EAST CAMBRIDGESHIRE DISTRICT COUNCIL
ANNUAL FINANCIAL REPORT 2011/2012

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities -

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. At East Cambridgeshire District Council 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.

The Head of Finance's Responsibilities -

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 the United Kingdom (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 local authority code

The Head of Finance has also:

◊ kept proper accounting records which were up to date;

◊ taken reasonable steps for the prevention and detection of fraud and other irregularities.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its expenditure and income for the year ended 31 March 2012.

Linda Grinnell
Head of Finance **Date:** 27 September 2012
FCCA

Approval by Finance & Governance Committee
I confirm that these accounts were approved by the Finance & Governance Committee at the meeting held on 27th September 2012 and that events after the Balance Sheet date have been considered to 27th September 2012.

Councillor Peter Moakes **Date:** 27 September 2012
Chairman

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Grants & Contributions Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	**note**
	£	£	£	£	£	£	£	
Balance at 31 March 2010	(1,446,677)	(4,152,476)	(1,182,918)	(428,774)	(7,210,845)	4,121,615	(3,089,230)	
Movement in reserves during 2010/2011								
(Surplus)/deficit on provision of services	(5,012,492)				(5,012,492)		(5,012,492)	
Other Comprehensive Expenditure and Income						(4,467,005)	(4,467,005)	
Total Comprehensive Expenditure and Income	(5,012,492)	0	0	0	(5,012,492)	(4,467,005)	(9,479,497)	
Adjustments between accounting basis and funding basis under regulations	4,587,304		(1,173,719)	(12,132)	3,401,453	(3,790,255)	(388,802)	**8**
Net (increase)/decrease before transfers to earmarked reserves	(425,188)	0	(1,173,719)	(12,132)	(1,611,039)	(8,257,260)	(9,868,299)	
Transfers to/(from) earmarked reserves	248,018	120,048			368,066	(368,066)	0	
(Increase)/decrease in 2010/2011	(177,170)	120,048	(1,173,719)	(12,132)	(1,242,973)	(8,625,326)	(9,868,299)	
Balance carried forward at 31 March 2011	(1,623,847)	(4,032,428)	(2,356,637)	(440,906)	(8,453,818)	(4,503,711)	(12,957,529)	
Movement in reserves during 2011/2012								
(Surplus)/deficit on provision of services	813,924				813,924		813,924	
Other Comprehensive Expenditure and Income						2,292,061	2,292,061	
Total Comprehensive Expenditure and Income	813,924	0	0	0	813,924	2,292,061	3,105,985	
Adjustments between accounting basis and funding basis under regulations	(2,004,583)		257,887	167,619	(1,579,077)	1,579,077	0	**8**
Net (increase)/decrease before transfers to earmarked reserves	(1,190,659)	0	257,887	167,619	(765,153)	3,871,138	3,105,985	
Transfers to/(from) earmarked reserves	1,017,576	(913,752)			103,824	(103,824)	0	
(Increase)/decrease in 2011/2012	(173,083)	(913,752)	257,887	167,619	(661,329)	3,767,314	3,105,985	
Balance carried forward at 31 March 2012	(1,796,930)	(4,946,180)	(2,098,750)	(273,287)	(9,115,147)	(736,397)	(9,851,544)	

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	2011/2012			2010/2011			note
					Restated		
	Expenditure	Income	Net	Expenditure	Income	Net	
	£	£	£	£	£	£	
Central Services to the public	5,981,423	(5,135,362)	846,061	6,067,142	(5,175,823)	891,319	
Cultural & Related	2,170,786	(172,237)	1,998,549	2,006,162	(460,692)	1,545,470	
Environmental	4,674,073	(676,363)	3,997,710	5,370,715	(637,940)	4,732,775	
Planning & Development	2,629,621	(1,764,647)	864,974	3,011,681	(1,561,077)	1,450,604	
Transport	542,040	(268,699)	273,341	640,489	(228,362)	412,127	
Housing	21,246,509	(20,166,028)	1,080,481	20,248,859	(19,277,011)	971,848	
Corporate & Democratic Core	1,504,315	(298,960)	1,205,355	1,430,274	(55,720)	1,374,554	
Non Distributed Costs	552	0	552	(3,900,859)	0	(3,900,859)	
NET COST OF SERVICES	38,749,319	(28,482,296)	10,267,023	34,874,463	(27,396,625)	7,477,838	
Parish council precepts	1,566,454			1,466,712			
Internal Drainage Board Levies	332,753			323,758			
Contribution of housing capital receipts to Govt. Pool	4,544			5,285			
Loss/(gain) on the disposal of non current assets	21,306			(1,584,996)			
OTHER OPERATING EXPENDITURE			1,925,057			210,759	
Interest payable and similar charges	32,548			40,786			
Interest receivable and Investment Income	(160,172)			(141,226)			
Pensions interest cost	1,935,000			2,241,000			**40**
Expected return on pension assets	(1,530,000)			(1,662,000)			**40**
Income & Exp and changes in fair value of investment properties	246,099			(222,451)			
FINANCING & INVESTMENT INCOME & EXPENDITURE			523,475			256,109	
Council Tax Income	(5,588,260)			(5,442,669)			
Non Domestic Rates	(4,271,123)			(5,898,492)			
Non Ringfenced Government Grants	(1,958,608)			(926,106)			**34**
Capital grants & contributions	(83,640)			(689,931)			
TAXATION & NON-SPECIFIC GRANT INCOME			(11,901,631)			(12,957,198)	
DEFICIT/(SURPLUS) ON PROVISION OF SERVICES FOR THE YEAR			813,924			(5,012,492)	
(Surplus)/Deficit arising on revaluation of Property, Plant & Equipment	(590,192)			(579,569)			
Actuarial (Gains)/Losses on pension fund assets and liabilities	2,920,000			(4,279,000)			
Other (Gains)/Losses	(37,747)			2,762			
OTHER COMPREHENSIVE INCOME & EXPENDITURE			2,292,061			(4,855,807)	
TOTAL COMPREHENSIVE INCOME & EXPENDITURE			3,105,985			(9,868,299)	

BALANCE SHEET AS AT 31 MARCH 2012

NET ASSETS	31.03.12		31.03.11 Restated		31.03.10 Restated	note
	£	£		£	£	
Property, Plant & Equipment						
Community	683,304		447,509		613,889	
Infrastructure	650,715		654,963		659,211	
Land and buildings	12,626,885		12,738,967		12,501,309	
Vehicles	481,687		639,703		753,975	
Plant	38,499		46,199		53,899	
Equipment	444,550		495,036		498,718	
Surplus Assets	31,266		65,240		106,196	
Assets under construction	843,705		1,162,147		535,822	
		15,800,611		16,249,764	15,723,019	10
Heritage Assets	105,052		0		0	11
Investment Properties	123,077		376,771		162,000	12
Intangible Assets	157,831		64,426		24,678	13
Long Term Investments	0		0		0	14
Investments in subsidiaries	545,725		545,725		545,725	35
Long-term debtors	176,787		282,835		273,411	14
		1,108,472		1,269,757	1,005,814	
Total Long Term Assets		16,909,083		17,519,521	16,728,833	
Short term investments	3,002,894		0		4,211,390	14
Inventories and work in progress	42,505		42,425		48,679	15
Assets held for sale	0		40,000		0	18
Short term debtors	3,163,683		2,654,566		4,322,363	16
Cash equivalents	6,377,809		7,936,698		1,099,695	17
Total Current Assets		12,586,891		10,673,689	9,682,127	
Bank overdraft	0		0		0	17
Short term borrowing	0		0		0	
Short term creditors	(3,316,243)		(1,904,918)		(2,194,890)	19
Total Current Liabilities		(3,316,243)		(1,904,918)	(2,194,890)	
Long Term Creditors	(349,202)		(525,294)		(679,432)	14
Provisions	(55,985)		(55,469)		(77,408)	20
Donated assets account	0		0		0	
Liability related to defined benefit pension scheme	(15,923,000)		(12,750,000)		(20,370,000)	40
Total Long Term liabilities		(16,328,187)		(13,330,763)	(21,126,840)	
Net Assets		9,851,544		12,957,529	3,089,230	

BALANCE SHEET CONTINUED AS AT 31 MARCH 2012

RESERVES	31.03.12		31.03.11		31.03.10 Restated	note
	£	£		£	£	
Usable Reserves						
General fund	(1,796,930)		(1,623,847)		(1,446,677)	21
Earmarked reserves	(4,946,180)		(4,032,428)		(4,152,476)	9
Grants & Contributions Unapplied Reserve	(273,287)		(440,906)		(428,774)	21
Capital receipts reserve	(2,098,750)		(2,356,637)		(1,182,918)	21
		(9,115,147)		(8,453,818)	(7,210,845)	
Unusable Reserves						
Revaluation reserve	(4,584,269)		(4,028,350)		(3,629,535)	22
Capital adjustment account	(12,113,241)		(13,091,202)		(12,554,643)	22
Deferred capital receipts	(249,226)		(207,722)		(127,223)	22
Collection Fund adjustment account	110,416		(9,178)		(39,721)	22
Accumulated Absences Account	103,397		82,741		102,737	22
Financial Instruments Adjustment Account	73,526		0		0	22
Pensions reserve	15,923,000		12,750,000		20,370,000	22
		(736,397)		(4,503,711)	4,121,615	
Total Reserves		(9,851,544)		(12,957,529)	(3,089,230)	

Linda Grinnell
Head of Finance, FCCA

Date: 27 September 2012

THE CASH FLOW STATEMENT 2011/2012

Indirect method

Reconciliation of Cash Flow from Revenue Activity to the Income and Expenditure Account

	2011/2012	2010/2011 Restated	note
	£	£	
Net surplus or (deficit) on the provision of services	(813,924)	5,012,492	
Adjustment to surplus or deficit on the provision of services for noncash movements	2,672,388	(771,866)	23
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(657,391)	(2,009,071)	24
Net Cash flows from operating activities	1,201,073	2,231,555	
Net Cash flows from Investing Activities	(2,441,089)	4,723,800	25
Net Cash flows from Financing Activities	(318,873)	(118,352)	26
Net increase or decrease in cash and cash equivalents	(1,558,889)	6,837,003	
Cash and cash equivalents at the beginning of the reporting period	7,936,698	1,099,695	17
Cash and cash equivalents at the end of the reporting period	6,377,809	7,936,698	17

1 **Accounting Policies**

Concepts And Principles

General Principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year end of 31 March 2012.
It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Best Value Accounting Code of Practice 2011/12, supported by International Financial Reporting Standards. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

The accounts have been designed to present a "true and fair" view of the financial position of the Council and comparative figures for the previous year are provided.

The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. These concepts are defined as follows:

- materiality concept means that information is included where that information is of such significance as to justify its inclusion.

- accruals concept requires the non-cash effects of transactions to be included within the financial statement for the year in which they occur and not in the period in which the cash is paid or received.

- going concern concept assumes that the Council will continue in operational existence for the foreseeable future

- primacy of legislative requirement requires that where an accounting treatment is prescribed by law, then it will be applied, even if it contradicts one or other of the accounting concepts outlined above.

Accruals of Income And Expenditure

Income and expenditure is included in the accounts on an accruals basis. In particular:

◊ 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 - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. The exceptions to this are items of low individual value such as desks and chairs which are treated as fully consumed in the year in which they are purchased.
◊ The Council is a billing authority and collects National Non Domestic Rates (NNDR) under what is in substance an agency agreement with the Government for the collection of business rates. The same principle applies for Council Tax collected on behalf of the precepting bodies. The income collected on an agency basis is not the income of the billing authority and is not included in the Comprehensive Income and Expenditure Statement.
◊ Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
◊ Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
◊ Where income and expenditure have 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.
◊ Where income has been received in the year in relation to activities to be carried out in the following financial year, a receipt in advance is recorded in the balance sheet.
◊ Where payment has been made in relation to activities to be carried out in the following financial year, a payment in advance is recorded in the balance sheet.
◊ Income and expenditure are credited and debited to the relevant line in the Comprehensive Income and Expenditure Statement unless they properly represent capital receipts or capital expenditure
◊ Employee costs are included in the year that they are earned.

Revenue Recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.
Revenue shall be measured at the fair value of the consideration received or receivable except for a financial asset that is measured under Financial Instruments. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable.
Revenue shall be recognised by the following events:
- the sale of goods. Revenue shall be recognised when all of the following conditions have been satisfied:
- the significant risks and rewards of ownership have transferred to the purchaser.
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.
- the amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- the rendering of services. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the percentage of completion method at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
1) The amount of revenue can be measured reliably.
2) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
3) The stage of completion of the transaction (using the percentage of completion method) at the reporting date can be measured reliably.
4) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue should be recognised only to the extent of the expenses recognised that are recoverable.

- interest, royalties and dividends. Revenue shall be recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and
- the amount of the revenue can be measured reliably.

Where the above recognition criteria have been met:
a) interest should be recognised using the effective interest method
b) royalties should be recognised as they are earned in accordance with the substance of the relevant agreement, and
c) dividends or their equivalents should be recognised when the authority’s right to receive payment is established

- Non-exchange transactions: revenues shall be recognised when:

a) it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and
b) the amount of the revenue can be measured reliably.

- where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria:

In the event that a liability had been recognised, revenue shall be recognised equal to the reduction of the carrying amount of a liability when the relevant revenue recognition criteria have been met.

In the event that the consideration is received but the revenue does not meet the recognition criteria above, an authority shall recognise a creditor (i.e. receipt in advance) in respect of that inflow of resources
In the event that revenue meets the recognition criteria, but the consideration has not been received, an authority shall recognise a debtor in respect of that inflow of resources

Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority. However, when an uncertainty arises about the collectability of an amount, adjustment of the amount of revenue originally recognised in the Comprehensive Income and Expenditure Statement already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense (i.e. impairment of financial assets), rather than as an adjustment of the amount of revenue originally recognised in the Comprehensive Income and Expenditure Statement.

Changes in Accounting Policies and Estimates and Errors and Prior Period Adjustments

Prior period adjustments may arise as a result of changes in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future financial years affected by the change and do not give rise to a prior period adjustment

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 introduced a change to the treatment in accounting for heritage assets held by the Authority. The Authority is now required to carry heritage assets in the balance sheet at valuation. As this adjustment is not material it has not been necessary to restate the 2010/11 Balance Sheet figures.

S106 balances have previously been included within the short term creditors figure on the Balance Sheet. It has been decided that the agreements which do not have any conditions on them should be transferred to Earmarked reserves. The adjustments can be seen as a prior period adjustment. See note 5.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Overheads And Support Service Costs

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code Of Practice 2011/12 (SerCoP). The total absorption costing principle is used with the full cost of overheads and support services shared between users in proportion to the benefits received, with the exception of:

◊ Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.

◊ Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets Held For Sale.

These two cost categories are defined in (SerCoP) and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

Each support service has been treated in the accounts as a separate entity, and it is intended that they should break even taking one year with another, by adjustment of subsequent years' charges. The net year-end surplus on support services forms part of the General Fund Reserve balance.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies.
Reserves are created by appropriating amounts in the Movement in Reserves Statement.

