



Councillor A. Barnes
Council Leader



Councillor T. Aldred
Chair of Audit and
Accounts Committee



Councillor B. Essex
Mayor

H. Lockwood
Chief Executive



P. Seddon
Head of Finance

Statement of Accounts 2011/2012

DRAFT

presented to the
Audit & Accounts Committee
20th June 2012

Chairman of the Audit & Accounts Committee

Page Section

Section 1 Statement of Accounts

- 4 Auditors Report
- 6 Explanatory Foreword
- 11 Annual Governance Statement
- 15 Statement of Responsibilities

Section 2 Core Financial Statements & Notes

- 16 Movement in Reserves Statement
- 17 Comprehensive Income and Expenditure Statement
- 18 Balance Sheet
- 19 Cash Flow Statement
- 20 Notes to the core financial statements – see opposite for details

Section 3 Other Statements

- 72 The Collection Fund
- 76 Group Accounts
- 83 Capital Expenditure Report

Section 4 Glossary

- 84 Glossary



Page Notes to the Core Statements

Introduction and Policies

20	Introduction
20	Note 1 – Accounting Policies
32	Note 2 – Restatement of Prior Year Accounts under current policies
33	Note 3 – Critical judgements in applying accounting policies
33	Note 4 – Events after the Balance Sheet date
34	Note 5 – Assumptions made about the future and other major sources of estimation uncertainty

Notes relating primarily to the revenue operations within the Comprehensive Income and Expenditure Statement

35	Note 6 – Long-term Contracts
35	Note 7 – Acquired and Discontinued Operations
35	Note 8 – Trading Operations
36	Note 9 – Pooled Budgets
36	Note 10 – Grant Income
38	Note 11 – Members’ Allowances
39	Note 12 – Officers’ Remuneration
40	Note 13 – Related Parties
41	Note 14 – External Audit Costs
42	Note 15 – Adjustments between Accounting Basis & Funding Basis under regulations
43	Note 16 – Transfers to/from Earmarked Reserves

Notes relating primarily to the Balance Sheet

44	Note 17 – Property, Plant & Equipment
46	Note 18 – Investment Properties
47	Note 19 – Intangible Assets
48	Note 20 – Capital Expenditure, Financing and Capitalisation of Borrowing Costs
50	Note 21 – Leases
51	Note 22 – Long-term Investments
51	Note 23 – Long-term Debtors
52	Note 24 – Financial Instruments
55	Note 25 – Nature and extent of risks arising from Financial Instruments
58	Note 26 – Inventories
58	Note 27 – Debtors
58	Note 28 – Short-term Investments, Cash and Cash Equivalents
58	Note 29 – Assets Held for Sale
59	Note 30 – Impairment Losses
59	Note 31 – Borrowing
59	Note 32 – Creditors
60	Note 33 – Provisions
61	Note 34 – Usable Reserves
63	Note 35 – Unusable Reserves
64	Note 36 – Local Government Pension Scheme – a defined benefit scheme
69	Note 37 – Contingent Assets and Liabilities

Notes relating primarily to the Cash Flow Statement

70	Note 38 – Reconciliation of Revenue Surplus to Net Cash Flow
70	Note 39 – Net Change in Liquid Resources

Other Notes

71	Note 40 – Segmental Reporting
71	Note 41 – Approval of Statement of Accounts

Audit Report

The Draft Statement of Accounts, as approved by the Audit & Accounts Committee, will be presented for audit.

The Public Inspection period will run for 20 working days from the 9th of July to the 3rd of August 2012. Following this the appointed day for the Auditor to take written queries from members of the public is the 6th August 2012.

AUDIT OF ACCOUNTS YEAR ENDED 31st March 2012

Audit Commission Act 1998, sections 15 - 16

Accounts and Audit (England) Regulations 2011 Regulations 9, 10, 21, 22 & 24

The Council's accounts are subject to external audit by Audit Commission Auditor, Karen Murray of 2nd Floor, Aspinall House, Aspinall Close, Middlebrook, Horwich, Bolton, BL6 6QQ. Members of the public and local government electors have certain rights in the audit process:

1. From the 9th July 2012 to 3rd August 2012 between 9 am and 4pm any person may inspect the accounts of the Council for the year ended 31st March 2012 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts) at the One Stop Shop, Lord Street, Rawtenstall. They may also make copies of the accounts and documents. Alternatively the accounts are available online at the Council's website www.rossendale.gov.uk
2. From 10 am on the 6th of August 2012 until the conclusion of the audit process, a local government elector for the area of the Council, or his/her representative, may ask the auditor questions about the accounts. Please contact the auditor at the address given above to make arrangements to ask any questions.
3. From 10 am on the 6th of August 2012 until the conclusion of the audit process, a local government elector for the area of the Council, or his/her representative, may object to the Council's accounts asking that the auditor issue a report in the public interest (under section 8 of the Audit Commission Act 1998) and/or apply to the court for a declaration that an item in the accounts is contrary to law (under section 17 of the Audit Commission Act 1998). Written notice of a proposed objection and the grounds on which it is made must be sent to the auditor at the address given above and copied to me at the address on the back of this document.

The Auditor's report will replace this notice following the audit process outlined above.





Explanatory Foreword

Introduction by the Head of Finance

This booklet presents the Council's accounts for the year ended 31st March 2012. In doing so it now conforms to the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code), which is based on the International Financial Reporting Standards (IFRSs).

The layout and purpose of each statement is as follows:-

Explanatory Statements

- Explanatory Foreword - *provides interested parties with an easily understandable guide to the most significant matters reported in the accounts, including a summary of operating activity during the year.*
- Annual Governance Statement – *explains the way the Council ensures responsible stewardship of its assets.*
- Statement of Responsibilities - *explains the responsibilities of the Council and its Chief Financial Officer in relation to the Council's financial affairs and the Statement of Accounts.*

Core Statements

- Movement in Reserves Statement – *this statement shows the movement in year on the different reserves held by the Council, analysed into 'useable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.*
- Comprehensive Income and Expenditure Statement - *a summary of the resources generated and consumed by the authority in the year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.*
- Balance Sheet - *this shows the value of the assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the value of reserves held.*
- Cash Flow Statement - *summarises changes in cash and cash equivalents during the year, including how the Council generates and uses cash through operating, investing and financing activities.*

Notes to the core financial statements

All the notes to the core statements above are now collected in one place, including at Note 1 an explanation of the policies used in the preparation of the figures in these accounts, and at Note 2 the impacts of any changes made to those policies during the year.

Other Statements

- The Collection Fund – *this agency statement reflects the Council's statutory obligation to maintain a separate Collection Fund for its transactions as a billing authority in relation to council tax and non-domestic rates.*
- The Group Accounts - *the Group Accounts show the consolidated financial position of the Council, its interest in Rosendale Transport Limited and the Trust Funds it administers.*
- Capital Expenditure Report - *a detailed analysis of the capital projects and funding during the year.*

Glossary

- Glossary - *an explanation of some of the key technical terms used in these accounts.*

Explanatory Foreword

General Fund

The General Fund holds the income and expenditure associated with the day to day running of all the services that the Council provides.

Full Council on the 23rd February 2011 approved a total General Fund Services Budget for 2011/2012 of £10,547k and received a request for a precept on the Collection Fund of £54k to fund expenditure by Whitworth Town Council. This resulted in a Collection Fund Precept of £5,556k (including Whitworth) and central government Formula Grant of £5,054k.

The net amount transferred from Earmarked Reserves in 2011/2012 was £152k, compared to a budgeted use of £360k, as shown at Note 34a. Transfers to reserves amounted to £2,035k and included £777k VAT refunds transferred to the Change Management Reserve and contributions of £815k to the Transitional Reserve.

Transfers from reserves totaled £2,187k which included a transfer of £1,369k contribution towards the Valley Centre redevelopment, in addition to the planned use of £360k to support various revenue budgets. Applications of other reserves supported projects such as:

- £75k use of the Economic Regeneration Reserve - to support regeneration and tourism, partly following the disbanding of the North West Development Agency;
- £60k was used to fund the Desktop Virtualization IT project.
- £43k of the vehicle replacement reserve to purchase two spare refuse wagons.
- £215k was used to contribute towards the council on-going pension liabilities
- £65k was used to support various grants within the borough.
- £60k was used to meet further liabilities arising from single status (see Note 37).

A strong monthly financial monitoring regime, reporting to Cabinet throughout the year, has ensured that the medium term financial strategy to reduce costs was adhered to, resulting in an underspend of £105k.

In accordance with the Council's policy on carrying forward 50% of unspent revenue operating budgets, £115k was transferred into the Directorate Investment Reserve, leaving a net reduction to the General Fund Reserve of £10k which in turn gave a closing balance at 31st of March 2012 of £953k.

The operating under spend of £105k was after transferring £192k of surplus recycling income to the Transitional Reserve, included within the figure above. Continued efficiencies and staffing restructures contributed towards the reported underspend, along with increased interest income. However, some of the adverse variances, primarily due to the economic downturn, are noted as follows:

- The Council incurred a loss on Housing Benefit subsidy of £53k, reflecting continued liability for supported housing tenancies and increased identification of housing benefit over payments, a decline of £12k in land charges search income and £17k in building control fees.
- One off redundancy and associated costs resulting from continued efficiencies amounted to £78k.
- The decision to amend the collection policy for refuse collections from farms and outlying properties resulted in additional cost pressures of £40k.

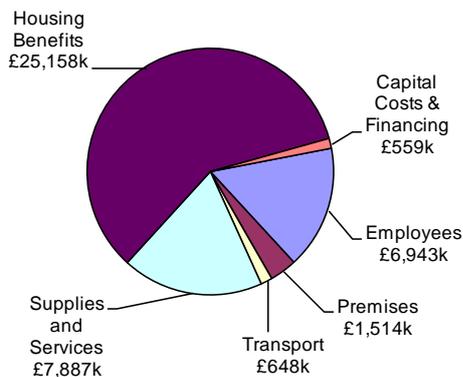
The table and charts on the following page show the General Fund figures without the IAS19 pension fund adjustments, whereas the similar figures in the segmental report at Note 40 include some pensions adjustments, as noted in the reconciliation statement on page 71.

Explanatory Foreword

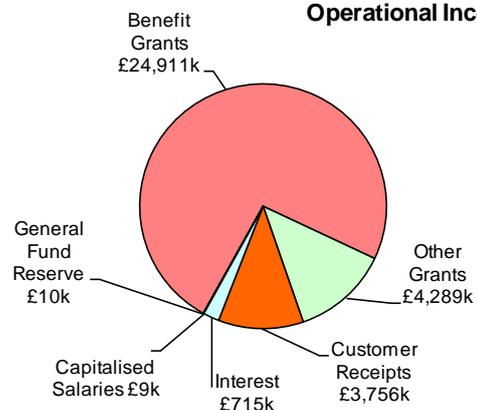
GENERAL FUND SERVICES	2010/2011	2011/2012		Note
	Actual £000s	Original Budget £000s	Actual £000s	
Place Directorate				
Communities	1,262	3,053	2,630	
Customer Services & E-govt	1,724	855	1,077	
Leisure Services	1,228	773	669	
Operations	4,112	2,371	1,697	
Business Directorate				
Building Control	210	193	208	
Planning	636	530	576	
Local Land Charges	31	40	50	
Licensing	229	291	264	
Democratic Services	895	838	788	
Regeneration, Health & Housing	1,158	1,418	1,363	
Corporate Management				
Executive Team	(26)	205	110	
Finance and Property Services	198	780	1,255	
People and Organisational Development	150	(10)	(68)	
Non-distributed Costs	(478)	(978)	(1,590)	
Total cost of General Fund Services	11,329	10,359	9,029	
Whitworth Town Council Precept	54	54	54	
Collection Fund Deficit		9	25	
Revenue Contribution to Capital Outlay	271		1,661	35b
Contribution to/(from) General Fund Reserves	47		(10)	
Transfers to/(from) Capital Adjustment Account	3		3	
Contributions to Earmarked Reserves	1,833	548	2,035	34a
Contributions from Earmarked Reserves	(1,317)	(360)	(2,187)	34a
Amount to be met from government grants & local tax payers	12,220	10,610	10,610	
Precept on the Collection Fund	5,540	5,556	5,556	
Rate Support Grant	795	1,108	1,108	10
Non-service related Government Grants	410	361	361	10
Distribution from NNDR Pool	5,475	3,585	3,585	10
Amounts received from government grants & local tax payers	12,220	10,610	10,610	

The General Fund operations shown above can be split into expenditure and income as follows

Operational Expenditure



Operational Income



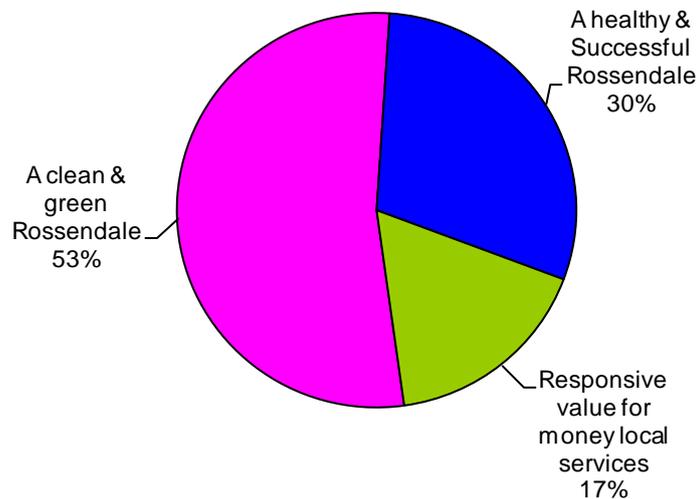
For further analysis please refer to the segmental report at Note 40.

Explanatory Foreword

For 2011/2012 the Council identified 3 corporate priorities for the services it provides:

- a clean and green Rossendale,
- a healthy and successful Rossendale,
- responsive value for money local services.

The operational expenditure shown on the previous pages can be split over these priorities as follows:



Capital Expenditure and Income

The capital works undertaken by the Council in 2011/2012 amounted to £5,665k of which £4,626k related to work on the Council's own assets, which are summarised in Notes 17, 19 and 20 to the Core Statements and shown in more detail in the Capital Expenditure Report in Section 3.

Expenditure included £332k on playground and parks improvements, a further £977k on the Leisure Investment project at Marl Pits and £439k on the complete renovation of the young person's homelessness unit in Rawtenstall which was acquired in March 2011. New projects within the year included £2,201k on the acquisition of the Valley Centre. Works on private housing stock included £619k of disabled facilities improvements and £400k of housing market renewal works as that project came to an end.

A significant portion of the funding for these capital works came from government grants and other external contributions, with £1,400k received in relation to the private housing works and £276k received to support playground and parks improvements.

Capital receipts are shown in Note 34b and in 2011/2012 the sale of the Council's own assets resulted in £149k in new receipts.

In March 2006 the Council transferred its entire housing stock to Green Vale Homes. Under the transfer arrangements the Council has been entitled to a proportion of the income from any houses sold to tenants under the Right to Buy scheme until March 2011. In 2010/2011 the income from these sales was £217k, and this was the final year of the arrangement.

In order to meet the Council's ambitions following the Leisure Services Review, a loan of £4.6m was entered into with the Public Works Loan Board in March 2010 for a period of 25 years at 4.49%. This loan is reflected in the Balance Sheet and the Financial Instruments at Notes 24 and 31 to the Core Statements.

Treasury Management

Treasury management during the year was conducted within the borrowing limits and investment criteria approved by the Council in the Medium Term Financial Strategy. Treasury Management is conducted in-house with advice provided by an external organisation, Sector Treasury Services Ltd. Investment performance was slightly above the model portfolio suggested by Sector at an average of 1.46% on balances which provided £14k more revenue income than originally budgeted for. The Council's Treasury Management Strategy and Practices, as approved in February each year, continue to limit investments to UK high street banks with at least a AA credit rating and other UK local authorities.

