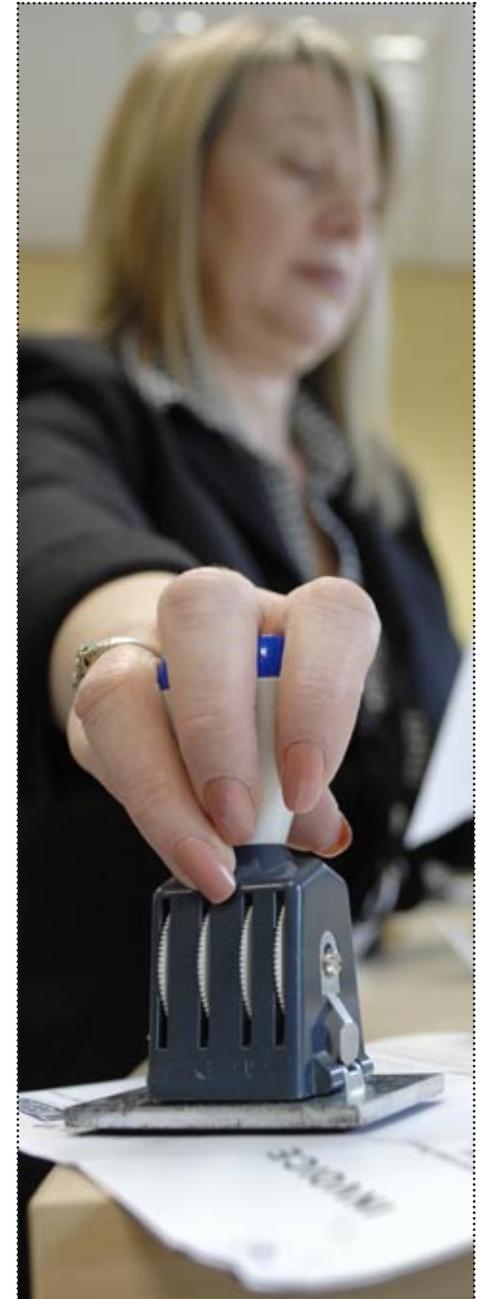




# 3

## Core Financial Statements & Notes

INCOME & EXPENDITURE ACCOUNT 2006-2007					
2005/2006 Net Expend £000s			2006/2007 Gross Expend £000s	2006/2007 Income £000s	2006/2007 Net Expend £000s
669	Continuing Operations	Central Services to the Public	1,186	(455)	731
5,411		Cultural, Environmental & Planning	9,599	(2,591)	7,008
589		Highways, Roads & Transport Services	1,134	(165)	969
1,121		Housing General Fund	20,532	(17,816)	2,716
3,259		Corporate & Democratic Core	2,267	(596)	1,671
767		Other Central Services	754	(351)	403
(594)		Non-Distributed Costs	1,012	(2,447)	(1,435)
11,222			36,484	(24,421)	12,063
(1,348)		Housing Revenue Account services transferred to Green Vale Homes	130	(181)	(51)
<b>9,874</b>	<b>Net cost of services</b>		<b>36,614</b>	<b>(24,602)</b>	<b>12,012</b>
79		(Gain)/Loss on disposal of fixed assets			(4,422)
44		Whitworth Town Council Precept			47
(16)		(Surplus)/Deficit on Trading Undertakings	399	(330)	69
3,264		Contribution of housing capital receipts to Government Pool			-
6,022		Amortised Premiums and Discounts			-
1,336		Interest Payable			6
(287)		Interest and investment income			(204)
530		Pensions interest cost and expected return on pension assets			241
<b>20,846</b>	<b>Net operating expenditure</b>				<b>7,749</b>
(4,804)		Precept on Collection Fund			(4,940)
(5,050)		Government Grants			(6,570)
<b>10,992</b>	<b>Net (Surplus)/Deficit</b>				<b>(3,761)</b>



STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE		
2005/2006 £000s		2005/2006 £000s
10,992	(Surplus)/deficit for the year on the Income and Expenditure Account	(3,761)
(11,252)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	3,782
<b>(260)</b>	<b>(Increase)/decrease in General Fund Balance at the beginning of the year</b>	<b>21</b>
386	General Fund Balance brought forward	646
<b>646</b>	<b>General Fund Balance carried forward</b>	<b>625</b>

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

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

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

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

The SORP requires a note to the accounts explaining the significance of this Statement for local taxation and the resources available to fund the authority's activity – this can be found at note 12 to the Core Financial Statements.

Note 13 also provides a breakdown of the amount above as the net additional amount required by statute and non-statutory proper practices to

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
2005/2006 £000s		2005/2006 £000s
(10,992)	Surplus/(deficit) for the year on the Income and Expenditure Account	3,761
(73,903)	Surplus arising on revaluation of fixed assets	717
750	Actuarial (gains) /losses on pension fund assets and liabilities	5,043
37	Surplus for the year on the Collection Fund	(1)
<b>(84,108)</b>	<b>Total recognised gains &amp; losses for the year</b>	<b>9,520</b>

This Statement of Total Recognised Gains and Losses brings together all the gains and losses of the council for the year and shows the aggregate increase/(decrease) in its net worth. In addition to the surplus/(deficit) generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