Usable Reserves

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 Comprehensive Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Unusable Reserves

Certain reserves are kept to manage the accounting processes for non current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council . These reserves are:

◊ Revaluation Reserve
◊ Capital Adjustment Account
◊ Pensions Reserve
◊ Accumulated Absences Account
◊ Financial Instruments Adjustment Account
◊ Collection Fund Adjustment Account

Grants and Contributions

All grants and contributions relating to capital and revenue expenditure shall:
- not be recognised until there is reasonable assurance that:
1) The Council will comply with the condition attached to the grant, and
2) The grants or contributions will be received.

- be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as Income, except to the extent that the grant or contribution has a condition that the Council has not satisfied.

Revenue Grants

In respect of general revenue grants and contributions such as Revenue Support Grant, NNDR redistribution, and Area Based Grant, these are credited to the Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement. Specific grants are credited to the relevant service line.
Where a repayment of grants or contributions becomes repayable and the grant has been previously recognised in the Comprehensive Income and Expenditure Statement, the repayment is recognised as an expense in the Comprehensive Income and Expenditure Statement.

Capital Grants

In respect of capital grants and contributions:

- where conditions initially remain outstanding at the Balance Sheet date, the grant or contribution will be recognised as part of the Capital Grants Receipts in Advance (CGRA). Once the condition has been met the grant or contribution will be transferred from the CGRA and recognised as income in the Comprehensive Income and Expenditure Statement.

- where no conditions remain outstanding and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement and the expenditure has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund to the Capital Adjustment Account reflecting the application of capital resources to finance expenditure. This transfer will be reported in the Movement in Reserves Statement.

- where no conditions remain and the capital grant or contribution (or part thereof) has been recognised in the Comprehensive Income and Expenditure Statement but the expenditure to be financed from the grant or contribution has not been incurred at the Balance Sheet Date, the grant or contribution shall be transferred to the Capital Grants Unapplied Reserve within the Usable Reserves section of the Balance Sheet, thus reflecting the status as a capital resources available to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

- where a repayment of capital grants or contributions become repayable where the grant or contribution has previously been recognised:

- as part of the Capital Grants Receipts in Advance, the repayment shall be applied against the Capital Grants Receipts in Advance directly.

- as income in the Comprehensive Income and Expenditure Statement (or to the extent that the repayment exceeds the balance in respect of the specific grant or contribution in the Capital Grants Receipts in Advance), the repayment is recognised as an expense in the Comprehensive Income and Expenditure Statement. However, as required under statutory regulation, the repayment of grants and financial assistance for capital purposes is to be categorised as capital expenditure and will therefore be transferred from the General Fund to the Capital Adjustment Account, with the transfer being reported in the Movement in Reserves Statement.

Grants and contributions may be received subject to a condition that it is returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Comprehensive Income and Expenditure Statement

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Events After The Balance Sheet Date

When events have occurred, favourable and unfavourable, after the balance sheet date:
- the Statement of Accounts is adjusted to reflect such events only where there is evidence that the conditions existed at the balance sheet date (adjusting event)
- the amounts included in the accounts will not be adjusted if the events are indicative of or there is evidence that the conditions arose after the balance sheet date (non-adjusting event)

However, the nature of the event and an estimate of the financial effect on the statements, providing that such an estimate can be made reliably, shall be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts

Cash and Cash Equivalents

Cash comprises cash in hand (or overdrawn) at the bank. Cash equivalents are short-term investments which are repayable on demand or notice (up to 95 days). These are highly liquid and readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Donated Assets

Where an asset is donated for:

- nil consideration, it shall be recognised at fair value as an asset on the Balance Sheet. The asset shall be recognised in the Comprehensive Income and Expenditure Statement as income, to the extent that the transfer has conditions that have been satisfied. For the element of the asset that conditions have not been met, the asset is credited to the Donated Assets Accounts and recognised in the Comprehensive Income and Expenditure Statement once the condition has been satisfied.

- less than fair value (a non-exchange transaction), the difference between the fair value of the asset and the consideration paid shall be recognised immediately in the Comprehensive Income and Expenditure Statement as income, or in the event that the transfer has a condition(s) that have been met. The measurement at fair value of an asset, acquired for no consideration or for less than fair value, does not constitute a revaluation.

A donated asset may be received subject to a condition that it be returned to the transferor if a specified future event does or does not occur. A return obligation does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant, contribution or donated asset being recognised as income in the Comprehensive Income and Expenditure Statement.

Non - Current Assets

Property, Plant And Equipment

Property, Plant and Equipment are non - current assets that have physical substance and are held for use in the provision of services, for administrative purposes and to yield benefits to the Council for a period of more than one year.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis provided that:
- it is probable that the future economic benefits or service potential associated with the item will flow to the Council, and
- the costs of the item can be measured reliably.

Costs that meet the recognition principle include:
- initial costs of acquisition and construction, and
- costs incurred subsequently to enhance or replace part of the asset.

Costs arising from day-to-day servicing of the asset and repairs and maintenance costs (i.e. expenditure that secures but does not extend the previously assessed standard of performance of the asset) is charged to revenue as it is incurred.

Qualifying expenditure is capitalised on an accruals basis. Schemes that cost less than £10,000 are classified as de minimis and these schemes are classed as revenue rather than capital expenditure.
Qualifying expenditure will be recognised on the balance sheet from the date that the asset becomes operational or the completion date of the project.

Measurement

Assets are initially measured at cost, comprising purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

Infrastructure, community assets and assets under construction (excluding investment property) shall be measured at depreciated historical cost.

All other assets shall be valued at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV). If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the estimate for fair value may be depreciated replacement cost (DRC). Specialist assets will only be categorised as such, and DRC applied, when so determined by a professionally qualified valuer.

Non-property assets such as vehicles, plant & equipment shall be measured at fair value. Assets that have short useful lives, i.e. less than 10 years, or low values or both, depreciated historical cost will be used as a proxy for fair value.

Revaluation

Where an asset's fair value can be measured reliably, it shall be carried at the re-valued amount – being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment. When a revaluation has taken place, any accumulated depreciation and impairment at the date of valuation shall be eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Where the carrying amount of property, plant and equipment is:
- increased as a result of revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous revaluation decrease or impairment loss charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement on the same asset.
- decreased as a result of revaluation, i.e., a significant decline in an asset's carrying amount during the period that is not specific to the asset, the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter against the relevant service line in the Comprehensive Income and Expenditure Statement

Assets included in the Balance Sheet at fair value are valued on a rolling 5-year programme or when there has been a material change in the value. Where there has been a market condition affecting property values, indexation will be applied only if the change in values is found to be material. The materiality level for this purpose will be deemed to be + / - 3% of current gross value for the appropriate adjustments to be made.

Investment properties will be reviewed annually to establish if there is a major change in market conditions that may affect the value of the properties. Where indexation is required the + / - 3% policy noted above will be applied.

Impairment of Non Current Assets

Assets are not to be carried at more than their recoverable amount. An asset is said to be carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss must be recognised. Downward revaluation resulting from changes in market values does not constitute impairment. An impairment is specific to an asset i.e. as a consequence of loss of service potential, obsolescence, physical damage or such similar occurrence and is not reversible unless there is ongoing repairs and reinstatement. This is in contrast to a valuation reduction which is due to changes in market values due to conditions and prices which may be reversible and are not permanent in nature.

At the end of each reporting period an assessment shall take place as to whether there is any indication that an asset or class of assets may be impaired. If any indication exists, the recoverable amount shall be estimated having regard to the application of the concept of materiality in identifying whether the recoverable amount of an asset needs to be estimated. If no indication of an impairment loss is present, there will be no requirement for a formal estimate of the recoverable amount for property, plant and equipment.

Recognition of an Impairment

An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve (these entries will be reflected in the Movement in Reserves Statement) to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset (i.e. up to the historical cost of the asset) and thereafter in Surplus or Deficit on the Provision of Services. An impairment loss on a non-revalued asset (i.e. an asset with a carrying value based on historical cost) shall be recognised in the Surplus or Deficit on the Provision of Services.

Reversing an Impairment

At the end of each reporting period an assessment shall take place as to whether there is any indication that an impairment loss recognised in earlier periods for an asset may no longer exist or have decreased. If any such indication exists, the Council shall estimate the recoverable amount of that asset.

The reversal of an impairment loss of an asset (previously recognised in Surplus or Deficit on the Provision of Services) is only permitted to be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Any excess above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years shall be treated as a revaluation gain and charged to the Revaluation Reserve.

Impairment loss and reversal of impairment loss charged to Surplus or Deficit on the Provision of Services are not proper charges to the General Fund. Such amounts shall be transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Componentisation

Componentisation is a method, used for accounting and financial reporting purposes, to ensure assets are accurately included on the Balance Sheet and that the consumption of economic benefit of these assets is accurately reflected over their individual useful lives through depreciation charges.

The Code requires the separate recognition of two or more significant components of an asset for depreciation purposes – i.e. as if each component was a separate asset in its own right.

The Authority will follow these requirements where significant components of material items of assets have been identified.

A component is defined as part of an item of property, plant and equipment with a value that is significant in relation to the total value of the item.

Even if the cost of a component is significant in relation to the total cost of an item of PP&E, from an accounting perspective, it is not necessary to identify the value of that component if its useful life and required method of depreciation is in line with the overall asset.

Where there is more than one significant part of the same asset which has the same useful life and depreciation method such parts will be grouped in determining the depreciation charge.

Componentisation will not be applied retrospectively and will be considered only for new revaluations carried out after 1st April 2010 and when enhancement and/or acquisition expenditure is incurred after that date.
Component accounting will only be considered and applied in cases where the omission to recognise and depreciate a separate component may result in material differences in the statement of accounts.

The Council recognises two primary components of a property asset which will be accounted for separately namely:
- Land, and
- Buildings

Componentisation is not applicable to land as land is non-depreciable and is considered to have infinite life.

The Council has determined that any building with a gross carry amount of less than £0.5m, or a useful economic life of less than 15 years or both will not be considered for component accounting on the grounds of materiality.

The Council will only consider the componentisation of an asset where the individual component equates to a minimum of 20% of the asset's total value or has a minimum value of £250,000

Depreciation

Land and buildings are separate assets even if acquired together. Depreciation applies to all property, plant and equipment except:
- land, as this is considered to have an infinite useful life;
- investment properties carried at fair value;
- assets held for sale;
- assets where it can be demonstrated that the asset has an unlimited useful life.

An asset shall not be depreciated:
- until it is available for use.
- when the residual value of an asset is equal or greater than the asset’s carrying amount.

Where assets are being enhanced (from capital expenditure) depreciation will be calculated on the carrying value up to the date of the completion of the capital works and on the new, enhanced value after de-recognition of the relevant component, from the completion date. Depreciation will not be omitted unless the whole asset is taken out of use/service while the works are being undertaken (re-building, major refurbishment,)

For all assets depreciation is calculated on straight line bases over the following terms.:

- Buildings - allocation based on the individual asset's life as advised by the Council's Valuer
- Vehicles, Plant and Equipment - straight line allocation over the life of the asset
- Infrastructure assets - straight line allocation over 99 years.
- Information Technology assets - allocation over 5 years unless otherwise advised by ICT.

On a re-valued asset, a transfer between the Revaluation Reserve and the Capital Adjustment Account shall be carried out which represents the difference between depreciation based on the revalued carrying amount and the depreciation based on the asset's historical cost.

De-recognition and Disposal

The carrying amount of an item of property, plant and equipment (or component), shall be derecognised and removed from the Balance Sheet:

- on disposal.
- when no future economic benefit or service potential are expected from its use or disposal.

Where capital expenditure is incurred on the replacement, renewal or enhancement of a part of a component or item of PP&E, where appropriate and necessary the carrying amount of the replaced part will be de-recognised prior to recognition of the new component.

Where it is not possible to determine the carrying amount of a replaced component the cost of the new part will be used to estimate the cost of the replaced part at the time of acquisition/construction adjusted for revaluation and impairment where necessary. In such cases the reduction for inflation (the discounting for present value) will be assumed to be 4% . The life of the new part will be used as a proxy for the life of the old one where information on the date of acquisition/construction is not available.

It should be noted that not all capital expenditure will result in de-recognition of an old component. Where internal remodelling, partitioning and fitting of existing buildings structures is carried out this should be considered separately and such expenditure added to the asset as “acquisition” on the bases of creating new, adding to or enhancing service potential. (Example: remodelling existing building layout by partitioning, installation of new fixtures and fittings to create new office space/reception desk; creation of disabled toilet where there was none previously; building an extension to existing building, installation of an additional boiler, generator, air conditioning units, extension to existing electrical circuit etc. to increase capacity).

The gain or loss arising from derecognition shall be the difference between the net disposal proceeds and the carrying amount. The gain or loss arising shall be included in the Surplus or Deficit on the Provision of Services when the item is derecognised; this also applies to component replacement or restoration.

When an asset is disposed of, the carrying amount of the asset on the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on the sale of assets. Receipts from disposals are credited to the same line and any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals, in excess of £10,000 are treated as capital receipts. The balance of receipts is credited to the Capital Receipts Reserve and can only be used for future capital investment or to reduce the Council's underlying need to borrow.

The gain or loss on the sale of assets is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement.

Charges to Revenue for Non-Current Assets

Service revenue accounts, trading accounts and central support services are charged with the following amounts to record the cost of holding non current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue, known as the Minimum Revenue Provision, to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. The Minimum Revenue Provision is a proper charge to the General Fund, but does not appear in the Comprehensive Income and Expenditure Statement, it is transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Revenue Expenditure Funded From Capital

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

Leases

The transition to IFRS necessitates the review of the existing lease arrangements and consideration of the classification and accounting treatment of leases.
Two types of leases are recognised:

Finance leases – a lease that transfers substantially all the risks and rewards incidental to ownership of an asset – whether the title may or may not eventually be transferred
Operating lease – all leases other than finance leases.

Leases Review and Classification

In the review of existing leases the Council applies the following tests:
1) Does the lease transfer ownership of the asset to the lessee by the end of the lease term?
2) Does the lessee have the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised?
3) Is the lease term is for the major part of the useful economic life of the asset?
4) Does the present value of the minimum lease payments amount to at least substantially all (determined as 85%) of the fair value of the leased asset?, and
5) Are the leased assets of such a specialised nature that only the lessee can use them without major modifications ?
An answer "yes" to the above main questions individually or in combination will usually indicate a finance lease.

If however it is clear from other features that the lease does not transfer substantially all of the risks and rewards incidental to ownership, the lease will be classified as an operating lease. The following questions, if answered positively individually or in combination will denote an operating lease:

1. Are there full repairing and insuring covenants in the lease and clauses to ensure the asset is reinstated, at the expense of the tenant, to its original condition at the end of the lease (dilapidations clauses)?
2. Does the lease provide for significant contingent rent variations during the term by reference to an open market or turnover? (e.g. market rent reviews but not if the lease were to provide for fixed increases or increases linked to a non-property)
3. Were the initial rent and other aspects of the lease set at prevailing market rates?

