants	(252)	(230)
LAA Grants	(499)	
LEGI - Capital		(408)
	<u>(751)</u>	<u>(638)</u>

Supplementary Financial Statements

Housing Revenue Account – Income and Expenditure Account

2007/08 £000	Income	2008/09 £000
(19,417)	Dwelling Rents (gross)	(19,953)
(132)	Non-dwelling Rents (gross)	(145)
(1,088)	Charges for Services and Facilities	(1,097)
(30)	Contribution Towards Expenditure	0
(2,145)	HRA Subsidy Receivable (including MRA)	(1,972)
(1,520)	Repayment of balances from AHL	0
(24,332)	Total Income	(23,167)
	Expenditure	
6,657	Repairs and Maintenance	6,664
5,786	Supervision and Management	5,850
55	Rents, Rates, Taxes and other charges	16
687	Rent Rebates	778
161	Increased provision for bad or doubtful debts	161
6,067	Depreciation and impairments of fixed assets	45,586
425	Revenue expenditure funded by capital under statute	26
63	Debt Management Costs	27
19,901	Total Expenditure	59,108
(4,431)	Net Cost of HRA Services (as included in the authority Income & Expenditure Account)	35,941
329	HRA share of Corporate and Democratic Core	280
(4,102)	Net Cost of HRA Services	36,221
624	Gain or loss on sale of HRA fixed assets	67
4,217	Interest payable and similar charges	4,111
(320)	Interest and investment income	(540)
419	(Surplus) or deficit for the year on HRA services	39,859

Statement of Movement on the HRA Balance

£000		£000
419	(Surplus) or deficit for the year on the HRA I & E Account	39,859
(2,983)	Net Additional amount required by statute to be debited or (credited) to the HRA balance for the year	(41,313)
(2,564)	(Increase) or decrease in the HRA Balance	(1,454)
(5,989)	Housing Revenue Account Balance brought forward	(8,553)
(8,553)	Housing Revenue Account Balance carry forward	(10,007)

Note to the above Statement

Items included in the HRA I & E Account but excluded from the movement on the HRA Balance for the year

(999)	Impairment of fixed assets charged to HRA	(39,829)
0	Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements	(26)
(514)	Gain or (loss) on sale of HRA fixed assets	(36)
0	Net charge made for retirement benefits in accordance with FRS17	0
0	Sums directed by the Secretary of State to be debited or credited to the HRA that are not income or expenditure in accordance with UK GAAP	0
(1,513)		(39,891)

Items not included in the HRA I & E Account but included in the movement on the HRA Balance for the year

(1,393)	Transfer to/(from) Major Repairs Reserve	(1,566)
(77)	Transfer to/(from) Housing Repairs Account	0
0	Employer's contributions payable to the Nottinghamshire pension Fund and retirement benefits payable direct to pensioners	0
0	Amortisation of Premiums and Discounts	144
0	Voluntary set aside for debt management	0
0	Capital expenditure funded by the HRA	0
(2,983)	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(41,313)
(2,983)		(41,313)

Notes to the Housing Revenue Account

1. Dwelling Rents

This figure represents the total rent income due for the year after making allowance for voids (lost income due to a property being empty for a period of time). Gross dwelling rents for 2008/09 amounted to £19.9m. During 2008/09, £266k or 1.3% of income was not received due to voids (£412k or 2.1% in 2007/08).

2. Non-Dwelling Rents

This represents rent received from other Housing Revenue Account assets which are not defined dwellings, for example, garages. For 2008/09, this amounted to £145k.

3. Charges for Services and Facilities

This represents the income of the Council for the year in respect of services or facilities provided by the Council in connection with the provision of houses and other property within the account. For 2008/09, the income received for these services was £1.1m

4. Contributions Towards Expenditure

This item covers contributions received, mainly from the General Fund and outside bodies or persons towards expenditure. There were no contributions for 2008/09.

5. Housing Subsidy

The Local Government and Housing Act 1989 introduced legislation which prescribed the way in which the Council's Housing Revenue Account is constructed. It also changed the way in which the Government's Housing Subsidy is calculated, the amounts due for 2007/08 and 2008/09 are analysed as follows:

	2007/08	2008/09
	£000	£000
Management and Maintenance	9,595	10,085
Capital Charges Allowance	6,314	6,192
Rent Rebates:		
Previous Year Adjustment	(16)	0
Major Repairs Allowance	4,102	4,191
	<u>19,995</u>	<u>20,468</u>
Less:		
Notional Rent Income	(17,847)	(18,496)
Notional Interest Receipt	(3)	0
	<u>2,145</u>	<u>1,972</u>
Housing Defect Repurchase	<u>30</u>	<u>0</u>
	<u><u>2,175</u></u>	<u><u>1,972</u></u>

6. Balance Sheet Values

The total balance sheet value of Housing Revenue Accounts assets is as follows:

	1st April 2008	31st March 2009
	£000	£000
HRA Dwellings (inc garages)	283,315	253,030
Community Facilities	782	657
Community projects	120	101
Offices	190	157
	<u>284,407</u>	<u>253,945</u>

The Housing Revenue Account dwellings were formally re-valued at 31st March 2006 by King Sturge. Due to the uncertain economic conditions in the wider economy an additional revaluation was completed at the 31st March 2009 to ensure that the carrying value is appropriate. The Balance Sheet value is included at 'existing use value' which assumes continued use of the asset for social housing. The difference between that value and the vacant possession value below represents the economic cost of providing council houses at less than market rents.

7. Vacant Possession Value

The vacant possession value and balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than open market rents. The open market value assuming vacant possession within the Council's Housing Revenue Account is twice the balance sheet value. This differs to the formula used to calculate the vacant possession value used in previous years.

