

REPORT TO AUDIT AND PRFORMANCE REVIEW PANEL

Title: **EXTERNAL AUDITORS REPORT ON THE ANNUAL ACCOUNTS 2008/09**

Date: 17 SEPTEMBER 2009

Member Reporting: Councillor Kellaway

Contact officer: Peter Brown, Chief Accountant, X 6207

Wards affected: All

1. **SUMMARY**

- 1.1. This report considers the changes required by our external auditors, KPMG, following their review of the 2008/09 Annual Accounts.
- 1.2. In putting the final accounts together an assessment on the impairment of property was made to reflect then current market conditions. The auditor felt the treatment did not correctly reflect the position and after discussion the application of impairment was modified. A number of entries were affected but these do not affect the overall financial position of the authority. There were also number of changes to the accounts published in June 2009 and the panel is now requested to approve, sign and adopt the updated 2008/09 Annual Accounts.

2. **RECOMMENDATION:**

- 2.1. **That the panel reviews and comments upon the 2008/09 audited accounts prior to receiving the audit report at the next meeting.**

What will be different for residents as a result of this decision?
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The Council is responsible for ensuring that it publishes its annual account and Statement and annual governance Statement in line with recommended best practice and before the statutory date of 31 September each year. The process of reviewing the accounts ensures the public that the Council has properly and fairly presented how it has spent each years Council Tax and supporting government grants.
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3. **SUPPORTING INFORMATION**

- 3.1. The Council is required to adopt the Annual Accounts following their review by our External Auditors, KPMG. Following inspection, KPMG issue a report on the final accounts, which Council must consider prior to final certification by the Mayor and the Audit Manager.

- 3.2. KPMG have completed the audit of the 2008/09 Statement of Accounts and identified a number of changes required to the accounts. The largest adjustment is in respect of the impairment charge recognising the reduction asset values during the current economic climate. The auditor considered that the calculation did not accurately reflect the position and, after review the application of impairment was modified. A number of minor adjustments to the statement of accounts were also required. The adjustments fall into the category of Uncorrected and Corrected Audit Differences and details of all changes are included in the attached "External Audit: Audit Memorandum - Report to those responsible for Governance". Audit Differences identifies those items that must be "*Communication of Audit Matters to Those Charged with Governance*". (Appendix 1 – **TO FOLLOW**) Copies of the key pages from the Statement of Accounts showing the adjusted figures and a short annotated explanation are included in Appendix 2.
- 3.3. The accounts for the Berkshire Pension Fund are included within the statement of accounts for the Borough.
- 3.4. The final Statement of Accounts is in the format required by the Chartered Institute of Public Finance and Accountancy and in accordance with appropriate accounting standards. They are presented to this panel for final approval and signature by the Panel Chairman. Copies will be placed on HyperWave and the Councils web site.

4. **OPTIONS AVAILABLE AND RISK ASSESSMENT**

4.1. **Options**

	Option	Comments	Financial Implications
1.	Accept the report	The Council has a responsibility to adopt the accounts following amendments identified during their Audit by 30 September 2009, failure to do so would result in a failure to comply with the Accounts and Audit Regulations 2003.	
2.	Reject the report	This is not an option as The Local Government Act 2003 requires the Royal Borough to monitor its financial position	

5. **Risk assessment**

There is no risk associated with this report.

6. **CONSULTATION CARRIED OUT**

- 6.1. The required 20 working days consultation period was applied.
- 6.2. A number of minor questions were raised during the consultation in respect of incidence of expenditure. However, these were general enquiries which are normally raised under Freedom of Information legislation.
- 6.3. There was no formal challenge of the accounts

7. **IMPLICATIONS**

7.1. The following implications have been addressed where indicated below.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
✓	✓	N/A	N/A	N/A	N/A

Background Papers: 2008/09 Final Accounts working paper files and the Prepared by Clients audit files