4. Is the lease free of contractual terms that might oblige the lessor to continue the lease at substantially less than normal market terms?
5. Can the lessee default the only grounds on which the lease would revert to the lessor?
6. If the lessee wishes to sublet or sell (or assign) their lease rights, are there terms in the lease that allow the lessor to control the key terms of the sublet / sale?

After detailed examination of the leases where the Council is the lessor it is determined that:
- the land and building element of a lease are considered separately for the purposes of lease classification;
- the land element of leases is deemed to be an operating lease
- the land of a finance lease is deemed to be ground rent and accounted for as income in the Comprehensive Income and Expenditure Statement
- the building element of finance leases is recorded on the balance sheet at nominal (residual) value to recognise the residual interest of the council in the property.
- property leases with a lease term of less than 15 years are classified as operating;

Arrangements that do not have the legal status of a lease but convey a right to use the asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Accounting for Leases

The Council as a Lessor:

Finance Leases

Where the Council grants a finance lease, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset on the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, matched by a lease (long term debtor) asset on the Balance Sheet.

Lease rentals receivable are apportioned between:
- A charge for the acquisition of the interest in the property, applied to write down the lease debtor (together with any premiums received); and
- Finance income, credited to the Financing and Investment line in the Comprehensive Income and Expenditure Statement

The gain credited to the Comprehensive income and Expenditure Statement on disposal is not permitted by statute to be charged to the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future years, this is posted to the Deferred Capital Receipts Reserve. When future rentals are received, the element for the capital receipt is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council Tax. Amounts are therefore appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Costs, including depreciation are recognised as an expense. Income from operating leases is recognised in the Comprehensive Income and Expenditure Statement. The Council leases out various properties under operating leases.

The Council as a Lessee:

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Rentals payable are apportioned between:
- finance charge (interest). The finance charge is debited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement as the rent becomes payable; and
- the reduction of the outstanding liability - the liability is written down as the rent becomes payable.

Assets recognised under finance leases are accounted for using the policies applied generally to Property items of Property Plant & Equipment, The depreciation and revaluation of assets recognised under finance leases is consistent with the policy for owned assets, subject to depreciation being charged over the shorter of the lease term and the asset's estimated useful life. After initial recognition, such assets are subject to revaluation in the same way as any other asset.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.
The Council operates a car leasing scheme for the benefit of certain employees.
The Council also has leases for such items as photocopiers, water and snack dispensers but these are not considered material to the accounts.

Investment Properties

An investment property is a property, land or a building or both, that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation is accounted for as property, plant and equipment.

Investment property shall be measured initially at cost. The cost of an investment property includes its purchase price, construction costs and directly attributable expenditure necessary to bring the asset into use.

Investment properties are subsequently measured at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment line in the Comprehensive Income and Expenditure Statement and result in a gain to the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory regulation to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for sale proceeds in excess of £10,000, to the Capital Receipts Reserve.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.
Gains or losses arising from the retirement or disposal of investment property shall be recognised in the Surplus or Deficit on the Provision of Services in the period of the retirement or disposal.

Statute and proper practice restrict the use of capital receipts, and prescribe the charges that can be made to the General Fund. Any gain or loss on derecognition of an investment property shall be reversed out of the General Fund. The General Fund shall be debited (gain) or credited (loss) with an amount equal to the gain or loss on derecognition of the investment property (excluding any costs of disposal which are a proper charges to the General Fund). Opposite entries are a credit to the Capital Receipts Reserve of an amount equal to the disposal proceeds and a debit to the Capital Adjustment Account equal to the carrying amount of the investment property (less any balance transferred from the Government Grants Deferred Account). All such entries will be reflected in the Movement in Reserves Statement.

Intangible Non Current Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. An intangible asset is measured initially at cost. After initial recognition an intangible asset may be carried at a revalued amount where its fair value can be determined by reference to an active market. Otherwise, the asset will be carried at cost less any accumulated amortisation and any accumulated impairment loss.

The depreciable amount of an intangible asset with a finite useful life is amortised on a systematic basis, over its useful life, to the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement, beginning when the intangible asset is available for use. The amortisation method used is the straight line method.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds in excess of £10,000, to the Capital Receipts Reserve.

Non - Current Assets Held For Sale And Discontinued Operations

Assets held for sale will be
- measured at the lower of carrying amount and fair value less costs to sell, and depreciation on those assets should cease, and
- presented separately, on the face of the Balance Sheet, and the results of discontinued operations will be presented separately in the Surplus or Deficit on the Provision of Services and the Balance Sheet.

Classification

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continued use.
The following criteria will have been met before an asset can be classified as held for sale under:
- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Depreciation

A non-current asset classified as held for sale shall not be depreciated (or amortised in relation to intangible assets).

Derecognition

A revaluation gain or loss not previously recognised in the carrying amount of a non-current asset by the date of sale shall be recognised in the Surplus or Deficit on the Provision of Services as part of the gain or loss on disposal at the date of derecognition. The requirements relating to derecognition including accounting for gains or losses on disposal are set out within the accounting policy relating to property, plant and equipment.

Heritage Assets

Heritage Assets are those that are held and maintained by the Council principally for their contribution to knowledge and culture. Such assets can have historical, artistic, scientific, geophysical or environmental qualities.
Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

The Council's Heritage Assets are accounted for as follows:

Themed Displays At Oliver Cromwell's House

The Council's Heritage Assets are located at Oliver Cromwell's House. These Heritage assets are held to increase the knowledge, understanding and appreciation of the House and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The carrying amounts of these heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

Where any heritage assets are disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Civic Regalia

The Civic Regalia includes the Chairman's chain of office and the Vice- Chairman's badge. These items are not reported in the Balance Sheet as the values at insurance valuation which is based on market values is below deminimus. See Note 45.

Current Assets

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works undertaken under the contract during the financial year.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Employee Benefits

Benefits Payable During Employment

Benefits payable during employment include:

1. Shorter-term employee benefits, which are those benefits that are due to be settled within 12 months after the year-end in which the employee rendered the services and include:

- wages, salaries and social security contributions.
- short-term compensated absences
- bonuses and similar payments
- paid annual leave and sick leave
- non-monetary benefits, for example cars

Short term employee benefits are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements, (or any form of leave e.g. flexi leave, time off in lieu) earned by employees but not taken before the year end and which are carried forward into the next financial year. The accrual is made at the average salary rates applicable in the accounting year, as this is at the rate the benefit is earned. The accrual is charged to the Surplus or Deficit on the Provision of Services. The accrual is not a charge against the General Fund balance and is reversed out of the General Fund balance, via the Movement in Reserves Statement, to the Accumulated Absences Account.

2. Other longer-term employee benefits which are those that do not fall due wholly within 12 months after the end of the period in that the employee rendered the services, include:

- long term compensated absences (long service or sabbatical leave)
- long-service benefits
- long-term disability benefits
- bonuses payable 12 months or more
- deferred compensation paid 12 months or more

All gains & losses and past service costs will be recognised in the Surplus or Deficit on the Provision of Services.

Termination Benefits

Termination Benefits are payable as a result of either:

1. An employer's decision to terminate an employee's employment before the normal retirement date, or
2. An employee's decision to accept voluntary redundancy in exchange for benefits.

Termination benefits shall be recognised as a liability, and only as an expense when the Council is committed to either terminate the employment of an employee before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary termination of employment.

The cost of these termination benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required, to and from the Pensions Reserve, to remove the notional debits and credits for pension enhancement termination benefits and replace them with accrued debits for the cash paid to the Pension Fund and any such amounts payable but unpaid at the year - end.

Post Employment Benefits

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

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

The overall amount to be met from Government grants and local taxation is unaffected.
The assets of the Cambridgeshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:-
- quoted securities at current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value

In assessing liabilities for retirement benefits at 31 March 2012 for the 2011/12 Statement of Accounts, the actuary was required by The Code to use a discount rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities. The actuary has advised that a rate of 4.8% is appropriate.

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

◊ current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked

◊ past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

◊ interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement

◊ expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to Financing & Investment Income & Expenditure in the Comprehensive Income and Expenditure Statement

◊ gains/losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

◊ actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve

◊ contributions paid to the Cambridgeshire pension fund - cash paid as employer's contributions to the pension fund

In relation to retirement benefits, statutory provisions require the General fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions 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 the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits
The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Financial Instruments

A financial asset or liability is recognised on the balance sheet when the Council becomes party to the contractual provisions of the instrument. This will often be the date that the contract is entered into but may be later if there are conditions that need to be satisfied.

Accounting For Financial Liabilities After Initial Recognition

Financial Liabilities
These are initially measured at fair value and carried at amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings of the Council this means that the amount presented on the Balance Sheet is the outstanding principal repayable and accrued interest, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Accounting For Financial Assets After Initial Recognition

Financial Assets
Financial assets are classified into two types:

◊ loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market
◊ available-for-sale assets - assets that have quoted market price and/or do not have determinable payments

Loans and receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

The adjustments required to the soft loans (loans for renovation of historic buildings) are immaterial, thus they have not been made and the loans are recorded at face value in the Balance Sheet under Long Term Debtors.
Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Liabilities

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Provisions

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

Provisions are charged as an expense to the appropriate service revenue account in the year that the Council becomes economic benefits will not now be required (or a lower settlement than anticipated is made), the eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Provisions are presented on the face of the Balance Sheet as either current or non-current liabilities; dependent on when it is estimated when their will be a transfer of economic benefit.

Interests in Companies and Other Entities

East Cambridgeshire District Council owns all the shares in East Cambridgeshire Business Centres Limited. All the shares are now fully paid up.
The investment is held at cost price in the Balance Sheet.
Details of the statutory investment can be found in note 30 to the core accounts.
Group Accounts have not been prepared on the basis that the figures are not material.

2 Accounting Standards issued not adopted

IFRS 7 - Financial Instruments Disclosures

For 2011/12, the only accounting policy change that needs to be reported relates to amendments to IFRS 7 Financial Instruments: Disclosures (transfers of financial assets).

The amendments are intended to allow users of financial statements to improve their understanding of transfer transactions of financial assets, including the possible effects of any risks that may remain with the entity that transferred the assets. It also includes additional disclosure requirements where there is a disproportionate amount of transfer transactions around the end of the reporting period. The effective date of the standard was 1 July 2011 but we are not required by the Code to implement this amended disclosure requirement until 1 April 2012.

At this time it is not expected that any further accounting policy will be required in respect of Financial Instruments and the disclosure of financial assets as the Council does not hold applicable assets.

3 Critical judgements in applying accounting policies

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

◊ The Government has announced a significant reduction in funding for local government over the term of this parliament which has introduced a degree of uncertainty about future levels of service provision. At the present time, the Council has identified sufficient savings over this period, however they will not be finally ratified until the budget is agreed on an annual basis.

As part of the Welfare Reform, the Government is abolishing the existing council tax benefit scheme and councils will be required to introduce their own localised scheme for council tax support. The Government will fund this scheme but at a 10% lower level than it does currently. There is uncertainty over the likely demand there will be for this new scheme and therefore the Council has set side £0.450m in the Localisation of Council Tax Support Reserve to help mitigate against an unexpected increase for this demand led service.

◊ The Council's waste and recycling contract is provided by an external contractor who provides the vehicles required for the operation of these services. The Council has treated these vehicles as an embedded lease which means that the refuse and recycling vehicles are included on the Council's Balance Sheet.

◊ The Council has elected to treat one of its properties as an investment property on the basis that it is held solely to earn rentals.

4 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot always be determined with certainty, actual results could be materially different from the assumptions and estimates

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Grant Claims Yet to be Certified	In any financial year, the Council receives a number of grants from Central Government. Most of these grants are awarded based on an agreed amount and are then subject to audit certification. However, Housing Benefit Subsidy and Council Tax Benefit Subsidy is paid on account by the DWP during the financial year which is based estimated figures at the start of the year. At the end of the financial year, the actual amount due is calculated which results in monies either owed to or from the Council by the Government department.	During 2011/12, the Council estimated that it would require £23.288m in subsidy. However, the final claim was for £24.050m and therefore the Council is owed £0.763m from the Government, which forms part of the year end debtors figure on the Balance Sheet. Because this subsidy claim is still subject to audit, there is a risk that the subsidy figures may change if , for example, the grant claim contains incorrect financial information. A 1% error in the subsidy claim figures would result in the year end debtor due to the Council being reduced to £0.523m
Pensions Liability	The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of actuaries has been appointed to provide the Council with expert advice about the assumptions to be applied to the liabilities of the Cambridgeshire County Council pension scheme which are attributable to this Council.	The effect on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.5% decrease in the discount rate assumption would result in an increase in the pensions liability of £3,614k. Alternatively a 1 year increase in the member life expectancy would result in an increase in the pension liability of £1,151k. However, it should be noted that in reality, the assumptions interact in complex ways.

5 Prior period adjustments

In the 2010/11 Accounts, the S106 contributions received from developers were treated as a short term creditor (liability) on the Balance Sheet. This treatment has been reassessed and the contributions that have no outstanding conditions on them have been transferred to an ear-marked reserve.

Contributions must be shown as liabilities on the Balance Sheet only until outstanding conditions are satisfied. Those with conditions attached to the S106 contributions are still being treated as a liability on the Balance Sheet.

The amendments required are shown below.

BALANCE SHEET	Short Term Creditors	Earmarked General Fund Reserves
	£	£
Balance Sheet at 31 March 2010	(4,605,149)	(1,742,217)
Adjustments		
S106 balance	2,410,259	(2,410,259)
Total of adjustments	2,410,259	(2,410,259)
Balance Sheet at 31 March 2010 after amendments	(2,194,890)	(4,152,476)
Balance Sheet at 31 March 2011	(3,676,041)	(2,261,305)
Adjustments		
S106 opening balance	2,410,259	(2,410,259)
S106 movement in balance	(639,136)	639,136
Total of adjustments	1,771,123	(1,771,123)
Balance Sheet at 31 March 2011 after amendments	(1,904,918)	(4,032,428)

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT		
	£	£
Total Comprehensive Income & Expenditure 2010/11		(10,507,435)
Adjustments		
Remove contributions to Net Cost of Services	594,175	
Add S106 receipts in year	(323,105)	
Capital grants & contributions	388,802	
Other gains/losses	(20,736)	
Total of IFRS adjustments		639,136
Income and Expenditure Account 2010/11 after amendments		(9,868,299)

5 **Prior period adjustments continued**

NOTE: MOVEMENT IN RESERVES STATEMENT

	Earmarked Reserves £
Balance carried forward at 31 March 2010	(1,742,217)
Adjustments	
S106 balance	(2,410,259)
Balance carried forward at 31 March 2010 after amendments	(4,152,476)

	Unusable Reserves £
Other Comprehensive Expenditure and Income	(4,835,071)
Adjustments	
S106 earmarked reserve transferred to Unusable Reserves	368,066
Other Comprehensive Expenditure and Income after amendments	(4,467,005)

	General Fund £	Earmarked Reserves £	Unusable Reserves £
Transfers to/(from) earmarked reserves	519,088	(519,088)	0
Adjustments			
To fund revenue expenditure	(594,175)	594,175	0
Received in year to reserve	323,105	(323,105)	0
To fund Capital	0	368,066	(368,066)
	(271,070)	639,136	(368,066)
Transfers to/(from) earmarked reserves after amendments	248,018	120,048	(368,066)

6 Material items of Income and Expenditure included in the Comprehensive Income & Expenditure Statement

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council. In 2010/11 the Comprehensive Income & Expenditure Account was credited with a past service gain of £ 3,813,000 under Non Distributed Costs. Further details of this are set out in Note 40 to the accounts. (2011/12, £0).