Pensions and IAS19

Note 36 explains how the Council has accounted for the under-lying long term commitments in relation to the retirement benefits for employees. The Local Government Pension Scheme, administered by Lancashire County Council, underwent a full valuation in March 2010, which was published in March 2011. That valuation saw an increase in the net deficit of the overall Fund to £993m (£710m in 2007), of which Rossendale Borough Council's net liability in the Balance Sheet dropped to almost £22m at 31st March 2011, but has since risen to £25.9m at the 31st March 2012.

The key conclusions from the full valuation were:

- The Fund showed a deficit of £993m at the valuation date based on the assumptions made for calculating its funding target. This measure compares the Fund's assets with the value of the past service benefits at 31 March 2010. It represents a funding level of 80% relative to the Fund's funding target.
- Based on the assumptions made for assessing the cost of future accrual, the Common Contribution Rate (i.e. the average employer contribution rate in respect of future service only) was 12.5% of Pensionable Pay.
- If the actuarial assumptions were to be based purely on the returns available on conventional and index-linked gilts (a so-called "least risk" basis) the deficiency would have increased to £2,841m.
- If the deficit is recovered through additional employer contributions over a 19 year period then the employer contributions rate required to meet the deficit emerging from the valuation is an additional 6.6% of Pensionable Pay per annum.
- Across Lancashire the current average employer contribution rate is 19.1% of Pensionable Pay subject to any transitional phasing arrangements in accordance with the Funding Strategy Statement (FSS). Contributions for each separate employer will be levied as a percentage of payroll under the recovery plan. These contributions commenced from 1 April 2011.
- Employee contributions are payable in addition to the employer contributions. These contributions are adequate to meet the funding objective based on the actuarial assumptions detailed in this report. No additional contributions are required from employers to meet normal scheme expenses since allowance for these are included in the recommended contributions.

The methodology and assumptions by which the funding target and contribution rates are calculated have also been determined in accordance with the Fund's FSS. The FSS specifies a maximum period for achieving full funding of 19 years in most circumstances, compared to a maximum period of 22 years adopted at the 2007 valuation. The maximum deficit recovery period is now three years shorter so that the same target date for achieving full funding is being maintained as at the 2007 valuation. For each individual employer, the funding objective, method and assumptions depend on the particular employer's circumstances and different approaches have been adopted where applicable including any transitional arrangements ("phasing") for the implementation of revised employer contribution requirements, in accordance with the FSS.

Annual Governance Statement: Year Ended 31st March 2012

Scope of Responsibility

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

In discharging this overall responsibility, Rossendale Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

Rossendale Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy is on our website at http://www.rossendale.gov.uk/downloads/E1b_Appendix_Local_Code_Corp_Gov_v2.pdf or can be obtained from the Council's One Stop Shop at Rawtenstall. This statement explains how Rossendale Borough Council has complied with the code and also meets the requirements of the **Accounts and Audit (England) Regulations 2011** in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at Rossendale Borough Council in previous years, throughout 2011/2012 and up to the date of approval of the annual report and Statement of Accounts.

The Governance Framework

The key elements of the systems and processes that comprise the governance arrangements include:

- The Constitution, which establishes arrangements for policy setting and decision making (including ensuring legal and financial probity). This defines roles, responsibilities, statutory officer protocols, the delegation of powers to members and officers including the role of the Overview and Scrutiny Management Committee and its work with other scrutiny committees. The Constitution is subject to annual review and amendment to meet the changing needs of the Council and the governance environment;
- The Audit and Accounts Committee which complies with CIPFA's *Audit Committee – Practical Guidance for Local Authorities* and which, inter alia, oversees the production of the authority's Annual Governance Statement;

- Comprehensive codes of conduct for members and officers, supported through a training programme, that set out clear expectations for standards of behaviour together with job descriptions that make clear senior officer duties in matters of financial, performance and risk management;
- Well publicised and effective arrangements for dealing with complaints and whistle-blowing, and for combating fraud and corruption;
- An award winning officer and member training and development programme to support, amongst other things, their strategic roles;
- An award winning Council for Standard and Ethics as recognised by The Standards Board for England;
- Established terms of reference for Member led working groups and securing independent Members on Standards Committee and co-opted Members on Audit & Accounts committees;
- Encouraging fair and representative public participation through the adoption of a "Procedure for Public Speaking" at public meetings;
- Online accessibility to Council meeting agendas and minutes including information on availability in different formats;
- An established business planning process, which sets clear objectives and targets in light of the Local Strategic Partnership's Sustainable Community Strategy, the Council's policy priorities and the financial resources available, all of which are summarised annually in the Council's Corporate Plan;
- The Medium Term Financial Strategy, budget setting and budgetary management systems which aim to economically, effectively and efficiently use resources in line with corporate priorities and the regular reporting of financial performance to officers and members;
- Financial Regulations and Contract Procedure Rules and a clear supporting framework of financial procedures;
- A performance management system of regular monitoring and reporting to members of the Council's performance and financial standing against its plans together with its own assurance framework ensuring the accuracy and completeness of data;
- A partnership with Lancashire County Council for the management of the internal audit service that works with officers to assess and develop the governance framework and which supports management's assessment of compliance with established policies, procedures, laws and regulations;
- Annual quality assurance statements by all Heads of Service and specific senior managers (signed together with line Director and Portfolio Holders) which both acknowledge officer responsibilities in matters of governance and internal control and make an annual evaluation of their adequacy within the service area;
- A risk management framework, which ensures that risks to the Council's objectives are identified and appropriately managed, including the assignment of a Member risk champion;
- A structure of centrally monitored, yet devolved financial management, that promotes management of the Council's finances at the appropriate organisational level;
- A Customer Access Strategy, designed amongst other things, to empower employees to deal with customer queries quickly and satisfactorily, increase customer satisfaction with the Council ultimately to deliver better access to improved public services;
- Through Neighbourhood Forums and localised plans we enable groups to, amongst other things, feedback on how grants awarded by the forums have improved the community;
- A centrally held partnership register with development of terms of reference for outside bodies;
- Participation in the nationwide National Fraud Initiative;

- Active participation in, where appropriate, procurement matters with other local authorities which aims to ensure maximum value for money for the Council through collaborative procurement exercises;
- Health and Safety arrangements with Burnley Borough Council who check compliance with both legal and internal requirements as part of their audits.
- Emergence planning arrangements with Hyndburn Borough Council to ensure the Council's emergency response arrangements are robust and effective.

Review of Effectiveness

Rossendale Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review has been completed/informed by the work of executive managers within Rossendale Borough Council who have the responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The roles and processes that have been applied in maintaining and reviewing the effectiveness of the governance framework are as follows:

Rossendale Borough Council

- Regular formal meetings of the Leader of Council and Chief Executive,
- Regular meetings of Cabinet, Portfolio Holders and Heads of Service
- Monitoring Officer and s.151 Officer protocols
- Regular review of The Constitution and Code of Corporate Governance
- Terms of reference for all Council committees and Portfolio holders
- Member / Officer protocols
- Annual Corporate and Directorate Business plans, including a mechanism for identifying and managing risks, which continues to be consolidated and embedded across the Council

The Cabinet

- Cabinet Member terms of reference
- Portfolio Holder role descriptions

The Overview and Scrutiny Management Board and The Audit and Accounts Committee

- Overview and scrutiny annual reports, task and finish reports, etc
- Integrated performance, financial and risk reporting
- Robust Member call-in procedures
- Published committee agendas and minutes
- Customer complaints reviewed by Performance Scrutiny Committee

The Standards Committee

- Annual work programme
- Annual end of year report
- A "Planning Code of Conduct" (within the Constitution) replacing the previous "Code of Good Practice"
- A protocol for Standards Committee members
- Current review of the Standards Committee

Internal and External Audit

- Audit scrutiny which seeks assurance, from a variety of sources, that controls have been adequately designed and are operating effectively in practice
- Member training (eg: risk management, internal controls, end of year statutory reporting)

Annual Governance Statement

- Annual Audit Reports (from both external and internal auditors) and the assurances they give around internal controls in place
- Follow up work undertaken by internal audit to ensure remedial action is being taken by management to mitigate the risks (and control any deficiencies) identified
- Confirmation that internal audit operate in accordance with the CIPFA code of practice for internal audit in local government
- Regular reports from internal audit to the Audit and Accounts Committee on progress against the audit plan.
- Audit Commission annual inspections and judgements (eg: Value for Money) and any specific in year inspections, together with their triennial review of the Council's Internal Audit service which they have previously found to be 'fully compliant with professional standards'.

The explicit review and assurance mechanisms

- Executive led "Programme Board" for significant projects.
- Formal reporting mechanism for significant events ("Significant Event Review" reports).
- Member Development Strategy and annual Personal Development Plans.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the audit committee, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

This statement is signed by the current Chief Executive, the time period for which is entirely under her tenure.

Significant Governance Issues

We are satisfied that no matters of significance in relation to governance have been identified. We will however continue to make improvements to the effectiveness of governance where a need has been identified and will monitor their implementation and operation as part of our next annual review and in light of the impact on governance issues arising out of the 2010 Spending Review and the Council's two year Finance Settlement . In particular we remain focused on the areas for improvements (some of which have been previously identified in previous years) the key areas now being:

- Continued consolidation of Performance, Risk and Financial management across the Council.
- Further strategic development and action (eg: Regeneration, Leisure, Waste Management, Housing, etc.).
- Partnership working and governance arrangements, including the Localisation of Council Tax and changes to the administration of Housing Benefits.
- The implications arising from the Council's Medium Term Financial Strategy and its requirement to save in excess of £1m over the medium term.
- Implications arising from proposed central government changes to local authority financing.



Councillor Alyson Barnes
Council Leader



Helen Lockwood
Chief Executive

Statement of Responsibilities

The following responsibilities are placed upon the authority and the Head of Finance in relation to the Council's financial affairs.

The Authority's Responsibilities

The Authority is required:-

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the statement of accounts.

The Head of Finance's Responsibilities

As Head of Finance, I am responsible for the preparation of the authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (referred to as "the code"), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March, 2012.

In preparing this Statement of Accounts, I have:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;

I have also:-

- kept proper accounting records which were up-to-date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Head of Finance

I certify that this Statement of Account presents fairly the financial position of Rossendale Borough Council at 31st March 2012, and its income and expenditure for the year ended 31st March 2012, including any known post balance sheet events as at 8th June 2012.



Phil Seddon
Head of Finance

8th June 2012

Core Financial Statements

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The 'Surplus/(deficit) on Provision of Services' line shows the true economic cost of providing the authority's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes and details of the adjustments required can be found at Note 15.

The 'Net increase/(decrease) before transfers to reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. Details of these transfers can be found at Note 34a.

MOVEMENT IN RESERVES STATEMENT	General Fund Balance £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Govt Grants Unapplied £000s	Total Useable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s	Note
Balance at 31st March 2010	914	5,434	1,354	579	8,281	(14,516)	(6,235)	
Movement in Reserves during 2010/11								
Surplus/(deficit) on Provision of Services	4,559	-	-	-	4,559	-	4,559	
Other Comprehensive Expenditure & Income	18	-	-	-	18	6,926	6,944	
Total Comprehensive Expenditure & Income	4,577	-	-	-	4,577	6,926	11,503	
Adjustments between accounting basis & funding basis under regulations	(4,012)	-	(130)	835	(3,307)	3,307	-	15
Net increase/(decrease) before transfers to Reserves	565	-	(130)	835	1,270	10,233	11,503	
Transfers (to)/from Reserves	(516)	516	-	-	-	-	-	34a
Increase/(decrease) in year	49	516	(130)	835	1,270	10,233	11,503	
Balance at 31 March 2011	963	5,950	1,224	1,414	9,551	(4,283)	5,268	
Movement in Reserves during 2011/12								
Surplus/(deficit) on Provision of Services	766	-	-	-	766	-	766	
Other Comprehensive Expenditure and Income	801	-	-	-	801	(4,095)	(3,294)	
Total Comprehensive Expenditure & Income	1,567	-	-	-	1,567	(4,095)	(2,528)	
Adjustments between accounting basis & funding basis under regulations	(1,729)	-	(212)	(599)	(2,540)	2,540	-	15
Net increase/(decrease) before transfers to Reserves	(162)	-	(212)	(599)	(973)	(1,555)	(2,528)	
Transfers to/from Reserves	152	(152)	-	-	-	-	-	34a
Increase/(decrease) in year	(10)	(152)	(212)	(599)	(973)	(1,555)	(2,528)	
Balance at 31 March 2012	953	5,798	1,012	815	8,578	(5,838)	2,740	

Core Financial Statements

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement on the previous page.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	31st March 2011			31st March 2012			Note
	Gross		Net	Gross		Net	
	Expend	Income	Expend	Expend	Income	Expend	
	£000s	£000s	£000s	£000s	£000s	£000s	
Continuing Operations							
Central Services to the Public	1,288	(476)	812	1,193	(537)	656	
Cultural	3,583	(343)	3,240	3,555	(311)	3,244	
Environmental	4,926	(1,205)	3,721	4,403	(1,350)	3,053	
Planning	1,542	(436)	1,106	1,467	(536)	931	
Highways, Roads & Transport Services	1,195	(263)	932	198	(44)	154	
Housing General Fund	27,407	(27,708)	(301)	27,464	(27,046)	418	
Corporate & Democratic Core	1,719	(137)	1,582	1,569	(166)	1,403	
Other Central Services	451	(873)	(422)	1,024	(563)	461	
Non-Distributed Costs	(42)	(19)	(61)	(7)	(387)	(394)	
Exceptional Item - Pensions past service gain	-	(3,926)	(3,926)	-	-	-	36
Cost of Services	42,069	(35,386)	6,683	40,866	(30,940)	9,926	
Other Operating Expenditure							
Whitworth Town Council Precept	54	-	54	54	-	54	
Capital receipts paid to Government Pool	5	-	5	1	-	1	34b
(Gain)/Loss on disposal of fixed assets	259	(192)	67	102	(149)	(47)	29, 34b
Other Income	-	(320)	(320)	-	(103)	(103)	34b
Financing and Investments							
Interest payable on debt	1	-	1	-	-	-	24
Interest and investment income	-	(188)	(188)	-	(715)	(715)	24
Pensions - interest cost	4,154	-	4,154	3,484	-	3,484	36
Pensions - curtailments	3	-	3	4	-	4	36
Pensions - expected return on assets	-	(2,732)	(2,732)	-	(2,736)	(2,736)	36
(Surplus)/Deficit on Trading Undertakings	345	(411)	(66)	305	(345)	(40)	8
Taxation and Non-Specific Grants							
Council Tax	-	(5,540)	(5,540)	-	(5,556)	(5,556)	
Loss on the Collection Fund	-	-	-	16	-	16	
Rate Support Grant	-	(795)	(795)	-	(1,108)	(1,108)	
National Non-Domestic Rates	-	(5,475)	(5,475)	-	(3,585)	(3,585)	10
Non service related Government Grants	-	(410)	(410)	-	(361)	(361)	10
(Surplus)/Deficit on Provision of Services	46,890	(51,449)	(4,559)	44,832	(45,598)	(766)	
(Surplus)/deficit on revaluations:-							
Fixed assets							
Property, Plant & Equipment			(176)			(801)	17
Assets held for sale			158			-	29
Pension fund assets			(6,926)			4,095	36
Other Comprehensive (Income)/Expenditure			(6,944)			3,294	
Total Comprehensive (Income)/Expenditure			(11,503)			2,528	

Core Financial Statements

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories, **useable reserves** and **unusable reserves** (see Notes 34 and 35 for further details and the Glossary for further explanation).