BALANCE SHEET						
£000s	2005/2006 £000s				£000s	2006/2007 £000s
262		Intangible Assets		Note 14	506	
		Tangible Assets				
12,943		Operational Assets	- Other Land & Buildings	Note 14	14,707	
762			- Vehicles, Plant, Furniture & Equipment	Note 14	1,036	
13			- Community Assets	Note 14	33	
598		Non Operational Assets	- Investment Assets	Note 14	598	
434			- Assets under construction	Note 14	-	
1,248			- Surplus assets held for disposal	Note 14	1,064	
	16,260					17,944
647		Long-term Investments		Note 20	647	
99		Long-term Debtors			67	
	746					714
	<b>17,006</b>	<b>Total long-term Assets</b>				<b>18,658</b>
64		Current Assets	Stocks & work in progress	Note 22	50	
6,715			Debtors	Note 23	9,125	
(2,007)			Bad Debts Provision	Note 23	(1,996)	
100			Investments		-	
2,747			Cash at Bank	Note 39	2,014	
	7,619					9,193
	<b>24,625</b>					<b>27,851</b>
(6,168)		Current Liabilities	Creditors	Note 24	(5,811)	
	(6,168)					(5,811)
	<b>18,457</b>	<b>Total Assets less Current Liabilities</b>				<b>22,040</b>
(4,769)		Government Grants Deferred		Note 26	(4,593)	
(295)		Grants Unapplied		Note 27	(201)	
(985)		Provisions		Note 25	(533)	
(18,328)		Liability related to defined benefit Pension Scheme		Note 37	(13,285)	
	(24,377)					(18,612)
	<b>(5,920)</b>	<b>Total assets less liabilities</b>				<b>3,428</b>
1,225		Fixed Asset Restatement Account		Note 28	1,138	
7,401		Capital Financing Account		Note 29	9,463	
115		Usable Capital Receipts Reserve		Note 30	2,270	
64		Deferred Capital Receipts			49	
(18,328)		Pension Reserve		Note 37	(13,285)	
1,487		Earmarked Reserves		Note 31 & 35	1,647	
2,116		Fund Balances and Reserves		Note 32 & 35	2,146	
	<b>(5,920)</b>	<b>Net equity</b>				<b>3,428</b>

CASH FLOW STATEMENT					
2005/2006				2006/2007	
£000	£000			£000	£000
		<b>Revenue activities</b>			
11,047		Cash Outflows	Employees	7,547	
11,961			Other operating cash payments	10,328	
23,259			Precepts paid	25,081	
8,714			National non-domestic rate payments to national pool	10,294	
5,710			Housing Benefits paid out	11,585	
3,361			Payments to the Capital Receipts Pool	-	
	64,052				64,835
(4,462)		Cash Inflows	Net Rents	(406)	
(23,939)			Council Tax receipts (net of benefits)	(25,081)	
(1,904)			National non-domestic rate receipts from national pool	(5,613)	
(9,572)			Non-domestic rate receipts	(10,294)	
(3,146)			Revenue Support Grant	(957)	Note 40
(15,523)			DWP grants for benefits	(16,451)	Note 40
(2,042)			Other government grants	(2,127)	Note 40
(2,359)			Cash received for goods and services	(3,069)	
	(62,947)				(63,998)
	<b>1,105</b>	<b>Net cash (inflow)/outflow from Revenue activities</b>		<b>Note 38</b>	<b>837</b>
		<b>Returns on Investments and Servicing of Finance</b>			
7,571		Cash Outflows	Interest paid	6	
(403)		Cash Inflows	Interest Received	(372)	
	7,168				(366)
		<b>Capital activities</b>			
8,515		Cash Outflows	Purchase of fixed assets and other capital expenditure	5,750	
(6,414)		Cash Inflows	Sale of fixed assets	(1,217)	
(4,737)			Capital grants received	(2,402)	Note 40
(81)			Other capital cash receipts	(1,969)	
	(2,717)				(162)
	<b>5,556</b>	<b>Net cash (inflow)/outflow before financing</b>			<b>633</b>
	(2,636)	Management of liquid resources	Net (increase)/ decrease in short-term deposits		100
		<b>Financing</b>			
11,363		Cash Outflows	Repayments of amounts borrowed	1,628	
(17,339)		Cash Inflows	New loans raised	(1,628)	
	(5,976)				-
	<b>(3,056)</b>	<b>Net (increase)/decrease in cash</b>		<b>Note 39</b>	<b>733</b>

**Note 1 – Reconciliation of re-statement adjustments made to 2005/06 Income and Expenditure Account figures.**

In the 2006/2007 Statement of Accounts, the Council has adopted three significant new accounting policies that impact on the comparative figures for 2005/2006 in the Income and Expenditure Account:

- capital financing charges for the use of fixed assets (notional interest) are no longer made to service revenue

accounts, support services and trading accounts

- credits for government grants deferred are now posted to service revenue accounts, support services and trading accounts rather than credited as a corporate income item
- gains and losses on the disposal of fixed assets are recognised in the I+E Account.

These changes have had the following impact on the comparative figures for 2005/2006 compared with those published in the 2005/2006 Statement of Accounts (only figures that have changed are included in the table):

	Consolidated Revenue Account in 2005/2006 Statement of Accounts	Removal of capital financing charges	Removal of Interest costs Payable from AMRA	Reallocation of government grants income deferred to services	Recognition of gains and losses on disposal of fixed assets	2005/2006 comparatives in Income and Expenditure Account
	£000s	£000s	£000s	£000s	£000s	£000s
Central services to the public	677	-	-	(8)	-	669
Cultural, environmental and planning services	5,823	(213)	-	(200)	-	5,410
Highways, roads and transport services	617	(28)	-	-	-	589
Housing General Fund services	1,123	(3)	-	-	-	1,120
Corporate and Democratic Core	3,352	(93)	-	-	-	3,259
Other Central services	793	(25)	-	-	-	768
Non-Distributed Costs	(594)	-	-	-	-	(594)
<b>Continuing Services</b>	<b>11,791</b>	<b>(362)</b>	<b>-</b>	<b>(208)</b>	<b>-</b>	<b>11,221</b>
Local authority housing (HRA)	2,300	(3,647)	-	-	-	(1,347)
<b>Impact on Net Cost of Services</b>	<b>14,091</b>	<b>(4,009)</b>	<b>-</b>	<b>(208)</b>	<b>-</b>	<b>9,874</b>
Whitworth Town Council Precept	44	-	-	-	-	44
(Surplus)/Deficits on Trading Undertakings	179	(195)	-	-	-	(16)
Loss on the disposal of fixed assets	-	-	-	-	79	79
Asset Management Revenue Account	(3,076)	4,204	(1,336)	208	-	-
Contribution of housing capital receipts to Government Pool	3,264	-	-	-	-	3,264
Amortised Premiums and Discounts	6,022	-	-	-	-	6,022
Interest payable and similar charges	-	-	1,336	-	-	1,336
Interest and investment income	(287)	-	-	-	-	(287)
Pensions interest cost and expected return on pension assets	530	-	-	-	-	530
<b>Impact on Net Operating Expenditure</b>	<b>20,767</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79</b>	<b>20,846</b>

## Note 2 Discontinued Operations

Following a ballot of housing tenants and with financial support from the then Office of the Deputy Prime Minister (ODPM), the Council's housing stock and other assets and liabilities were transferred to Green Vale Homes on the 27th March 2006. In line with the regulations relating to such stock transfers the Council's Housing Revenue Account has to remain open until the 1st April 2007, although there are substantially no operations in the 2006/2007 financial year.