Statement of Accounts 2008-2009

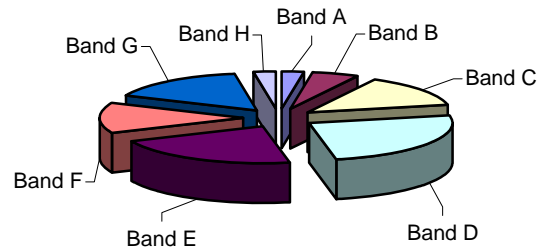


SUMMARY FINANCIAL DATA

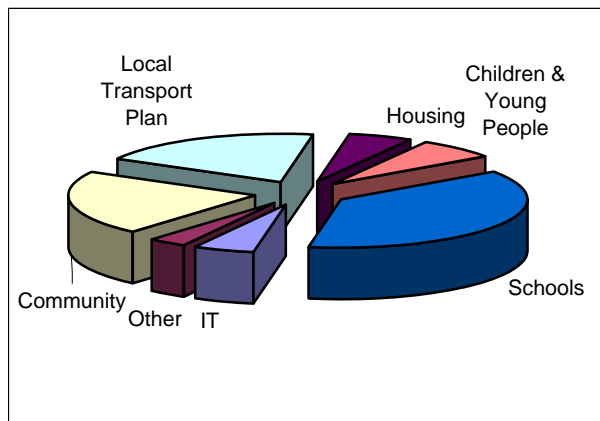
The following diagrams provide an analysis of the Council Tax.

Domestic Properties eligible for Council Tax

Charge Band	No.	
Band A	1,296	2.4%
Band B	2,851	5.3%
Band C	7,494	13.9%
Band D	13,711	25.3%
Band E	11,504	21.3%
Band F	7,185	13.3%
Band G	8,564	15.9%
Band H	1,384	2.6%
Total Properties	53,989	100.0%



The Council spent £21.47 million on capital projects in the year and the diagrams below show the proportions for each service and the sources from which this expenditure was financed.

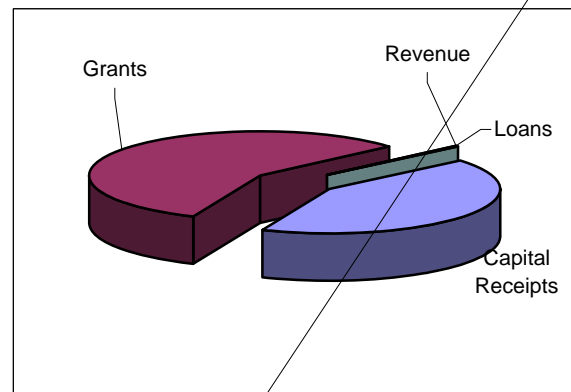


Capital Expenditure

	£'m	
IT	1.13	5.26%
Other	0.71	3.31%
Local Transport Plan	4.24	19.74%
Children & Young People	1.53	7.12%
Schools	8.04	37.43%
Community	4.67	21.74%
Housing	1.16	5.40%
Total	21.48	100.0%

Sources of Capital Finance

	£'m	
Capital Receipts	9.10	42.36%
Grants	12.35	57.50%
Loans	-	0.00%
Revenue	0.03	0.04%
Total	21.5	100.0%



Revised calculation of percentages

Revised calculation of percentages

STATEMENT OF ACCOUNTS

INCOME AND EXPENDITURE ACCOUNT

2007-08	2008-09		
Net £'000	Expenditure	Income	Net £'000
SERVICE EXPENDITURE			
51,449	Learning and Care	181,025	121,174
10,107	Corporate Services	49,545	37,795
30,644	Community Services	55,057	22,148
92,200	Net Cost Of Services	285,627	181,117
OTHER OPERATING EXPENDITURE			
0	Profit on disposal of fixed asset	Note 1	(928)
0	Income and recharges attributable to reserves	Note 2	(808)
0	Increase in bad debt provision	Note 3	42
0	Contribution of housing receipts to government pool	Note 4	18
117	Environment Agency levy	Note 5	130
986	Parish precepts	Note 6	1,041
2,788	Interest payable and similar charges	Note 7	3,058
2,419	Non service impairments	Note 8	99,130
	Revenue expenditure classified as capital by statute adjustment		45
(1,619)	Interest and investment income		(2,235)
(1,441)	Pensions interest cost and expected pension asset returns.	Note 9	227
0	Exceptional items	Note 10	0
95,450	Net Operating Expenditure		204,230
(65,761)	Income from the Collection fund	Note 11	(67,917)
(2,281)	Government grants (not attributable to specific services)	Note 12	(7,466)
(1,433)	Income from Business Growth Initiatives	Note 13	(97)
(13,589)	Distribution from non-domestic rate pool	Note 14	(16,026)
12,386	Deficit for the year on Income and Expenditure Account		112,724