There are no material items to report for 2011/2012 that are not part of the ordinary course of business of the Council.

7 Events after the Balance Sheet Date

The Statement of Accounts was authorised by the Head of Finance on 29 June 2012. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

8 **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation**

Usable Reserves **Movements in 2011/12**	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	note
	£	£	£	£	£	£	
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement							
Amortisation of intangible assets	(59,495)			(59,495)	59,495	0	
Depreciation and impairment of non current assets	(578,236)			(578,236)	578,236	0	
Revaluation losses on Property, Plant & Equipment	(783,251)			(783,251)	783,251	0	
Movements in the market value of Investment Properties	(253,694)			(253,694)	253,694	0	
Net (loss)/gain on sale of non current assets	(21,306)	0		(21,306)	21,306	0	
Donated Assets	239,727			239,727	(239,727)	0	
Amount of non current assets written off on disposal or sale							
Movements in the Donated Assets Account				0	0	0	
Amounts treated as Revenue in accordance with the Code but which are classified as Capital expenditure by statute	(782,579)			(782,579)	782,579	0	
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement							
Statutory provision for the financing of capital investment	122,348			122,348	(122,348)	0	
Capital expenditure charged to the General Fund	0			0	0	0	
Adjustments involving the Capital Receipts Reserve							
Transfer of sale proceeds credited as part of gain/loss on disposal		(195,127)		(195,127)	195,127	0	
Contribution from the Capital Receipts Reserve towards admin. costs of non current asset disposal		10,106		10,106	(10,106)	0	
Use of the Capital Receipts Reserve to finance new capital expenditure		616,448		616,448	(616,448)	0	
Capital receipts arising other than from disposal of a non current asset transferred to Usable Capital Receipts	165,221	(178,084)		(12,863)	12,863	0	

8 **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued**

Usable Reserves **Movements in 2011/12 continued**	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	**note**
	£	£	£	£	£	£	
Contribution from Usable Capital Receipts to finance the payments to the Government Capital Receipts Pool	(4,544)	4,544		0	0	0	
Adjustments involving the Capital Grants Unapplied Account							
Capital grants and contributions unapplied credited to the CI&E Statement	418,002		318,002	736,004	(736,004)	0	
Application of grants to capital financing transferred to CAA	0		(150,383)	(150,383)	150,383	0	
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(73,526)			(73,526)	73,526	0	
Adjustments involving the Pensions Reserve							
Reversal of items relating to post employment benefits	(1,186,000)			(1,186,000)	1,186,000	0	
Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	933,000			933,000	(933,000)	0	
Adjustments involving the Collection Fund Adjustment Account							
Net amount by which Council Tax income included in CI & E Statement differs from amount taken to General Fund in accordance with regulation	(119,594)			(119,594)	119,594	0	
Adjustments involving the Accumulating Compensated Absences Adjustment Account							
Amount by which officer remuneration charged to the CI & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(20,656)			(20,656)	20,656	0	
Total adjustments	(2,004,583)	257,887	167,619	(1,579,077)	1,579,077	0	

8 **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued**

Usable Reserves Movements in 2010/11	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	note
	£	£	£	£	£	£	
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement							
Amortisation of intangible assets	(29,112)			(29,112)	29,112	0	
Depreciation and impairment of non current assets	(738,764)			(738,764)	862,171	123,407	
Revaluation losses on Property, Plant & Equipment	(264,506)			(264,506)	264,506	0	
Movements in the market value of Investment Properties	214,771			214,771	(214,771)	0	
Net (loss)/gain on sale of non current assets	1,584,996	0		1,584,996	2,004	1,587,000	
Donated Assets	120,749			120,749	(120,749)	0	
Amount of non current assets written off on disposal or sale							
Movements in the Donated Assets Account				0	0	0	
Amounts treated as Revenue in accordance with the Code but which are classified as Capital expenditure by statute	(491,908)			(491,908)	491,908	0	
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement							
Statutory provision for the financing of capital investment	114,110			114,110	(114,110)	0	
Capital expenditure charged to the General Fund	0			0	0	0	
Adjustments involving the Capital Receipts Reserve							
Transfer of sale proceeds credited as part of gain/loss on disposal		(1,587,000)		(1,587,000)	0	(1,587,000)	
Contribution from the Capital Receipts Reserve towards admin. costs of non current asset disposal				0	0	0	
Use of the Capital Receipts Reserve to finance new capital expenditure		494,660		494,660	(494,660)	0	
Capital receipts arising other than from disposal of a non current assets transferred to Usable Capital Receipts	61,869	(86,664)		(24,795)	24,795	0	

8 **Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulation - Continued**

Usable Reserves **Movements in 2010/11 continued**	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	**note**
	£	£	£	£	£	£	
Contribution from Usable Capital Receipts to finance the payments to the Government Capital Receipts Pool	(5,285)	5,285		0	0	0	
Adjustments involving the Capital Grants Unapplied Account							
Government Grants Deferred amortisation	0			0	0	0	
Reversal of Capital grants & contributions credited to the CI&E Unapplied Capital Grants to Capital Grants Unapplied Reserve	0		0	0	0	0	
Application of grants to capital financing	689,931		(12,132)	677,799	(785,290)	(107,491)	
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements				0	0	0	
Adjustments involving the Pensions Reserve							
Reversal of items relating to post employment benefits	2,347,000			2,347,000	(2,347,000)	0	
Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	994,000			994,000	(994,000)	0	
Adjustments involving the Collection Fund Adjustment Account							
Net amount by which Council Tax income included in CI & E Statement differs from amount taken to General Fund in accordance with regulation	(30,543)			(30,543)	30,543	0	
Adjustments involving the Accumulating Compensated Absences Adjustment Account							
Amount by which officer remuneration charged to the CI & E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	19,996			19,996	(19,996)	0	
Total adjustments	4,587,304	(1,173,719)	(12,132)	3,401,453	(3,385,537)	15,916	

9 Transfers to/from Earmarked Reserves

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

	As at 01.04.10 £	Transfers to Reserve £	Contributions from Reserve £	As at 31.03.11 £	Transfers to Reserve £	Contributions from Reserve £	As at 31.03.12 £	
Change Management reserve	0	(350,000)	0	(350,000)	0	0	(350,000)	a
Infrastructure reserve	(257,959)	0	150,000	(107,959)	0	107,959	0	b
District Elections reserve	(66,000)	(22,000)	0	(88,000)	(22,000)	110,000	0	c
Housing Conditions survey reserve	0	(10,000)	0	(10,000)	(10,000)	0	(20,000)	c
Virtual storage reserve	0	(13,000)	0	(13,000)	(13,000)	0	(26,000)	c
Land Charges new burdens reserve	0	(34,356)	0	(34,356)	0	0	(34,356)	d
Vehicle Replacement reserve	(11,918)	(28,500)	0	(40,418)	(29,000)	0	(69,418)	e
Planning Delivery Grant reserve	(926,492)	0	132,179	(794,313)		109,639	(684,674)	e
Management Restructure	(118,313)	0	118,313	0	0	0	0	e
Ground maintenance reserve	0	(15,006)	0	(15,006)	(58,284)	0	(73,290)	e
Asset Management reserve	(105,034)	(207,078)	0	(312,112)	(10,536)	100,993	(221,655)	f
Pension contributions reserve	(100,000)	0	0	(100,000)	0	0	(100,000)	g
Cultural & Related - Sport	(33,317)	(1,393)	21,342	(13,368)	(7,489)	13,368	(7,489)	h
Environmental	(32,147)	(44,223)	4,492	(71,878)	(165,257)	71,879	(165,256)	i
Planning & Development - Economic development	(35,661)	0	30,812	(4,849)	(14,442)	4,849	(14,442)	j
Transport	(32,376)	(19,731)	0	(52,107)	(63,078)	52,107	(63,078)	k
Housing	(23,000)	0	10,103	(12,897)	(12,825)	12,896	(12,826)	l
Corporate	0	(1,042)	0	(1,042)	(7,157)	0	(8,199)	m
Localisation of Council Tax Support reserve	0	(150,000)	0	(150,000)	(300,000)	0	(450,000)	n
Reception refurbishment reserve	0	(90,000)	0	(90,000)	0	0	(90,000)	o
S106	(2,410,259)	(323,105)	962,241	(1,771,123)	(299,800)	327,827	(1,743,096)	p
New Homes Bonus	0	0	0	0	(60,873)	0	(60,873)	q
Homelessness	0	0	0	0	(80,419)	0	(80,419)	r
Building Control	0	0	0	0	(5,998)	0	(5,998)	s
Surplus Savings reserve	0	0	0	0	(665,111)	0	(665,111)	t
	(4,152,476)	(1,309,434)	1,429,482	(4,032,428)	(1,825,269)	911,517	(4,946,180)	

9 **Transfers to/from Earmarked Reserves Continued**

Notes

(a) Reserve established to support the organisational change process of the Council.
(b) Reserve created to fund the Council's expenditure in future years to maintain and develop the infrastructure of the District.
(c) Reserve to fund specific expenditure (see individual lines) in required years.
(d) Reserve created from grant income to cover changes in legislation in relation to personal search fee income. The purpose of the reserve is to provide support to the Council towards expenditure lawfully incurred or to be incurred as a result of removal of the ability to charge fees for personal searches.
(e) Reserves created to fund expenditure on delayed projects. See individual lines
(f) Reserve to hold unused Asset Management budget so that the planned work can be funded as required.
(g) Reserve created to help fund the Council's future Pension contribution requirements due to increases in rates.
(h) Reserve to fund projects including Community sports Network and Free Swimming Programme.
(i) Reserve to fund projects including community safety, neighbourhood panels and LPSA.
(j) Reserve to fund projects including the improvement plan and community projects.
(k) Reserve to fund projects including shopmobility and Littleport Station car park.
(l) Reserve to fund projects including child protocol and Travellers sites.
(m) Reserve to fund future costs such as insurance.
(n) Reserve to fund future developments in revenues and benefits service provision including the Council's scheme for the localisation of council tax support.
(o) Reserve to fund refurbishment of reception area.
(p) Reserve to fund future projects to benefit the District. This is funded by S106 contributions and is the balance left of the Contributions received that have no outstanding conditions.
(q) Reserve created from New Homes Bonus received in 2011/12 which is to be used in 2012/13.
(r) Reserve created from grant received and overall underspends to fund the costs of homelessness.
(s) Reserve created to hold any surplus from the Building Control function to be used solely on Building Control in any year that has a deficit.
(t) Reserve created to hold the surplus savings achieved above the required targets in the 4 Year savings plan. These will be used in later years to fund the savings still required over the period of the plan.

10 Property, Plant & Equipment

Movements for 2011/2012	Other Land and buildings	Vehicles Plant and Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets under construction	Total
	£	£	£	£	£	£	£
Balance at 1 April 2011	13,982,767	4,515,731	689,927	482,721	67,147	1,162,147	20,900,440
Additions	275,632	59,489	0	90,668	0	(1,595)	424,194
Donations	0	48,073	0	121,254	0	0	169,327
Revaluation increase/(decreases) recognised in the Revaluation Reserve	235,908	0	0	0	0	0	235,908
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(626,684)	0	0	0	0	0	(626,684)
Derecognition - Disposals	0	(2,692)	0	(4,000)	0	0	(6,692)
Derecognition - Other	0	0	0	0	0	(122,103)	(122,103)
Reclassifications	0	0	0	184,350	(34,405)	(194,744)	(44,799)
Impairments	0	0	0	(156,477)	(90)	0	(156,567)
Other movements in cost or valuation	0	0	0	0	0	0	0
Balance at 31 March 2012	13,867,623	4,620,601	689,927	718,516	32,652	843,705	20,773,024
Depreciation and impairments							
Balance at 1 April 2011	(1,243,800)	(3,334,793)	(34,964)	(35,212)	(1,907)	0	(4,650,676)
Depreciation	(252,454)	(321,072)	(4,248)	0	(462)	0	(578,236)
Depreciation written out to the Revaluation Reserve	255,516	0	0	0	983	0	256,499
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2012	(1,240,738)	(3,655,865)	(39,212)	(35,212)	(1,386)	0	(4,972,413)
Balance Sheet (NBV) amount at 31 March 2012	12,626,885	964,736	650,715	683,304	31,266	843,705	15,800,611
Balance Sheet (NBV) amount at 1 April 2011	12,738,967	1,180,938	654,963	447,509	65,240	1,162,147	16,249,764
Nature of asset holding							
Owned	12,164,570	619,622	650,715	683,303	31,266	843,705	14,993,181
Finance Lease	462,315	345,114	0	1	0	0	807,430
	12,626,885	964,736	650,715	683,304	31,266	843,705	15,800,611

10 **Property, Plant & Equipment Continued**

Comparative Movements in 2010/2011

	Other Land and buildings £	Vehicles Plant and Equipment £	Infra-structure Assets £	Community Assets £	Surplus Assets £	Assets under construction £	Total £
Balance at 1 April 2010	13,535,926	4,264,685	689,926	649,057	107,149	535,822	19,782,565
Additions	33,185	301,003	0	1		626,325	960,514
Donations	0	0	0	120,749	0	0	120,749
Revaluation increase/(decreases) recognised in the Revaluation Reserve	413,245	0	0	43,859	0	0	457,104
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(13,876)	0	0	(339,443)	0	0	(353,319)
Derecognition - Disposals	0	(49,957)	0	(2,002)	(1)	0	(51,960)
Derecognition - Other	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(40,001)	0	(40,001)
Impairments	0	0	0	0	0	0	0
Other movements in cost or valuation	14,287	0	1	10,500	0	0	24,788
Balance at 31 March 2011	13,982,767	4,515,731	689,927	482,721	67,147	1,162,147	20,900,440
Depreciation and impairments							
Balance at 1 April 2010	(1,034,617)	(2,958,093)	(30,715)	(35,168)	(953)	0	(4,059,546)
Depreciation	(306,798)	(426,657)	(4,249)	(106)	(954)	0	(738,764)
Depreciation written out to the Revaluation Reserve	97,615	0	0	62	0	0	97,677
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	49,957	0	0	0	0	49,957
Reclassifications	0	0	0	0	0	0	0
Balance at 31 March 2011	(1,243,800)	(3,334,793)	(34,964)	(35,212)	(1,907)	0	(4,650,676)
Balance Sheet (NBV) amount at 31 March 2011	12,738,967	1,180,938	654,963	447,509	65,240	1,162,147	16,249,764
Balance Sheet (NBV) amount at 1 April 2010	12,501,309	1,306,592	659,211	613,889	106,196	535,822	15,723,019
Nature of asset holding							
Owned	12,369,510	693,970	654,963	447,508	65,240	1,162,147	15,393,338
Finance Lease	369,457	486,968	0	1	0	0	856,426
	12,738,967	1,180,938	654,963	447,509	65,240	1,162,147	16,249,764

10 **Property, Plant & Equipment Continued**

Depreciation is made on buildings, vehicles, equipment and intangible assets on the straight line method based on the expected remaining life. Land is not depreciated.