	1st April 2008 £000	31st March 2009 £000
	<u>452,089</u>	<u>506,059</u>

8. The Number and Types of Dwellings in the Housing Stock

Type	1st April 2008 No.	31st March 2009 No.
Low Rise Flats	1,856	1,855
Medium Rise Flats	487	487
Houses and Bungalows	4,714	4,708
Bedsits	<u>52</u>	<u>52</u>
	<u>7,109</u>	<u>7,102</u>

9. Major Repairs Reserve

During 2001/02 the Council established a Major Repairs Reserve. The reserve is utilised to fund capital expenditure on Council properties.

	2007/08 £000	2008/09 £000
Balance brought forward	(6,000)	(5,785)
Expenditure		
Financing of HRA capital Expenditure	4,316	5,008
Transfer to the HRA	1,393	1,566
Income		
Depreciation	(5,494)	(5,757)
Balance carried forward	<u>(5,785)</u>	<u>(4,968)</u>

10. Housing Repairs Account

Repairs and Maintenance covers the actual expenditure undertaken during the year in respect of the repair and maintenance of the houses and other property within the Housing Revenue Account.

The Council funds housing repairs via a fund set up for this purpose the Housing Repairs Account, instead of directly charging the expenditure to the Housing Revenue Account. This is a discretionary account permitted by section 77 of the 1989 Housing Act.

	2007/08	2008/09
	£000	£000
Balance brought forward	(1,808)	(1,731)
Expenditure		
Responsive Repairs	2,562	2,945
Planned Maintenance	3,380	2,640
Administration Charges	714	1,079
	<hr/> 6,656	<hr/> 6,664
Income		
Contribution from Housing Revenue Account	(6,579)	(6,664)
Balance carried forward	(1,731)	(1,731)

The transactions of the Housing Repairs Account have been consolidated into the Housing Revenue Account.

11. Housing Revenue Account Capital Expenditure

Housing Revenue Account capital expenditure incurred amounted to £6.4m.

The main elements of expenditure were as follows:

	2007/08 £000	2008/09 £000
Decent homes Contract	4,103	4,082
Trusteel Properties	0	716
Environmental Works	276	0
Fire Alarms	0	147
Capital Salaries	408	886
Demolition of Courts	579	0
Flat Conversion	0	480
Other minor items	354	125
	<u>5,720</u>	<u>6,436</u>

The expenditure of £6.4m was financed from £1.1m of Prudential Borrowing and £5.0m from the Major Repairs Reserve and £0.3m Capital Receipts.

The difference in expenditure between 2007/08 and 2008/09 is due to new work being carried out to Trusteel Properties and Flat Conversions. The increase in Capital Salaries reflects work being carried out in these areas.

12. Housing Capital Receipts

During the year £0.7m of housing capital receipts were received by the Council. The amounts are summarised below:

	2007/08 £000	2008/09 £000
Council House Sales (RTB)	3,698	381
Open Market House Sales (Trusteel)	412	135
Mortgage Repayments	6	3
Land/Property Sales	4,232	137
	<u>8,348</u>	<u>656</u>

13. Depreciation, Impairment and loss on sale of Fixed Assets

Depreciation calculated for the Housing Revenue Account assets during 2008/09 was as follows:

	£000
Council Dwellings	(5,710)
Other Land and Buildings	(68)
	<u>(5,778)</u>

During 2008/09 the housing market suffered a substantial fall. Advice was sought from professional valuers who informed the Council that the Existing Use Value – Vacant Possession value should be reduced significantly. This has caused a large overall impairment of £38.6M charged to the HRA in 2008/09 in relation to Council Dwellings, the £38.6M comprises of a reduction of £32.6M below the 1st April 2007

base year and £6.0M of capital works written off as impairment in the year. Additionally there was an impairment of £1.3M relating to other HRA properties.

During 2008/09 7 Council Dwellings and 2 Trusteel properties were sold. The overall loss on sale of these assets was £36K.

14. Revenue expenditure funded from capital under statute

In 2008/09 there was £26K of revenue expenditure funded from capital under statute. This related to residual costs of £14K relating to the demolition of property and £12K for the housing needs survey.

15. Pension Contribution

A contribution of £335K has been made for 2008/09 to the backfunding costs relating to employees transferred to Ashfield Homes Limited.

16. Rent Arrears and Bad Debt Provision

During 2008/09 the percentage of rent arrears was 2.7% of income due (2.39% for 2007/08). The value of arrears at 31st March 2009 was £539k (£463k at 31st March 2008).

The Council has a bad debt provision for council house rents in accordance with the Housing Subsidy regulations. During 2008/09, this was increased by £161k. Rents written off in the year amounted to £86k leaving a balance carried forward of £393k.

The balance carried forward is in accordance with the suggested level of provision in the 'Code of Practice on Local Authority Accounting' published by The Chartered Institute of Public Finance and Accountancy, and also the Housing Revenue Account (Arrears of Rents and Charges) Directions 1990.

17. Subsidy Limitation

Council tenants on low incomes can receive financial assistance with their rent under the Housing Benefit Scheme. Approximately 61% of tenants rent was met by housing benefit during 2008/09 (60% in 2007/08).

The cost of housing benefits transferred to the General Fund with effect from the 1st April 2004. The housing revenue account reimburses the General Fund for benefits not funded by central government due to rent rebate subsidy limitation. During 2008/09, this amounted to £778k.

18. Supervision and Management

This represents the expenditure for the year in respect of the supervision and management of dwellings, including tenancy management and rent collection. During 2008/09, expenditure amounting to £5.85M was incurred, inclusive of the management fee paid to Ashfield Homes Limited.

19. Rents, Rates, Taxes and other charges

This includes all such items which the Council is liable to pay in respect of property within the Housing Revenue Account, which includes council tax on empty property. During 2008/09 £16k of expenditure was incurred on Council Tax.