K30.1 -12420

additional NAV
expenditure reclassified
as Refcus

ACCOUNTING STATEMENT

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2007-08 £'000		2008-09 £'000
12,386	Deficit for the year on Income and Expenditure Account	112,724
(12,546)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year Note 26	(112,520)
(160)	Movement in General Fund Balance for Year	204
(7,393)	General Fund Balance Brought Forward	(7,937)
(501)	Dedicated Schools Grant	(146)
(8,054)	General Fund Balance Carried Forward	(7,879)
The movement in General Fund Balance for the year is analysed as:		
(5,755)	Amount generally available to the Royal Borough	(5,551)
(1,798)	Amount held by schools under local management schemes	(2,182)
(501)	Dedicated Schools Grant	(146)
(8,054)		(7,879)

(Note: Statute requires Collection Fund amounts stated within the balance sheet under General Fund. They are not included above. The 2007/08 and 2008/9 balances are -£21k and -£411 respectively)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

2007-08 £'000		2008-09 £'000
(12,386)	Surplus/ (Deficit) on the Income and Expenditure for the year	(112,724)
3,624	Surplus/ (Deficit) arising from revaluation of fixed assets	7,631
(244)	Actuarial gains/ (losses) on pension fund assets and liabilities	(40,247)
(290)	Other gains/ (losses):	
63	-Collection Fund Deficit	(390)
1,194	-Schools reserves	(508)
	- LATS gain from reduced provision for future trading losses	(52)
(8,039)	Total recognised gains and (losses) for the year	(146,290)

CAA	
K30.1 Restatement	-40189
K30.2 Restatement	+2197
K30.1 Depreciation	+47729
Revaluation Reserve	
K30.1 Reval Gain	+1806
K30.1 Reval impairment	+457

There were no prior period adjustments and consequently no impact on reserves

ACCOUNTING STATEMENT

BALANCE SHEET

This statement shows the balances and reserves at the Council's disposal, its long term indebtedness and the fixed and current assets employed in its operations, together with summarised information on the fixed assets held. It includes the assets and liabilities of all the authority except trust funds and those pertaining to the Berkshire Pension Fund.

31st March 2008	Notes	31st March 2009
£000's		£000's
5,830	Intangible assets	5,601
	Tangible fixed assets	
	Operational Assets	
327,246	- Land and buildings	256,447
2,158	- Vehicles, plant and equipment	2,371
55,330	- Infrastructure assets	55,193
2,211	- Community assets	2,211
	Non-operational assets	
59,648	- Investment properties	44,229
11,851	- Assets under construction	10,658
5,800	- Surplus assets, held for disposal	1,425
470,074	Total fixed assets	378,135
70	Long-term investments	0
264	Long-term debtors	206
470,408	Total long-term assets	378,341
	Current assets	
208	Stocks and work in progress	159
225	Landfill allowance assets	0
31,697	Debtors (net of provisions)	23,439
29,851	Investments	41,325
1,143	Cash & bank balances	1,251
533,532	Total assets	444,515
	Current liabilities	
(14,067)	Short term borrowing (less than 12 months)	(7,692)
(173)	Landfill allowance liabilities	0
(36,671)	Creditors	(39,575)
(6,049)	Cash overdrawn	(12,405)
476,572	Total assets less current liabilities	384,843
	Long Term liabilities	
(57,424)	Long term borrowing (over 12 months)	(57,299)
(24,889)	Government Grants - deferred	(35,483)
(327)	Provisions	(553)
(250)	Deferred Capital Receipts	(250)
(45,168)	Defined benefit pension scheme liability	(89,034)
348,514	Total assets less liabilities	202,224
	Financed by:	
(367,659)	Capital Adjustment Account	(268,782)
(3,679)	Revaluation Reserve	(2,303)
45,168	Pensions reserve	89,034
(5,922)	Usable capital receipts	(1,850)
(8,389)	Earmarked reserves	(10,855)
(2,299)	Schools Revenue reserve	(2,328)
(5,734)	Fund balances and reserves	(5,140)
(348,514)	Total Net Worth	(202,224)