## Note 3 Long Term Contracts

In April 2001 the Council commenced a 10-year contract with Securicor Information Systems (now Sungard Vivista Ltd) for the provision of IT support and hardware maintenance. In 2006/2007 the value of this contract was £748,589 (£682,990 in 2005/2006). The estimated value remaining on this contract is £2.8m, although this will depend upon the future IT requirements of the Council and will be subject to an element of inflation each April. The contract expires on the 31st March 2011.

In October 2006 the Council entered into a 10-year contract with Capita Business Services Ltd for the provision of Revenues, Benefits and General Customer Contact Services. In 2006/2007 the part-year contract

value was £625,998. In 2007/2008 the anticipated full-year contract value, subject to an element of inflation in October, is £1,251,996. Over the remaining life of the contract the value is expected to be £11.9m.

## Note 4 – Trading Operations

The Council undertakes two trading operations, Markets and Industrial Units, whose financial results are shown below.

The Industrial Units include the managed unit at Futures Park which opened in May 2004. This is a brown-field site upon which the Council is developing a modern, high-tech business park with the assistance of North West Development Agency, European Regional Development Fund and Single Regeneration Budget funding.

## Note 4. Trading Operations

Net Expenditure 2005/2006 £000s		Gross Expenditure 2006/2007 £000s	Income 2006/2007 £000s	Net Expenditure 2006/2007 £000s
24	Markets	237	(139)	98
155	Industrial Units	162	(191)	(29)
<b>179</b>		<b>399</b>	<b>(330)</b>	<b>69</b>



### Note 5 – Discretionary Expenditure under Local Government Act 1972, Section 137

Section 137 of the Local Government Act 1972, as updated by the Local Authorities (Discretionary Expenditure Limits) Order 1993, enables a Local Authority to spend up to £3.50 per head of relevant population for the benefit of people in its area on activities or projects not specifically authorised by other powers. In 2006/2007 the relevant population, as calculated for the Rate Support Grant, was 66,000 and the allowed expenditure was £231,000.

### Note 6 – Publicity Expenditure

Section 5 of the Local Government Act 1986 requires a Local Authority to keep a separate account of its expenditure on publicity.

### Note 5. Section 137 Expenditure

	2005/2006 £000s	2006/2007 £000s
SRB Interest Free Loans	1	-
Grants to Local Charities	40	100
Grant to Rossendale Groundwork	17	17
Community Cohesion Pathfinder Project	12	12
Administration Costs	2	6
	<b>72</b>	<b>135</b>

### Note 6. Publicity

	2005/2006 £000s	2006/2007 £000s
Employee related advertising	109	85
Other publicity and promotions including the Communications Team	229	228
	<b>338</b>	<b>313</b>



### Note 7 - Building Regulation Charging Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. The function is required to break even over a rolling 3 year period. The deficit of £52k was transferred to an earmarked provision to fund future year's trading and service enhancements. The total of this provision at 31st March 2007 is £55k and is included within the General Fund Provisions in Note 25.

The surplus of £6k in 2006-07 was made up of increases to the published budget for central establishment charges £28k offset by the release of £34k from the earmarked provision for capital investment (see note 13).

Total Building Control 2005/2006 £000		Chargeable 2006/2007 £000	Non-Chargeable 2006/2007 £000	Total Building Control 2006/2007 £000
	<b>Expenditure</b>			
181	Employee expenses	137	59	196
9	Transport	6	3	9
19	Supplies and Services	28	1	29
47	Central and support service charges	56	20	76
256		227	83	310
	<b>Income</b>			
(200)	Building Regulation Charges	(166)	0	(166)
(4)	Miscellaneous Income	(8)	(1)	(9)
(204)		(174)	(1)	(175)
<b>52</b>	<b>(Surplus)/Deficit for the year</b>	<b>53</b>	<b>82</b>	<b>135</b>
25	Transferred to/from Earmarked Provision	(59)		(59)
<b>77</b>	<b>Net included in I &amp; E Services Account</b>	<b>(6)</b>	<b>82</b>	<b>76</b>



### Note 8. Members Allowances

On the 26th November 2003 an Independent Remuneration Panel, set up to review Member's Allowances, proposed a revised scheme to operate from the 1st January 2004. The revised scheme increased the Basic and Special Responsibility Allowances in recognition of the effort, time and responsibility of elected Members. The scheme allows Members to forgo their entitlement should they wish and is reviewed annually each October to reflect current minimum wage rates.

The allowances paid to members during 2006/2007 are as follows:-

### Note 9. Officers Emoluments

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 is listed in the table:-

Remuneration includes all amounts paid to or receivable by an employee and includes sums due by way of expenses and the estimated monetary value of all other benefits received by an employee otherwise than in cash.

Variations between years are due to changes in the Senior Management Team during 2005/2006 and 2006/2007.

### Note 8. Members Allowances

	2005/2006 £000s	2006/2007 £000s
Basic Allowance	68	70
Special Responsibility Allowance	49	60
Employers National Insurance incurred	2	3
Mileage Allowance	6	5
Subsistence/others reimbursements	2	-
	<b>127</b>	<b>138</b>

Schedule of Allowances in the 2006/07 Municipal Year	£
Basic allowance per Councillor	2,054
Leader of the majority or largest Group	10,173
Deputy Leader of the majority or largest Group	8,138
Leader of the minority or second-largest Group	6,104
Executive Members	7,455
Chair of Overview & Scrutiny Committee	5,793
Other Committee Chairs	11,389
Vice Chair of Overview & Scrutiny	-
Other Committee Vice Chairs	9,906

### Note 9. Officers Emoluments

	2005/2006 No of Employees	2006/2007 No of Employees
£50,000 - £59,999	3	3
£60,000 - £69,999	1	1
£70,000 - £79,999	-	1
£80,000 - £89,999	1	-
£90,000 - £99,999	-	-
£100,000 - £109,999	-	1
	<b>5</b>	<b>6</b>



## Note 10. Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made.

Most transactions involving related parties to the council are disclosed elsewhere within the Financial Statement as follows:

### o Central government

- receipts from Central Government – see Note 40.