Collection Fund

2007/08 £000		2008/09 £000
	INCOME	
42,739	Income from Council Tax (Note 3)	44,403
	Transfers from General Fund (Note 4)	
8,257	Council Tax Benefits	8,758
0	Charitable Relief	145
25,552	Income Collectable from Business Ratepayers (Note 2)	28,351
	Contributions:	
397	Towards Previous Years Collection Fund Deficit	364
<u>76,945</u>	Total Income	<u>82,021</u>
	EXPENDITURE	
50,963	Precepts and Demands (Note 1)	53,034
	Business Rates	
25,422	Payment to National Pool	28,365
130	Costs of Collection	132
	Bad and Doubtful Debts/ Appeals	
225	Write Offs	437
(277)	Provisions	(525)
	Contributions	
0	Adjustment of Previous Years Community Charge	0
<u>76,463</u>	Total Expenditure	<u>81,443</u>
(482)	Movement on Fund Balance - Increase in (Surplus)/ Deficit	(578)
598	Balance at 1st April 2007	116
<u>116</u>	Balance at 31st March 2008	<u>(462)</u>

Notes to the Collection Fund

1. Precept Payments

The following precepts have been made on the Collection Fund:

	2007/08	2008/09
	£000	£000
Nottinghamshire County Council	38,501	40,038
Nottinghamshire Police Authority	4,751	5,033
Nottinghamshire Fire Authority	2,175	2,262
Ashfield District Council	5,373	5,533
Selston Parish Council	152	157
Annesley / Felley Parish Council	11	11
	50,963	53,034
	50,963	53,034

The precepts shown above are gross precepts before adjustment for each precepting bodies share of the collection fund surplus or deficit. The current surplus as at the 31st March 2009 is £462k and the share is demonstrated as follows:

	2007/08	2008/09
	£000	£000
Nottinghamshire County Council	88	(350)
Nottinghamshire Police Authority	11	(44)
Nottinghamshire Fire Authority	5	(20)
Ashfield District Council	12	(48)
	116	(462)
	116	(462)

2. Income from Business Rates

The Council collects Business Rates for properties in its area on the basis of local rateable values multiplied by a uniform rate which is set by the Government for the whole country. The total amount collected is paid into a central pool which is then re-distributed back to local authorities according to standard amount per head of adult population.

These transactions are reflected in the accounts as follows:

	2007/08 £000	2008/09 £000
Business Rates income	(25,552)	(28,174)
Less:		
Cost of Collection Allowance	130	132
Add:		
Transfers from General Fund	-	(145)
Net Contribution to National Pool	<u>(25,422)</u>	<u>(28,187)</u>

Non-Domestic rateable value as at 31st March 2009 was £67.7m. The uniform business rate for 2008/09 was 0.458.

3. Council Tax Income

Council Tax income receivable is based on a charge made for each property in the area. The charge for each property is calculated according to the valuation band in which it is placed. The number of all properties in the various valuation bands provides the Council Tax Base from which the average charge is calculated.

The average charge for 2008/09 is £1,534.44 (£1,488.72 in 2007/08) per band 'D' dwelling.

The calculation of the tax base for 2008/09 is given below:

	Total Net No. of Dwellings	Ratio to Band "D"	Band "D" Equivalents
Disabled Persons Relief	60.50	5/9	33.6
Band "A"	24,367.25	6/9	16,244.8
Band "B"	9,396.50	7/9	7,308.4
Band "C"	7,030.75	8/9	6,249.6
Band "D"	3,209.75	1	3,209.8
Band "E"	950.25	11/9	1,161.4
Band "F"	352.75	13/9	509.5
Band "G"	106.50	15/9	177.5
Band "H"	<u>8.25</u>	2	16.5
Total	45,482.50		34,911.1
Less Provision for Bad Debts			
Council Tax Base for 2008/09			<u><u>34,911.1</u></u>

4. Transfers from General Fund

The Council is required to make certain transfers from its General Fund into the Collection Fund, these are listed below for 2008/09:

	£000
Council Tax Benefits	8,758
NNDR Charitable Relief	145
	<hr/>
	<u>8,903</u>

Group Accounts

Group Accounting Policies

1. General

The accounting policies of Ashfield Homes Limited are congruent where appropriate with Ashfield District Council with one minor exception in respect of the valuation of stocks. The variation is not material to require any restatement.

Group Explanatory Foreword

1. General

The Council has 100% interest in Ashfield Homes Limited (AHL). This company was formed on the 26th September 2001 and commenced business to undertake the Housing Management function on behalf of Ashfield District Council on 1st April 2002. The following group financial statements show the consolidated position of the Council and it's interest in AHL.

2. Other entities

The Council also has no other interests as the 31st March 2009.

3. Voting rights & ownership

The Council has 4 voting representatives on the board of AHL out of a total of 12 members. AHL is limited by guarantee and does not have share capital. In the event of AHL being wound up, residual assets would be transferred to the Housing Revenue Account after settlement of outstanding debts and liabilities. If assets were insufficient the Council's liability is limited to £1.

4. Turnover

The turnover of AHL in 2008/09 was £11.9m this consisted of the management fee received from the Council.

5. Auditors

The AHL accounts have been audited by KPMG LLP, 2 Cornwall Street, Birmingham B3 2DL. There were no qualification issues arising.

6. Accounts

Further information about AHL's accounts is available from:

Company Accountant,
Ashfield Homes Limited,
Broadway,
Brook Street,
Sutton-in-Ashfield,
Nottinghamshire,
East Midlands, NG17 1AL.