BALANCE SHEET		*adj see Note 2	*adj see Note 2		Note
		1st April 2010	31st March 2011	31st March 2012	
		£000s	£000s	£000s	
Property, Plant & Equipment					
Other Land and Buildings	*	12,817	12,530	15,510	2 & 17
Vehicles, Plant, Furniture & Equipment	*	2,768	3,278	3,057	2 & 17
Infrastructure		278	355	398	17
Community Assets	*	327	306	586	2 & 17
Assets under construction		-	310	1,287	17
Surplus Assets		1,090	1,090	831	17
		17,280	17,869	21,669	
Heritage Assets	*	2,052	2,082	2,170	2 & 17
Intangible Assets		260	210	158	19
Long-term Investments		2,102	2,102	2,102	22
Long-term Debtors		118	101	143	23 & 24
Long-term Assets		21,812	22,364	26,242	
Short-term Investments		8,000	7,500	5,000	24 & 28
Inventories		28	37	40	26
Short Term Debtors		6,437	4,197	5,003	27
Cash and cash equivalents		1,225	1,865	785	28
Assets held for sale within one year		101	94	94	29
Provision for Impairment		(922)	(1,066)	(1,158)	30
Current Assets		14,869	12,627	9,764	
Short-term Borrowing		(184)	(184)	(184)	24 & 31
Short-term Creditors		(5,371)	(2,349)	(2,329)	32
Short-term Provisions		(490)	(552)	(689)	33
Current Liabilities		(6,045)	(3,085)	(3,202)	
Long Term Borrowing		(4,416)	(4,232)	(4,048)	24 & 31
Long-Term Provisions		(496)	(477)	(116)	33
Net Pensions Liability		(31,959)	(21,929)	(25,900)	36
Long-term Liabilities		(36,871)	(26,638)	(30,064)	
Net Assets		(6,235)	5,268	2,740	
Represented by:					
General Fund		914	963	953	
Earmarked Reserves		5,434	5,950	5,798	34a
Capital Receipts Reserve		1,354	1,224	1,012	34b
Grants Unapplied		579	1,414	815	34c
Useable Reserves		8,281	9,551	8,578	
Revaluation Reserve	*	4,987	5,089	5,897	2 & 35a
Available-for-sale Financial Instruments Reserve		1,455	1,455	1,455	22 & 24
Pension Reserve		(31,959)	(21,929)	(25,900)	36
Capital Adjustment Account		11,000	11,105	12,733	35b
Deferred Capital Receipts		10	6	2	
Collection Fund Adjustment Account		(9)	(9)	(25)	15
Unusable Reserves		(14,516)	(4,283)	(5,838)	
Total Reserves		(6,235)	5,268	2,740	

Core Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting periods. The statement shows how the authority uses cash and cash equivalents, classified separately between operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. The cash outflows here relate to capital spend on assets held by the Council, such as buildings, vehicles and equipment, which will be used to provide services in the future. Cash inflows relate to the sale of assets no longer required by the Council to provide its services, or capital grants and contributions received by the Council.

Cash flows arising from financing activities show the net movements in investments and borrowing during the period in accordance with the Council's treasury management strategy. These can be useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

CASH FLOW STATEMENT	2010/2011	2011/2012	Note
	£000	£000	
Operating Activities			
Net surplus/(deficit) on the provision of services	4,559	766	38
Adjustment for noncash movements	(3,893)	1,502	38
Adjustment for items that are investing and financing activities	(604)	(852)	38
Net cash flows from Operating Activities	62	1,416	
Investing Activities			
Additions to property, plant and equipment & intangible assets	(2,015)	(4,626)	20
Proceeds from the sale of property, plant and equipment	182	108	15 & 34b
Increase/(decrease) in Unapplied Government Grants	835	873	34c
Increase/(decrease) in long-term debtors	(7)	42	23
Other income	320	103	15 & 34b
Net Cash Flows from Investing Activities	(685)	(3,500)	
Management of Liquid Resources			
Net (increase)/decrease in short-term deposits	500	2,500	28
Financing			
Cash (Outflows)/Inflows - agency operations			
National non-domestic rates	932	(1,159)	
Council Tax	15	(153)	
Cash Outflows - Repayments of amounts borrowed	(184)	(184)	31
Cash Inflows - New long-term loans	-	-	31
Cash Inflows - New short-term loans	-	-	
Net Cash Flows from Financing Activities	1,263	1,004	
Net increase/(decrease) in Cash and Cast Equivalents	640	(1,080)	39
Cash and Cash Equivalents at the beginning of the year	1,225	1,865	
Cash and Cash Equivalents at the end of the year	1,865	785	

Introduction

Rossendale Borough Council, as a local authority in England, is subject to the Local Government Act 2001, section 21, which stipulates that the preparation of the Statement of Accounts is governed by the proper practice requirements of CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2011 (the Code).

This Code is now based on the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) adapted, as interpreted for the public sector, by the International Public Sector Accountancy Standards (IPSASs). The 2011 Code replaced the 2010 Code, with the main change focusing on the introduction of the category of Heritage Assets. This is explained further in Note 1 below, the financial effects of which are shown in Note 2 to the Core Statements.

These financial statements are for the year ended 31st March 2012 and in this draft format have been approved for release for audit by the Audit and Accounts Committee on the 20th June 2012.

Note 1 Accounting Policies

Accounting Concepts & Principles

The Code specifies many of the accounting policies and estimation techniques to be adopted for material items. The financial statements give a true and fair view of the financial position, financial performance and cash flows of the authority through faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria for assets, liabilities, income and expenses set out in the Code.

The authority has adopted the following accounting concepts to be followed in the preparation of the Statement of Accounts and the selection and application of accounting policies and estimation techniques and in the exercise of professional judgement.

- The qualitative characteristics of financial information
 - *relevance*
 - *comparability*
 - *reliability*
 - *understandability*
- Materiality
- Pervasive accounting concepts
 - *accruals*
 - *primacy of legislative requirements*
 - *going concern*

Policies are reviewed regularly to ensure they remain appropriate to the Authority's circumstances with a full disclosure of any changes to accounting policies where necessary.

Changes to Accounting Policies

The 2011 Code introduced one significant change in policy regarding Heritage Assets in order to meet the requirements of FRS30 *Heritage Assets*. The financial effects of retrospective application of this change to the 2009/2010 and 2010/2011 comparator accounts can be seen in Note 2.

Introduction of Heritage Assets

A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. An intangible heritage asset is an intangible asset with cultural, environmental or historical significance, including such items as recordings of significant historical events.

For Rossendale Borough Council this change has led to the reclassification of the Panopticon in Haslingden and the war memorials across the borough from Land and Buildings and Community Assets to Heritage Assets and the introduction of civic regalia and the exhibits at Whittaker Park Museum. Note 2 shows the values of these changes.

Employee Benefits – exit packages

The 2011 Code has also introduced a requirement for authorities to disclose the value of exit packages paid to employees. This information has now been incorporated into the main Officer's Remuneration Note 12 along with comparator information for 2010/2011.

Asset Register improvement

During 2011/2012 Rossendale Borough Council has introduced a new asset register system, the implementation of which identified some areas where the Council's policies relating to tangible assets had not been fully complied with in recent years. This has led to a minor correction to the information provided at Note 17 in relation to the gross value and accumulated depreciation of assets now disposed of, which has resulted in a net £2k movement from plant and equipment to land and building assets in the 2010/2011 Balance Sheet. Normally such a minor amendment would have been made in the current year rather than retrospectively, but since this relates to figures already being restated as noted above, then the correction has been made to the 2010/2011 accounts as can be seen at Note 2.

Revenue Recognition

Revenue is the gross inflow of economic benefit, in cash and cash equivalents, in the reporting period. Revenue is measured at the fair value of the consideration received or receivable. In most cases the consideration receivable is in the form of cash or cash equivalents.

The term 'revenue' is also used to refer to the operational activities of the Council within each financial year, as distinct from 'capital' which refers to transactions affecting assets or liabilities with an economic life covering more than one accounting period.

Accruals of Expenditure & Income

Under the accruals principle the Comprehensive Income & Expenditure Statements matches expenditure relating to the production of goods or delivery of services during the financial period with the income to finance those goods and services, regardless of whether the cash transactions have taken place. Income due at the year-end pertaining to services provided are shown in the Balance Sheet as debtors and payments due for goods and services received but not paid for are shown as creditors. The Cash Flow Statement and its Notes reconcile the expenditure and income on an accruals basis with the true cash inflows and outflows during the financial period.

Further details of the Council's expenditure and income on provision of services for the year can be found in the segmental reporting analysis in the Explanatory Foreword.

Employee Benefit Expenses – Note 12 and Note 32

The code has interpreted IAS 19 *Employee Benefits* and confirmed that local authorities should account for:

- benefits payable during employment,
- termination benefits
- post-employment benefits
- pension fund accounts

Short-term benefits to be accrued for include:

- wages, salaries and social security contributions
- short-term compensated absences
- bonuses and similar payments
- non-monetary benefits

Full details of Employee Benefits, including exit packages, paid during employment are shown at Note 12. Accruals for short-term compensated absences, calculated per employee at each year-end, are also shown as a separate item within the Creditors at Note 32.

Pensions – Note 36

The requirements of IAS 19 in relation to post-employment benefits, ie pensions, have been fully incorporated into the Comprehensive Income & Expenditure Statement with actuarial gains and losses being recognised in Other Comprehensive Income and Expenditure, as Note 36 explains in detail.

Under local government finance legislation local authorities in England are required not to charge to revenue expenditure amounts in respect of liabilities for retirement benefits, but instead to maintain a Pension Reserve to which the pension liabilities are charged.

The amount charged to the General Fund for providing pensions for employees is the amount payable in the year. Where this amount does not match the amount charged to the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement, the Code stipulates that the difference is taken to the Pension Reserve.

Rossendale Borough Council participates in the Local Government Pension Scheme administered by Lancashire County Council. More details about this scheme and its valuations can be found in Note 36 and the Explanatory Foreword.

Interest – Note 24

Interest paid on external borrowings is accrued in the accounts of the period to which it relates and interest earned on the external investment of surplus funds is credited to the General Fund using the effective interest method as set out in the Code.

Interest is also transferred internally to the Trust Funds held by the Council based on the average balances in each fund and the average interest rates earned by the Council in the year. The values transferred to each Trust Fund can be found in the Group Accounts at Section 3.

Area Based Grant – Note 10

Rossendale is a participant in a Local Area Agreement (LAA) – a partnership with other public bodies involving the pooling of Area Based Grants (ABG) from the government to finance work towards jointly agreed objectives for local public services. In 2008/09 the LAA laid down a three-year agreement.

In accordance with IAS 20 *Accounting for Government Grants*, the Council's entitlement is recognised as soon as the conditions have been met, accruing for any grant due but not received at the year-end. Note 10 gives greater detail on the nature and conditions of this grant and the amounts received and accrued for.

Operations acquired or discontinued

Acquired Operations

No operations have been acquired during the reporting periods disclosed within this Statement of Accounts.

Discontinued Operations

In accordance with the outcomes of the 2009/2010 Leisure Review, the Ski Slope, though still owned by the Council, is now operated by a community group on a 25-lease at a peppercorn rent.

Value Added Tax

VAT incurred by the Council on goods and service it procures is fully recoverable from HM Customs & Revenue, except in certain exceptional cases. Consequently, all expenditure shown in the Comprehensive Income & Expenditure Statement excludes VAT.

Where the Council charges for goods and services which are subject to VAT, the income included in the Comprehensive Income & Expenditure Statement is shown excluding the VAT element which must be passed on to HM Customs and Revenue.

Due to the nature of local government services the net position of VAT payable and recoverable generally results in a debtor in the Balance Sheet.

Cost of Support Services (Overheads)

Local authorities in England prepare their Comprehensive Income & Expenditure Statement in accordance with the Service Reporting Code of Practice for Local Authorities (SeRCOP). The SeRCOP stipulates the service divisions to be used in the Comprehensive Income & Expenditure Statement, including the collection of central managerial costs under 'Other Central Services'. The SeRCOP also stipulates that such costs of service management and support services are apportioned across operational services as 'users', rather than being retained as administrative overheads. The cost of service strategy and regulation of any service to the public is allocated to a separate objective expenditure head in the accounts of that service.

These recharges are generally made at a rate to recover staff costs and typical overheads incurred, although in cases where overheads for IT services are particularly high the services are recharged on the basis of a full allocation of the costs incurred. The basis of apportionment is calculated either as time spent by support staff, usage of technology or space occupied in buildings. With the exception of a small balance, all used portions of these overheads have been allocated on the above basis

In accordance with the SeRCOP, unused but unrealisable elements of central support services are charged to Non-Distributed Costs.

Landfill Allowances Scheme

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities to reduce the amount of biodegradable municipal waste disposed of into landfill sites. Rossendale Borough Council, as waste collection authority for the borough, is a partner in a cost-share agreement with Lancashire County Council, who are the disposal authority for this area.

Rossendale Borough Council operated within its allocated landfill allowances under the cost-share agreement during the reporting periods covered by these statements. As a result confirmation was received from Lancashire County Council that no charges would be incurred in the 2011/12 financial year.

The Carbon Reduction Commitment scheme, which applied from 1st April 2010, is operating on a reporting basis only for the 2011/2012 financial year. No allowances will be required for 2011/12, and consequently no accounting for the scheme is required within these accounts.

Property, Plant and Equipment – Note 17

Local authorities now account for tangible fixed assets in accordance with IAS 16 *Property, Plant and Equipment*. Property, plant and equipment are tangible assets (ie assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one accounting period. These assets are further classified as follows:

- Operational land and buildings,
- Operational plant, furniture, equipment, and motor vehicles.
- Infrastructural assets which are the fixed utility systems, and
- Community assets.
- Surplus assets – held for future regeneration opportunities

Recognition and Measurement

Under IAS 16 property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. However, for the public sector the following adaptations have been applied:

- Infrastructure, community assets and assets under construction (excluding investment properties) are measured at historical cost. Historical cost is deemed to be the carrying amount of an asset at 1st April 2007 or at the date of acquisition, whichever is the later, and adjusted for subsequent depreciation or impairment (if applicable).

- All other classes of assets are measured at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value for land and buildings is interpreted as the amount that would be paid for the asset in its existing use, in accordance with UK Policy Statement (UKPS) 1.3 of the valuation standards issued by The Royal Institution of Chartered Surveyors (RICS)
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, or such assets are rarely sold, the Council may need to estimate fair value using a depreciated replacement cost approach, accounting for all physical deterioration and all relevant forms of obsolescence and optimisation.

Cost is defined as the cash or cash equivalents paid in relation to:-

- the acquisition, reclamation, enhancement or laying out of land;
- the acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures, including insulation works and disabled adaptations;
- the acquisition, installation or replacement of movable or immovable plant, machinery, vehicles, apparatus or vessels;

All expenditure on the acquisition, creation or enhancement of assets is capitalised on an accruals basis in the accounts, provided that the asset yields benefits to the authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to provision of services within the Comprehensive Income and Expenditure Statement.

Revaluation

Revaluations of fixed assets are undertaken by professionally qualified valuers on a five year rolling basis. Any unrealised gains on revaluation are shown in the Comprehensive Income & Expenditure Statement then removed in the Movement in Reserves Statement to the Revaluation Reserve on the Balance Sheet.

Revaluation gains are depreciated in line with the asset to which they relate. Future revaluation losses are matched against any balance in the Revaluation Reserve in the first instance on a strict per-asset basis, with the remaining balance being transferred to the Capital Adjustment Account.