### o Other local authorities and precepting bodies

- payments to the Lancashire County Council Superannuation Fund – see note 37.
- precepts in relation to the Lancashire Police Authority, Lancashire Fire Authority and Lancashire County Council – see the Collection Fund.
- precept payable to Whitworth Town Council – see Income & Expenditure Account.

### o Subsidiary and associated companies

- the dividend paid by Rossendale Transport Ltd in the past has now been replaced by contributions towards specific services provided, such as the bus station

superintendent and managerial support provided by the Members. Rossendale Transport in turn have a subsidiary company, Coachways Ltd – see Note 20 - Investment and the Group Accounts.

### o Joint venture and joint venture partners

- Rossendale is included in the East Lancashire Housing Market Restructuring Pathfinder (Elevate) partnership programme between Rossendale and the neighbouring boroughs of Blackburn with Darwen, Burnley, Hyndburn and Pendle. The grants received by Rossendale in 2006/2007 can be seen in note 40.
- Bacup & Stacksteads Community Partnership have approved projects (e.g. Housing Improvement Schemes) for which the Council has received Single Regeneration Budget grant. See note 40 for details of Capital and Revenue grants received
- In June 2004 the bulk of Rossendale's Leisure Facilities transferred to the management of the newly-formed independent Rossendale Leisure Trust. The total grant to the Trust for the operation of leisure services in 2006/2007 was £714k.
- Community Leisure Association of Whitworth (CLAW) is a separate charitable organisation operating Whitworth Swimming Pool and the new Civic Hall, for which they received £82k towards running costs in 2006/2007.

### o Members and Chief Officers

The Council's Standing Orders make provision for a register of Members and Officers interests and also require members who believe they have a prejudicial interest in a matter to be discussed at a Council or Committee meeting to declare that interest at the meeting and, in general, to withdraw from the meeting while that particular matter is being discussed.

It is considered that any other transactions involving Members and Chief Officers with related parties are not material.



## Note 11. Audit Costs

	2005/2005 £000s	2006/2007 £000s
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	104	102
Fees payable to the Audit Commission in respect of statutory inspection	10	13
Fees payable to the Audit Commission for the certification of grant claims and returns	40	43
	<b>154</b>	<b>158</b>

### Note 12 – Explanation of the Significance of the Statement of Movement on the General Fund Balance

The Income and Expenditure Account discloses the income receivable and expenditure incurred in operating the Council for the year, applying essentially the same accounting conventions as a large company would use. However, when calculating the Council's revenue budgets and Council Tax requirements are determined by statute and non-statutory proper practices rather being in accordance with UK GAAP. There are a number of differences. For example,

- *in some circumstances capital expenditure can be charged to the General Fund but all capital expenditure is excluded from the Income and Expenditure Account; and*
- *depreciation of fixed assets is charged to the Income and Expenditure Account but cannot be charged to the General Fund.*

The Statement of Movement on the General Fund Balance provides the necessary reconciliation between the Income and Expenditure Account and the General Fund charges to Council Tax payers.

### Note 13 – Breakdown of the amounts used to reconcile the Income and Expenditure Account to the General Fund activity

2005/2006		2006/2007	
£000s		£000s	
(1,853)	Amortisation of intangible fixed assets	(59)	
(3,350)	Depreciation and impairment of fixed assets	(467)	
(161)	Excess of depreciation charged to HRA Services over the M.R.A element of Housing Subsidy	-	
208	Write downs of deferred charges to be financed from capital resources	963	
(2,467)	Government Grants Deferred Amortisation	(3,450)	
(79)	Net gain/(loss) on sale of fixed assets	4,422	
(1,008)	Net charges made for retirement benefits in accordance with FRS 17	897	
<b>(8,710)</b>	<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year</b>		<b>2,306</b>
(214)	Minimum revenue provision for capital financing	115	
530	Capital expenditure charged in-year to the General Fund Balance	34	
(3,264)	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	-	
1,481	Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	1,115	
<b>(1,467)</b>	<b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year</b>		<b>1,264</b>
(73)	Housing Revenue Account balance	51	
(1,002)	Net transfer to/(from) earmarked reserves	161	
<b>(1,075)</b>	<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>		<b>212</b>
<b>(11,252)</b>	<b>Net additional amount required to be debited/(credited) to the General Fund balance for the year</b>		<b>3,782</b>

## Note 14. Tangible and Intangible Assets

Movement of Assets in 2005/2006 were as follows:-

Total Assets 2005/2006 £000	Intangible Assets £000	OPERATIONAL ASSETS			NON-OPERATIONAL ASSETS			Total Tangible Assets £000	Total Assets £000
		Operational Land & Buildings £000	Vehicles/ Plant & Equipment £000	Community Assets £000	Investment Assets £000	Assets under Construction £000	Surplus Assets for Disposal £000		
131,202	284	13,864	1,327	13	598	434	1,248	17,484	17,768
(7,474)	(22)	(921)	(565)	-	-	-	-	1,486	1,508
<b>123,728</b>	<b>262</b>	<b>12,943</b>	<b>762</b>	<b>13</b>	<b>598</b>	<b>434</b>	<b>1,248</b>	<b>15,998</b>	<b>16,260</b>
(70,535)	-	490	(59)	-	-	(38)	463	856	856
	-	1,425	-	-	-	(1,425)	-	-	-
4,394	303	364	563	20	18	1,029	-	1,994	2,297
-	-	-	-	-	-	-	-	-	-
(35,123)	-	(85)	(72)	-	-	-	(647)	(804)	(804)
(3,338)	-	(121)	-	-	(18)	-	-	(139)	(139)
(2,836)	(59)	(309)	(158)	-	-	-	-	(467)	(526)
<b>16,260</b>	<b>506</b>	<b>14,707</b>	<b>1,036</b>	<b>33</b>	<b>598</b>	<b>-</b>	<b>1,064</b>	<b>17,438</b>	<b>17,944</b>



Depreciation, using the straight line method, has been charged according to the estimated life of the asset involved. The useful lives of buildings is deemed to be both tangibles & intangibles. We need to work out some more wordings to insert here

All intangible assets relate to purchased software licences which are depreciated using the straight line method over a useful life of 5 years.