Group Income and Expenditure Account

2007/08 Total		2008/09 Gross Expend £000	2008/09 Gross Income £000	Net Expend £000
£000				
	Service Expenditure			
1,646	Central Services to the Public	12,357	(11,724)	633
11,404	Cultural, Environmental and Planning Services	18,977	(5,203)	13,774
1,620	Highways, Roads and Transport Services	7,231	(5,974)	1,257
(4,102)	Housing Revenue Account	60,684	(24,726)	35,958
2,416	Housing Services	25,190	(23,374)	1,816
1,531	Corporate and Democratic Core	4,388	(147)	4,241
426	Non Distributed Costs	1,337	(7)	1,330
14,941	Net Cost of Services	130,164	(71,155)	59,009
759	Net Loss or Gain on sale of Fixed Assets			92
163	Parish Council Precepts			168
(54)	Net (Surplus)/Deficit on Trading Undertakings.			262
1,020	Pensions Interest Cost and Expected Return			2,182
4,418	Interest Payable and Other Charges			4,764
173	Amortisation of Premiums and Discounts			0
(1,279)	Interest and Investment Income.			(930)
2,514	Contribution to Housing Pooled Capital Receipts			262
30	Tax Charged on Profit on Ordinary Activities			17
22,685	Net Operating Expenditure			65,826
(870)	LABGI Grant			(287)
(108)	PSA Grant			0
(277)	Planning Delivery Grant			(240)
0	Government Grants Deferred			(1,474)
	Formula Grant:			
(1,537)	Revenue Support Grant			(1,350)
(9,158)	Contribution from NNDR Pool			(9,699)
(5,494)	Demands on the Collection Fund			(5,663)
5,241	Net (Surplus) / Deficit			47,113

Note:

All figures relate to the continuing operations of the group.

Reconciliation of the Single Entity Surplus or Deficit to the Group Surplus or Deficit

2007/08 £000		2008/09 £000
4,258	(Surplus)/Deficit for the year on the Authority Income and Expenditure Account	46,978
<u>0</u>	Adjustments for transactions with other group Entities	<u>0</u>
4,258	Surplus in the Group Income and Expenditure Account attributable to the Authority	46,978
	(Surplus) / Deficit in the Group Income and Expenditure Account attributable to Group Entities (adj for intra Group transactions)	
983	Subsidiaries	135
<u>5,241</u>	(Surplus)/Deficit for the Year on the Group Income and Expenditure Account	<u>47,113</u>
<u><u>5,241</u></u>		<u><u>47,113</u></u>

Group Statement of Total Recognised Gains and Losses

2007/08 Total £000		ADC £000	2008/09 AHL £000	Total £000
983	(Surplus) / Deficit for the year on Ashfield Homes Limited Income and Expenditure Account		135	135
4,258	(Surplus) / Deficit for the year on Ashfield District Council	46,978		46,978
(17,232)	(Surplus) / Deficit arising on revaluation of fixed assets	(4,055)		(4,055)
9,023	Actuarial (gains)/Losses on pension fund assets and liabilities	(5,222)	(381)	(5,603)
(51)	Movement in Collection Fund balance (Ashfield share only)	(61)		(61)
(66)	Other adjustments	(61)		(61)
(3,085)		37,579	(246)	37,333
1,023	Adjustments to carrying value of financial instruments	(143)		(143)
<u>(2,062)</u>	Total Recognised (Gains) / Losses for the year	<u>37,436</u>	<u>(246)</u>	<u>37,190</u>
	Reconciliation to Balance Sheet:			
229,797	Net worth as per Balance Sheet as @ 1st April 2008	230,951	908	231,859
231,859	Net worth as per Balance Sheet as @ 31st March 2009	193,515	1,154	194,669
<u>(2,062)</u>	Movement in net worth	<u>37,436</u>	<u>(246)</u>	<u>37,190</u>

It should be noted that the figures for 2007/2008 have been amended due to a prior period adjustment in relation to the Bank Reconciliation. The adjustment related to a period before 2007/2008 and therefore only the Cash and Reserves figures on the Balance Sheet are affected.

The comparative figures for 2007/2008 have also been adjusted for Ashfield's share of the Joint Crematorium Committee.

Group Balance Sheet

2007/08 TOTAL	Ashfield District Council	Ashfield Homes Limited	2008/09 Consolidation Adjustments	TOTAL
£000	£000	£000	£000	£000
FIXED ASSETS				
Operational Assets :				
281,035	252,193			252,193
3,374	1,752			1,752
37,675	47,773			47,773
5,298	8,220	31		8,251
152	755			755
4,984	4,817			4,817
19,065	5,100			5,100
351,583	320,610	31	0	320,641
4,205	5,057			5,057
206	177			177
0	0			0
355,994	325,844	31	0	325,875
CURRENT ASSETS				
470	158	320		478
9,280	10,387	340	(856)	9,871
9,653	9,062			9,062
11	16			16
2,291		2,066	40	2,106
377,699	345,467	2,757	(816)	347,408
CURRENT LIABILITIES				
(36)	(10,049)			(10,049)
(9,636)	(8,331)	(1,582)	633	(9,280)
0	(183)		183	0
368,027	326,904	1,175	0	328,079
(80,858)	(80,910)			(80,910)
(233)	(136)	(21)		(157)
(7,378)	(7,952)			(7,952)
(5,164)	(6,001)			(6,001)
(29)	(26)			(26)
(42,495)	(38,364)	(4,191)	4,191	(38,364)
		4,191	(4,191)	
231,870	193,515	1,154	0	194,669
42,495	38,364			38,364
(15,434)	(20,066)			(20,066)
(228,689)	(188,097)			(188,097)
(5,120)	0			0
(6,416)	(5,622)	(1,154)		(6,776)
(5,485)	(4,133)			(4,133)
13	(48)			(48)
(5,785)	(4,968)			(4,968)
(8,554)	(10,007)			(10,007)
1,105	1,062			1,062
(231,870)	(193,515)	(1,154)	0	(194,669)

Group Cash Flow Statement

2007/08 Total	Ashfield District Council	Ashfield Homes Limited	2008/09 Consolidation Adjustments	Total
£000	£000	£000	£000	£000
(5,395) NET REVENUE CASHFLOW	(4,109)	518		(3,591)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Cash Outflows				
3,936 Interest Paid	4,176			4,176
31 Taxation Paid				0
Cash Inflows				
(1,279) Interest Received	(566)	(72)		(638)
Taxation Repaid		(312)		(312)
CAPITAL ACTIVITIES				
Cash Outflows				
21,841 Purchase of Fixed Assets	17,243	10		17,253
0 Other	874			874
Cash Inflows				
(9,498) Sale of Fixed Assets	(682)			(682)
(751) Government Capital Grants Received (See Note 1)	(638)			(638)
(6,668) Other Capital Income	(6,140)			(6,140)
2,217 Net Cash (Inflow)/Outflow Before Financing	10,158	144	0	10,302
MANAGEMENT OF LIQUID RESOURCES				
(3,592) Net Increase/Decrease in other Liquid Resources	(258)			(258)
FINANCING				
Cash Outflows				
743 Repayment of Amounts Borrowed	46			46
Cash Inflows				
(700) Short Term Loans Raised	(10,000)			(10,000)
(1,332) Net (Increase)/Decrease In Cash	(54)	144	0	90

Note:

There are no specific notes provided for the group accounts as they are not materially different from Ashfield District Council's notes. The accounts of Ashfield Homes Limited along with the notes are available from the address given in note 6 on the Group Accounts Explanatory Foreword.