Impairment

In accordance with IAS 36 *Impairment of Assets*, an impairment review is undertaken at the end of each accounting period and material changes to asset valuations are adjusted as they occur. Impairment loss on a re-valued asset is recognised in the Revaluation Reserve to the extent that the impairment does not exceed the balance in the Revaluation Reserve for that asset and thereafter as a cost to the provision of services in the Comprehensive Income & Expenditure Statement.

However, the Code stipulates that impairments do not impact on the council tax, hence an adjusting transaction can be found in the Movement in Reserves Statement (see workings at Note 15).

Depreciation

Depreciation is provided for on all operational assets with a finite useful life (which can be determined at the time of acquisition or revaluation over the useful life of the asset) using the straight-line method calculated on a daily basis.

Charges for depreciation cover buildings, vehicles, plant, furniture and equipment. Infrastructure, community assets and surplus non-operational assets are not depreciated each year but measured at historical cost.

Depreciation is charged to the Comprehensive Income and Expenditure Statement as a cost of the provision of services. As with impairments, the Code stipulates that depreciation does not impact on the council tax, hence an adjusting transaction can be found in the Movement in Reserves Statement (see workings at Note 15).

Component Accounting

Where the asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful life. Componentisation has been introduced officially from 1st April 2010 without retrospective applications, therefore components will be considered as assets are professionally revalued within the 5-year programme. However, the major components of land and buildings have already been separated for many years, with no depreciation being applied to the land element.

Heritage Assets – Included within Note 17

Authorities now account for heritage assets under the requirements of FRS30 *Heritage Assets*. The financial effects of retrospective application of this change to the 2009/2010 and 2010/2011 comparator accounts can be seen in Note 2.

A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. An intangible heritage asset is an intangible asset with cultural, environmental or historical significance, including such items as recordings of significant historical events.

Recognition and Measurement

For Rossendale Borough Council this change has led to the reclassification of the Panopticon in Haslingden and the war memorials across the borough from Land and Buildings and Community Assets to Heritage Assets and the introduction of civic regalia and exhibits at Whittaker Park Museum. Note 2 shows the financial effects of this retrospective recognition.

Where heritage assets have recently been purchased or costs capitalised, these assets are now valued on a historic cost basis. This has occurred in examples as the creation of the Panopticon. Where it is not possible to obtain a cost value commensurate with the benefit to users of the financial statements, the Council is entitled to use any method it deems appropriate and relevant. For the items of civic regalia and the exhibits at Whittaker Park Museum the latest insurance values have been used as an approximation for the asset value.

Amortisation

Depreciation or amortization is not required on heritage assets which have indefinite lives. However, the carrying amount of such assets is reviewed regularly to ensure that they have not suffered any physical deterioration, which would be treated as an impairment.

For ease of presentation, details on heritage assets can be found alongside Property, Plant and Equipment at Note 17.

Investment Properties – Note 18

Authorities now account for investment properties in accordance with IAS 40 *Investment Property*, except where the Code has provided definition interpretation for the public sector. Under this definition, an investment property is one that is used solely to earn rentals or for capital appreciation, or both.

Rossendale Borough Council does not have any Investment Properties.

Intangible Assets – Note 19

IAS 38 *Intangible assets* defines intangible assets as non-financial assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights, such as software, which are expected to provide future service benefits or be used in the provision of services over several years to come.

Recognition and Measurement

This Council does not have any internally-generated intangible assets.

Other intangible assets are capitalised at cost incurred to acquire and bring to use, eg the implementation costs of specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

An intangible asset may be acquired by way of government grant or other contribution, either in full or in part. In such instances both the asset and the grant or contribution are recognised initially at fair value.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income and Expenditure as a cost of using the asset in the provision of services. The useful lives and associated amortisation rates of computer software have been estimated at 5 years.

Surplus Assets and Assets Held for Sale – Note 17 and 29

In line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Assets held for sale are now separated into two categories. Those with specific intentions to be sold in the following accounting period are classified under Current Assets as 'Assets held for sale within one year' – see Note 29. Those held for inclusion in longer-term regeneration plans are classified as Surplus Assets under Property, Plant and Equipment at Note 17.

Recognition and Measurement

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, where fair value is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Surplus Assets are re-valued at the point of their transfer to the surplus category, but based upon their existing use value which is an estimate of the asset's remaining useful service potential.

Amortisation

Depreciation or amortization is not required on surplus assets or those held for sale. However, the carrying amount of such assets is reviewed regularly to ensure that they have not suffered any physical deterioration, which would be treated as an impairment.

Leases – Note 21

This Council has not entered into any Finance Leases, either as lessee or as lessor.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Where assets are acquired under operating leases the leasing rentals payable are recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The value of the assets subject to leasing agreements are not shown in the Balance Sheet, but are disclosed in Note 21.

Assets held by the Council for use in operating leases (acting as a lessor) are recorded in the Balance Sheet as fixed assets and depreciated over their useful life. Rental incomes from such assets are recognised on a straight line basis and matched against costs of insurance and maintenance in the Comprehensive Income and Expenditure Statement. The value of such assets and the incomes receivable are disclosed in Note 21.

Revenue Expenditure funded from Capital under Statute

Legislation allows some items of expenditure to be funded from capital resources that under IFRS and normal accounting practice would be charged to Surplus of Deficit on the Provision of Services. Such expenditure termed 'Revenue Expenditure funded from Capital under Statute' within the Code and is written off to the Comprehensive Income and Expenditure Statement in the year incurred and matched by the grants received.

The types of expenditure to which this usually refers are disabled access grants and decent homes assistance where the local authority does not receive the economic benefits arising from the expenditure. A reversing entry in the Movement in Reserves Statement ensures there is no impact on the Council Tax or General Fund Balance, see workings at Note 15.

Government Grants and Other Contributions – Note 10 and 34c

In line with the Code's adaptation of IAS 20 *Accounting for Government Grants*, grants and contributions for capital purposes should be recognised immediately, unless any conditions have not been met; an authority shall not include grants and contributions deferred on the Balance Sheet. Retrospective application of the change in policy has resulted in all remaining Government Grants Deferred being incorporated into the Capital Adjustment Account as if they had been recognised when the asset was first created

From April 2010, government grants and other contributions are now accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Grants received in advance of these conditions being met are held as Unapplied Government Grants until released into the Comprehensive Income & Expenditure Statement as entitlement allows (see Notes 10 and 34c).

Capital Receipts – Note 34b

Amounts to be treated as capital receipts are defined by statute and usually arise from disposal of an interest in a fixed asset. Any difference between the receipt value and the carrying value of the asset in the balance sheet at the time of disposal is shown in the Comprehensive Income & Expenditure Statement as a gain or loss on disposal.

However, some statutorily defined capital receipts do not arise from the disposal of an interest in a fixed asset and as such are treated separately in the Comprehensive Income and Expenditure Statement as 'Other Income'. One example of such income arose from retained Right to Buy receipts following the transfer of housing stock to Green Vale Homes in March 2006, though this income stopped at the end of 2010/2011.

Capital receipts are not attributable to the General Fund Balance and are therefore transferred to the Useable Capital Receipts Reserve in the Movement in Reserves Statement (see workings at Note 15).

Long-term Investments – Note 22

Long-term investments are those with a remaining life of more than 1 year at the Balance Sheet date and are shown in the Balance Sheet at fair value.

The largest long-term investment consists of 100% of the share capital in Rossendale Transport Ltd., a company set up under the Transport Act 1985. Further details are in Note 22 and the Group Accounts at Section 3. Dividend income or payment for management services from investments is recognised as revenue income when the authority has a right to receive the payment.

Short-term Investments – Note 28

Short-term investments are those with a life of less than 1 year at the Balance Sheet date and are shown in the Balance Sheet at fair value. These investments follow policies laid down in the Council's Treasury Management Strategy and Treasury Management Practices. Note 28 details the short-term investments held by the Council at the Balance Sheet date, alongside cash and cash equivalents.

Inventories – Note 26

Stocks of materials or supplies to be consumed in the provision of future services are accounted for under IAS 2 *Inventories*, except for financial instruments and work in progress under construction contracts. Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the course of operations, less the estimated costs of completion and any estimated costs necessary to make the sale, exchange or distribution.

Work in progress under construction contracts is subject to IAS 11 *Construction Contracts* and an interim valuation is obtained covering the cost of works completed at the end of the reporting period plus any overheads reasonably attributable to those works. This value is then included in the Balance Sheet within property, plant and equipment rather than listed within current inventory assets.

Short-term Debtors – Note 27

Authorities account for debtors in accordance with IAS 18 *Revenue* and IAS 39 *Financial Instruments: recognition and Measurement*, except where interpretations or adaptations to fit the public sector have been detailed in the Code.

The revenue accounts of the Council are maintained on an accruals, therefore sums due to the Council for services delivered or rendered during the financial year are included whether or not the cash has actually been received. Debtors are then recognised in the Balance Sheet as the full value of the consideration receivable, in most cases in cash or cash equivalents.

Debtors also arise where the Council has made payment in advance of receipt of goods or services from suppliers, shown in the analysis in Note 27 as 'Payments in Advance'.

Cash and Cash Equivalents – Note 28

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Provision for Impairment – Note 30

The Council also prepares its accounts in a prudent manner and as such the value of debtors receivable is subject to a degree of risk. The Council assesses the risk attributable to each individual class of debtors in order to arrive at a realisable value and more information on Financial Instrument Risks can be found in Note 25.

The difference between the full value and the realisable value of Financial Instruments is called a Provision for Impairment. Debts written off are charged to this provision and any requirement to make new provisions is charged as an expense to the cost of provision of services within the Comprehensive Income & Expenditure Statement.

Short-term Creditors – Note 32

Under IAS 18 *Revenue*, the annual provision of services by the Council are accounted for on an accruals basis. That is, sums due from the Council pertaining to the acquisition of goods or services used in the provision of services within the year are included whether or not the cash has actually been paid in the year. An exception to this principle relates to electricity and similar payments which are charged at the date of meter reading rather than being apportioned between financial years. Most of these payments are now monthly and this policy is consistently applied each year, therefore any discrepancy is deemed to be immaterial to the year's accounts.

Creditors also arise where the Council receives income from customers ahead of the provision of goods or services. Such payments are shown separately in the detailed analysis at Note 32 as 'Receipts in Advance'.

Provisions – Note 33

Under the Code local authorities now apply IPSAS 19, which interprets IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* for the public sector. Proper provisions are required for any liabilities or losses of uncertain timing or amount. Provisions expected to be called upon within 12 months from the end of the financial period are classed as Short-Term Provisions, while those of a more extended nature are classed as Long-Term Provisions.

Provisions are charged to the Surplus or Deficit on Provision of Service in the Comprehensive Income & Expenditure Statement. Provisions are utilised only for the purpose for which they were established, except where a regular review to determine the appropriateness of the level of the charge and the balance of the provision properly requires a change. The provisions held and any change in their use are disclosed in Note 33 along with activity on the provision in the accounting period.

Provision for Impairment has also been made for doubtful debts and known uncollectable debts have been written off during the year. The balance of the Provision for Impairment, used to reduce the overall level of Current Assets outstanding, as disclosed in Note 30.

Contingent Liabilities – Note 37

A contingent liability is either: (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or (b) a present obligation that arises from past events but is not recognised because: (i) it is not probable that a transfer of economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note unless the possibility of a transfer of economic benefits in settlement is remote.

Contingent Assets – Note 37

A contingent asset is a possible asset that may arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent assets are not recognised in the revenue account or the balance sheet because prudence cautions that the gain might never be realised, instead they are disclosed in the Notes to the Core Statements.

When realisation of the gain is virtually certain, then the item ceases to be a contingent asset and can be accounted for as revenue or capital income as appropriate.

Reserves

The Council maintains certain reserves for the purpose of meeting liabilities other than those covered by provisions. A distinction is made in the Balance Sheet between usable reserves, which are cash-backed reserves available for use by the Council in the future provision of services and unusable reserves which are used for statutory accounting purposes and cannot be used directly to finance future service costs.

Usable Reserves – Note 34

- The General Fund Balance is the accumulation of surplus or deficit on operational services attributable to council tax payers. Such funds are not held for any specific purpose, but are available to assist with the management of financial risks and to deal with any emergencies which might arise. The Medium Term Financial Strategy sets out the Council's policy for the recommended value of the General Fund Balance in order to provide assurance against the estimates and assumptions used in the annual budgeting process.
- Earmarked Reserves are resources set aside to meet specific future running costs and investments. The Medium Term Financial Strategy sets out the Council's policy for Earmarked

Reserves, including their nature and suggested requirements. Full details of the movements on each reserve can be found at Note 34a.

- The Usable Capital Receipts Reserve holds the proceeds of fixed asset sales available to meet future capital investment (see Note 34b).
- Capital Grants Unapplied – holds the balance of grants received where the conditions of grant entitlement have not yet been met. Grants and other contributions are now accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Grants received in advance of these conditions being met are held as Grants Unapplied until released into the Comprehensive Income & Expenditure Statement as entitlement allows (see Note 34c).

Unusable Reserves – Note 35

- Revaluation Reserve records unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis (see Note 35a)
- Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and financed through the capital controls mechanism (see Note 35b).
- Available-for-sale Financial Instruments Reserve stores gains on revaluation of investments not yet realised through sales. In 2008/2009 the investment in Rossendale Transport Ltd was revalued using the discounted cash flow method in line with the Code requirements. This account now holds the difference between the historic value of the shares, shown in the Transport Earmarked Reserve at Note 34a and the value of the investment asset at Note 22. This is a technical gain and in no way assumed that any decision has yet been made to dispose of this asset.
- Collection Fund Adjustment Account holds the surplus/(deficit) on the Collection Fund which is directly attributable to Rossendale Borough Council (details can be found in the Collection Fund at Section 3).
- Deferred Capital Receipts holds the value of Council House sales prior to 1991 where mortgages were granted to the tenants. The balancing entry for these receipts is shown within Long Term Debtors on the Balance Sheet at Note 23.
- Pensions Reserve is a balancing account to allow the inclusion of Pensions Liability in the Balance Sheet. Details of Pension Fund assets/liabilities can be found in Note 36.

Repurchase of Borrowing

The Code requires gains or losses on the repurchase of borrowing to be recognised in the Comprehensive Income and Expenditure Statement in the year in which they are realised. Where, however, the repurchase is coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect, gains or losses are to be recognised over the life of the replacement borrowing. No such gains or losses were experienced in the current accounting period.

Minimum Revenue Provision

In accordance with the requirements of the Local Government and Housing Act 1989, the authority is required to set aside a minimum revenue provision for repayment of debt. Minimum Revenue Provision is a charge to the cost of services in the Comprehensive Income & Expenditure Statement, details of which can be found in Notes 15, 20, and 35b. In March 2008, in line with Government guidance, the Council changed the basis on which MRP should be calculated to match the life of the asset.

Financial Instruments – Notes 24 and 25

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income & Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest.

Any gains or losses on the repurchase or early settlement of borrowing are charged to the Comprehensive Income & Expenditure Statement. However, where repurchase takes place as part of a restructure the premium or discount is added to the amortised cost and charged over the life of the new or modified loan. Where premiums and discounts are charged directly to the Comprehensive Income & Expenditure Statement regulations permit the impact on the General Fund Balance to be spread over future years. This is achieved by transfer to/from the Financial Instruments Adjustment Account. No such gains or losses arose in the current accounting period.

Financial Assets

These are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market. These are measured at fair value and carried at amortised cost. Annual credits to the Comprehensive Income & Expenditure Statement are based on the carrying amount multiplied by the effective rate of interest. In all cases where the Council has made loans cost has been used as a proxy for fair value.
- Available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. These are initially measured, and carried, at fair value. Credits to the Comprehensive Income & Expenditure Statement for interest are based on the amortised cost multiplied by the effective rate of interest. Gains or losses are posted to the Available for sale Reserve. On derecognition gains/losses are charged to the Comprehensive Income & Expenditure Statement.