ACCOUNTING STATEMENT

CASH FLOW STATEMENT

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

2007-08 £'000		Notes	2008-09 £'000
9,390	Net Cash Inflow from Revenue Activities	Note 63	10,272
	Returns on Investments and Servicing of Finance		
	<i>Cash outflows</i>		
(784)	Interest Paid		(3,058)
	<i>Cash inflows</i>		
2,356	Interest Received		2,235
1,572	Net Cash Inflow/(Outflow) from Servicing of Finance		(823)
	Capital Activities		
	<i>Cash outflows</i>		
(16,083)	Purchase of Fixed Assets		(20,276)
(16,083)	Total Payments		(20,276)
	<i>Cash inflows</i>		
(4,291)	Sale of Fixed Assets		4,479
	Proceed from Long Term Investments matured in year		83
8,038	Capital Grants received		14,553
1,374	Other Capital Cash Receipts		3,438
5,121	Total Receipts		22,553
(10,962)	Net Cash Inflow/(Outflow) from Capital Activities		2,277
0	Net Cash Inflow/(Outflow) Before Financing		11,726
	Management of Liquid Resources		
6,310	Net Increase/(Decrease) in Liquid Resources	Note 64	(11,474)
	Financing		
	<i>Cash outflows</i>		
(125)	Repayments of amounts borrowed	Ref J20.2 +282	(6,500)
	<i>Cash inflows</i>		
8,000	New loans raised		
2,017	New loans raised-Short Term		
9,892	Net Cash Inflow/(Outflow) from Financing		(6,500)
16,202	Net Increase (Decrease) in Cash	Note 65	(6,248)

NOTES TO THE ACCOUNTING STATEMENTS

INCOME AND EXPENDITURE ACCOUNT

7 Interest payable and similar charges

This represents the interest paid on amounts borrowed together with interest paid to other services of the Royal Borough. It also includes gains and losses or amortised costs associated with early settlement of borrowing, as they occur.

	2007-08 £'000	2008-09 £'000
Interest payable on borrowing	2490	2,751
Interest paid to services	279	307
Brokers fees on LOBO	19	0
	2,788	3,058

8 Non Service Impairments

Note expanded to include more detail

Non Service Impairments are charges to the Income and Expenditure account following the decline in the property market as reflected in the Balance Sheet. This ensures the value of fixed assets is not overstated. Operational buildings are valued at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets, including investment properties and assets that are surplus to requirements are valued at the lower of net current replacement cost or net realisable value.

	2007-08 £'000	2008-09 £'000
Operational Assets		
- Land & Buildings	0	83,110
- Community Assets	0	1,583
Non Operational Fixed Assets		
- Investment Properties	2,419	13,962
- Surplus assets held for disposal	0	475
	2,419	99,130

9 Pensions Interest and Assets returns and Transfers to Pensions Reserves

The Council's accounts have been prepared in full recognition of the impact of FRS 17. Consequently, the full current cost of providing employees pensions has been made to the revenue accounts. However, these costs will be recovered over a number of years to avoid fluctuations in Council Tax levels. In acknowledgement of this, the cost over an above annual employers' costs are transferred to a pensions reserve.

In 2008-09, the additional charge, included in the service accounts was £3.392m. The transfer to pensions reserve being £3.619m and net return on assets £-0.227m.

10 Exceptional Items

There were no exceptional items for 2007/08 or 2008/09.