### Note 14a A breakdown of buildings owned

An analysis of Fixed Assets at 31st March 2007

	31 <sup>st</sup> March 2006	31 <sup>st</sup> March 2007
<b>Buildings</b>		
Administrative Buildings	9	7
Leisure Centres	2	2
Public Halls	1	2
Swimming Pools	3	3
Museums	1	1
Cemeteries	4	4
Industrial Units	37	37
Markets	3	3
Ski Slope	1	1
	<b>61</b>	<b>60</b>

### Note 14c - Revaluation Programme

The authority operates a five-year rolling programme of revaluation on its General Fund properties. The valuations are carried out by Athertons, 53 King Street, Whalley, Lancashire, BB7 9SP. For details of basis of valuation please refer to the Accounting Policies.

	Operational Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Investment Properties £000	Assets under construction £000	Surplus Assets for disposal £000	Total Tangible Assets £000
Valued at historical cost	5	1,036	1	35	-	-	1,077
Valued at current value in:							
2002/03	536	-	-	-	-	540	1,076
2003/04	4,565	-	-	-	-	500	5,065
2004/05	1,087	-	-	401	-	-	1,488
2005/06	596	-	-	-	-	-	596
2006/07	3,389	-	508	253	-	-	4,150
<b>Total</b>	<b>10,178</b>	<b>1,036</b>	<b>509</b>	<b>689</b>	<b>-</b>	<b>1,040</b>	<b>13,452</b>

### Note 14b – Value of Assets Sold, Disposed or Decommissioned

	Fixed Asset Restatement Account 2005/2006 £000	Fixed Asset Restatement Account 2006/2007 £000
Total increase/(decrease) in unrealised capital resources in the year	(6,823)	716
Amounts written off fixed asset balances for disposals in the year	(102,203)	(804)
Adjustment following disposal of Council Stock	44,852	-
Total movement on reserve in the year	(64,174)	(88)
Balance brought forward at 1st April	65,399	1225
<b>Balance carried forward at 31st March</b>	<b>1,225</b>	<b>1,137</b>

The details below show the history of this revaluation programme. Assets valued in previous years have not undergone any material changes which would alter their valuations.

## Note 15 – Capital Expenditure

The main items of capital expenditure on assets during the year were:-

	2005/2006 £000	2006/2007 £000
IT Strategy	-	303
Waste Collection and Recycling	217	385
Futures Park, Bacup	192	50
Disabled Access Improvements	-	201
Civic Hall, Whitworth	304	1,118
New Finance System	190	-
Others	174	238
Council Dwelling	3,317	-
	<b>4,394</b>	<b>2,295</b>

The Council's outstanding capital commitments at the end of the year were as follows:-

	31 <sup>st</sup> March 2006 £000	31 <sup>st</sup> March 2007 £000
Building Maintenance	-	182
Civic Hall, Whitworth	979	36
Henrietta St Depot	-	135
Miscellaneous	-	186
Planning System	-	85
	<b>979</b>	<b>624</b>



## Note 16 – Capital Financing Requirement

	2005/2006 £000	2006/2007 £000
<b>Opening Capital Financing Requirement</b>	<b>27,508</b>	<b>2,867</b>
Capital investment		
Operational assets	4,069	1,248
Non operational assets	325	1,047
Deferred Charges	3,075	3,451
	<b>34,977</b>	<b>8,613</b>
Sources of Finance		
LSVT Receipt	(24,256)	-
Capital Receipts	(1,947)	(3,071)
Government Grants and other contributions	(4,394)	(2,643)
Sums set aside from Revenue		
Use of Revenue Resources	(529)	(34)
Minimum Revenue Provision	(339)	(114)
Commutation Adjustment	125	-
Write off Commutation Reserve	(770)	-
<b>Closing Capital Financing Requirement</b>	<b>2,867</b>	<b>2,751</b>
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow (supported by Government financial assistance)	(24,641)	(116)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(24,641)</b>	<b>(116)</b>

**Note 17 Analysis of Net Assets Employed**

	31 <sup>st</sup> March 2006 £000	31 <sup>st</sup> March 2007 £000
General Fund	(10,520)	(1,312)
Housing Revenue Account	1,099	1,150
Trading Operations	3,129	3,219
Collection Fund	372	371
<b>Total</b>	<b>(5,920)</b>	<b>3,428</b>

**Note 18. Deferred Charges**

	2005/2006 £000	2006/2007 £000
<b>Balance at 1st April</b>	-	-
Expenditure in year		
- Capital Expenditure – Housing, Improvement Grants and Elevate	1,361	2,658
- Other Capital Expenditure	1,714	793
Amounts written off to Consolidated Revenue Account	(3,075)	(3,451)
<b>Balance at 31st March</b>	-	-

**Note 19. Operating Leases**

	2005/2006 £000s	2006/2007 £000s
<b>Amounts paid in year</b>	<b>320</b>	<b>386</b>
Amounts falling due within 1- 2 years	330	710
Amounts falling due within 2 - 5 years	26	46
Amounts falling due within 5 - 10 years	133	82
<b>Undischarged obligations</b>	<b>489</b>	<b>838</b>

**Note 20. Long Term Investments**

The long term investments consist of:-

	31st March 2006 £000s	31st March 2007 £000s
Rossendale Transport Ltd	645	645
Marketable Securities	2	2
	<b>647</b>	<b>647</b>

	31st March 2006 £000s	31st March 2007 £000s
Profit on ordinary activities before Taxation	41	299
Tax on profit on ordinary activities	(42)	(107)
Retained (loss)/profit for the financial year	(1)	(192)
<b>Net Assets of Company</b>	<b>984</b>	<b>1,370</b>

The investment in the Rossendale Transport Ltd consists of £645,000 share capital. The company was established during 1986/87 in accordance with the provisions of the Transport Act 1985 to operate the municipal bus services previously operated by Rossendale Borough Council. The company commenced operations in October 1986 and is wholly owned by the Council. Rossendale Borough Council does not underwrite accumulated deficits or losses of Rossendale Transport Ltd.