The useful lives of assets is estimated as:-

Class of Asset	Buildings	Plant & equipments	Vehicles	Infrastructure assets	Community assets	Intangible assets
Useful life by years	9-99	3-20	3-10	9-99	15-99	5

Capital Commitments

At 31 March 2012, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2012/13 and future years budgeted to cost £227,000. Similar commitments at 31 March 2011 were £372,000.

The major commitments are:
Reception Refurbishment – £106,000 (includes slippage carried forward from 2011/12)
Electronic Document Management, including e-Forms – £51,000
G.I.S.(Geographical Information System) - £70,000 (includes slippage carried forward from 2011/12)

Effects of changes in estimates

During the annual revaluation of 20% of the Authority's Property, Plant and Equipment in 2011/12, the remaining useful lives of those properties were reviewed as usual. As a result, the depreciation charge for the properties of £33,292 for 2011/12 was £31,467 lower than it would have been if the useful lives prior to revaluation had been used for the calculations. The impact of this change will carry forward into 2012/13 and future years.

Revaluations

The Authority carries out a rolling programme that ensures that all Property required to be measured at fair value is revalued at least every five years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:
that exchange takes place on the date of valuation and after proper marketing,
that there is a willing buyer and a willing seller, i.e. not forced or compelled,
that it is an "arm's-length" transaction, i.e. not between parties that have a particular or special relationship, e.g. parent and subsidiary companies,
and that the parties acted knowledgeably and prudently.

10 **Property, Plant & Equipment Continued**

	Other Land and buildings £	Vehicles Plant and Equipment £	Surplus Assets £	Total £
Carried at historical cost	0	929,290	0	929,290
valued at fair value as at:				
31 March 2012	1,964,224	0	9,575	1,973,799
31 March 2011	3,146,467	0	0	3,146,467
31 March 2010	6,006,123	0	21,691	6,027,814
31 March 2009	1,498,863	0	0	1,498,863
31 March 2008	0	0	0	0
assets below deminimus:				
31 March 2000	11,208	35,446	0	46,654
Total Cost or Valuation	12,626,885	964,736	31,266	13,622,887

11 **Heritage Assets**

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority

	Museum Contents £	Total Assets £
Cost or Valuation		
Balance at 1 April 2011	0	0
Additions	105,052	105,052
Disposals	0	0
Revaluations	0	0
Impairment Losses/(reversals) recognised in the Revaluation Reserve	0	0
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	0	0
Depreciation	0	0
Balance at 31 March 2012	105,052	105,052

Cost or Valuation		
Balance at 1 April 2010	0	0
Additions	0	0
Disposals	0	0
Revaluations	0	0
Impairment Losses/(reversals) recognised in the Revaluation Reserve	0	0
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	0	0
Depreciation	0	0
Balance at 31 March 2011	0	0

The Authority’s collection of themed displays is reported in the Balance Sheet at historic cost, which is also used for the insurance valuation.

These heritage assets are located at Oliver Cromwell's House and are held to increase the knowledge, understanding and appreciation of the house and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The carrying amounts of these heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.
Where any heritage assets are disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The displays are themed rooms and include a painting of Oliver Cromwell, as well as reproduction furniture, models, firearms and wall hangings.
Some of the Authority's more expensive exhibits were refurbished in 2011/12, however acquisitions are usually very small value items.
Items are not usually removed or discarded.
The displays are reviewed annually and replaced or renewed if necessary as per the 3 year Business Plan for Oliver Cromwell's House. These would be low cost items.

The collection is on display and open to the public throughout the year in the Museum.

12 Investment Properties

An investment property is defined as an asset held solely to earn rentals or for capital appreciation or both.
Property interests held under operating leases, with the Council as lessor, are also classified and accounted for as investment property if they meet these criteria.
This Council currently has one property classed as an Investment property under IFRS, which it leases out under an operating lease.
The fair value was determined by market evidence, with reference to the income potential of the units and the property condition.
The value is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.
The Council's current valuers are Wilks, Head & Eve, Newlands House, 40 Berners Street, London, W1T 3NA.

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

	2011/2012	2010/2011
	£	£
Rental income from investment property	(16,033)	(16,000)
Direct operating expenses arising from investment property	8,438	8,320
Net (gain)/loss	(7,595)	(7,680)

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

The following table summarises the movement in the fair value of investment properties over the year.

	2011/2012	2010/2011
	£	£
Balance at Start of year	376,771	162,000
Additions		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
Net gains/losses from fair value adjustments	(253,694)	214,771
Disposals	0	0
Impairments	0	0
Balance at End of Year	123,077	376,771

13 Intangible Assets (software licences)

The Authority accounts for its software licences as intangible assets, to the extent that the licence is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licences not internally generated software.
All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £59,495 charged to revenue in 2011/12 was charged mainly to the IT Administration and Customer Services cost centres and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.
It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

	2011/2012			2010/2011		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
	£	£	£	£	£	£
Balance at start of year	231,955	(167,529)	64,426	163,095	(138,417)	24,678
Amortisation in year	0	(59,495)	(59,495)	0	(29,112)	(29,112)
Additions (purchases)	152,900	0	152,900	68,860	0	68,860
Disposals	0	0	0	0	0	0
Balance at end of year	384,855	(227,024)	157,831	231,955	(167,529)	64,426

14 Financial Instruments

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
These include borrowing, investments and loans, debtors and creditors.
Long term borrowing would be held at amortised cost. However there is no borrowing in this year's Accounts.
Short term borrowing is held at amortised cost.
Investments are held in the Balance Sheet at carrying value as there is deemed to be no risk of loss for these investments.
The borrowings and investments disclosed in the Balance Sheet are made up of the following categories:-

	Long Term			Current		
	As at 31.03.12 £000	As at 31.03.11 £000	Restated As at 31.03.10 £000	As at 31.03.12 £000	As at 31.03.11 £000	Restated As at 31.03.10 £000
Investments:						
Loans & Receivables	0	0	0	9,381	8,149	5,764
Financial assets carried at fair value through profit & loss	0	0	0	0	0	0
Total investments	0	0	0	9,381	8,149	5,764
Debtors:						
Loans & Investments	177	283	273			
Financial assets carried at contract amounts				2,082	1,079	1,007
Total debtors	177	283	273	2,082	1,079	1,007

14 Financial Instruments Continued

	Long Term			Current		
	As at 31.03.12 £000	As at 31.03.11 £000	31.03.10 £000	As at 31.03.12 £000	As at 31.03.11 £000	31.03.10 £000
Borrowings:						
Financial liabilities at amortised cost	0	0	0	0	0	0
Financial liabilities at fair value through profit & loss	0	0	0	0	0	0
Total borrowings	0	0	0	0	0	0
Other Long Term Liabilities:						
Finance lease liabilities	259	390	512			
Total other long term liabilities	259	390	512			
Creditors:						
Financial liabilities at amortised cost	90	136	167	0	0	0
Financial liabilities at contract amount				1,187	1,451	1,793
Total creditors	90	136	167	1,187	1,451	1,793

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

◊ There were no long or short term borrowings at the year end so no estimated rates were needed.
◊ No early repayment or impairment is recognised
◊ Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
◊ The fair value of trade and other receivables is taken to be the invoiced or billed amount
◊ NB Available for sale assets relating to the long term investment in East Cambridgeshire Business Centres Limited (see note 30 for more detail) is no longer shown within Financial Instruments as per 'the Code'.

Financial Instruments at Fair Value and Amortised Cost

	31 March 2012		31 March 2011		31 March 2010	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	1,536	1,536	1,985	1,985	2,472	2,472
Loans and receivables	11,640	11,640	9,511	9,511	7,044	7,044

14 **Financial Instruments continued**

Financial Instruments gains and losses

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

	Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost £000	Loans & receivables £000	Available for sale assets £000	Total £000
Interest payable and similar charges	34	0	0	34
Impairment losses	0	(74)	0	(74)
Interest and investment income	0	155	0	155
Net gain/(loss) for the year	34	81	0	115

15 **Inventories**

These have been valued for balance sheet purposes at the lower of cost or net realisable value. These include items such as Trading stock and refuse sacks.
An analysis of the figures has not been provided as they are not considered material to the accounts.

16 **Debtors**

Amounts falling due within one year	As at 31.03.12 Gross £	As at 31.03.12 Bad Debt Provision £	As at 31.03.12 Net £	As at 31.03.11 Gross £	As at 31.03.11 Bad Debt Provision £	As at 31.03.11 Net £	As at 31.03.10 Net £
Central Government Bodies	841,133	0	841,133	902,455	0	902,455	2,792,141
Other Local Authorities	1,021,619	0	1,021,619	216,794	0	216,794	70,275
NHS Bodies	0	0	0	0	0	0	0
Public corporations and trading funds	0	0	0	0	0	0	0
Other entities and individuals:							
Council tax payers	416,818	(177,003)	239,815	395,422	(157,973)	237,449	227,014
Rent Allowance overpayments	657,735	(368,110)	289,625	563,339	(313,718)	249,621	214,909
Sundry debtors	808,341	(36,850)	771,491	1,087,517	(39,270)	1,048,247	1,018,024
Total	3,745,646	(581,963)	3,163,683	3,165,527	(510,961)	2,654,566	4,322,363

17 Cash and Cash Equivalents

	31.03.12	Movement 2011/2012	31.03.11 Restated	Movement 2010/2011	31.03.10 Restated
	£	£	£	£	£
Short term investments repayable on notice	6,903,068	(1,245,994)	8,149,062	6,596,260	1,552,802
Cash (overdrawn) or in hand at bank	(525,259)	(312,895)	(212,364)	240,743	(453,107)
	6,377,809	(1,558,889)	7,936,698	6,837,003	1,099,695

18 Assets held for sale

	2011/2012	2010/2011
Current	£	£
Balance outstanding at start of year	40,000	0
Assets newly classified as held for sale:		
Property, Plant and Equipment	33,422	40,001
Other assets/liabilities in disposal groups	0	0
Revaluation losses	0	0
Revaluation gains	4,110	0
Impairment losses	0	0
Assets declassified as held for sale:		
Property, Plant and Equipment	0	0
Other assets/liabilities in disposal groups	0	0
Assets sold	(77,532)	(1)
Transfers from non-current to current	0	0
Other movements	0	0
Balance outstanding at year-end	0	40,000

19 Creditors

	As at 31.03.12	Restated As at 31.03.11	Restated As at 31.03.10
Amounts falling due within one year	£	£	£
Other Local Authorities	351,708	326,431	775,939
Central Government Bodies	203,289	33,588	4,786
NHS Bodies	0	0	0
Public corporations and trading funds	0	0	0
Other entities and individuals:			
Council tax payers	10,540	8,868	16,721
NNDR payers	8,021	1,177	517
Receipts in Advance	112,625	118,459	198,836
Section 106 agreements	1,907,581	561,851	536,283
Sundry creditors	722,479	854,544	661,808
Total	3,316,243	1,904,918	2,194,890

20 **Provisions**

	As at 31.03.12	Net movement in year	As at 31.03.11	Net movement in year	As at 31.03.10	
	£	£	£	£	£	Note
Maintenance of amenity areas	(37,398)	663	(38,061)	4,061	(42,122)	(a)
Sport, recreation, etc grants	(4,437)	(4,437)	0	1,001	(1,001)	(b)
Historic building grants	(14,150)	3,258	(17,408)	16,877	(34,285)	(b)
	(55,985)	(516)	(55,469)	21,939	(77,408)	

Notes
(a) Amounts received which are used to fund the maintenance of amenity areas over a period of 15 years.
(b) Grants committed by Committee which will be paid out over the next 2 years.

21 **Usable Reserves**

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 8.

22 **Unusable Reserves**

	As at 31.03.12	Restated As at 31.03.11	Restated As at 31.03.10
	£	£	£
Revaluation Reserve	(4,584,269)	(4,028,350)	(3,629,535)
Capital Adjustment Account	(12,113,241)	(13,091,202)	(12,554,643)
Deferred capital receipts	(249,226)	(207,722)	(127,223)
Pensions reserve	15,923,000	12,750,000	20,370,000
Accumulated Absences Account	103,397	82,741	102,737
Financial Instruments Adjustment Account	73,526	0	0
Collection Fund Adjustment Account	110,416	(9,178)	(39,721)
	(736,397)	(4,503,711)	4,121,615

Revaluation Reserve

The revaluation reserve records unrealised revaluation gains arising since 1 April 2007 from the holding of property, plant, equipment and intangible assets.

	2011/2012		2010/2011	
	£	£	£	£
Opening balance 1 April		(4,028,350)		(3,629,535)
Upward revaluation of assets	(872,457)		(599,243)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	193,452		117,322	
		(679,005)		(481,921)
Difference between Current Value Depreciation and Historic Depreciation	57,009		83,106	
Accumulated gains on assets sold or scrapped	66,077		0	
		123,086		83,106
Balance at 31 March		(4,584,269)		(4,028,350)

22 **Unusable Reserves Continued**

Capital adjustment account:

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2011/2012		2010/2011	
	£	£	£	£
Opening Balance at 1 April		(13,091,202)		(12,554,643)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:-				
Depreciation	578,236		738,764	
Impairment	0		0	
Revaluation losses	1,036,945		49,735	
Donated assets	(239,727)		(120,749)	
Amortisation of intangible assets	59,495		29,112	
Revenue expenditure funded from capital under statute (funded by capital receipts)	327,478		491,908	
Revenue expenditure funded from capital under statute (funded by grants)	455,101		439,735	
Other transactions	0		5,833	
Carrying value of non current assets disposed of	206,327		2,004	
		2,423,855		1,636,342
Adjusting amounts written out of the Revaluation Reserve		(34,273)		(91,941)
Net written out amount of the cost of non-current assets consumed in the year		2,389,582		1,544,401
Capital financing applied in the year:-				
Use of the Capital Receipts Reserve to finance new capital expenditure	(616,448)		(494,659)	
Capital grants and contributions credited to the CI&E Statement that have been applied to capital financing	(416,862)		(852,162)	
Capital grants and contributions used to fund REFCUS	0		(439,735)	
Application of grants to capital financing from the Capital Grants Unapplied Reserve	(168,603)		(180,294)	
Statutory provision for the financing of capital investment charged against the General Fund	0		0	
Capital expenditure charges against the General Fund	(87,360)		0	
MRP	(122,348)		(114,110)	
Movement in the Donated Assets Account credited to the CI&E Statement	0		0	
		(1,411,621)		(2,080,960)
Balance at 31 March		(12,113,241)		(13,091,202)

22 **Unusable Reserves Continued**

Pensions Reserve

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

	2011/2012	2010/2011
	£	£
Balance at beginning of year	12,750,000	20,370,000
Actuarial gains or losses on pension assets and liabilities	2,920,000	(4,279,000)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E Statement	1,186,000	(2,347,000)
Employer's pensions contributions and direct payments to pensioners payable in the year	(933,000)	(994,000)
Balance at end of year	15,923,000	12,750,000

Deferred Capital Receipts Reserve

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

	2011/2012	2010/2011
	£	£
Balance at beginning of year	(207,722)	(127,223)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	(54,368)	(105,293)
Transfer to the Capital Receipts Reserve upon receipt of cash	12,864	24,794
Balance at end of year	(249,226)	(207,722)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CI&E Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2011/2012	2010/2011
	£	£
Balance at beginning of year	(9,178)	(39,721)
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	119,594	30,543
Balance at end of year	110,416	(9,178)

22 **Unusable Reserves Continued**

Accumulated Absences Account

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

	2011/2012		2010/2011	
	£	£	£	£
Balance at beginning of year		82,741		102,737
Settlement or cancellation of accrual made at the end of the preceding year	(82,741)		(102,737)	
Amounts accrued at the end of the current year	103,397		82,741	
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		20,656		(19,996)
Balance at end of year		103,397		82,741

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses this account to hold the balance of the difference between the full value of its soft loans and the adjusted current fair value.