NOTES TO THE ACCOUNTING STATEMENTS

INCOME AND EXPENDITURE ACCOUNT

During the year, transactions with related parties excluding Governmental Departments and Public Bodies arose as follows:-

	2008-2009	
	Expenditure £000's	Income £000's
Other		
Maidenhead & District Housing Association	1,690	166
Old Windsor Day Centre	23	0
Age Concern, Dedworth Windsor	29	0

24 External Audit Fees

During 2008/9, the Council incurred the following fees relating to external audit and inspection:

	2007/08 £000's	2008-09 £000's
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor	195	200
Fees payable to Audit Commission in respect of statutory inspection	24	25
Fees payable to KPMG for the certification of grant claims and returns	73	75
Fees payable in respect of other services provided by the appointed auditor (KPMG)	30	5
Total	322	305

25 Revenue Expenditure funded from Capital under Statute

Legislation allows for some items of expenditure to be treated as capital where it does not result in the creation of a fixed asset. An example of this is where grants are awarded to third parties for capital expenditure. These have traditionally been accounted for as deferred charges and written out through the Income and Expenditure Account. Under SORP 2008 these costs are charged directly to revenue and reversed out in the Statement of the Movement on the General Fund Balance to the Capital Adjustment Account. The change is that this type of capital expenditure will not be transferred to the balance sheet before being written off, it will be transferred directly to revenue.

Expenditure - Improvement Grants		565
Expenditure - Grants to Housing Associations		
Expenditure - Land compensation		
Expenditure - Other	156	186
Total	713	751
Amounts Written Off	-713	-751
Balance Carried Forward	0	0

Ref K30.2 +45

NOTES TO THE ACCOUNTING STATEMENTS

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The income and expenditure account discloses the income receivable and expenditure in operating the Council for the year. However, there are items of 'income' and 'expenditure' that are required to be charged to or deducted from the General Fund which must be taken into account in determining the authority's budget and in turn its Council Tax demand. These are determined by statute and proper practice.

While the Income and Expenditure account demonstrates the Council's financial results for the year, the movement on General Fund Balance is an important aspect of the Council's financial stewardship.

26 Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year

2007-08		
£'000		
(18,106)	Depreciation and impairment of fixed assets	
1,190	Amortisation of Government Grants Deferred	
(713)	Amounts treated as revenue expenditure but classified as capital by statute	Impairments +12420
0	Net Loss or Gain on sale of Fixed Assets	Refcus adjustment - 45
(520)	Amount by which the cost of future pensions are different from contributions due under pension scheme regulations	
<hr/>		
(18,149)	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance	Note 27
2,177	Minimum Revenue Provision for capital financing	
19	Capital expenditure charged to the General Fund Balance	
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2,196	Amounts not included in the Income and Expenditure Account but required by statute when determining the Movement on the General Fund Balance	Note 28
3,407	Contributions to/(from) Earmarked Reserves	
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3,407	Transfers to or from General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	Note 29
<hr/>		
(12,546)	Net Additional amount required to be credited to the General Fund Balance for the year	

NOTES TO THE ACCOUNTING STATEMENTS

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

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2008-09
£'000
(116,392)
1,756
(751)
928
(3,619)
(118,078)
2,305
0
2,305
3,253
3,253
(112,520)

NOTES TO THE ACCOUNTING STATEMENTS

BALANCE SHEET

30 Movement of Fixed Assets - Operational / Intangible / Non Operational

Operational Fixed Assets						
	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community Assets	Total Operational	Intangible Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value as at 1st April 2008	376,875	14,101	127,249	2,211	520,436	8,689
Cumulative Depreciation/Restatement and Impairments as at 1st April 2008	-49,629	-11,943	-71,919	0	-133,491	-2,859
Net Book Value as at 1st April 2008	327,246	2,158	55,330	2,211	386,945	5,830
Additions	2,650	838	4,664	1,583	9,735	1,520
Disposals					0	
Impairments	-83,986	0	0	-1,583	-85,569	
Revaluations / Restatements	-27,509	10	47	0	-27,452	346
Depreciation Adjustments	47,730				47,730	
Amortisation/ Depreciation	-9,684	-635	-4,848		-15,167	-2,095
Net Book Value as at 31st March 2009	256,447	2,371	55,193	2,211	316,222	5,601

Intangible assets consist of software licences for IT systems including Paris (Social Services) and Trent (HR information). The cost is written off over the useful life of the systems (5-10 years).