The dividend paid by Rossendale Transport Ltd in the past has now been replaced by contributions towards specific services provided, such as the bus station superintendent and managerial support provided by Councillors as Members of the Board. Rossendale Transport in turn have a subsidiary company, Coachways Ltd. There are no loans outstanding. Further information about the accounts is available from The Company Secretary, Rossendale Transport Ltd., 35 Bacup Road, Rawtenstall.

### Note 21 – Loans outstanding

The transfer of the Council housing stock on 27th March 2006 resulted in the repayment of all the Council's long term borrowing.

### Note 22. Stocks

	31st March 2006 £000s	31st March 2007 £000s
Street Scene Stocks	56	43
Printing	7	7
	<b>63</b>	<b>50</b>

### Note 23. Debtors

	31st March 2006 £000s	31st March 2007 £000s
Government Departments	1,208	2,752
Other Public Bodies	96	222
Business Rates	249	246
Council Tax	2,636	2,609
Advance Payments	140	100
Sundry Debtors	2,386	3,196
	6,715	9,125
Less: Provision for Bad and Doubtful Debts	(2,007)	(1,996)
	<b>4,708</b>	<b>7,129</b>

### Note 24. Creditors

	31st March 2006 £	31st March 2007 £
Government Departments	2,368	736
Other Public Bodies	345	167
Advance Receipts	965	961
Sundry Creditors	2,490	3,857
	<b>6,168</b>	<b>5,721</b>



**Note 25. Provisions**

	Balance at 1st April 2006 £000s	Advanced £000s	Utilised £000s	Balance at 31st March 2007 £000s
Cemetery Perpetual Maintenance	25	-	(25)	-
Cycleways & Environmental Schemes	4	-	(4)	-
District Plan	105	-	-	105
Building Control	114	-	(59)	55
Other Provisions - General Fund	687	154	(468)	373
- Housing Revenue	50	-	(50)	-
	<b>985</b>	<b>154</b>	<b>(606)</b>	<b>533</b>

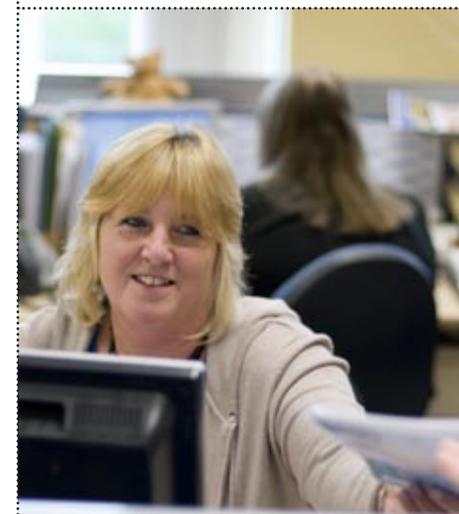
Provisions relate to service areas where there are known liabilities but uncertainty about the exact amount or the dates on which they will arise.

**Note 26. Government Grants Deferred**

	2005/2006 £000s	2006/2007 £000s
Balance at 1st April	4,699	4,769
Cap grants received	30,763	2,643
	35,462	7,412
Less:- Grants written off	(30,693)	(2,819)
<b>Balance at 31st March</b>	<b>4,769</b>	<b>4,593</b>

**Note 27. Government Grants Unapplied**

	2005/2006 £000s	2006/2007 £000s
Balance at 1st April	298	295
Grants received in the year	552	324
Grants applied To finance Revenue Spending	(515)	(384)
To finance Capital Spending	(40)	(34)
<b>Balance at 31st March</b>	<b>295</b>	<b>201</b>



**Note 28. Fixed Asset Restatement Account**

	2005/2006 £000s	2006/2007 £000s
Balance at 1st April	65,399	1,225
Surplus/(Deficit) on revaluation of assets in the year	(70,565)	856
<b>Less:-</b> Value of fixed assets disposed in year	(35,123)	(804)
Expenditure written off	(3,338)	(139)
	(43,627)	1,138
Adjustment following disposal of Council Housing stock	44,852	-
<b>Balance at 31st March</b>	<b>1,225</b>	<b>1,138</b>

The Fixed Asset Restatement Account is written down by the net book value of assets as they are disposed of. In addition, any increase or decrease in the valuation of an asset which is currently held is also charged to this account.

**Note 29. Capital Financing Account**

	2005/2006 £000s	2006/2007 £000s
Balance at 1st April	26,122	7,401
Capital Receipts set aside	-	-
Repayment of Debt	24,256	-
Capital Financing	7,331	(412)
Writing Back of Commutation Adjustment Reserve	770	-
Minimum Revenue Provision (less depreciation and impairment provision)	(2,413)	5,924
	56,067	12,913
<b>Less</b> Deferred charges written down	(3,814)	(3,450)
Adjustment following disposal of housing stock	(44,852)	-
<b>Balance at 31st March</b>	<b>7,401</b>	<b>9,463</b>

This account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and for capital expenditure that is to be financed from capital receipts and revenue. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue as the minimum revenue provision.