Prior Period Adjustments

Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or estimates or from the correction of fundamental errors, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Code requires that the financial statements should disclose, where practicable the nature of the change in policy and the impact of any adjustment on the preceding accounting period where practicable. Where this is not practicable, the fact this is so and the reasons for it should be disclosed.

This year the Council's Statement of Accounts includes at Note 2 to the Core Financial Statements an explanation of the adjustments made to comply with the transition to IFRS and the new Code of Practice on Local Authority Accounting Practice in the UK. Minor presentational changes have not been included in Note 2.

Events after the Balance Sheet date – Note 4

Local authorities are required to account for events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the financial statements are authorised for issue in accordance with IAS 10 *Events after the Reporting Period* and IPSAS 14 *Events after the Reporting Date*. Two types of events can be identified:

- Adjusting Events - where events arising after the balance sheet date provide additional evidence of conditions that existed at the balance sheet date and are of a material nature the amounts should be reflected in the Core Statements.
- Non-adjusting Events – events which arise after the balance sheet date and concern conditions which did not exist at that time should be detailed in Notes to the Core Statements if they are of

such materiality that their disclosure is required for the fair presentation of the financial statements, rather than reflected in the Core Statements.

The date on which the financial statements are authorised for issue is stated in Note 41.

Group Accounts

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council, the Trust Funds it manages and its 100% shareholding in Rossendale Transport Ltd.

Other Accounting Policies

Foreign currency transactions do not play a material part in the Council's financial transactions. Rossendale Borough Council has not entered into any PFI schemes.

Note 2 Restatement of Prior Year Accounts under current policies

The Council's accounts for 2011/2012 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code), which is based on the International Financial Reporting Standards (IFRSs).

In 2011/2012 there are two Code changes which require the 2010/2011 data to be updated, namely the introduction of Heritage Assets and the requirement to disclose exit packages paid to staff.

As mentioned in Note 1 on page 21, the Council has introduced an improved asset register system during 2011/2012 and as a result has taken the required restatement of tangible assets for Heritage Assets as an opportunity to correct some minor inaccuracies in the 2010/2011 Balance Sheet and the disclosures at Note 17 and Note 19 which were identified during the implementation.

The table below shows an extract of the Balance Sheet to explain how it has been adjusted, both in terms of the value and reclassification of assets at the beginning of 2010/2011 and the transfer of transactions relating to those assets during 2010/2011. Notes 17 and 35a show these changes in much greater detail.

BALANCE SHEET (extract)	Original Value	Introduce	Revised Value	Original Value	Introduce Heritage Assets		Revised Value	Note
	1st April 2010	Heritage Assets	1st April 2010	31st March 2011	Repeat prior adj	2010/11 adj	31st March 2011	
	£000s	£000s	£000s	£000s			£000s	
Property Plant & Equipment								
Land and Buildings	12,815	2	12,817	12,528	2	-	12,530	17
Vehicles, plant & equipment	2,770	(2)	2,768	3,280	(2)	-	3,278	17
Community Assets	327	-	327	336	-	(30)	306	17
Heritage Assets	-	2,052	2,052	-	2,052	30	2,082	17
Total Net Assets	(8,287)	2,052	(6,235)	3,216	2,052	-	5,268	
Revaluation Reserve	2,935	2,052	4,987	3,037	2,052	-	5,089	35a
Net Reserves	(8,287)	2,052	(6,235)	3,216	2,052	-	5,268	

For the value of assets at 1st April 2010 there have been three main changes

- the transfer of assets formerly held under land and buildings or community assets, which cover the Panopticon and war memorials across the borough - the carrying amount of these items was £nil, though subsequent investment in 2010/2011 required a similar transfer.
- Civica regalia – 24 items have been introduced with a combined insured value of £545k.
- Over 12000 museum exhibits and artifacts, with a combined insured value of £1,507k, have been included in the Balance Sheet, though no single item is valued over £20k.

Note 3 Critical judgements in applying accounting policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service. In line with the Council's Medium Term Financial Strategy, where services are at potential risk the intention would be to realise the value of any assets deemed surplus to requirements before any impairment occurred.
- In order to facilitate the speedy closure of the Council's accounts an estimate of the outstanding housing and council tax benefit grant has been included in the Comprehensive Income and Expenditure Statement. The value of the grant income outstanding, included in the Balance Sheet as Short-term Debtors, is £248k (£636k at March 2011). This will be subject to audit in the coming months and the final settlement should be received in October.
- Estimates for depreciation of assets in any one year depend upon the forecast life of the assets. The asset life of buildings is determined by a qualified valuer at each revaluation date and in the case of vehicles, equipment and intangible assets by Council staff. Depreciation charges in 2011/2012 amounted to £1,224k, a increase of £308k due partly to the full year charges for replacement vehicles and equipment which began to come into effect during 2010/2011. Depreciation of intangible assets totaled £113k compared to £130k in 2010/2011 (see Note 15, 17 &19) .
- Estimates for impairment of assets are performed by the Council's qualified Property Services Manager at the end of each year to reflect any abnormal changes in property values between full formal reviews within the 5-year rolling revaluation programme. The total value of impairments charged to 2011/2012 was £192k compared to £176k charged to 2010/2011 (see Note 15 & 17).

Note 4 Events after the Balance Sheet date

The Draft Statement of Accounts was authorised for submission to the Audit and Accounts Committee, and for subsequent audit, by the Head of Finance on 8th June 2012. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31st March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



Note 5 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 be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that for every year that useful lives were reduced the annual depreciation charge would change as follows</p> <ul style="list-style-type: none"> • buildings & infrastructure £9k • vehicles & equipment £124k • intangible assets £20k
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns in pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions have been included in detail within Note 36 on page 68.
Arrears	Each year the Council reviews the significant balances for Council Tax and sundry debtor arrears. Officers estimate the potential impairment of those debts based on historical default experience, and the age of the debts. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, the effects of an additional 1% in the rate of in-year losses on collection would be an increase of £93k in the required provision for council tax doubtful debts and £3k for sundry debts

Note 6 Long-term Contracts

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 2011/2012 the contract value was £1,357k. In 2012/2013 the anticipated full-year contract value, subject to an element of inflation in October 2012, is £1,380k. Over the remaining life of the contract the value is expected to be £6,217k.

Notes to Core Financial Statements

Note 7 Acquired and Discontinued Operations

The Council has not acquired any new operations during either 2011/2012 or during the comparator year 2010/2011.

Following the outcome of the 2009/2010 Leisure Review the Bacup Leisure Hall facility was closed during 2010/2011 and disposed of. In addition, the operation of the Ski Slope facility was transferred to a community group during 2011/2012 under a 25-year lease arrangement at a peppercorn rent.

Note 8 Trading Operations

The Council operates 3 markets in Haslingden, Bacup and Rawtenstall, which between them ensure that there is at least one market open within the borough every day from Tuesday to Saturday.

The Council has also established 37 industrial trading units, promoting economic regeneration across the borough. In December 2009 this portfolio was increased with the acquisition of the operation of the Business Centre, Futures Park. This modern building (below) provides high-tech managed office space in a variety of sizes as well as conference and meeting facilities.

	Net Expend/ (Income) 2010/2011 £000s	Gross Expend 2011/2012 £000s	Income 2011/2012 £000s	Net Expend/ (Income) 2011/2012 £000s	Note
Markets	28	188	(142)	46	
Industrial Units	(36)	35	(94)	(59)	21
Business Office Facilities	(58)	82	(109)	(27)	21
Total Trading Accounts	(66)	305	(345)	(40)	



Note 9 Pooled Budgets

The Council has not entered into any pooled budget arrangements with neighbouring authorities.

Note 10 Grant Income

The Council recognised the following significant grants, contributions and donations during 2011/2012:

Notes to Core Financial Statements

Grants and contributions received	2010/2011 £000s	2011/2012 £000s	Note	
Grants Credited to the Comprehensive Income & Expenditure Account				
Credited to Cost of Services				
DWP - Housing and Council Tax Benefits - amounts paid to claimants	23,755	25,059		
DWP - Housing and Council Tax Benefits - administration grant	580	609		
DWP - Housing Benefits - received re homeless hostel tenants	-	49		
DWP - Other Grants	25	16		
Supporting People Grant	89	85		
Supporting People - Mortgage Rescue Grant	-	30	34c	
New burdens grant - various projects	34	9		
Homelessness Grant	180	-		
Housing Market Renewal Grant	280	37	34c	
Non-Domestic Rates Collection Grant	103	102		
Future Jobs Fund	115	27		
New Homes Bonus	-	102		
Community Spaces - various contributions to parks/play areas	74	-		
Concessionary Travel grant	216	-		
Contribution from English Heritage re Contaminated Land Surveys	24	41		
Contribution from English Heritage re Conservation Officer funding	24	-		
Contribution from NWIEP & other partners re Mobile OSS (STAN)	192	36		
Contribution from Lancashire County Council - 2nd homes income	58	48		
Contribution from Lancashire County Council - Children's Trust	20	30		
Contribution from Lancashire County Council - Culverts	120	14		
Contribution from Lancashire County Council - 'indirect' ABG	74	33		
Contribution from other local authorities towards the Sculpture Trail	7	23		
Other minor grants & contributions	46	12		
Trust Funds contribution	31	-		
Regenerate Pennine Lancashire - regeneration feasibility costs	-	50		
National Endowment for Science, Technology & the Arts	-	10		
	26,047	26,422		
Credited to Cost of Services for REffCUS				
Disabled Facilities Grant	357	391	34c	
Contribution from Green Vale Homes to Disabled Facilities Grants	200	180	34c	
Regional Housing Grant	190	50	34c	
Housing Market Renewal Grant	1,078	400	34c	
	1,825	1,021		
Total in the Cost of Services and Segmental Report		27,872	27,443	40
Credited to Taxation and Non-Specific Grant Income				
Rate Support Grant	795	1,108		
Area Based Grant	241	-		
Performance Reward Grant	169	-		
Council Tax Freeze Grant	-	137		
Transition	-	224		
Redistributed NNDR	5,475	3,585		
Non-Specific Grants in the Comprehensive Income and Expenditure Statement		6,680	5,054	
Application of grants to fund capital works				
Contribution from Lancashire County Council - Library buildings	-	26	34c	
Community Spaces - various contributions to parks/play areas	-	214	34c	
Homes and Communities Agency - renovation of homeless hostel	-	350	34c	
Big Lottery grant	-	63	34c	
Mortgage Rescue Grant	6	19	34c	
Other Grants and Contributions applied within the year		6	672	

Local Area Agreements / Area Based Grants

Rossendale has been a participant in a Local Area Agreement (LAA) – a partnership with other public bodies involving the pooling of Area Based Grants (ABG) from the government to finance work towards jointly agreed objectives for local public services. In 2008/09 the LAA laid down a three-year agreement. The purpose of the LAA is:

- To form an agreement between Lancashire public, voluntary, community and faith sector service providers and central government to ensure that together we achieve objectives set out in the countywide community strategy “Ambition Lancashire”.
- To work together as partners towards an agreed set of outcomes which will make a lasting difference to the people of Lancashire.
- To provide the partners with the freedom and flexibility to join budgets and services to deliver more effective local action with better use of resources and a simplified performance framework.
- To improve the effectiveness and efficiency of public services in Lancashire by pooling and aligning funding with specifically targeted support.

The LAA partners are:

- Local government bodies – Lancashire County Council, Burnley Borough Council, Chorley Borough Council, Fylde Borough Council, Hyndburn Borough Council, Lancaster City Council, Pendle Borough Council, Preston City Council, Ribble Valley Borough Council, Rossendale Borough Council, South Ribble Borough Council, West Lancashire Borough Council, Wyre Borough Council.
- Strategic partnerships – Lancashire Partnership, Burnley Action Partnership, The Chorley Partnership, Fylde Vision, Hyndburn First, Lancaster District LSP, Pendle Partnership, Preston Strategic Partnership, Ribble Valley Strategic Partnership, Rossendale Partnership, South Ribble Partnership, West Lancashire LSP, Wyre Strategic Partnership, Strategic Health Authority.
- Community protection authorities – Lancashire Police Authority, Lancashire Constabulary, Lancashire Fire & Rescue.
- Health bodies – Central Lancashire, East Lancashire and North Lancashire PCTs.
- Other bodies – Business Link Lancashire, Connexions, East Lancashire Chamber of Commerce, Elevate, the Environment Agency, Job Centre Plus Lancashire, Lancashire Drug Action Team, Lancashire Economic Partnership, Lancashire Probation Service, Lancashire VCFS Consortium, Learning & Skills Council Lancashire.

Lancashire County Council acts as the accountable body for the Area Based Grants and in 2010/2011 Rossendale Borough Council received £241k of this total to fund its own services. No income was received during 2011/2012 and following central government announcements in June 2010, further funds from the LAA Performance Reward Grant are unlikely.



Note 11 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 for Basic and Special Responsibility Allowances sets a recognised value in hours on the effort, time and responsibility of elected Members. The hourly remuneration is reviewed annually each October to ensure that it reflects current minimum wage rates. However, in since October 2009 members have voted to defer any increase in allowances commensurate with the minimum wage levels. If members had not taken such a decision, then the allowances element of the expenditure shown below for 2011/2012 would have risen by £7k.

Total Cost of Elected Members	2010/2011 £000s	2011/2012 £000s	Note
Basic Allowance	116	117	
Special Responsibility Allowance	87	86	
Employers National Insurance incurred	7	5	
Employers Superannuation Contributions	5	9	
Mileage allowance	3	2	
Subsistence and other reimbursements	-	1	
	217	219	

The basic and special responsibility allowances paid to members were as follows:-

Annual amounts payable for elected roles	2010/2011 £s	2011/2012 £s	Note
Basic Allowance	3,342	3,342	
Special Responsibility Allowances			
Leader of Majority or Largest Group	13,368	13,368	
Deputy Leader of Majority or Largest Group	10,026	10,026	
Leader of Minority or Second Largest Group	6,684	6,684	
Executive Members	6,684	6,684	
Chair of Overview & Scrutiny Management Committee	6,684	6,684	
Other Committee Chairs	3,342	3,342	
Other Committee Vice-Chairs	1,671	1,671	



Notes to Core Financial Statements

Note 12 Officers' Remuneration

The table below shows details of the Chief Executive and Senior Officers directly responsible to the Chief Executive, along with their respective salary (including fees and allowances), employer's pension contributions and total remuneration during 2011/2012.

Senior Officers		Salary	Other Allowances & Expenses	Acting Returning Officer	Pension	Total
		£	£	£	£	£
Chief Executive	2010/2011	97,276	958	6,443	12,446	117,123
	2011/2012	97,276	963	4,106	12,166	114,511
Director for Business	2010/2011	72,327	540	3,608	9,112	85,587
	2011/2012	72,327	452	2,013	8,921	83,713
Director of Customers & Communities	2010/2011	53,384	-	-	6,406	59,790
	2011/2012	53,100	75	-	6,625	59,800
Head of Finance & Property Services	2010/2011	58,578	1,824	-	7,029	67,431
	2011/2012	58,578	1,451	-	7,029	67,058
Head of People & Policy	2010/2011	51,138	1,083	-	6,208	58,429
	2011/2012	50,939	1,120	-	6,208	58,268

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more are listed in the table below in bands of £5,000.