Other assets are depreciated over their useful life, i.e. property 20 to 60 years depending on type; vehicles and other assets 3 to 10 years and infrastructure up to 25 years.

A general impairment charge has been made to all operational and non - operational fixed assets. This is to reflect the fall in property values due to the current economic climate.

	Investment Properties	Assets under Construction	Surplus assets held for disposal	Total
	£'000	£'000	£'000	£'000
Gross Book Value as at 1st April 2008	62,066	11,851	5,800	79,717
Restatement and Impairments as at 1st April 2008	-2,418			-2,418
Net Book Value as at 1st April 2008	59,648	11,851	5,800	77,299
Additions	71	9,397		9,468
Disposals	0		-3,900	-3,900
Impairments	-15,530	0	-475	-16,005
Revaluations / Restatements	40	-10,590	0	-10,550
Impairments				0
Reclassifications				0
Net Book Value as at 31st March 2009	44,229	10,658	1,425	56,312

NOTES TO THE ACCOUNTING STATEMENTS

BALANCE SHEET

31 Capital Expenditure and Financing

The capital expenditure of £21,473,757 reconciles to the Additions shown above as follows:

		2007-08	2008-09
		£'000	£'000
<i>Capital Investment</i>			
Additions to fixed assets	ref K30.2 +2153	15,355	20,723
Work in Progress		0	
Revenue Expenditure funded from Capital Resources under statute	ref K30.2 +45	2,152	751
Total Expenditure		17,507	21,474
<i>Sources of finance</i>			
Capital Receipts		0	9,098
Grants and contributions		10,715	12,349
Long term borrowing		5,368	0
Short term borrowing		0	27
Capital Fund		1,424	0
		17,507	21,474

The Capital Financing Requirement at the end of the year is:

Opening Capital Finance Requirement at the 01 April	57,618
Add - New investment	21,474
Less - Use of capital receipts	-9,098
- Use of grants and contributions	-12,349
- Use of Debenture	-70
- Minimum Revenue Provision set aside to repay debt	-2,304
Closing Capital Financing Requirement at the 31 March	55,271

NOTES TO THE ACCOUNTING STATEMENTS

BALANCE SHEET

41 Investments

At 31st March 2009 the Council's investment portfolio was as set out below.

	2007-08	2008-09
	£'000	£'000
Bank Deposits	24,851	35,780
Approved Banking investments		
Other Local Authorities	5,000	5,545
Total	29,851	41,325

Ref J20.2 -282

These investments cannot be traded, the valuation in the balance sheet can be taken as fair value.

The Council is required to disclose the nature and extent of risks arising from financial instruments to which we are exposed, and how they have been managed; including credit, liquidity and market risk. Credit and Liquidity risks exist for current and longer term receivables. With regard to investment instruments, the Council approves a treasury investment strategy each year that indicates that investments are only made to highly rated counterparties, and spread within the market to mitigate market risks. It has not been considered necessary to impair investments from their nominal value.

42 Short Term Borrowing

	2007-08	2008-09
	£'000	£'000
PWLB Loans repayable within one year	125	125
Temporary Loans	340	340
Pensions Fund Loans	13,602	7,227
	14,067	7,692

Due to the transitory nature of short term borrowing the balance sheet values as stated above can be regarded as a reasonable approximation of fair value.

43 Creditors

Creditors at the year end can be analysed as follows:

	2007-08	2008-09
	£'000	£'000
Government Departments	5,341	2,815
Other Local and Public Authorities	1,684	1,141
Housing Associations	258	123
Receipts in Advance-Non Domestic Rates	621	1,212
-Council Tax	1,842	2,078
-Capital Grants and Contributions	2,520	9,927
-Developers Contributions	12,761	10,972
-Earmarked revenue grants	1,116	792
-Other	1,185	1,661
Deposits	820	317
Sundry Creditors	8,523	8,537
Total	36,671	39,575

NOTES TO THE ACCOUNTING STATEMENTS

BALANCE SHEET

46 Provisions

The following amounts have been set aside to cover potential liabilities as at .