Annual Governance Statement

1. Scope of Responsibility

Ashfield District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

The management of the Council's housing stock is contracted to Ashfield Homes Ltd. For the purpose of assurance, reliance is placed upon the 2008/09 Assurance Statement provided by the management of Ashfield Homes Ltd.

Ashfield District Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code can be obtained from Ashfield District Council, Council Offices, Urban Road, Kirkby in Ashfield, Nottingham NG17 8DA. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

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

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

The current governance framework has been in place within Ashfield District Council for the year ended 31st March 2009 and up to the date of approval of

accounts and except for the details of significant control issues at section 5, accords with proper practice.

3. The Governance Framework

Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

The Council approved a new Corporate Plan in 2008 which established the Council's vision and priorities both internally and externally. The plan was drawn up following extensive consultation with our communities and stakeholders and drives the Council's future budget and service delivery plans. The Corporate Plan is available on the Authority's website.

The Council's vision is further articulated in the Ashfield Sustainable Community and Neighbourhood Renewal Strategy 2006-21 which sets out a vision for the District to which the Council and its partners are committed. The vision is underpinned by aims to improve the economic, social and environmental conditions of the district. This Strategy is currently being reviewed.

Divisional Business Plans link directly to the Corporate Plan and external funding bids and additional expenditure allocations are evaluated against those plans. Progress against the objectives detailed in the Corporate Plan and associated strategies are monitored by Cabinet, the Council and Chief Officers on a regular basis.

In addition to the above, the Council actively promotes Citizens Panels as a vehicle for formulating a vision and providing feedback on implementation. The Council is also a key player in the Crime and Disorder Reduction Partnership.

Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Functions and roles of the Council, the Cabinet and Committees, Members and officers are clearly defined in its Constitution. This includes schemes of delegation for decision making and also a Member/officer protocol and codes of conduct for members and officers.

A Working Cabinet system has operated successfully throughout the year. The Executive and senior officers discuss issues and options before a formal report is prepared and submitted for approval.

Individual Portfolio holders are nominated by the Leader to have responsibility for the oversight of specific Divisions and receive weekly briefings from the appropriate senior manager usually a Head of Service.

Working relationships with Members at ward level are pro-active and Chief Officers have accompanied members on scheduled 'ward walks' during the year. Members and officers also interact in the annual programme of reviews undertaken by the Scrutiny Committee.

Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The regulatory content work is defined in the Constitution and this is underpinned by codes, policies and procedures addressing conduct, standards and governance issues. The Standards Committee has met throughout the year and the Monitoring Officer has advised Council, Committees and Members as appropriate. Training in Financial Regulations has been delivered across the Council and programmes of Financial Awareness and Anti-Fraud and Corruption Awareness training developed for delivery in 2009/10.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The Constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that these are efficient, transparent and accountable to local people.

Decision making is based on informed assessment with reference to risk and performance management. Advice is received as to potential statutory, policy, financial and equality implications. The decision making process has been subject to independent review during the year and concluded to be working well. Scrutiny Committee has met regularly to review Cabinet decisions prior to their implementation. It is however recognised that further development of the process by which Scrutiny holds the Executive to account is required.

During the year, employees have been involved in a series of 'credit crunch' briefings to identify areas for potential efficiency gains.

We develop the capacity and capability of members and officers to be effective

There is a structured training programme for Members and the Council aspires to the achievement of the Members' Development Charter. Options will be evaluated to encourage wider participation in the current voluntary process.

Development days have taken place for both the Ashfield Partnership and the Ashfield Partnership Against Crime.

An annual appraisal system is in place to develop officer capabilities supported by training budgets and an extensive programme of in-house training courses. During the year a consultant has been engaged to facilitate the development of a transformational management culture within the Council.

We engage with local people and other stakeholders to ensure robust accountability

The Council consults widely at a corporate level through regular Mori surveys and the use of Citizen's Panels. The structural arrangements for the Ashfield Partnership and the Ashfield Partnership Against Crime are such that stakeholder organisations are engaged at strategic and performance management levels. The Ashfield Partnership has also introduced events which are designed to engage discrete elements of the community. During the year there has been extensive consultation on the Council's 'Green Space' strategy. A Scrutiny Review is planned for the Ashfield Partnership Against Crime which will have a study of the effectiveness of engagement of stakeholders as one of its main drivers. The recently introduced Neighbourhood Governance approach is expected to increase community involvement with the Ashfield Partnership significantly.

The Council will continue to review and develop the consultation and engagement processes in place for the Ashfield Partnership and the Ashfield Partnership Against Crime to ensure that there is effective engagement with stakeholders and communities.

Internal Control Environment

The key elements of the internal control environment include:

- Establishing and monitoring the achievement of the Council's objectives and maintaining a performance management framework and financial strategy.

The Council's objectives are contained in the Corporate Plan, Community Strategy and other specific Strategies and Plans. Progress against these objectives is monitored by the Council on a regular basis. In addition, all Services have Business Plans which link to the Corporate Plan and which are monitored on a regular basis. The Scrutiny function is well established and has an agreed programme of scrutiny reviews.

- The facilitation of policy and decision-making through a Constitution and code of conduct.