Officers with remuneration above £50,000	2010/2011 Number	2011/2012 Number
£50,000 - £54,999	2	2
£55,000 - £59,999	1	1
£60,000 - £64,999	1	1
£65,000 - £69,999	-	-
£70,000 - £74,999	-	1
£75,000 - £79,999	1	-
£80,000 - £99,999	-	-
£100,000 - £104,999	1	1
	6	6

The Code for 2011/2012 introduced a requirement to disclose the costs of exit packages paid by the Council in bands of £20k. This Council has not paid any exit packages with an individual value above £20k in either 2010/2011 or 2011/2012.

The total value of 10 exit packages awarded in 2011/2012 was £84k (£35k for 5 exit packages in 2010/2011).



Note 13 Related Parties

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 Statements as follows:

Central government

- receipts from Central Government – see Notes 10 and 34c.

Other local authorities and precepting bodies

- payments to the Lancashire County Council Pension Fund– see Note 36.
- 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 Comprehensive Income & Expenditure Statement.

Subsidiary and associated companies

- the management of Rossendale Transport Ltd is supported by Council Members and staff, for which the company makes some contributions towards specific services provided - see Note 22 on Investments and the Group Accounts in Section 3.

Joint venture and joint venture partners

- Rossendale was 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 2010/2011 can be seen in Note 10. Though the grant scheme payments ended in 2010/2011, the Council held £508k in the Unapplied Grants Reserve (see Note 34c) at the beginning of 2011/2012. During 2011/2012 £437k of this was applied through the Comprehensive Income and Expenditure Statement to leave £71k which will be applied in the coming months.
- 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 2011/2012 was £581k (£728k in 2010/2011).
 - In 2007/2008 the Trust was given a £65k loan for a period of 5 years which is shown as a Long Term Debtor in the Council's Balance Sheet. A further £18k was added to this loan during 2009/2010. Note 23 shows the value outstanding at the end of 2011/2012 was £69k.
 - The Trust was also supported by a cash-flow loan from the Council totalling £245k at 31st March 2012 which was repaid in April 2012. This is included within Sundry Debtors at Note 27. A similar cash flow loan of £400k was outstanding at the 31st March 2011.
 - Interest is charged on the above loans at base rate plus 0.43% and as a result £1k (£2k in 2010/2011) has been credited to the Comprehensive Income & Expenditure Statement. Therefore these loans are considered to be 'loans receivable' and not 'soft loans'.
 - The Council also provided a guarantee on a £1.2m investment loan in 2008/2009 to the Trust for the extension to Haslingden sports centre.
 - The Trust has a net Balance Sheet deficit of £420k at 31st March 2012 (£468k at 31st March 2011) against which the Council is beginning to make provision with the creation of an earmarked Leisure Services Reserve with a closing value of £248k at 31st March 2012 (£220k at 31st March 2011). More information on these transactions can be found in Note 34a on Earmarked Reserves and Note 37 on Contingent Liabilities.

Notes to Core Financial Statements

- Community Leisure Association of Whitworth (CLAW) is a separate charitable organisation operating Whitworth Swimming Pool and Whitworth Civic Hall, for which they received £69k towards running costs in 2011/2012 (£94k in 2010/2011).

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.

Upon review of this register it is considered that any transactions involving Members and Chief Officers with related parties have complied with the above regulations and are not material.

Note 14 External Audit Costs

The sums due from Rossendale Borough Council to the Audit Commission for works carried out relating to the year of account 2011/2012 were:-

Audit costs	2010/2011 £000s	2011/2012 £000s	Note
Fees payable in respect of external audit of accounts	99	95	
Fees payable for the certification of grant claims and returns	19	23	
	118	118	



Notes to Core Financial Statements

Note 15 Adjustments between Accounting Basis and Funding Basis under regulations

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

The table below details the changes in the current financial year 2011/2012. The comparative figures for the financial year 2010/2011 can be found on the following page.

Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2011/2012				Note
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves	
	£000s	£000s	£000s	£000s	
Capital Adjustment Account adjustments					
Depreciation of Property, Plant & Equipment	1,224			(1,224)	17 & 35
Impairment of Property, Plant & Equipment	192			(192)	17 & 35
Revaluation gain/loss on Property, Plant and Equipment	(801)			801	17 & 35
Revaluation gain/loss on Assets Held for Sale	-			-	29 & 35
Deferred Capital Receipts	-	4		(4)	
Amortisation of Intangible Assets	113			(113)	19 & 35b
Revenue Expenditure funded from Capital under statute	1,039			(1,039)	20 & 35b
Net book value of assets disposed of	62			(62)	17,18 & 29
Statutory provisions for the financing of capital investment	(559)			559	20 & 35b
Capital expenditure in the year charged to General Fund	(1,661)			1,661	20 & 35b
Capital Receipts Reserve adjustments					
Transfer of cash sale proceeds of assets disposed of	(108)	108			34b
Other Income	(103)		103		35b
Use of Capital Receipts Reserve to finance capital spend		(323)		323	20,34b,35b
Payments to the Government capital receipts pool	1	(1)			34b
Capital Grants Unapplied Account adjustments					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(1,020)		1,020		20 & 34c
Application of grants to capital financing transferred to the Capital Adjustment Account			(1,722)	1,722	20 & 35b
Pensions Reserve adjustments					
Employer contributions paid to the Pension Fund	(1,687)			1,687	36
Net FRS17 charges made for retirement benefits	1,563			(1,563)	36
Collection Fund Adjustment Account adjustments					
Difference between the Council Tax income credited to the Comprehensive Income and Expenditure Statement and that calculated in accordance with statutory requirements	16			(16)	Collection Fund
Adjustments between accounting basis & funding basis under regulations	(1,729)	(212)	(599)	2,540	



Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	Comparative Figures 2010/2011				Note
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves	
	£000s	£000s	£000s	£000s	
Capital Adjustment Account adjustments					
Depreciation of Property, Plant & Equipment	916			(916)	17 & 35
Impairment of Property, Plant & Equipment	176			(176)	17 & 35
Revaluation gain/loss on Property, Plant and Equipment	(176)			176	17 & 35
Revaluation gain/loss on Assets Held for Sale	158			(158)	29 & 35
Deferred Capital Receipts	4			(4)	
Amortisation of Intangible Assets	130			(130)	19 & 35b
Revenue Expenditure funded from Capital under statute	1,979			(1,979)	20 & 35b
Net book value of assets disposed of	249			(249)	17,18 & 29
Statutory provisions for the financing of capital investment	(546)			546	20 & 35b
Capital expenditure in the year charged to General Fund	(271)			271	20 & 35b
Capital Receipts Reserve adjustments					
Transfer of cash sale proceeds of assets disposed of	(182)	182			34b
Other Income	(320)	320			34b
Use of Capital Receipts Reserve to finance capital spend		(627)		627	20,34b,35b
Payments to the Government capital receipts pool	5	(5)			34b
Capital Grants Unapplied Account adjustments					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(3,020)		3,020		20 & 34c
Application of grants to capital financing transferred to the Capital Adjustment Account	(10)		(2,185)	2,195	20 & 35b
Pensions Reserve adjustments					
Employer contributions paid to the Pension Fund	(1,508)			1,508	36
Net FRS17 charges made for retirement benefits	(1,596)			1,596	36
Collection Fund Adjustment Account adjustments					
Difference between the Council Tax income credited to the Comprehensive Income and Expenditure Statement and that calculated in accordance with statutory requirements	-			-	Collection Fund
Adjustments between accounting basis & funding basis under regulations	(4,012)	(130)	835	3,307	

Note 16 Transfers to/from Earmarked Reserves

Please refer to Note 34a for full details of the Earmarked Reserves and the movements within each Reserve during the year.

Notes to Core Financial Statements

Note 17 Property, Plant and Equipment

Movements on property, plant & equipment assets in 2011/2012 were as follows:-

Property, Plant & Equipment	Vehicles, Plant, Infra-structure, Community Assets, Assets under construction, Surplus Assets						Total Assets	Heritage Assets	Note
	Land & Buildings	Furniture & Equip	Assets	Assets	construction	Assets			
Cost or Valuation 1st April 2011	17,317	5,170	411	447	310	1,090	24,745	2,089	
Additions	2,915	609	54	16	977	-	4,571	5	20
Revaluation increases/(decreases) to Revaluation Reserve	582	-	-	263	-	-	845	85	15 & 35a
to Provision of Services	(129)	-	-	-	-	-	(129)	-	15 & 35b
Reclassifications- to/from Assets Held for Sale	90	-	-	-	-	(90)	-	-	29
others	(113)	73	-	-	-	-	(40)	-	19
Derecognition- on disposal	(15)	(202)	-	-	-	(49)	(266)	-	15 & 35b
Cost or Valuation 31st March 2012	20,647	5,650	465	726	1,287	951	29,726	2,179	
Accum Depreciation and Impairments 1st April 2011	(4,787)	(1,892)	(56)	(141)	-	-	(6,876)	(7)	
Depreciation for the year- to Revaluation Reserve	(68)	-	-	-	-	-	(68)	-	15 & 35a
to Provision of Services	(274)	(870)	(11)	(1)	-	-	(1,156)	-	15 & 35b
Impairment losses/(reversals) to Revaluation Reserve	(53)	-	-	-	-	-	(53)	(1)	15 & 35a
to Provision of Services	(13)	-	-	(4)	-	(120)	(137)	(1)	15 & 35b
Reclassifications	62	(33)	-	-	-	-	29	-	19
Derecognition- on disposal	(4)	202	-	6	-	-	204	-	15 & 35b
Accumulated Depreciation and Impairments 31st March 2012	(5,137)	(2,593)	(67)	(140)	-	(120)	(8,057)	(9)	
Net Book Value at 31st March 2012	15,510	3,057	398	586	1,287	831	21,669	2,170	
Net Book Value at 31st March 2011	12,530	3,278	355	306	310	1,090	17,869	2,082	

Rossendale Borough Council has not entered into any PFI arrangements for the provision of property, plant or equipment.

Depreciation, using the straight line method, has been charged according to the estimated life of the assets involved on the following basis.

- Operational buildings generally have a useful life of 40 years, except where expert opinion has reduced this estimate. The land upon which the buildings reside is not subject to depreciation.
- Vehicles are depreciated over a useful life of 3-7 years depending upon their technical or mechanical nature.
- Equipment such as refuse bins, are depreciated over their individual useful life determined at the point of acquisition.
- All other assets under land, assets under construction, community assets, investment and surplus assets are not depreciated.

In April 2010 the Council introduced component accounting as it is required to do under the Code. This is now being applied to all revaluation exercises on the following basis.

- For all assets land and buildings are valued separately. Only assets with a combined land and buildings value of £500k and over will be subject to component accounting.
- Significant components are items (or groups of items) with a value of at least 25% of the total asset value.

Heritage Assets

In line with the 2011 Code the Council has introduced a Heritage Assets and for ease of presentation they have been shown above alongside Property, Plant & Equipment (see Note 1 & 2).

Notes to Core Financial Statements

Comparator movements in 2010/2011 were as follows:

Property, Plant & Equipment	*adj Note 2	*adj Note 2	*adj Note 2	*adj Note 2	Surplus Assets £000s	Total Assets £000s	*adj Note 2	Note
	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra-structure Assets £000s	Community Assets £000s			Heritage Assets £000s	
Cost or Valuation 1st April 2010	17,250	4,006	278	447	-	23,071	2,052	* Note 2
Additions	291	1,164	133	-	310	1,898	37	20
Revaluation increases/(decreases)- to Revaluation Reserve	381	-	-	-	-	381	-	15 & 35a
to Provision of Services	(205)	-	-	-	-	(205)	-	15 & 35b
Reclassifications- to/from Assets Held for Sale	(400)	-	-	-	-	(400)	-	29
others	-	-	-	-	-	-	-	-
Derecognition- on disposal	-	-	-	-	-	-	-	15 & 35b
Cost or Valuation 31st March 2011	17,317	5,170	411	447	310	24,745	2,089	
Accum Depreciation and Impairments 1st April 2010	(4,433)	(1,238)	-	(120)	-	(5,791)	-	* Note 2
Depreciation for the year- to Revaluation Reserve	(72)	-	-	-	-	(72)	-	15 & 35a
to Provision of Services	(184)	(654)	(6)	-	-	(844)	-	15 & 35b
Impairment losses/(reversals) to Revaluation Reserve	-	-	-	-	-	-	-	15 & 35a
to Provision of Services	(98)	-	(50)	(21)	-	(169)	(7)	15 & 35b
Derecognition- on disposal	-	-	-	-	-	-	-	15 & 35b
Accumulated Depreciation and Impairments 31st March 2011	(4,787)	(1,892)	(56)	(141)	-	(6,876)	(7)	
Net Book Value at 31st March 2011	12,530	3,278	355	306	310	17,869	2,082	

In accordance with the policy and Code changes at Note 1 and 2 the figures shown above in yellow have been changed to incorporate the introduction of Heritage Assets.

Figures in blue have changed to correctly reflect the reduction in the gross costs and accumulated depreciation for assets disposed of in previous years. This correction has led to a minor adjustment of £2k between the Net Book Value of land and buildings and vehicles, plant and equipment.

A breakdown of buildings owned

As disclosed at Notes 1 and 7 the operation of the Ski Slope transferred to a community group during 2011/2012 but the property is still owned by the Council and therefore still included here.

A summary of Council Assets	31 st March 2011	31 st March 2012
	No.	No.
Administrative Buildings	4	4
Depots and Workshops	6	6
Off-Street Car Parks	44	44
Leisure Centres	2	2
Public Halls	1	1
Swimming Pools	3	3
Museums	1	1
Cemetries	4	4
Parks and recreation grounds	58 hectares	58 hectares
Amenity open spaces	36 hectares	36 hectares
Ski Slope	1	1
Public Conveniences	8	8
Industrial Units	37	37
Markets	3	3
Community & Youth Centres	2	2
Surplus Assets	14	12

Two assets within the surplus category were demolished during 2011/2012.

In autumn 2011 the Valley Centre site in Rawtenstall was acquired, though this was a derelict, non-operating asset which is in the process of being demolished. When that process is complete the asset will be categorized within the table opposite.

Notes to Core Financial Statements

Revaluation Programme

The authority operates a five-year rolling programme of revaluation on its General Fund properties. During 2011/2012 the valuations were carried out by RICS-qualified officers of the Council. For details of basis of valuation please refer to the Accounting Policies. The Net Book Value of assets which underwent a revaluation during 2011/2012 was £5,644k and this resulted in a net revaluation gain of £801k.

The details below show the history of the revaluation programme. For example, land and building assets with a current net book value of £4m of were last revalued in 2008/2009 and hence are due to be revalued again in 2013/14. Assets valued in previous years have not undergone any material changes which would alter their valuations.

Revaluation Programme	Vehicles, Plant, Furniture & Equip						Total Tangible Assets £000s	Heritage Assets £000s	Note
	Land & Buildings £000s	£000s	Infra-structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s			
Valued at historical cost	831	3,057	398	233	1,287	-	5,806	24	
Valued at current value in:									
pre 2006	277	-	-	-	-	60	337	4	
2006/2007	2,356	-	-	-	-	-	2,356	-	
2007/2008	1,706	-	-	-	-	55	1,761	-	
2008/2009	4,010	-	-	-	-	400	4,410	545	
2009/2010	1,735	-	-	-	-	290	2,025	-	
2010/2011	927	-	-	-	-	-	927	-	
2011/2012	3,668	-	-	353	-	26	4,047	1,597	
Net Book Value at 31st March	15,510	3,057	398	586	1,287	831	21,669	2,170	



Note 18 Investment Properties

The Council does not own any investment properties.

Note 19 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item under Property, Plant and Equipment. At Rossendale Borough Council these intangible assets comprise only purchased licenses as the Council has no internally generated software.

All software is given a finite useful life, based on assessments of the expected benefit to the Council, over which depreciation is calculated on a straight line basis. The default value for the useful life is 5 years and all current assets have been deemed to follow that standard.