	Balance at 31st March 2008 £'000	Receipts in Year £'000	Payments /Transfers in Year £'000	Balance at £'000
DSO Staff Gratuity Fund	48			48
Provision for Education Liabilities (Non DSG)	279	0	-147	132
Planning and Compulsory Purchase Act 2004	0	373		373
Total	327	373	-147	553

In accordance with latest Financial Reporting Standards (FRS 12) all provisions were reviewed at the year end to ensure that they were still required and also that the correct accounting treatment was being applied. Provision has been increased in respect of Education liabilities arising from the former Berkshire County Council.

47 Deferred Capital Receipts

The Capital Receipts shown here represent the Council's element of the sale proceeds of houses disposed to the Housing Association. The sum is amortised over the duration of the agreement to the Capital Receipts (Unapplied) Account.

48 Capital Adjustment Account

The Capital Adjustment Account (CAA) represents the balance of capital resources set aside to finance capital expenditure (i.e. capital receipts, MRP) awaiting consumption of resources (i.e. depreciation & impairment).

A general impairment charge has been made to all operational and non - operational fixed assets. This is to reflect the fall in property values due to the current economic climate. Impairments that are not set off against the Revaluation Reserve are allocated to the Capital Adjustment Account. There is no impact on Council Tax.

Balance Brought Forward		£'000 367,659
Applied to write down capital and deferred charges	Ref K30.2 -45	-751
Restatements & Disposals during the year		-42,622
Depreciation	Ref K30.1 -40,189	-17,261
Depreciation Adjustments on Revaluation	Ref K30.2 +2197	47,729
Impairments		-99,130
MRP	Ref K30.1 +47,729	2,305
Capital Financing:		
- Usable Capital Receipts	Ref K30.1	9,098
- Direct Revenue Contributions	+14,073	0
- Application of Earmarked Reserves		0
Amortisation of grants and contributions		1,755
Balance Carried Forward		268,782

NOTES TO THE ACCOUNTING STATEMENTS

BALANCE SHEET

49 Revaluation Reserve

The Revaluation Reserve records unrealised revaluation gains arising (since 1 April 2007) from holding fixed assets. This reserve is matched by fixed assets within the Balance Sheet. It is not a reserve available to the authority.

Impairments per asset are set off against upwards revaluations from previous years held in the Revaluation Reserve. The balance is allocated to the Capital Adjustment Account.

		2007-08 £'000	2008-09 £'000
Balance Brought Forward	Ref K30.1 +1806	0	3,679
Revaluation Gains		3,679	2,303
Impairments		0	-2,444
Disposal of Fixed Assets	Ref K30.1 +457	0	-1,235
Balance Carried Forward		3,679	2,303

50. Usable Capital Receipts

These comprise the usable part of capital receipts from the sale of assets.

	£'000
Balance Brought Forward	5,922
Received	5,026
Applied	-9,098
Balance Carried Forward	1,850

51. Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up to earmark resources for future spending plans. Earmarked reserves includes provisions created by the Royal Borough created to cover that part of risk that is considered prudent.

	Balance at 31st March 2008 £'000	Net Movement in Year £'000	Balance at 31st March 2009 £'000	Further Details to be found
Capital Adjustment Account	367,659	-98,877	268,782	Note 48
Revaluation Reserve	3,679	-1,376	2,303	Note 49
Pensions Reserve	-45,168	-43,866	-89,034	Note 61
Usable Capital Receipts	5,922	-4,072	1,850	Note 50
Schools Revenue Reserves	2,299	29	2,328	Note 52
General Fund	5,734	-594	5,140	Note 53
Earmarked Reserves				
Insurance Reserve	2,562	98	2,660	Note 51b
Capital Reserves	1,822	1,110	2,932	
Economic Contingency Fund	0	1,200	1,200	
Other Earmarked Reserves	4,005	58	4,063	Note 51a
Total Earmarked Reserves			10,855	
Total Reserves	348,514	-146,290	202,224	