The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Responsibility for decision making, the role of full Council, the Cabinet, Committees, Scrutiny Committees /Panels and the process for determining the Council's Key Decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Cabinet Portfolio Holders, Committees and officers are specified. The Constitution contains a local Code of Corporate Governance outlining the Council's aims. Council and Committee meetings are open to the public except where personal or confidential matters are being disclosed. The Council publishes a Forward Plan of key decisions to be made.

- Ensuring compliance with established policies, procedures, laws and regulations through the work of the Monitoring Officer, reviews of reports,

Internal Audit reviews and ensuring that employees are adequately trained and experienced.

The Council has in place Budget and Policy Framework Procedure Rules which set out how budget and policy decisions are made. Key roles are performed by statutory officers, including the Monitoring Officer and the Section 151 Officer. A regular programme of work is carried out by Internal Audit reviewing compliance with established procedures. Internal Audit operates to the standard set out in the "Code of Practice for Internal Audit in Local Government in the UK". In addition, Scrutiny Committees, External Audit and other external inspection agencies contribute to the review of the Council's compliance with its policies, procedures, laws and regulations.

- Identifying, assessing and managing risks to the Council's objectives by identifying risks and monitoring the controls and action plans aimed at reducing those risks.

A Risk Management framework has been established which aims to embed risk management into the operational management of the Council. A risk management Member champion has been appointed via the Finance portfolio. Key risks have been identified in a corporate Risk Register which is linked to a computerised performance management system. A Risk Strategy has been approved by the Cabinet which provides a comprehensive methodology for the management of risk. Key risks are reported to the Council's Divisional Management Teams, Corporate Management Group and the Cabinet. An operational Risk Management Group deals with the reduction of insurance risk.

- Ensuring economical, effective and efficient use of resources and securing continuous improvement by ensuring adherence to the Council's standing orders and procurement strategy and undertaking best value service reviews.

The Council's budget process establishes the resources required to deliver services and objectives, which involves a review of the overall use of resources. A Medium Term Financial Strategy is prepared to ensure that resources are available to meet ongoing commitments. Efficiency Reviews are conducted and the Council's Performance Plan is produced in compliance with annual Best Value requirements. Post implementation reviews are to take place during 2009/10 to compare expected efficiency savings against actual achieved. A dedicated procurement post is in place to ensure the Council uses its resources efficiently and effectively. The Procurement Strategy is being revised and the infrastructure supporting the Strategy and Contract Procedure Rules is being rolled out during 2009/10. Internal Audit's annual plan of work includes reviewing the use of resources.

- The financial management of the Council and the reporting of financial management through adequate financial regulations and standing orders, regular financial monitoring and a continuous risk based internal audit of financial systems and the application of specific treasury management policies and procedures.

The Council aims to set a balanced budget with integrated revenue and capital budgets. Appropriate limits have been approved in line with the Prudential Code for Capital Accounting. Budgets are monitored regularly and Members receive financial information which is relevant, understandable and consistent with underlying financial records. Financial reserves are kept under review and the Council maintains an adequate internal audit function. Financial procedures are identified in approved Financial Regulations. There are also anti-fraud and corruption and whistle-blowing policies. An Audit Committee has been established which meets regularly to receive relevant reports on internal and external audit issues. A Treasury Management Policy has been adopted and approved by Council. The Council prepares its accounts in accordance with professional guidance and complies with the statutory timetable for publication

- The performance management of the Council and the reporting of performance through the performance management framework including the reporting to Elected Members.

The Council's Corporate Plan reflects national and local priorities and contains targets to be met in achieving its objectives. Targets are included in Divisional Business Plans and individual Personal Development Reviews. A Performance Management Framework is in place which includes quarterly reviews by the Officer Performance Group and reports regularly to Cabinet and Scrutiny Committee. A computerised Performance Management System has been introduced. Benchmarking is a regular feature of Efficiency Review reporting. Progress against the Comprehensive Performance Assessment Action Plan is regularly monitored and appraised by Cabinet.

4. Review of Effectiveness

Ashfield District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by:

- Corporate Management Group comprising of the executive managers within the Council who have responsibility for the development and maintenance of the internal control environment;
- Internal Audit;
- External Audit's comments in the Annual Audit Letter;
- Other significant partner organisation's Governance Statements;
- Other review agencies and inspectorates reports.

The following processes have been applied during the year, the totality of which supports the review of effectiveness of the system of internal control:

Decision Making

Full Council approves all the policies.

Full Council approves the annual budget and Council Tax.

Cabinet (Executive) has authority from Full Council to deliver Policy.

Cabinet works to a Forward Plan of Key Decisions.

The work of the Cabinet is scrutinised by the Scrutiny Committee. Decisions made by the Cabinet can be “called in” to be reconsidered.

The Council has an Audit Committee which reviews the work of both Internal and External Audit, agrees the Audit Plan and reviews the adequacy of internal control.

Officers prepare written reports for Cabinet which are appraised in accordance with the Council’s policies and forward plans

Separate Committees deal with quasi-judicial matters such as Planning, Personnel and Licensing issues.

Compliance

The Council’s statutory officers are the Chief Executive, the Monitoring Officer and the Section 151 Officer. They are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of the Council’s financial arrangements and must advise elected Members where any proposal is unlawful or where expenditure is likely to exceed resources.

Chief Officers and senior managers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented.

Internal Audit

- Role of Internal Audit

The primary role of Internal Audit is to independently review, appraise and report on the adequacy and effectiveness of the control environment comprising of risk management, control and governance, and the arrangements made by management and Councillors for securing economic, efficient and effective use of resources.

- Audit Standards

The Internal Audit Service ensures its standards are maintained with due regard to:

- The Code of Practice for Internal Audit in Local Government;
- The Chartered Institute of Public Finance and Accountancy (CIPFA) professional guidelines.

- Operation of Internal Audit

The scope and extent of each audit is governed by the results of an audit risk assessment. The risk assessment is based upon a number of risk factors and this forms the basis of the three-year Strategic Audit Plan. The risk

assessment also takes into consideration those risks identified in the Corporate Risk Register and focuses upon the key objectives as identified in the Council's Corporate Plan. Provision has been made within the plan for I.T. audit. A detailed programme of work is agreed with management and Members. The overall three-year strategy and plan, renewed each year, is formally agreed by senior management and presented to the Audit Committee.