As a result of the implementation of an improved asset register system as explained at Note 1 and 2, the figures in blue below have changed to correctly reflect the reduction in the gross costs and accumulated depreciation for assets derecognised in previous years. This correction has not changed the Balance Sheet value of Intangible Assets at all.

Intangible Assets	*adj Note 2		Note
	31 st March 2011 £000s	31 st March 2012 £000s	
Cost or Valuation 1st April	* 704	784	2
Additions	80	50	20
Reclassification	-	40	17
Revaluations	-	-	
Derecognition on disposal	-	(33)	15 & 35b
Cost or Valuation 31st March	784	841	
Accum Depreciation 1st April	* (444)	(574)	2
Impairment losses/(reversals)	-	-	
Amortisation for the period	(130)	(113)	15
Reclassification	-	(29)	17
Derecognition on disposal	-	33	15 & 35b
Accumulated Depreciation and Impairments 31st March	(574)	(683)	
Net Book Value at 31st March	210	158	



Note 20 Capital Expenditure, Financing and Capitalisation of Borrowing Costs

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. The Council has not acquired any assets under finance leases or PFI schemes which would have been included below).

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirements (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The movement in the CFR during the year is analysed in the second part of this note.

	2010/2011 £000s	2011/2012 £000s	Note
Opening Capital Financing Requirement	3,719	4,074	
Capital investments			
Property, Plant & Equipment	1,935	4,576	17
Investment Properties	-	-	18
Intangible Assets	80	50	19
Revenue Expenditure funded from Capital under Statute	1,979	1,039	15 & 35b
	<u>3,994</u>	<u>5,665</u>	
Sources of Finance			
Capital Receipts	(627)	(323)	15 & 34b
Government Grants and other contributions	(2,195)	(1,722)	15 & 35b
Sums set aside from Revenue:-			
Direct revenue contributions	(271)	(1,661)	15 & 35b
Minimum Revenue Provision	(546)	(559)	15 & 35b
Closing Capital Financing Requirement	4,074	5,474	
Explanation of movements in the year			
Increase/(Decrease) in underlying need to borrow (not supported by government financial assistance)	355	1,400	
Increase/(Decrease) in Capital Financing Requirement	355	1,400	

Capital Expenditure on Council Assets

The main items of capital expenditure on the Council's own assets during the year were:-

Capital expenditure on Council assets	2010/2011 £000s	2011/2012 £000s	Note
IT Strategy & Software	23	126	
Waste Collection & Recycling Services	77	78	
Vehicle Replacement Programme	824	104	
Infrastructure, including roads and culverts	149	75	
Disabled Access Improvements	3	20	
Cemeteries	57	12	
Car Parks	21	18	
Henrietta Street Depot	33	33	
Leisure Buildings	360	1,024	
Playing fields, playgrounds & parks	161	359	
The Business Centre, Futures Park	53	2	
STAN - Mobile One Stop Shop	139	-	
The Valley Centre	-	2,201	
Clare House, Queens Street	13	439	
Others	102	135	
	2,015	4,626	

Further information on capital expenditure in 2011/2012 can be found in the full Capital Expenditure Report at Section 3.

Capital Commitments

The Council operates a rolling 3-year capital programme and in addition to the £4m spent in 2010/2011 works of £1.8m were carried forward into 2011/2012 onwards, of which £882k related to Council assets as shown below.

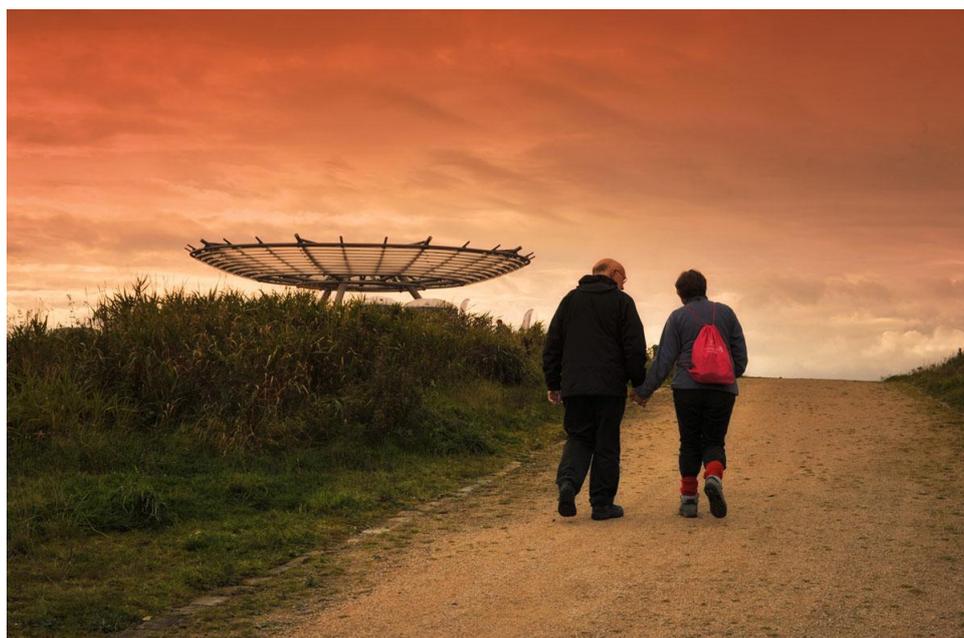
Contractual Commitments carried forward	31 st March 2011 £000s	31 st March 2012 £000s	Note
Play Areas - finalising ongoing projects	-	9	
Wheeled Bins	19	-	
Building Maintenance	21	-	
Culvert works	83	-	
Parks and Open Spaces	230	-	
Cemeteries	55	-	
Leisure Buildings	214	1,960	
Performance Reward Grant partnership projects	126	73	
Housing Market Restructuring	462	-	
Stubbylee Hall - partnership project	-	100	
Compulsory Purchase Orders	-	130	
	1,210	2,272	

Capitalisation of Borrowing Costs

The Council has one 25-year loan from the PWLB which was taken out in March 2010 in order to support the impact upon the Council's need to borrow which resulted from investment recommended by the 2009/2010 Leisure Review and regeneration projects.

Once completed, the investment in dry sports facilities at Marl Pits will be operated by Rossendale Leisure Trust and the borrowing costs of the above loan will be partly matched against savings in the support grant payable to the Trust. Until these facilities are operational, interest payments are being capitalised. In 2011/2012 the capitalised cost of this borrowing was £196k (£213k in 2010/2011) – see Note 24.

Whilst the interest payable is being capitalised, this is being matched by the interest earned on the balance of the loan, which is reducing as the projects progress. In 2011/2012 the capitalised interest income was £71k – see Note 24.



Notes to Core Financial Statements

Note 21 Leases

Authority as Lessee

Rossendale Borough Council has not acquired any assets under Finance Lease arrangements.

Until March 2010 the Council acquired most of its vehicles under operating leases. Since then all leased vehicles have been replaced with new fleet bought out-right. The remaining assets acquired under operating leases are predominantly wheeled bins and some other equipment.

The payments for the use of these assets during 2011/2012 are included in the net cost of services. The future minimum lease payments due under non-cancellable leases in future years are:

Authority as a Lessee	2010/2011 £000s	2011/2012 £000s	Note
Minimum Lease Payments in the year	72	20	
Future Minimum Lease Commitments			
Amounts falling due within 1-2 years	26	29	
Amounts falling due within 2-5 years	18	-	
Amounts falling due within 5-10 years	-	-	
Total Minimum Lease Payments	44	29	

Disclosure by Lessor

The Council has a number of premises that it makes available on an operating lease basis, for lease terms substantially less than the expected lives of the assets. Asset values included within the Balance Sheet and minimum lease income receivable during the year were as follows:

Authority as a Lessor	2010/2011	2011/2012			Note	
	Total £000s	Industrial/ Business Properties £000s	Leisure Premises £000s	Other Properties £000s		Total £000s
Gross Value at 31st March	8,057	2,190	5,826	180	8,196	
Accumulated Depreciation	(569)	(152)	(562)	(26)	(740)	
Net Book Value at 31st March	7,488	2,038	5,264	154	7,456	
Total Minimum Lease Income	230	203	-	-	203	8

The rental incomes above show a nil return for leisure properties. These are now managed and operated by partners such as Rossendale Leisure Trust and Community Leisure Association Whitworth on a rent-free basis and the Council makes a grant contribution each year to the provision of leisure services across the borough. Details of this grant can be found in Note 13 on Related Party Transactions.

The assets shown as 'other properties' above have similarly been leased to third parties at peppercorn rents.

Notes to Core Financial Statements

Note 22 Long Term Investments

The long term investments consist of:-

Long Term Investments	31 st March 2011 £000s	31 st March 2012 £000s	Note
Rossendale Transport Ltd	2,100	2,100	24 & 34a
Marketable Securities	2	2	
Balance at 31st March	2,102	2,102	

The investment in the Rossendale Transport Ltd, a company which provides public bus services principally within the Rossendale area, consists of £645,000 share capital, being 100% of the shares issued. In recent years this investment has been valued in the Council's Balance Sheet using the Discounted Cash Flow method. Gains/losses on revaluation are shown in 'Other Income' section of the Comprehensive Income and Expenditure Statement and transferred to the 'Available-for-sale Financial Instruments Reserve' in the Balance Sheet. This is a technical term and in no way presumes that a decision has been made to dispose of this asset.

Data from the company's Draft Statement of Accounts for the year to 31st March 2012 is shown below and this will now be subject to audit. Rossendale Borough Council does not underwrite accumulated deficits or losses of Rossendale Transport Ltd. Further information about the accounts is available from The Company Secretary, Rossendale Transport Ltd., Knowsley Park Way, Knowsley Road Industrial Estate, Haslingden, Rossendale, Lancashire.

Rossendale Transport Ltd.	31 st March 2011 £000s	31 st March 2012 £000s	Note
Profit/(Loss) on ordinary activities before taxation	397	(30)	
Tax on profit on ordinary activities	(112)	-	
Retained profit/(loss) for the financial year	285	(30)	
Net Assets of the company	3,088	2,629	

Note 23 Long-term Debtors

The analysis of the long-term debt outstanding at the balance sheet date is:

Long Term Debtors	Mortgages (pre 1991) £000s	Car Loans £000s	Ross'dale Leisure Trust £000s	Business Relocation Loans £000s	Mortgage Rescue Scheme loans £000s	Total £000s	Note
Balance at 1st April 2010	10	14	83	-	11	118	
Advances	-	-	-	-	3	3	
Receipts	(4)	(9)	(6)	-	(1)	(20)	
Balance at 31st March 2011	6	5	77	-	13	101	24
Advances	-	-	-	60	1	61	
Receipts	(4)	(5)	(8)	-	(2)	(19)	
Balance at 31st March 2012	2	-	69	60	12	143	24

Notes to Core Financial Statements

Note 24 Financial Instruments

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

The term 'financial instruments' covers both financial assets and financial liabilities and includes both straight forward trade receivables and trade payables as well as complex money-market assets.

Typical financial instruments and their basis of measurement are shown in the table below:

Financial Instruments	Measurement	Rossendale Note
Liabilities		
Trade and other payables (Creditors)	Held at invoice value	Trade payables excluding government and other non-contract creditors
Borrowings	Included at the face value of the loan or bank account, adjusted for any interest due at year-end	Borrowing can include fixed term loans and bank overdrafts. Rossendale Borough Council has loan from the PWLB over a period of 25 years commencing March 2010
Financial guarantees	Measurement balances guarantee value with the risk of the guarantee being called	The Council has given one financial guarantee, but considers the risk to be so minimal as to render the liability as not material (see Note 37)
Assets		
Bank deposits	Any deposit with 365 days or less to run is held at carrying value of the account	The Council's 'Cash at Bank' figure includes a minimal value of cash in hands of officers as well as bank accounts with instant access.
Trade receivables (Debtors)	Held at invoiced amount less an impairment for uncollectable debts	Trade receivables exclude government and other non-contract debts
Loans receivable	Included at the face value of the loan or bank account, adjusted for any interest due at year-end	Loan deposits can include investments which have fixed terms and fixed interest rates. The Council has issued two loans to Rossendale Leisure Trust (see Note 9)
Soft Loans	Where material, soft loans are measured using an effective market rate of interest	The Council has only one minor soft loan to facilitate business relocation. All similar loans, such as for staff car purchases and community groups include a reasonable element of interest.
Other receivables and advances	Held at the carrying value on the basis on materiality	These are predominantly mortgages issued prior to 1991
Investments	Held at 'fair value'. Where investments are not quoted on the stock market, have no active market and a reasonable assessment of 'fair value' cannot be arrived at, these assets are measured at cost less any impairment.	The Council's investment in Rossendale Transport Ltd is valued using the Discounted Cash flow method. The gain on this revaluation can be seen in the Movement in Reserves Statement and in the Balance Sheet.

Notes to Core Financial Statements

The Council, in compiling its accounts, assessed all its financial instruments and there were a number that were not considered material to make an adjustment to the carrying value of the original asset or liability. These include soft loans and other minor investments. (A soft loan is where the Council has lent money at a lower than market rate). The Council has issued one soft loan during 2011/2012 in order to facilitate a business relocation which met the Council's regeneration priorities. The value of interest forgone in relation to this loan was negligible and hence no adjustment has been made to the carrying value of the loan to reflect the cost to the Council of the lower than market rate.

Categories of Financial Instruments

The categories of financial instruments included within the Balance Sheet and Notes are:-

Categories of Financial Instrument	Long Term		Current		Note
	31 st March 2011 £000s	31 st March 2012 £000s	31 st March 2011 £000s	31 st March 2012 £000s	
Loans and receivables	-	-	7,500	5,000	28
Available for sale financial assets	2,102	2,102	-	-	22
Total Investments	2,102	2,102	7,500	5,000	
Loans and receivables	101	143	-	-	23
Financial assets carried at contract amounts	-	-	1,368	1,131	27
Total Debtors	101	143	1,368	1,131	
Financial liabilities at amortised cost	(4,232)	(4,048)	(184)	(184)	31
Financial liabilities at fair value through I&E	-	-	-	-	
Total Borrowings	(4,232)	(4,048)	(184)	(184)	
Financial liabilities at amortised cost	-	-	-	-	
Financial liabilities carried at contract amounts	-	-	(2,226)	(2,207)	32
Total Creditors	-	-	(2,226)	(2,207)	
Financial Guarantees	(1,200)	(1,200)	-	-	37

Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract. The Council provided a financial guarantee in respect of Rossendale Leisure Trust (see Note 37), which has been initially recognised at fair value. Subsequently this is measured at the higher of the amount recognised initially and the amount determined in accordance with FRS 12 *Provisions, Contingent Liabilities and Assets* less, when appropriate, cumulative amortisation.

Financial Instrument Gains/Losses

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

Income & Expenses, Gains & Losses	2010/2011	2011/2012				Note
	Total £000s	Financial Liabilities £000s	Loans and Receivables £000s	Available for sale assets £000s	Fair Value through the I&E £000s	
Interest payable - revenue	1	-	-	-	-	
Interest payable - capitalised	213	-	196	-	-	20
Interest income - revenue	(188)	-	(98)	-	-	
Interest income - capitalised	-	-	(71)	-	-	20
Other interest gain	-	-	-	-	(617)	
Total Investment Expenditure/(Income)	25	-	27	-	(617)	

Fair value of assets and liabilities carried at amortised cost

Financial liabilities and assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions.

- For loans from the PWLB the fair value was calculated by reference to the premature repayment set of rates in force on 30th March 2011 and 31st March 2012 respectively.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the 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.