	2011/2012	2010/2011
	£	£
Balance at beginning of year	0	0
Amount of interest loss due to recognition of soft loans	78,775	0
Reverse of notional interest for the year	(5,249)	0
Balance at end of year	73,526	0

23 Cash Flow statement - adjust the Net Surplus/deficit on the Provision of services for Non Cash Movements

	2011/2012 £	2010/2011 Restated £
Depreciation	578,236	738,764
Impairment and downward valuations	783,251	264,506
Amortisation	59,495	29,112
Impairment losses on Loans & advances debited to surplus or deficit on the provision of services in year	0	0
Reductions in fair value of non PWLB Concessionary Loans	0	0
Material Impairment losses on Investments debited to surplus or deficit on the provision of services in year	0	0
Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	0	0
Adjustment for internal interest charged	0	0
Losses or Gains on derecognition of loans & advances in year	0	0
Reductions in fair value of Soft Loans (non Subsidiary) made in the year	78,775	0
Soft Loans (non Subsidiary)-Interest adjustment credited to I+E Account during year	(5,249)	0
Adjustments for effective interest rates	0	0
Increase/decrease in provision for impairments/doubtful debts re: Loans & Advances	0	0
Financial Guarantee Adjustments	0	0
Net PFI Debtor Adjustments	0	0
Increase/Decrease in Interest Creditors	0	0
Increase/Decrease in Creditors	935,532	(214,696)
Increase/Decrease in Interest and Dividend Debtors	(6,114)	217,166
Increase/Decrease in Debtors	(225,267)	1,868,028
Increase/Decrease in Inventories	(81)	6,254
Movement in Pension Liability	253,000	(3,341,000)
Contributions to/(from) Provisions	516	(21,939)
Unwinding the Discount on Deferred Receipts	0	0
Provision for Equal Pay	0	0
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	206,327	2,003
Issuing of Council Mortgages relating to deferred capital receipts	0	(105,293)
Donated Assets	(239,727)	0
Movement in Investment Property Values	253,694	(214,771)
	2,672,388	(771,866)

24 **Cash Flow statement - Operating Activities**

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2011/2012 £	Restated 2010/2011 £
Capital Grants credited to surplus or deficit on the provision of services	(418,002)	(418,793)
Net adjustment from the sale of short and long term investments	0	0
Premiums or Discounts on the repayment of financial liabilities	0	0
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(239,389)	(1,590,278)
	(657,391)	(2,009,071)
Operating activities within the cashflow statement include the following cash flows relating to interest		
Ordinary interest received	160,172	141,226
Soft Loans (non Subsidiary)-Interest adjustment credited to Surplus/Deficit on the Provision of Services during year	(5,249)	0
Other adjustments for differences between Effective Interest Rates and actual interest receivable-Long Term Debtors	0	0
Other adjustments for differences between Effective Interest Rates and actual interest receivable-Investments	0	0
Interest received on cash backed funds/reserves	0	0
Unwinding Discounts	0	0
Opening Debtor	3,426	213,740
Closing Debtor	(9,540)	(3,426)
Total Interest Received	148,809	351,540
Interest charge for the year	32,548	40,786
Concessionary Loans -Interest adjustment debited to Surplus/Deficit on the Provision of Services during year during year	0	0
Adjustments for differences between Effective Interest Rates and actual interest payable	0	0
Adjustment for impairment losses on Loans & advances debited to Interest Payable in I&E Account in year	0	0
Adjustment for impairment losses on Long & Short Term Investments charged to Interest Payable	0	0
Adjustment for net loss recycled from Available for Sale Reserve following impairment of Available for Sale Investments	0	0
Adjustment for internal interest charged to balance sheet funds	0	0
Opening Creditor	0	0
Closing Creditor	0	0
Total Interest Paid	32,548	40,786
Dividends Received	0	0
Opening Debtor	0	0
Closing Debtor	0	0
Dividends Received	0	0

25 Cash Flow statement - Investing Activities

	2011/2012		2010/2011 Restated	
	£		£	
Property, Plant and Equipment Purchased	(506,695)		(1,029,374)	
Purchase of Investment Properties	0			
Other Capital Payments	0			
PFI-payments re: build up of Estimated Residual Value	0		0	
Add back new Finance Leases (non cash flow item)	0		0	
Add back PFI assets (non cash flow item)	0		0	
Opening Capital Creditors	(103,085)		(139,152)	
Closing Capital Creditors	242,358		101,740	
Purchase of Property, Plant and Equipment, investment property and intangible assets		(367,422)		(1,066,786)
Purchase of short term investments	(3,000,000)		0	
Purchase of long term investments	0		0	
Purchase of Investments in Associates or Joint Ventures	0		0	
Purchase of Investments in Subsidiaries	0		0	
Purchase of short and long term investments		(3,000,000)		0
Long term loans granted	0		0	
Capital Grants Repaid	0		0	
Other payments for Investing Activities		0		0
Proceeds from the sale of property plant and equipment, investment property and intangible assets		197,885		1,611,794
Proceeds from the sale of short term investments	0		4,000,000	
Proceeds from long term investments	0		0	
Sale of Investments in Associates or Joint Ventures	0		0	
Sale of Investments in Subsidiaries	0		0	
Proceeds from short-term and long-term investments		0		4,000,000
Other capital cash receipts	310,446		(225,069)	
Capital Grants Received	418,002		418,793	
Other Receipts from Investing Activities		728,448		193,724
Total Cash Flows from Investing Activities		(2,441,089)		4,738,732

26 Cash Flow statement - Financing Activities

	2011/2012 £	Restated 2010/2011 £
Cash receipts of short and long term borrowing	0	0
Billing Authorities - Council Tax and NNDR adjustments	(316,119)	26,301
Precepting Authorities Only - Appropriation to/from Collection Fund Adjustment Account	119,594	(30,543)
Repayment of Short-Term and Long-Term Borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(122,348)	(114,110)
Total Cash Flows from Financing Activities	(318,873)	(118,352)

27 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Committees on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

Charges are made in relation to capital depreciation (whereas revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
The income and expenditure of the Authority's principal committees recorded in the budget reports for the year is as follows:

Service Income and Expenditure

2011/2012	Note A	Community & Environment	Development & Transport	Personnel & Corporate	Total
		£	£	£	£
Fees, charges & other service income		(789,329)	(3,834,652)	(5,791,652)	(10,415,633)
Government grants		(4,227)	(24,121)	(24,729,641)	(24,757,989)
Total Income		(793,556)	(3,858,773)	(30,521,293)	(35,173,622)
Employee expenses		1,327,144	1,749,640	3,100,696	6,177,480
Other service expenses		4,406,152	2,113,520	30,015,465	36,535,137
Support service recharges		1,111,315	975,683	1,707,831	3,794,829
Total Expenditure		6,844,611	4,838,843	34,823,992	46,507,446
Net Expenditure		6,051,055	980,070	4,302,699	11,333,824

2010/2011	Community Services	Environment & Transport	Personnel	Strategic Development	Policy & Resources	Total
	£	£	£	£	£	£
Fees, charges & other service income	(1,598,663)	(308,070)	(5,626)	(1,631,857)	(6,097,454)	(9,641,670)
Government grants	(15,554)	(206,229)	(421)	(485,891)	(22,779,124)	(23,487,219)
Total Income	(1,614,217)	(514,299)	(6,047)	(2,117,748)	(28,876,578)	(33,128,889)
Employee expenses	817,325	975,038	192,821	1,610,932	3,137,241	6,733,357
Other service expenses	2,265,123	3,087,489	2,104	1,648,919	23,797,271	30,800,906
Support service recharges	626,276	779,584	28,086	918,280	2,181,067	4,533,293
Total Expenditure	3,708,724	4,842,111	223,011	4,178,131	29,115,579	42,067,556
Net Expenditure	2,094,507	4,327,812	216,964	2,060,383	239,001	8,938,667

Note A:- The Council reorganised its Committee Structure in 2011/12. The above shows the breakdown as reported to Committees in 2010/11 and the breakdown for 2011/12 reflects the new reporting structure.

27 Amounts Reported for Resource Allocation Decisions Continued

Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

	2011/2012	2010/2011
	£	£
Cost of Services in Service Analysis - by Committee	11,333,824	8,938,667
Add services not included in the Analysis	0	0
Add amounts not reported to management	1,294,940	(3,214,863)
Remove amounts reported to management not included in the Comprehensive Income & Expenditure Statement	(2,361,741)	1,754,034
Net Cost of Services in the Comprehensive Income & Expenditure Statement	10,267,023	7,477,838

Reconciliation to Subjective Analysis

2011/2012	Service Analysis	Services not in analysis	Not reported to management	Not included in CI&E	Allocation of recharges	Net Cost of Services	Corporate Amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(10,255,461)	0	1,147,424	(162,459)	3,837,215	(5,433,281)	246,099	(5,187,182)
Interest and investment income	(160,172)	0	0	160,172	0	0	(160,172)	(160,172)
Income from council tax	0	0	0	0	0	0	(5,588,260)	(5,588,260)
Government grants and contributions	(24,757,989)	0	(73,758)	638,391	0	(24,193,356)	(6,313,371)	(30,506,727)
Total Income	(35,173,622)	0 0	1,073,666 0	636,104	3,837,215	(29,626,637)	(11,815,704)	(41,442,341)
Employee expenses	6,177,480	0	(29,883)	(82,711)	(2,023)	6,062,863	405,000	6,467,863
Other service expenses	34,473,854	0	251,157	(2,528,527)	(40,363)	32,156,121	0	32,156,121
Support Service recharges	3,794,829	0	0	0	(3,794,829)	0	0	0
Depreciation, amortisation and impairment	1,674,676	0	0	0	0	1,674,676	0	1,674,676
Interest Payments	32,548	0	0	(32,548)	0	0	32,548	32,548
Precepts & Levies	332,753	0	0	(332,753)	0	0	1,899,207	1,899,207
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	4,544	4,544
Gain/Loss on Disposal of Non Current Assets	21,306	0	0	(21,306)	0	0	21,306	21,306
Total expenditure	46,507,446	0	221,274	(2,997,845)	(3,837,215)	39,893,660	2,362,605	42,256,265
Surplus or deficit on the provision of services	11,333,824	0	1,294,940	(2,361,741)	0	10,267,023	(9,453,099)	813,924

27 **Amounts Reported for Resource Allocation Decisions Continued**

Reconciliation to Subjective Analysis

2010/2011	Service Analysis	Services not in analysis	Not reported to management	Not included in CI&E	Allocation of recharges	Net Cost of Services	Corporate Amounts	Total
	£	£	£	£	£	£	£	£
Fees, charges & other service income	(9,500,444)	0	(67,207)	1,010,784	4,578,052	(3,978,815)	(128,705)	(4,107,520)
Interest and investment income	(141,226)	0	0	141,226	0	0	(141,226)	(141,226)
Income from council tax	0	0	0	0	0	0	(5,442,669)	(5,442,669)
Government grants and contributions	(23,487,219)	0	(181)	69,590	0	(23,417,810)	(7,616,705)	(31,034,515)
Total Income	(33,128,889)	0 0	(67,388) 0	1,221,600	4,578,052	(27,396,625)	(13,329,305)	(40,725,930)
Employee expenses	6,733,357	0	(3,846,977)	(86,605)	0	2,799,775	579,000	3,378,775
Other service expenses	30,865,569	0	817,489	(601,413)	(39,339)	31,042,306	8,430	31,050,736
Support Service recharges	4,533,293	0	5,420	0	(4,538,713)	0	0	0
Depreciation, amortisation and impairment	1,155,789	0	(123,407)	0	0	1,032,382	0	1,032,382
Interest Payments	40,786	0	0	(40,786)	0	0	40,786	40,786
Precepts & Levies	323,758	0	0	(323,758)	0	0	1,790,470	1,790,470
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	5,285	5,285
Gain or Loss on Disposal of Non Current Ass	(1,584,996)	0	0	1,584,996	0	0	(1,584,996)	(1,584,996)
Total expenditure	42,067,556	0	(3,147,475)	532,434	(4,578,052)	34,874,463	838,975	35,713,438
Surplus or deficit on the provision of servi	8,938,667	0	(3,214,863)	1,754,034	0	7,477,838	(12,490,330)	(5,012,492)

28 **Acquired/Discontinued Operations**

There were no acquired or discontinued operations during the year.

29 Trading operations

The Council owns Ely market rights, and also owns a number of industrial sites in the District. Operation of The Maltings public hall was contracted out with effect from November 1994. The profits (or losses) on these trading operations were as follows:

	2011/2012		2010/2011	
	Turnover	Profit (loss)	Turnover	Profit (loss)
	£	£	£	£
Ely Markets	159,759	52,084	146,503	18,443
Business Units	35,578	(2,107)	26,483	(14,201)
Maltings Hall	15,627	(680,541)	42,297	(52,017)
Total	210,964	(630,564)	215,283	(47,775)

Ely Markets has made an increased surplus as a result of increased income and reduced Support Service charges.
The reduced deficit on the Business units was mainly due to an increase in income .
Maltings increased deficit was because of increased expenditure on maintenance and charges for depreciation of assets. Also there was a reduction in income.

30 Agency services

The Council undertakes grass cutting in Ely as agents for Cambridgeshire County Council. The County Council reimburses the District Council for the cost of this work, subject to a cash limit, and makes a contribution towards administrative costs. In 2011/2012 the County Council contributed £4,491 (2010/2011 £5,988)

The Council agreed to undertake grass cutting for the Sanctuary Group beginning in February 2010. Sanctuary reimburse the Council for the total cost of the work. The reimbursement for 2011/2012 was £184,010 (2010/2011 £162,598).

31 Members Allowances

The Authority paid the following amounts to members of the council during the year.