On the conclusion of the assignment, an Audit Report incorporating a plan for implementation of recommendations is agreed and issued to the appropriate Head of Service and the Head of Financial Management & Audit Services. Quarterly reports summarising findings and recommendations not implemented have been presented to the Corporate Management Group and to the Audit Committee.

The Chief Audit and Technical Assistant has direct access and freedom to report to all senior management including the Chief Executive and Members of the Council and is able to provide an independent opinion on the adequacy and effectiveness of the system of internal financial control.

Audit Committee

The purpose of the Audit Committee is to provide independent assurance of the management's arrangements for ensuring a sound system of internal control which facilitates the effective exercise of the Council's functions and ensuring it has appropriate arrangements for the management of risk.

The terms of reference for the Audit Committee take into account CIPFA's Audit Committees – Practical Guidance for Local Authorities.

Other explicit review / assurance mechanisms

The Council reviews its Constitution in detail on an annual basis.

The Overview and Scrutiny Committee has carried out a programme of Scrutiny reviews on different services

Reports are presented to the Cabinet on a minimum of two occasions per year to review the financial position of the Council. One report includes the Medium Term Financial Strategy.

Financial Regulations and Standing Orders are reviewed by the Council annually.

Assurance is obtained on an annual basis from Chief Officers and Heads of Service as to the adequacy of internal control within their Divisions.

Assurance is gained from the Audit Commission as the Council's External Auditor through the Annual Audit Letter which is presented to Members.

Assurance is also obtained from Ashfield Home Limited and Mansfield District Council (re Mansfield Crematorium)

5. Significant Internal Control Issues

The Council faces another challenging year in 2009-10 and the following represent the key issues in relation to internal control which remain outstanding as at 25th May 2009.

	Issue	Action
1.	The Council needs to improve the governance arrangements in relation to Partnerships, particularly with regards to Risk Management.	Risk Registers for respective Partnerships are being devised. It has been agreed that the contents of the Registers are to be considered and approved by their respective Strategy Groups. Risks identified by Partnerships which are relevant to the Authority shall form part of the existing Corporate Risk Register.
2.	Procurement <ul style="list-style-type: none"> • Procurement Strategy being revised and requires approval. • Procurement Infrastructure requires 'rolling out' to allow staff to comply with Contract Procedure Rules. 	Procurement Strategy being approved In June 2009. Steps then being made to embed Strategy along with the Procurement Intranet Site and Contract Procedure Rules.
3.	Whilst effective Bank Reconciliations have been taking place for 2008/09, there remains a brought forward unresolved discrepancy.	A prior year adjustment is to be applied to the 2008/09 accounts to account for the discrepancy between the bank and the financial statements.
4.	The Council has an underlying deficit aggravated by the 'credit crunch' which caused both reduced income for the Council and also increased demand for some of its services.	Implement a robust budget monitoring culture at both service level and corporate level, coupled with a medium term financial strategy which leads to a balanced budget in the medium term. Service Reviews shall be undertaken to consider whether to continue provision or reduce costs.
5.	An IT Disaster Recovery Plan still requires production.	An IT Disaster Recovery Plan is programmed in the IT Services Business Plan for completion prior to the end of 2009.
6.	There is a capacity issue at Senior Management Level.	Arrangements are underway to recruit to the Chief Executive post. Any remaining capacity issues will be reviewed thereafter.

We have been advised on the implications of the result of the review of effectiveness of the Council's system of internal control by the Head of Financial Management and Audit Services and where appropriate the Cabinet and the officers within the Corporate Management Group plan to address weaknesses and ensure continuous improvement of the system of internal controls in place.

Councillor J.R. Knight
Leader of the Council

P.G. Marshall
Interim Chief Executive

Date

Date

Audit Certificate and Opinion

Independent auditor's report to the Members of Ashfield District Council

Opinion on the financial statements

I have audited the Authority and Group accounting statements and related notes of Ashfield District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Ashfield District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Interim Head of Financial Management and Audit Services and auditor

The Interim Head of Financial Management and Audit Services responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- The Group financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and

effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. However, the number and significance of the errors and issues identified in relation to the financial statements led me to conclude that the Council does not have adequate arrangements to prepare accounts that meet statutory requirements and financial reporting standards. In addition, the ongoing interim arrangements particularly at corporate management team level and the limited progress in improving longer term workforce planning has led me to conclude that the Council does not have adequate arrangements to manage its workforce effectively.

Having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Ashfield District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009 except that it did not put in place adequate arrangements for:

- producing timely, reliable financial reporting that meets the needs of internal users, stakeholders and local people; and
- planning, organising and developing the workforce effectively to support the achievement of strategic objectives.

Certificate

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

Sue Sunderland

District Auditor

Audit Commission

Littlemoor House

Littlemoor

Eckington

Sheffield S21 4EF

16 December 2009

Glossary of Terms & Abbreviations

This glossary provides an explanation of terms, not precise definitions. It should not be used as a substitute for the more detailed and specific definitions given in statute, codes of practice and technical guidance. It should be used in conjunction with explanations provided within and supporting the accounting statements.

Accounting period – the period of time covered by the accounts. This is normally 12 months commencing on 1st April and finishing on 31st March the following year. The end of the accounting period is the balance sheet date.

Accrual – an amount included in the accounts to cover income or expenditure relating to an accounting period but for which payment has not been received or made. This means that income and expenditure is recognised in the accounts when they are earned or incurred, not when money is exchanged.

Amortisation – the reduction of an amount over the life of an asset.

Ashfield Homes Limited – an arms length management organisation who look after the Councils housing stock.

Balance sheet – a statement of the recorded assets, liabilities and other balances as they stand in monetary terms, at the end of an accounting period.