**Note 30. Usable Capital Receipts Reserve**

	2005/2006 £000s	2006/2007 £000s
Balance at 1st April	1,504	115
Capital Receipts in year from sale of assets etc.	6,213	5,226
	7,717	5,341
<b>Less:</b> Receipts set aside as provision for Credit Liabilities	-	-
Capital Receipts used to finance Capital Expenditure	(1,947)	(3,071)
Capital Receipts used to finance Revenue Expenditure	(2,391)	-
Payments to the Capital Receipts Pool	(3,264)	-
<b>Balance at 31st March</b>	<b>115</b>	<b>2,270</b>

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

**Note 31. Earmarked Reserves**

	Balance 1 April 2006 £000s	Income £000s	Expenditure £000s	Balance 31 March 2007 £000s
CCTV	17	-	17	-
Transport Realisation Reserve	645	-	-	645
Change Management Reserve	725	73	657	141
Legal Liability Reserve	100	-	-	100
Economic Regeneration Reserve	-	661	-	661
Budget Volatility Reserve	-	100	-	100
	<b>1,487</b>	<b>834</b>	<b>674</b>	<b>1,647</b>

\*Identifies reserves reclassified into the Change Management Reserve during 2005/2006

**Note 32 - Movement in Revenue Resources**

	General Fund Balances £000	HRA Balances £000	Collection Fund Balances £000	Earmarked Reserves £000	Pension Reserves £000
Surplus/(Deficit) for 2006/2007	(21)	51	(1)	-	-
Appropriations to/(from) revenue	-	-	-	160	-
Actual gains and losses relating to pensions	-	-	-	-	5,043
Balance brought forward at 1st April 2006	646	1,099	372	1,487	(18,328)
<b>Balance carried forward at 31st March 2007</b>	<b>625</b>	<b>1,150</b>	<b>371</b>	<b>1,647</b>	<b>(13,285)</b>

**Note 33 Contingent Assets & Liabilities**

A VAT sharing agreement was entered into with Green Vale Housing Association as part of the transfer of housing stock on 27th March 2006. The Council will accrue VAT savings as set out in the Transfer Agreement. The amount and timing of these monies is uncertain and it is dependant on the level of repairs undertaken and performance of Green Vale Housing Association. The VAT sharing agreement is also time limited.

The Council is currently in the process of implementing the single status agreement for employees. The purpose of the agreement is to ensure all employees have equal pay and conditions. Whilst in theory the exercise should be cost neutral, other authorities that have completed the process have experienced an increase in their overall pay bill. At this stage in the process it is not possible to estimate the potential liability.

**Note 34 – Approval of Draft Statement of Accounts**

The Accounts Committee considered and approved this Statement of Accounts on the 28th June 2007. The Chair of this Committee is Council Leader, Duncan Ruddick.

The audit process will now begin and the final audited Statement of Accounts will be presented to the same Audit Committee on the 27th September 2007.

**Note 35 – Post Balance Sheet Movement in Revenue Resources**

The following note explains the allocation of the HRA balances on 1st April 2007.

	As at 31 March 2007 £000s	Movement £000s	As at 31 April 2007 £000s
General Fund Balance	625	125	750
HRA Balance	1,150	(1,150)	-
Collection Fund Balance	371	-	371
Earmarked Reserves			
Change Management Reserve	141	525	666
Budget Volatility	100	100	200
Single Status Reserve	-	400	400
Other Earmarked Reserves	1,406	-	1,406
	<b>3,793</b>	<b>-</b>	<b>1,793</b>

**Note 36. Trust Funds** The Council acts as trustees for a number of trust funds which are summarised below. (These are not included in the balance sheet).

Title and purpose of Charity	Value of Underlying Assets £	Accumulated Balance 1st April 2006 £	Expenditure £	External Interest Received	Internal Interest Earned	Accumulated Balance 31st March 2007 £
<b>J H Pilling Legacy</b> The purpose of the charity is for Stubbylee Park	3,348	16,820	-	-	815	17,635
<b>Miles Ashworth Endowment</b> The purpose of the charity is for Stubbylee Park	6,574	12,348	-	389	374	13,111
<b>Mechanics Institute Scholarship</b> The purpose is to assist with the provision of a scholarship for a student residing in Bacup	60	2,675	-	-	130	2,805
<b>W Hardman Bequest</b> The purpose is to purchase an exhibit for Rawtenstall Museum	100	3,837	-	-	186	4,023
<b>Local Charities Account</b> The purpose is to distribute sums to charities in Haslingden	2,200	20,370	-	-	987	21,357
<b>S Pilling Trust</b> The purpose is to assist students of the Borough of Haslingden	200	2,450	-	-	119	2,569
<b>Greenfield Trust Massage Centre</b> The purpose is to use the Trust for something advantageous to Haslingden and as a war memorial	1,157	20,065	-	-	972	21,037
<b>Bacup Orchestral Scholarship Fund</b> The purpose is to assist a Rossendale schoolchild with musical education. The student must be an instrumentalist	200	780	-	-	38	818
<b>Smith Prize for Music</b> The purpose is to provide a prize for a boys' junior class of the Rossendale Music Festival	150	965	-	-	47	1,012
<b>Mayor of Haslingden Relief Fund</b> The purpose is to distribute sums to Haslingden Borough residents, granting relief in necessitous circumstances	176	805	-	-	39	844
<b>Haslingden Grane Duckworth Charity</b> The purpose is to relieve persons resident in the Borough of Haslingden who are in conditions of need, hardship or distress	1,990	12,106	-	-	587	12,693
	<b>16,155</b>	<b>93,221</b>	<b>-</b>	<b>389</b>	<b>4,294</b>	<b>97,904</b>

Due to the size and nature of these funds they are shown in £s rather than rounded to £000s  
There are no outstanding liabilities in relation to any of these trust funds

These funds are now included in the Group Accounts.

### Note 37. Local Government Pension Scheme

The following note explains 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 the employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme administered by Lancashire County Council – this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. As stated in the Explanatory Foreword item 8, the scheme underwent a full valuation in March 2004 which resulted in a stepped increase in the contributions which the authority will make from April 2005 and has affected the Council's Pension Scheme Liabilities and Pension Reserve in the Consolidated Balance Sheet as at 31st March 2007.

We recognise the cost of retirement benefits 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 we are required to make against council tax is based on the cash payable in the year, so that the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The table shows transactions which have been made in the Consolidated Revenue Account during the year.



### Income and Expenditure Account

	Local Government Pension Scheme	
	2005/2006 £000s	2006/2007 £000s
Net Cost of Services:		
Current service cost	1,261	913
Past service cost	(963)	-
Curtailments and Settlements	180	(2,051)
Net Operating Expenditure		
Interest cost	3,474	3,507
Expected return on assets in the scheme	(2,944)	(3,266)
Net Charge to the income and Expenditure Account	(1,008)	(897)
Statement of Movement in the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	(968)	921
Actual amount charged against the General Fund Balance for pensions in the year	1,441	1,091
Employers' contributions payable to scheme	1,481	1,115

The 2005/2006 figure above include a "Past Service Gain" of £963k. This relates to changes in the Pension Funds Scheme which allow members who retire on or after April 2006 to take a higher retirement lump sum in exchange for a lower retirement pension.