NOTES TO THE ACCOUNTING STATEMENTS

CASH FLOW

63 Reconciliation of Deficit to Net Cash flow

The surplus for the year can be reconciled to the net cash flow as follows:

	2007-08 £'000	2008-09 £'000
Surplus/(Deficit)- Statement of Movement on General Fund Balance	160	
Surplus/(Deficit) - Income and Expenditure Account		-112,724
Surplus/(Deficit) - Collection Fund	-289	-390
Net Surplus/(Deficit)	-129	-113,114
Interest	-1,572	
Non-cash Transactions		
Minimum Revenue Provision	2,177	
Contributions (to)/from Provisions	70	226
Contributions (to)/from Reserves	5,602	
Depreciation and Impairment		134,148
Deferred Grants amortised in year		-300
Deferred Capital Grants written off in year		-1,455
Adjustment for items reported separately on Cashflow		
Interest and Investment Income		-2,235
Interest payable and similar charges		3,058
Gain or Loss on the Disposal of Fixed Assets		-928
Gain or Loss on the Disposal of Short & Long Term Investments		-13
Items on an Accruals Basis		
(Increase) / Decrease in Stocks	-71	49
(Increase) / Decrease in Debtors	-6,872	7,269
Increase / (Decrease) in Creditors	10,185	-4,058
Net Cash Inflow/(Outflow) from Revenue Activities	9,390	22,647

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64 Management of Liquid Assets Reconciliation to Balance Sheet Movements

	Balance 1 April 2008 £'000	Movement in year £'000	Balance 31 March 2009 £'000
Bank Deposits	24,851	10,929	35,780
Other Local Authorities	5,000	545	5,545
Movement in Liquid Assets	29,851	11,474	41,325

The Council's current Treasury Management Policy requires at least £3.5m to be invested in Call, 2 day and 7 day notice investments. Relative interest rates and short term cash flow projections are considered when deciding on which instruments to invest at any particular time.

NOTES TO THE ACCOUNTING STATEMENTS

CASH FLOW

65 Reconciliation of Movement in Cash to Movement in Net Funds

This can be analysed as follows:-

	Balance 1 April 2008 £'000	Movement in year £'000	Balance 31 March 2009 £'000
Cash in Hand and at Bank	1,143	108	1,251
Bank Overdraft	-6,049	-6,356	-12,405
Movement in Net Funds	-4,906	-6,248	-11,154

66 Government Grants

	2007-08 £000's	2008-09 £000's
<u>Learning and Care</u>		
Schools Standards Grant	3,916	3,818
Learning & Skills Council (LSC) - 6th Form	8,208	8,542
Threshold Grant	245	250
Standards Fund	6,288	5,839
Dedicated Schools Grant	70,647	73,044
Adult Contracts	797	131
Mandatory Student Awards	4	0
Surestart Grants	1,692	2,142
Social Services - STG/Independent-Partnership	3,601	786
Supporting People	1,839	1,723
Youth and Community-Connexions/Youth Opportunities	1,303	90
Other <i>Total Learning and Care Grants</i>	2,396	1,874
<i>Total Learning and Care Grants</i>	100,936	98,239
<u>Corporate & Resources</u>		
NNDR Collection Costs	260	260
Benefits	826	768
Safer community	191	49
Other Corporate & Resource Grants	74	73
<i>Total Corporate & Resource Grants</i>	1,351	1,150
<u>Community Services</u>		
Former Leisure Services	69	0
Renovation Grants	0	0
Other Planning & Environment Grants	1,275	198
<i>Total Community Services Grants</i>	1,344	198
Area Based Grant	0	5,235
Total Grants	103,631	104,822

The area based grant is made up of specific grants that were shown under the relevant service in 2007/8. In 2008/9 the area based grant is required to be treated as a general grant.