Billing authority – a local authority responsible for collecting the council tax and business rates from within its district boundaries (Ashfield District Council is a billing authority).

Budget – a statement defining the council's policies over a specified period of time (usually an accounting period) in terms of finance.

Business rates and the NNDR pool – National non domestic rates pool a fund controlled by central government. Income collected from business ratepayers (**business rates**), based on a national rate in the pound set by central government multiplied by the rateable value of the premises they occupy. This national rate is collected by local councils on behalf of central government and is redistributable among all local authorities on the basis of population.

Capital charges – the amounts charged to individual services for the use of assets. The charge must equal at least, an amount for depreciation. These charges do not relate to cash payments, but are internal charges designed to show the cost of assets used in providing services.

Capital expenditure – this includes expenditure on the acquisition of, or major enhancement of fixed assets such as land, property and other structures.

Capital receipts – the proceeds from the sale of council houses, buildings, land and other assets. Capital receipts can be used to finance new capital expenditure, within rules set down by central government, but they cannot be used to finance revenue expenditure.

Community assets – assets that a local council holds which may have restrictions on their use and disposal. Examples include playing fields and parks.

Council tax – the main source of local taxation to councils. It is levied on households within its area by the billing authority and distributed to the county council, police and fire authorities, and to the Council's own General Fund.

Council tax bands – each property in a local authority's area is valued by central government's valuation office agency, and placed in one of 8 bands ranging from a to h. Each band is averaged out in relation to band d, bands a to c paying less, and bands e to h paying more on an increasing scale.

Creditors – an amount owed by a council for work done, goods received or services rendered relating to the accounting period, but for which payment has not yet been made.

Current assets – an amount held at the balance sheet date, which will be used within the following accounting period; for example, stock, cash and debtors.

Current liability – an amount owing at the balance sheet date, which will be paid in the next accounting period; for example, creditors, cash and loan repayments.

De Minimus – This is the term given to expenditure incurred which is classified as expenditure for capital purposes with respect to capital controls i.e. forms part of the approved capital programme expenditure, but is below the threshold to form part of the Council's defined fixed assets

Debtors – an amount owing to a council relating to the accounting period, but for which money has not yet been received.

Revenue expenditure funded from capital under statute – capital payments where no fixed asset is created; for example, improvement grants.

Depreciation – the reduction in value of a fixed asset due to age or deterioration through usage.

DWP – Department of Works & Pensions, a central government agency.

Earmarked reserves – amounts put aside to meet specific liabilities in the future.

Fair Value – This in relation to financial instruments assumes that the deal was negotiated with no other motive than to secure a fair price.

Financial instrument – is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Finance lease – a form of borrowing, usually for land and buildings, where the ownership of the fixed asset eventually passes over to the council.

Fitch Credit Rating - an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. 'BBB' rating is a good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. 'F3' rating is a fair credit

quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non investment grade.

Fixed asset – an asset, which has a substantial value to the council over a number of years; for example, land, buildings and equipment.

FRS – Financial Reporting Standard. These are accounting standards developed by the Accounting Standards Board.

General fund – the main revenue fund of the council. Day-to-day spending on services is met from this fund. The exception to this is for the provision of council dwellings

General reserves – amounts put aside, but not allocated to meet any future spending commitments. The Council's main general reserves are its general fund and housing revenue account balances.

Housing benefit – an allowance to persons on low income to meet, in whole or part, their rent. Local authorities pay benefit but central government refunds most of the cost of the benefits and of the running costs of administering the service. Benefit paid to the authority's own tenants is known as rent rebate and that paid to private sector tenants as rent allowance.

Housing Revenue Account / HRA – all revenue expenditure and income related to the provision of council dwellings are accounted for here. It includes an optional sub – division, the Housing Repairs Account.

Housing subsidy – a government grant paid to housing authorities towards the cost of providing, managing and maintaining council dwellings.

Impairment – this reflects a reduction in the market value of a fixed asset due to significant changes in the market (i.e. Introduction of new technology), obsolescence, or damage, etc.

LAA – Local Area Agreement, a three year agreement between the Government Office for the area and a Local Strategic Partnership.

LABGI – Local Authority Business Growth Incentive, money received by the council to regenerate business.

Long term borrowing / investment – borrowing / investment repayable after more than 12 months..

LSP – Local Strategic Partnership, a partnership that represents local authorities, other public, private, voluntary and community interests for the area.

Minimum revenue provision – the minimum amount that must be charged against the council's revenue accounts each year, as a provision to repay borrowing and finance leases.

MOP – Manage and Operate Partnership to undertake highways work in partnership with neighbouring authorities and Nottinghamshire County Council

MRA – Major Repairs Account.

Net book value – the amount at which fixed assets are included (valued) in the balance sheet, i.e. their historic value or current valuation less depreciation.

Non – operational assets – fixed assets held but not currently used by the council in delivering services; for example property surplus to requirements or land awaiting sale or redevelopment.

Operating lease – a type of rental agreement, usually for computer equipment, office furniture and equipment, where the council never owns the asset.

Operational assets – fixed assets held and being used in delivering services.

PFI – Private Finance Initiative.

Precept – the levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf, for services they provide in the billing authorities area.

Precepting authorities – those authorities who are not billing authorities, e.g. “major” authorities such as the county council and police and fire authorities and “local precepting authorities” such as parish, town or community councils.

Provisions – pre-determined amounts put aside in the accounts for liabilities or losses which are certain or very likely to occur, but the amounts involved or the date when they need to be settled are uncertain.

Public works loan board /PWLB – a central government agency, which provides loans to local authorities.

Revenue expenditure – running costs of services, which include employees, premises, transport, interest, supplies and services.

Revenue support grant / RSG – the main general grant paid by central government to aid general fund services.

RTB – Right to buy, whereby tenants are entitled to buy their dwelling.

Short term borrowing / investments – borrowing / investments repayable on demand or within 12 months.

SORP - Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2006.

Work in progress / WIP – the cost of work done on an uncompleted project at the balance sheet date.