The figures for 2006/2007 allow for the transfers of staff to Greenvale Homes (participating within the West Yorkshire Pension Fund) on 27 March 2006 and to Capita on 29 September 2006. These transfers gave rise to the "Settlement Gain" of £2,229k, on the basis that they were "fully funded" on an approach consistent with the 2004 actuarial valuation. The amount of assets allocated in respect of the transfers are provisional and will be reviewed as part of the 2007 actuarial valuation of the Fund.

## Actuarial Gains and Losses

The actuarial gains identified as movements on the pensions Reserve in 2006/2007 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2007:

	2005/2006		2006/2007	
	£000	%	£000	%
Differences between the expected and actual return on assets	6,961	12.8	(361)	(0.8)
Differences between actuarial assumptions about liabilities and actual experience	(1,348)	(1.8)	-	-
Changes in the demographic and financial assumption used to estimate liabilities	(5,334)	(7.3)	3,228	5.4
	<b>279</b>		<b>2,867</b>	

## Assets and Liabilities

The underlying assets and liabilities for retirement benefits attributable to Rossendale Borough Council at 31st March are as follows:-

	31st March 2006 £000	31st March 2007 £000
Estimated assets in the scheme	55,017	46,595
Estimated liabilities in the scheme	(73,345)	(59,880)
<b>Net liability</b>	<b>(18,328)</b>	<b>(13,285)</b>

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £13.3m impact on the net worth of the authority is 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 local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. As stated in the Explanatory Foreword note 8, the revenue contributions made by the Council have accordingly risen from 14.5% to 16.3% in April 2006 and are set to rise to 18.1% by April 2007.

The liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Borough Council Fund liabilities have been assessed by Mercer Human Resource Consulting, an independent firm of actuaries, and their estimates have been based on the latest full valuation of the scheme as at 31st March 2004 which was published in March 2005. The main assumptions used in their calculations at the beginning and end of the year are:

	Beginning of Year %	End of Year %
Rate of inflation	2.9	3.1
Rate of increase in salaries	4.65	4.85
Rate of increase in pensions	2.9	3.1
Rate of discounting scheme liabilities	4.9	5.4

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion with their expected rates of return at the beginning and end of the year:

	Split of Assets %	Rate of Return	
		Beginning of Year %	End of Year %
Equity investments	64.3	7.0	7.5
Bonds	8.4	4.3	4.7
Other Bonds	12.5	4.9	5.4
Property	7.0	6.0	6.5
Cash/Liquidity	4.5	4.5	5.25
Other assets	3.3	7.	7.5

**Note 38. Reconciliation of Revenue Surplus to Net Cash Flow**

2005/2006 £000		2006/2007 £000
(10,992)	Deficit on Income & Expenditure Account.	(3,761)
11,252	Net additional amount required to be debited/(credited) to the General Fund balance for the year	3,782
<b>260</b>	<b>General Fund (Surplus)/Deficit</b>	<b>21</b>
(74)	Housing Revenue Account (Surplus)/Deficit	(51)
37	Surplus on Collection Fund Account	1
<b>223</b>	<b>Total Surplus for the Year</b>	<b>(29)</b>
	ADD:-	
215	Minimum Revenue Provision	(115)
(5,923)	Capital Financing – Premia	-
529	Capital Expenditure financed from Revenue	(34)
381	Provision for Bad Debts	(381)
(646)	Other Balances	386
(47)	Increase/(Decrease) in:- Stocks and Work in Progress	13
(377)	- Debtors	192
733	- Creditors	357
-	- Provisions	452
(3,361)	Payments to Capital Receipts Pool	-
-	Movement in Government Grant Unapplied	194
7,168	Servicing of finance	(198)
<b>(1,105)</b>	<b>Net cash inflow/(outflow) from revenue activities</b>	<b>837</b>

**Note 39. Net Change in Liquid Resources**

	Balance at 1 April 2006 £000	Balance at 31 March 2007 £000	Movement in Year £000
Cash in Hand	3	3	-
Bash at Bank / Bank Overdraft	2,744	2,011	(733)
	<b>2,747</b>	<b>2,014</b>	<b>(733)</b>



Balance:- Cash at Bank includes Current Accounts and Business Reserve Accounts which attract a higher rate of interest.

## Note 40. Government Grants

2005/2006			2006/2007	
£000	£000		£000	£000
		<b>Revenue</b>		
3,146		Revenue Support Grant	957	
15,523		DWP Grants for Rebates Benefits Granted	5,613	
1,904		NNDR	16,451	
	20,573			23,021
		<b>Other Government Grants:-</b>		
102		Business Rates Admin	102	
130		Elevate Pathfinder	409	
-		Housing Subsidies	190	
569		Single Regeneration Budget	111	
64		Home Office	66	
402		Planning Delivery Grant	224	
-		Local Public Service Agreement	28	
735		Benefits Administration	581	
11		European Regional Aid	-	
-		ODPM - Capacity Building	44	
29		- Supported Housing	30	
	2,042			1,785
		<b>Capital</b>		
1,475		Elevate Pathfinder	1,129	
2,371		Housing Subsidies etc.	963	
30		European Regional Aid	14	
553		North West Development Agency	799	
3		Single Regeneration Budget	102	
93		English Heritage	-	
8		DEFRA – Recycling	-	
150		Implementing Electronic Government	-	
-		Communities fir Health	100	
54		National Heritage Memorial Fund	-	
-		Local Public Service Agreement	28	
	4,737			3,135
	<b>27,352</b>			<b>27,941</b>

In addition to the above, as part of the LSVT arrangements in March 2006, the ODPM made a grant payment of £28.8 m direct to the PWLB to repay the loans outstanding.



LESLEY	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
LEANNE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

DQ statement for Job Des.

Philip Maxwell  
6/16/34