	2011/2012	2010/2011
	£	£
Allowances	196,072	234,460
Expenses	12,814	13,415
	208,886	247,875

Information regarding Members Allowances is published annually in the local press. Further details are available from the Head of Finance.

32 Officers' Remuneration

There were no Senior Officers whose salary was over £150,000.

The following table sets out the remuneration disclosures for Senior Officers whose salary is £50,000 or more.

Remuneration for 2011/2012

Post title	Notes	2011/2012						2010/2011					
		Salary (Including fees & Allowances	Expense Allowances	Benefits in kind (eg car allowances)	Compensation for loss of office	Employers pension contribution	Total remuneration incl. pension contribution	Salary (Including fees & Allowances	Expense Allowances	Benefits in kind (eg car allowances)	Compensation for loss of office	Employers pension contribution	Total remuneration incl. pension contribution
		£	£	£	£	£	£	£	£	£	£	£	£
Chief Executive		124,605	676	7,970	0	24,298	157,549	124,605	786	8,676	0	24,298	158,365
Deputy Chief Executive		97,403	626	9,899	0	18,994	126,922	97,403	646	9,608	0	18,994	126,651
Executive Director (Dev.)	Note 1	0	0	0	0	0	0	8,197	0	577	0	1,598	10,372
Heads of Services:-													
Finance		64,083	291	0	0	12,496	76,870	62,559	169	0	0	12,199	74,927
Legal & Democratic		60,428	687	0	0	11,783	72,898	59,162	154	0	0	11,537	70,853
HR & Facilities	Note 2	28,802	16	0	0	9,409	38,227	51,645	26	0	0	10,071	61,742
Planning		65,610	1,308	0	0	12,794	79,712	64,083	1,418	0	0	12,496	77,997
Environmental		67,137	127	1,676	0	13,092	82,032	65,610	219	1,622	0	12,794	80,245
Policy & Performance	Note 3	0	0	0	0	0	0	50,061	302	0	47,818	9,762	107,943
Community		65,610	174	0	0	12,794	78,578	64,083	137	0	0	12,496	76,716
Housing		53,954	0	0	0	10,521	64,475	52,905	0	0	0	10,316	63,221
ICT & Customer Services		51,645	0	1,063	0	10,071	62,779	49,499	0	3,212	0	9,652	62,363

Note 1: The Executive Director (Dev) left on 2 May 2010. The annualised salary for 2010/11 was £92,403.
Note 2: The Head of HR & Facilities was on maternity leave for part of the year. The annualised salary for 2011/12 was £52,905.
Note 3: Head of Policy & Performance left on 11 March 2011. The annualised salary for 2010/11 was £52,905.

There were no other employees whose remuneration (excluding employers pension contributions) was above £50,000.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) Exit package cost band (incl. special payments)		(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b) + (c)]		(e) Total cost of exit packages in each band	
		2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11 £000's	2011/12 £000's
£0 – £20,000		6	0	1	2	7	2	130	10

33 External Audit Costs

The following fees relating to external audit and inspection were incurred:-	2011/2012	2010/2011
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	83,472	106,612
Fees payable to the Audit Commission in respect of statutory inspection	0	0
Fees payable to the Audit Commission for the certification of grant claims and returns	17,991	36,975
Fees payable in respect of other services provided by the appointed auditor	0	0
	101,463	143,587

34 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12.

	2011/2012		2010/2011	
Credited to Taxation and Non Specific Grant Income	£	£	£	£
Council Tax Income		(5,588,260)		(5,442,669)
Non Domestic Rates		(4,271,123)		(5,898,492)
Non Ringfenced Government Grants:				
Revenue Support Grant	(1,320,217)		(856,516)	
Area Based Grant	0		(35,234)	
Local services support grant	(67,270)		0	
Council Tax Freeze Grant	(100,166)		0	
New Homes Bonus	(440,955)		0	
Other Government Grants	(30,000)		(34,356)	
		(1,958,608)		(926,106)
Capital Grants & Contributions:				
Sanctuary Hereward	0		(81,443)	
Improvement East	(83,640)		0	
Littleport Empty Properties	0		(189,071)	
Housing growth Fund	0		(161,665)	
Cambs Horizons	0		(150,125)	
Cambridgeshire County Council	0		(40,432)	
Other grants	0		(67,195)	
Other contributions	0		0	
		(83,640)		(689,931)
Total		(11,901,631)		(12,957,198)

34 Grant Income Continued

Credited to Services	2011/2012 £	2010/2011 £
Benefits	(24,097,601)	(22,700,854)
Littleport Flood Risk	0	(141,347)
Dept for Transport	0	(64,882)
Cambridgeshire Horizons	21	(411,560)
Section 106	(382,253)	(375,673)
LPSA	(120,000)	(109,943)
Other grants	(450,317)	(743,970)
Total	(25,050,150)	(24,548,229)

The Authority receives grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balance at the year-end of contributions with conditions was £1,907,581 (2010/11 £561,851)

35 **Related Parties**

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to 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 Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 27 on reporting for resources allocation decisions.

Members

Members of the council have direct control over the council's financial and operating policies.
The total of members' allowances paid in 2011/12 is shown in Note 31.

The Council entered into a contract to sell an asset for £45k to 2 members in full compliance with the council's standing orders. The members were not on the committee that made the decisions and therefore did not take part in any discussions.
There were no other known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.
See note 34 for Grants received and notes 16 and 19 for Other Local Authority Debtors and Creditors figures.

Entities Controlled or Significantly Influenced by the Authority

The Council fully owns East Cambridgeshire Business Centres Limited.
The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs of the businesses as it saves them having to purchase equipment and provides meeting/training rooms.
The workspaces are let on a short term basis to allow them to expand or contract as necessary without being locked into a long term tenancy agreement.
Group Accounts have not been produced as the figures are not material to the overall accounts of the Council.
The net assets of the company at 31 March 2012 were £459,328 (31 March 2011 £501,193)
The company made a deficit of £41,865 before tax in the year (2010/2011 deficit £4,077)
Copies of the accounts for East Cambridgeshire Business Centres Limited can be obtained from:-

The Grange
Nutholt Lane
Ely Cambs
CB7 4EE

The Council became a partner in the Anglia Revenue Partnership on 13 October 2010. A payment is made into the partnership which is not an entity in itself.
This payment is included in the service costs in the CI&E Account.
The other partners are Forest Heath District Council, Breckland District Council and St Edmundsbury Borough Council

36 Capital expenditure and financing

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

	2011/2012	2010/2011
	£	£
Opening Capital Financing Requirement	371,966	486,076
Capital investment		
Property, Plant & Equipment	424,194	960,514
Investment Properties, Intangible and Assets held for sale	82,500	68,861
Revenue expenditure funded from Capital under statute	782,579	931,643
Sources of finance		
Capital receipts	(616,447)	(494,660)
Government grants and other contributions	(667,686)	(1,451,367)
Sums set aside from revenue: re. finance leases below	(122,348)	(114,110)
other incl. minor land sales	(5,140)	(14,991)
Closing Capital Financing Requirement	249,618	371,966
Explanation of movements in the year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	0	0
Assets acquired under finance leases	(122,348)	(114,110)
Increase/(decrease) in Capital Financing Requirement	(122,348)	(114,110)

	2011/2012	2010/2011
	£	£
The sources of finance for capital expenditure were:		
Government Grants and other contributions	667,686	1,451,367
General Fund	122,348	114,110
Useable capital receipts	616,447	494,660
Total source of finance	1,406,481	2,060,137
Used to fund:		
Revenue expenditure funded from capital under statute	782,579	931,643
Long term debtors	0	0
Non Current Assets	506,694	1,029,375
Total expenditure	1,289,273	1,961,018

37 Leases

Authority as Lessee

Finance Leases

The Council has effectively acquired a number of Refuse Vehicles as embedded leases within its refuse collection arrangements. Although they are not directly leased by the council the circumstances are such that the contractor has effectively allocated control of this equipment to the Council.

The assets acquired under these embedded leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31.03.12	31.03.11
	£	£
Embedded Leases Refuse Vehicles	345,114	468,521

The Authority is committed to making minimum payments under these leases through the service payment to the main contractor in settlement of the effective long-term liability for the interest in the vehicles. The minimum lease payments are made up of the following:

	31.03.12	31.03.11
Finance lease liabilities (net present value of minimum lease payments):	£	£
Current	131,182	122,348
Non Current	258,732	389,914
Minimum lease payments	389,914	512,262

The minimum lease payments will be payable over the following periods, given the nature of an embedded lease there will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability:

Minimum Lease Payments time profile	31.03.12	31.03.11
	£	£
Not later than one year	131,182	122,348
Later than one year and not later than five years	258,732	389,914
Later than five years	0	0
	389,914	512,262

37 **Leases continued**

The Council also has a number of other finance leases for public conveniences, a car park and an open space.
The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31.03.12	31.03.11
	£	£
Finance Leases Public Conveniences, Car Park, Open Space	462,316	369,458

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following:

	31.03.12	31.03.11
Finance lease liabilities:	£	£
Current	6	6
Non Current	97	103
Minimum lease payments	103	109

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently the minimum rentals is directly equal to the Finance Lease liability above.

As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

Operating Leases

The Authority has acquired the use of a number of assets by operational leasing. These relate mainly to various parcels of land. A significant number are at a peppercorn rent with the remainder at less than economic value. Leased vehicles are included from year ending 31.3.12. The future minimum lease payments on these assets are:

	31.03.12	31.03.11
	£	£
Not later than one year	30,052	3,636
Later than one year and not later than five years	42,205	9,292
Later than five years	23,950	25,835
	96,207	38,763

There have been no sublets or rent reviews. Consequently all payments equal the minimum rental, excluding where RPI (Retail Price Index) is added on 2 leases, which are not material.
One lease included above expires before 31.3.13 and is currently under negotiation. As future lease payments are unknown, the above only includes lease payments up to 31.3.12. As the amounts are not significant, this will not materially affect future years' accounts.

37 **Leases continued**

The expenditure charged to the Cultural and Related, Environmental and Transport Services lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31.03.12	31.03.11
	£	£
Leasing Payments charged to Revenue	30,052	3,636

The minimum lease payments payable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Authority as Lessor

Finance Leases

The Authority has no material finance leases for property or equipment.

Operating Leases

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

- for the provision of public open space, recreation and public conveniences
- to provide for City Council offices, Registrar offices and Citizens Advice Bureau
- to encourage small businesses
- and other minor items.

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

Minimum Lease Payments time profile	31.03.12	31.03.11
	£	£
Not later than one year	77,083	113,288
Later than one year and not later than five years	95,734	369,919
Later than five years	4,522	160,057
	177,339	643,264

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2011/12 £1,250 contingent rents were receivable by the Authority (2010/11 £1,250).

38 **Impairment Losses**

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 10 and 13 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

39 **Termination Benefits including Exit Packages**

The Authority terminated the contracts of 2 employees in 2011/12, incurring liabilities of £10k (£130k in 2010/11).
Also see note 32.

40 Pensions Schemes Accounted for as Defined Contribution Schemes

The Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in the note on pensions in the Accounting Policies the Council participates in the Local Government Superannuation Scheme which is administered by the Cambridgeshire County Council's Pension Fund. In addition the Council has liabilities for discretionary pension payments outside the main scheme.

In 2011/2012 the Council paid an employer's contribution of £788,177 (2010/2011 £855,426 @ 19.5%), representing 19.5% of employees pensionable pay into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service. The contribution rate is determined by the Fund's actuary, based on triennial valuations.
The last review took place on 31 March 2010.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

In addition to the above the Council is responsible for all pension payments relating to added years' benefits it has awarded together with the related increases.
In 2011/2012, these amounted to £135,741 (2010/2011 £130,269, 2.97%), representing 3.36% of pensionable pay.
The capital cost of these discretionary increases in pensions payments agreed by the authority is:-

	2011/2012	2010/2011
Current year decisions	0	36,788
Earlier year decisions for which payments are still being made	1,236,000	1,181,000

A creditor provision has been made at 31 March 2012 for the amount due to the Pension Fund as a result of the Council agreeing for staff to receive their pensions early due to redundancy or early retirement.
The amount due for each member of staff is paid over 5 years. The creditor at 31 March 2012 is £135,380 (31 March 2011 £188,410)

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 need to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme for civilian employees, administered by Cambridgeshire County Council. This is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.

40 **Pensions Schemes Accounted for as Defined Contribution Schemes Continued**

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 that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive I & E Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

Comprehensive Income & Expenditure Statement	2011/2012 £000	2010/2011 £000
Cost of services:		
Current service cost	781	887
Past service costs/(gains)	0	(3,813)
Financing & Investment Income & Expenditure:		
Interest cost	1,935	2,241
Expected return on assets in the scheme	(1,530)	(1,662)
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	1,186	(2,347)
Other Post Employment Benefit charged to the Comprehensive I&E Statement		
Actuarial (gains)/losses	2,920	(4,279)
Total Post Employment Benefit charged to the Comprehensive I&E Statement	4,106	(6,626)
Movement in Reserves Statement		
reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(253)	3,341
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	933	994

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £2,920,000 (£4,279,000 gain 2010/11) were included in the Comprehensive I&E Statement . The cumulative amount of actuarial gains and losses recognised in the Comprehensive I&E Statement to the 31 March 2012 is a loss of £14,247,000 (31 March 2011 £11,327,000).

40 **Pensions Schemes Accounted for as Defined Contribution Schemes Continued**

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the funded scheme liabilities	2011/2012	2010/2011
	£000	£000
1 April	35,422	43,885
Current service cost	781	887
Interest cost	1,935	2,241
Contributions by scheme participants	267	296
Settlements & curtailments	0	0
Actuarial losses/(gains)	1,490	(6,596)
Past service costs/(gains)	0	(3,813)
Estimated unfunded benefits paid	(90)	(85)
Estimated benefits paid	(1,446)	(1,393)
31 March	38,359	35,422

Reconciliation of fair value of the scheme assets	2011/2012	2010/2011
	£000	£000
1 April	22,672	23,515
Expected rate of return	1,530	1,662
Contributions by scheme participants	267	296
Settlements	0	0
Employer contributions	843	909
Contributions in respect of unfunded benefits	90	85
Actuarial gains/(losses)	(1,430)	(2,317)
Unfunded benefits paid	(90)	(85)
Benefits paid	(1,446)	(1,393)
31 March	22,436	22,672

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.
The actual return on scheme assets in the year was £105,000 (£1,500,000 2010/11)

40 **Pensions Schemes Accounted for as Defined Contribution Schemes Continued**

Scheme History	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	£000	£000	£000	£000	£000
Present values of liabilities	(27,482)	(26,823)	(43,885)	(35,422)	(38,359)
Fair value of assets	21,751	17,634	23,515	22,672	22,436
Surplus/(deficit)	(5,731)	(9,189)	(20,370)	(12,750)	(15,923)
Experience gains/(losses) on liabilities	(1,805)	75	(115)	1,966	(519)
Above, as a percentage of present value of liabilities	6.57%	-0.28%	0.26%	-5.55%	1.35%
Experience gains/(losses) on assets	(2,139)	(5,654)	4,629	(2,317)	(1,430)
Above, as a percentage of fair value of assets	-9.83%	-32.06%	19.69%	-10.22%	-6.37%

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £16m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
The total contribution expected to be made to the scheme by the Council in the year to 31 March 2013 is £775,000.

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 Hymans Robertson, the independent actuaries.
Estimates for the fund are based on the latest full valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:	2011/2012	2010/2011
Long-term expected rate of return on assets in the scheme		
Equity investments	6.3%	7.5%
Bonds	3.3%	4.9%
Property	4.4%	5.5%
Other	3.5%	4.6%
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	21.0	21.0
Women	23.8	23.8
Longevity at 65 for future pensioners		
Men	22.9	22.9
Women	25.7	25.7
Rate of inflation/Pension increase	2.5%	2.8%
Rate of increase in salaries	4.8%	5.1%
Expected return on assets	5.6%	6.8%
Rate for discounting scheme liabilities	4.8%	5.5%

40 **Pensions Schemes Accounted for as Defined Contribution Schemes Continued**

The scheme's assets consist of the following categories, by proportion of the total assets held.

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	%	%	%	%	%
Equity investments	69	64	72	73	72
Bonds	13	17	15	15	14
Property	12	10	8	8	9
Other	6	9	5	4	5
	100	100	100	100	100

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

41 Contingent liabilities

There is an outstanding costs award against the Council following a planning prosecution. The possible cost is unknown but is not material.

A reserve has been created from grant income to cover changes in legislation in relation to personal search fee income. The purpose of the reserve is to provide support to the Council towards expenditure lawfully incurred or to be incurred as a result of removal of the ability to charge fees for personal searches.
The Council does not accept any liability for the reclaim of payments received and has, as yet, not had any claims.

42 Contingent Assets

There were no material contingent assets at the year end

43 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:
◊ credit risk - the possibility that other parties might fail to pay amounts due to the Authority
◊ liquidity risk - the possibility that the Authority might not have the funds available to meet its commitments to make payments
◊ market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.
There is a possible claim for failure to allegedly undertake the Council's statutory duties.

43 **Nature and Extent of Risks Arising from Financial Instruments continued**

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions that satisfy the required level of ratings at the time as notified by Sector, the Council's treasury advisors. Some institutions are limited to short term lending up to 3 months. The maximum amount that can be lent to one institution at any particular time is £3m.

In light of the above investment strategy, the Council does not consider there to be any quantifiable credit risk in relation to its investments as at 31 March 2012.

In relation to sums owed by the Council's customers and contractual debtors, prudent provision is made for bad debts based on an assessment of the risks for each type of debt and age of those debts. An analysis of the Council's potential maximum exposure to credit risk in relation to debtors is shown below.
No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers, such that £1.218m of the £3.746m (£1.022m of £2.790 2010/11) is past its due date for payment.
The past due amount can be analysed by age as follows:

	2011/2012	2010/2011
	£000	£000
Less than 3 months	93	35
3 to 6 months	187	179
6 months to 1 year	197	179
More than 1 year	741	629
	1,218	1,022

Liquidity risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. However if unexpected movements happen, the authority has ready access to borrowings from the PWLB and money markets, there is no significant risk that it will be unable to meet its commitments under financial instruments.
All financial liabilities as at 31 March 2012 are due within one year. As there are no long term liabilities there is currently no need to make a provision for repayment. Therefore, there is no current risk of having to borrow at unfavourable rates in the future to replenish borrowings.

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments, because all of its investments are at fixed rates.
The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget on a quarterly basis during the year. This allows any adverse changes to be taken into consideration. The analysis will also advise whether new borrowing taken out is fixed or variable and short term or longer.

A rise in interest rates would have the following effects:

◊ borrowings at variable rates - the interest expense charged to the Income & Expenditure Account will rise
◊ borrowings at fixed rates - the fair value of the liabilities borrowings will fall
◊ investments at variable rates - the interest income credited to the Income & Expenditure Account will rise
◊ investments at fixed rates - the fair value of the assets will fall

43 Nature and Extent of Risks Arising from Financial Instruments continued

A fall in interest rates would create the reverse effect.

If interest rates had been 1% higher with all other variables held constant, the financial effect in 2011/12 would have been a reduction in fair value of the fixed rate investments of £152,800

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.

Market risk - price
The Authority invests in shares in 1 company to provide a local service. There is no intention to sell these shares and there is no other source of valuation of them so the risk is minimal.

Market risk - foreign exchange
The Council has no financial assets or liabilities in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

44 Heritage Assets - 5 Year summary of Transactions

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	£	£	£	£	£
Cost of Acquisitions of heritage assets					
Themed displays at Oliver Cromwell House	0	1,945	0	0	840
Total cost of Purchases	0	1,945	0	0	840
Value of Heritage Assets acquired by donation	0	0	0	0	0
Total Donations	0	0	0	0	0
Disposals of Assets					
Carrying Value	0	0	0	0	0
Proceeds	0	0	0	0	0
Impairment recognised in the period	0	0	0	0	0

45 **Heritage Assets - Further Information**

The Authority's civic regalia is not included above as its insurance valuation which is based on market values is £3,200, which is below the deminimus level.
The Civic Regalia includes the Chairman's chain of office and the Vice- Chairman's badge. These items are therefore not reported in the Balance Sheet.

46 **Heritage Assets - Change in Accounting Policy required by The Code of Practice for Local Authority Accounting in the United kingdom**

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 introduced a change to the treatment in accounting for heritage assets held by the Authority. As set out in our summary of significant accounting policies, the Authority now requires heritage assets to be carried in the balance sheet at valuation.

For 2011/12 the Authority is required to change its accounting policy for heritage assets and recognise them at valuation. Previously, heritage assets were either recognised as community assets (at cost) in the property, plant and equipment classification in the Balance Sheet or were not recognised in the Balance Sheet as it was not possible to obtain cost information on the assets. Community Assets (that are now to be classified as heritage assets) that were donated to the authority were held at valuation as a proxy for historical cost. The Authority's accounting policies for recognition and measurement of heritage assets are set out in the Authority's summary of significant accounting policies (see Note xiii on page BB).

In applying the new accounting policy, the Authority has identified that the painting that was previously held as a community asset within property, plant and equipment at £10,394 should now be recognised as a heritage asset and measured at £10,500 with a corresponding increase in the Revaluation Reserve. This asset relates to a proportion of the Museum's themed displays which was previously recognised in the community assets classification of property, plant and equipment. The Authority will also recognise an additional £94,552 for the recognition of heritage assets that were not previously recognised in the Balance Sheet. Again, this increase is also recognised in the Revaluation Reserve. The 1 April 2010 and 31 March 2011 Balance Sheets and 2010/11 comparative figures have not been restated in the 2011/12 Statement of Accounts to apply the new policy as it is not material.

COLLECTION FUND ACCOUNTS 2011/2012

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

Revenue Account

	2011/2012		2010/2011
Income	£	£	£
Income from Council Tax	39,036,198		38,517,495
Transfers from General Fund			
Council Tax Benefits	4,483,556		4,450,608
Transitional Relief	155		499
Income collectable from business ratepayers	16,314,464		15,634,900
Contributions towards previous years' Collection Fund deficit	0		0
		59,834,373	58,603,502
Expenditure			
Precepts and demands			
Cambridgeshire County Council	31,014,288		30,595,176
Cambridgeshire Police Authority	5,018,976		4,951,152
Cambridgeshire Fire & Rescue	1,712,952		1,689,804
East Cambridgeshire District Council	5,573,154		5,419,212
Business rate			
Payment to national pool	16,221,286		15,539,987
Costs of collection	93,178		94,913
Bad and doubtful debts / appeals			
Write offs	17,756		95,780
Provisions	69,820		17,608
Contributions towards previous years' Collection Fund surplus	1,060,476		425,516
		60,781,886	58,829,148
(Surplus) deficit for year		947,513	225,646
Reserve Balance			
Collection Fund deficit (surplus) at 1 April		(87,439)	(313,085)
Movement on Fund balance in year		947,513	225,646
Collection Fund (surplus) deficit at 31 March		860,074	(87,439)

Council Tax

Note

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire & Rescue Authority and East Cambridgeshire District Council.
The basic amount for a 2011/12 Band D property, being £1,410.57 (2010/11 £1,410.57), is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any Parish precept.

National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2012 was £45,279,312 (31 March 2011 £45,127,122). The national non-domestic rate multiplier for 2011/2012 was 43.3p (2010/2011 41.4p).

Council Tax Base

The calculation of the council tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings is as follows:

Band	2011/2012 *Equivalent number of dwellings*	2010/2011 *Equivalent number of dwellings*
A	2,319	2,277
B	7,166	7,081
C	5,786	5,679
D	5,905	5,843
E	4,686	4,624
F	2,467	2,435
G	950	947
H	138	134
O	0	0
Reduction in second home discounts	60	52
Provision for new homes	123	128
	29,600	29,200

Precepts and Demands c

The names of the authorities which made a significant precept or demand on the fund and the amount included for each were as follows:

	2011/2012 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.11	2011/2012 Total	2010/2011 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.10	2010/2011 Total
	£	£	£	£	£	£
Cambridgeshire County Council	31,014,288	760,672	31,774,960	30,595,176	305,209	30,900,385
Cambridgeshire Police Authority	5,018,976	123,093	5,142,069	4,951,152	49,402	5,000,554
Cambridgeshire Fire & Rescue	1,712,952	42,011	1,754,963	1,689,804	16,905	1,706,709
East Cambridgeshire District Council	5,573,154	134,700	5,707,854	5,419,212	54,000	5,473,212

Surplus/deficit on the Fund d

The balance on the Collection Fund is split between the relevant authorities in relation to the precepts/demands
The figure for this Council is shown in the Balance Sheet as the Collection Fund Adjustment Account.

	2011/2012	2010/2011
	£	£
Cambridgeshire County Council	(616,066)	(62,031)
Cambridgeshire Police Authority	(99,670)	(13,140)
Cambridgeshire Fire & Rescue	(33,922)	(3,090)
East Cambridgeshire District Council	(110,416)	(9,178)
Total Deficit/(surplus)	(860,074)	(87,439)

The balances for the other precepting authorities are adjusted to remove their portions of the CT arrears, bad debt provisions and prepayments so that they show as debtors or creditors for the net cash position under an agency basis in the Balance Sheet. These adjustments are also made to the CT debtors and creditors balances

	2011/2012 adjustment				2010/2011 adjustment			
	CCC	CPA	CFA	Agency totals	CCC	CPA	CFA	Agency totals
Apportionment basis	71.80%	11.30%	4.00%		71.80%	11.30%	4.00%	
Council Tax arrears	1,349,506	218,026	73,302	1,640,834	1,308,979	206,009	72,924	1,587,912
Bad debt provn	(573,071)	(92,585)	(31,128)	(696,784)	(522,940)	(82,301)	(29,133)	(634,374)
CT over/pre payments	(593,724)	(95,922)	(32,250)	(721,896)	(662,069)	(104,198)	(36,884)	(803,151)
Collection fund (surplus)/deficit	616,066	99,670	33,922	749,658	(62,031)	(13,140)	(3,090)	(78,261)
Adjusted precepting authority balance	(798,777)	(129,189)	(43,846)	(971,812)	(61,939)	(6,370)	(3,817)	(72,126)

Accounting Period
The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

Accruals
Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Actuarial Gains & Losses
For a defined pension benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation or the actuarial assumptions have changed.

Balances
Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied, at the discretion of the Council, to reduce future demands on the Collection Fund or to meet unexpected costs. Balances on holding accounts and provisions are available to meet expenditure in future years without having an adverse effect on revenue expenditure.

Budget
A statement of the Council's income and expenditure plan over a specified period, for example the annual revenue budget which, besides being expressed in financial terms, may include other physical data, e.g. manpower resources.

Capital Charges
Charges made to revenue accounts as part of the running costs of each service to reflect the value of the non current assets used in providing the service.

Capital Expenditure
Money spent on providing assets of long-term value, e.g. land, buildings and equipment, or on making grants towards such expenditure.

Capital Financing
A global term covering the sources of money to pay for capital spending, e.g. borrowing, sales of non current assets, grants, developers' contributions, leasing, and revenue monies.

Capital Receipts
Money raised from the sale of non current assets, e.g. land. Some other receipts, e.g. Housing Association Grant (HAG), and some loan repayments have to be treated as capital receipts.

Community Assets
Non current assets that the Council intends to hold in perpetuity which have no determinable useful life and which will often have restrictions on their disposal, e.g. parks or historic buildings.

Contingent Liabilities
Potential liabilities which are either dependent on a future event or cannot be reliably estimated.

Current Assets
The day-to-day working assets of the Council, e.g. stores, cash, bank balances, and debtors.

Current Liabilities
Amounts which will or could become payable in the immediate future, e.g. unpaid bills ("creditors"), bank overdrafts.

Current Service Cost
The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Deferred Charges
Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets.

Defined Benefit Scheme
A pension scheme that defines the benefits independently of the contributions payable

Depreciation
The measure of the cost or revalued amount of the benefits of the non current assets that have been consumed during the period.

Effective Rate of Interest
The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.

Fair Value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a non current asset to the lessee.

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

General Fund
The main revenue account of the Council. All the running costs and related income pass through this Fund.

Government Grants
Grants made by central government towards Council spending. They may be specific e.g. housing benefit subsidy, or general e.g. revenue support grant.

Housing Advances
Sometimes referred to as Housing Act Advances, or HAA. These are loans made to individuals by the Council towards the cost of acquiring or improving their homes.

Housing Benefit
A social security benefit administered by the Council which is intended to help claimants to meet their rent liability.

Impairment
The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.

Infrastructure Assets
Non current assets that are invaluable, expenditure on which is recoverable only by continued use of the asset. An example would be footpaths

Interest Cost
For a defined pension benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Minimum Revenue Provision
The minimum amount which must be charged to the authority's revenue accounts each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.

Multiplier
The term used in relation to business rates to describe the number of pence in the pound (set by central government) to be multiplied by the rateable value of a property to work out the amount due.

Operating Lease
A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

Past Service Cost
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precepts
The levy made on a billing authority by a Precepting Authority, requiring collection of income from council taxpayers on their behalf.

Precepting Authority
Those authorities that are not Billing Authorities ie. do not collect council tax and non domestic rate. County Councils are "major precepting authorities" and parish, community and town councils are "local precepting authorities".

PWLB
The Public Works Loan Board is a central government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Reserves
Money held for some broadly specific purpose, e.g. contingencies, but in respect of which no specific commitment has been made.

Revenue Expenditure
Recurring expenditure on day-to-day expenses e.g. employees, running costs of buildings and equipment. Any spending which is not capital expenditure. Sometimes called current expenditure.

Revenue Expenditure Funded From Capital Under Statute
Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax.

Revenue Support Grant
The main annual grant paid by central government. It is intended to meet a proportion of the total local authority expenditure considered by Government to be necessary to provide a standard level of service throughout the country.

Scheme Liabilities
The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Total Cost
The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.