The fair values thus calculated are as follows:

	31st March 2011		31st March 2012		Note
	Carrying amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s	
Borrowings <1 year	(184)	(184)	(184)	(184)	31
Borrowings >1 year	(4,232)	(4,512)	(4,048)	(4,441)	31
Creditors (excl Govt & Collection Fund)	(2,226)	(2,226)	(2,207)	(2,207)	32
Total Financial Liabilities	(6,642)	(6,922)	(6,439)	(6,832)	
Investments <1 year	7,500	7,500	5,000	5,000	28
Investments >1 year	-	-	-	-	
Long Term Debtors	101	101	143	143	23
Trade Debtors (excl Govt & Collection Fund)	1,368	1,368	1,131	1,131	27
Cash at bank and in hands of officers	1,865	1,865	785	785	28
Total Loans & Receivables	10,834	10,834	7,059	7,059	

At March 2012 Rossendale Borough Council has one outstanding PWLB loan taken out in March 2010 for 25 years at a fixed rate of 4.49%. The premature repayment rate applicable on 31st March 2012 was 3.49% and the figures for fair value above have been supplied by the Council's treasury management advisor, Sector.

The Council's investment in Rossendale Transport Ltd is valued using the Discounted Cash flow method. The gain on this revaluation in 2008/09 can be seen in the Balance Sheet. Though this valuation is reviewed each year it has not changed materially since that date.

The Council's portfolio of treasury management investments does not include any long-term deposits over 365 days. For investments under 365 days the deposit value is taken as a fair approximation of their value.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.



Note 25 Nature and extent of risks arising from Financial Instruments

Key Risks

The Council's activity exposes it to a variety of financial risks, the key risks are:

- Credit risk the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risks the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates movements.

Overall procedures for Managing Risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - the Council's overall borrowing;
 - it's maximum and minimum exposures to fixed and variable rates;
 - it's maximum and minimum exposures of the maturity structure of its debt;
 - it's maximum annual exposures to investments maturing beyond a year.
 - by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the government guidance.

These requirements are known as Prudential Indicators and are required to be reported and approved alongside the Council's annual Council Tax budget setting in February, along with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported monthly to Members.

These policies are implemented by the Council's Financial Services staff. The Council maintains 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 through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, and credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria and limits approved by the Council.

The Council maintains strict criteria for investment counterparties and monitors activity against these criteria. As a result of this high credit criteria there has been no experience of defaults. The Council refers to an approved list of organisations for investment purposes, assessed by the rating agencies, consisting of major banks, building societies and other local authorities. Maturity limits apply for each counterparty category and maximum investment limits also exist per counterparty and per sector.

No breaches of these criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any counterparty in relation to financial deposits. However, the Council has supported Rossendale Leisure Trust through loans totalling £69k over a maximum of five years (included within Long-term Debtors at Note 23) and cash flow support £245k at 31st March 2012 (included in the Debtors figure at Note 27).

Notes to Core Financial Statements

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last three financial years, adjusted to reflect current market conditions.

Credit Risk	Amount at 31st March 2012 £000s	Historical default £000s	Adjusted for market conditions %	Estimated maximum exposure 31st March 2012 %	Estimated maximum exposure 31st March 2011 £000s	Note
Bank deposits	3,783	0.00%	0.00%	-	-	28
Local Authority deposits	2,000	0.00%	0.00%	-	-	28
Rosendale Leisure Trust	69	0.00%	0.00%	-	-	23
Other Long-term Debtors	74	0.02%	0.02%	-	-	23
Short-term Debtors						
Trade Debts	1,131	3.30%	3.30%	37	47	27
Total Loans & Receivables	7,057			37	47	

The Council does not generally allow credit for its trade debtors. The Council reports the level of trade debts outstanding each month in the financial monitoring report available on the website. The balance of Trade Debtors at 31st March 2012 stood at £1,131k, net of doubtful debt provisions of £420k. Of this balance only £238k was overdue. The past due amount can be analysed by age as follows:

Trade Debtors by age	31st March 2011 £000s	31st March 2012 £000s
Not yet past due	1,382	1,313
Less than one month	100	43
One to Two months	72	2
Two to three months	13	6
Three to six months	14	9
Six months to one year	15	62
Over one year	92	116
Doubtful debts provision	(320)	(420)
Total Net Trade Debtors	1,368	1,131



Liquidity Risk

The council has ready access to borrowings from the Public Works Loan Board for long term borrowing and the Money Markets to cover any day-to-day cash flow need. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury management and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice. The Council's performance in managing its current cash position is reported each month in the financial monitoring reports available on the website.

Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments of greater than one year in duration are the key parameters used to address this risk. The approved treasury and investment strategy addresses the main risks and sets the operational parameters should the Council ever need to borrow funds.

Market Risk

There are three related risks the Council is aware of: interest rate risk, price risk and foreign exchange risk.

Interest Rate Risk

The Council has limited exposure to interest rate movements on its borrowings and investments. Borrowings are carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and reflected in the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The annual Medium Term Financial Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. The aim of the prudential indicators is to contain the activity of the treasury function within certain limits reducing the risk or likelihood of an adverse movement in certain interest rates or borrowing decisions that could impact negatively on the Council's overall financial position.

Within this Strategy prudential indicators are set which provide maximum and minimum limits for fixed and variable interest rate exposure. The Financial Services staff monitor markets and forecast interest rates within the year to adjust exposure appropriately. The indicators in force during 2011/2012, which were approved along with the Council's annual budget on 23rd February 2011, are shown below.

Limits in interest rate exposure	2009/2010	2010/2011	2011/2012	2012/2013
	£000s	£000s	£000s	£000s
Maximum principal sums borrowed > 364 days	£7m	£10m	£7.3m	£6.5m
Limits on Fixed Interest Rates	100%	100%	100%	100%
Limits on Variable Interest Rates	30%	30%	30%	30%
Maximum sums invested with single body	£4m	£6m	£5m/50%	£5m/50%
Maximum sums invested with any group	£10m	£10m	£10m	£10m

If all lending interest rates had been 1% higher with all other variables held constant the financial effect would only impact on the interest receivable on variable rate investments by an extra £130k. All other interest payable and receivable is fixed.

Price Risk

The Council, excluding the pension fund, does not generally invest in instruments with this type of risk.

Foreign exchange risk

Local custom and practice is not to engage in foreign currency trade or deal with foreign financial institutions. The Council, therefore, has no financial assets or liabilities denominated in foreign currencies and has no exposure to loss arising from movements in exchange rates.

Note 26 Inventories

The total value of stocks at 31 March 2012 was £40k (£37k at 31st March 2011), representing fuel, vehicle maintenance spares and refuse sacks. These are carried at cost due to the high turnover nature of the items concerned providing a very close approximation to the current value at the Balance Sheet date.

Note 27 Debtors

Debtors	1st April 2010 £000s	31 st March 2011 £000s	31st March 2012 £000s	Note
Central Government Bodies	3,166	977	1,756	
Other Local Authorities	1,205	922	873	
Other entities and individuals				
Council Tax	513	518	543	Coll'n Fund
Advance Payments	193	139	366	
Sundry Trade Debtors	1,360	1,641	1,465	
Less impairment	(922)	(1,066)	(1,158)	30
	<u>1,144</u>	<u>1,232</u>	<u>1,216</u>	
Net Balance at 31st March	5,515	3,131	3,845	

Note 28 Short-term Investments, Cash and Cash Equivalents

Cash and Cash Equivalents	1st April 2010 £000s	31 st March 2011 £000s	31st March 2012 £000s	Note
Bank Deposits - access less than 3 months	-	1,500	-	
Bank Deposits - access 3 to 6 months	-	-	-	
Bank Deposits - access 6 to 12 months	8,000	6,000	3,000	
Other Local Authorities - access less than 3 months	-	-	2,000	
Short-term Investments at 31st March	8,000	7,500	5,000	24 & 30
Bank Deposits - instant access	1,223	1,863	783	24 & 39
Cash in Hands of Officers	2	2	2	39
Cash and cash equivalents at 31st March	1,225	1,865	785	

Note 29 Assets Held for Sale

Non-current assets held-for-sale are shown in Note 17 under Property, Plant and Equipment.

Current Assets held for sale	2010/2011 £000s	2011/2012 £000s	Note
Balance at 1st April	101	94	
Assets newly classified as Held-for-Sale from PPE	400	-	17
Revaluation transfers to the Revaluation Reserve			
Revaluation gains	42	-	35b
Revaluation (losses)	(200)	-	35b
Write out NBV of Assets sold			
Net value in Revaluation Reserve	(49)	-	35a
Net value in Capital Adjustment Account	(200)	-	35b
Balance at 31st March	94	94	

Note 30 Impairment Losses

Impairment losses/(reversals) on property, plant and equipment, investment properties and intangible assets are disclosed in Note 17, 18 and 19 respectively. The Council also makes provision for impairment of short-term debtors, as shown in Note 27, based on historical default experience adjusted for the current market conditions as disclosed in Note 25. At 31st March 2012 the total provision for impairment of short-term debtors was £1,158k (£1,066k at 31st March 2011). This provision is against a maximum estimated market exposure of £1,018k (£1,052k at 31st March 2011).

Notes to Core Financial Statements

Note 31 Borrowing

Following the budget setting in February 2010, a loan of £4.6m was taken out from the PWLB over a life of 25 years at 4.49% to support the costs of the Council's capital spending, including the planned investment resulting from the Leisure Services Review. Repayment of this loan is based on equal installments of principal at £184k per annum. Further information can be found in the Financial Instruments Note 24.

PWLB Borrowing	1st April 2010 £000s	31 st March 2011	31st March 2012 £000s	Note
Repayable in less than 12 months	184	184	184	
Repayable between 1 and 2 years	184	184	184	
between 2 and 5 years	552	552	552	
between 5 and 10 years	920	920	920	
in 10 years or more	2,760	2,576	2,392	
Balance at 31st March	4,600	4,416	4,232	24

Note 32 Creditors

Creditors	1st April 2010 £000s	31 st March 2011 £000s	31st March 2011 £000s	Note
Central Government Bodies	-	5	5	
Other Local Authorities	415	320	47	24
Bodies external to general government				
Advance Receipts: Council Tax	113	118	117	
Advance Receipts: Others	85	75	44	24
Employee Benefit Expenses	85	88	60	24
Sundry Trade Creditors	4,673	1,743	2,056	24
Balance at 31st March	5,371	2,349	2,329	

Note 33 Provisions

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

Provisions	Balance 31 st March 2011 £000s	Provisions Made £000s	Provisions Utilised £000s	Balance 31 st March 2012 £000s	Note
Other Provisions	498	447	(346)	599	
Facilities Provisions	35	48	(12)	71	
Stubblee Park Provision	19	-	-	19	
Short Term Provisions	552	495	(358)	689	
English Heritage	358	-	(358)	-	
Customer Services Projects Provision	92	31	(32)	91	
Other Provisions	27	3	(5)	25	
Long Term Provisions	477	34	(395)	116	
Total Provisions	1,029	529	(753)	805	

The English Heritage Provision is no longer required and has been reversed. The Customer Services Projects Provision is an ongoing provision utilising in-year savings on Information Technology schemes to finance the introduction of electronic service delivery projects, driving future savings.

Note 34 Usable Reserves

The overall movements in the Council's Usable Reserves can be seen in the Movement in Reserves Statement. Further details on the movements in the individual Earmarked Reserves and Capital Grants Unapplied accounts can be found below, along with greater explanation of the activity on the Usable Capital Receipts Reserve.

Note 34a - Earmarked Reserves

Transport Reserve – Historic valuation of the Council's shares in Rossendale Transport Ltd.

Change Management Reserve – Resources to support future costs of change, such as restructuring costs, or investment in technology to realise savings.

Budget Volatility Reserve – To provide for exceptional increases in demand driven budgets (such as concessionary travel and housing benefits, etc.)

IT Reserve – Initially funded as part of the housing stock transfer arrangements this reserve is intended to fund ongoing investment in Information Technology upgrades and services.

Pension Fund Reserve – To meet future pension fund liabilities in respect of former housing services.

Performance Management Reserve – A reserve to meet the cost of target achievement incentives offered to Capita in relation to the Council Tax Collection and Housing Benefits services. Initially funded by the redistributed surplus from the Collection Fund, the max. use in any one year is £25k.

Regulatory Services Reserve -To hold Local Authority Business Growth Incentive Scheme receipts for future investment to deliver the regeneration objectives of the Local Development Framework.

Economic Regeneration Reserve – Funds such as Local Authority Business Growth Incentive Scheme (LABGIS) grants held for future investment in specific regeneration schemes.

Planning Reserve – This reserve has been transferred to the Regulatory Services Reserve.

Single Status Reserve - To meet the transitional costs of implementing Single Status including pay protection and implementation costs.

Health and Wellbeing Reserve – This reserve holds grants received from the local health authority to fund future health-related partnership projects.

Contaminated Land Reserve – This reserve has been transferred to the Economic Regeneration Reserve.

Leisure Services Reserve – This reserve was created in 2008/2009 against the potential requirement to underwrite the Balance Sheet of Rossendale Leisure Trust.

Leisure Facilities Reserve – This reserve was created in 2008/2009 from VAT reclaim funds to support any changes to leisure facilities recommended by the 2009/2010 public review of leisure services.

Performance Reward Reserve – This reserve was been created in 2009/2010 with Performance Reward Grant received upon the achievement of Local Area Agreement targets. The allocation of these funds to specific projects is the remit of the Local Strategic Partnership.

Area Based Grant Reserve – This reserve was been created in 2009/2010 to acknowledge the receipt of Area Based Grant to fund further specific community projects.

Directorate Investment Reserve – This reserve was created in 2009/2010 to hold unspent budgets allowed to be carried forward for future one-off revenue projects within the General Fund Directorates.

Housing Strategy Reserve – This reserve is accumulating revenue savings within housing strategy and regeneration to fund similar services in future years when revenue grants are withdrawn.

Bacup Neighbourhood Reserve – Community reserve funded from the disposal of Bacup Leisure Hall.

Pride Works Revenue Reserve – Reserve for future revenue works in place of previous capital plans.

Vehicle Reserve – To support vehicle maintenance costs and the rolling replacement programme.

Notes to Core Financial Statements

Corporate Contingency Reserve – Funds to support in-year corporate investment decisions

Transitional Reserve – This reserve has been created to support the Council in its medium-term financial strategy to balance the revenue budget as the impacts of the October 2010 Comprehensive Spending Review leads to reduced central government funding. Resources have come partly from the central government Transitional Grant for 2011/2012 and from overachievement on recycling income during 2011/2012.

Earmarked Reserves	Balance 31 st March 2011 £000s	Income & Transfer to Reserves £000s	Transfers between Reserves £000s	Utilised from Reserves £000s	Balance 31 st March 2012 £000s	Note
Transport Reserve	645	-	-	-	645	
Change Management Reserve	271	777	(46)	(69)	933	
Budget Volatility Reserve	348	27	(148)	-	227	
IT Reserve	60	-	-	(60)	-	
Pension Fund Reserve	356	-	-	(215)	141	
Performance Management	65	-	-	-	65	
Regulatory Services Reserve	320	-	78	(90)	308	
Economic Regeneration Reserve	636	81	1,062	(1,444)	335	
Planning Reserve	78	-	(78)	-	-	
Single Status Reserve	248	-	(158)	(60)	30	
Health & Wellbeing Reserve	64	61	-	(33)	92	
Contaminated Land Reserve	7	-	(7)	-	-	
Leisure Services Reserve	220	28	-	-	248	
Leisure Facilities Reserve	625	51	-	-	676	
Performance Reward Reserve	397	-	-	(68)	329	
Area Based Grant Reserve	392	-	(279)	(65)	48	
Directorate Investment Reserve	352	115	(352)	(5)	110	
Housing Strategy Reserve	187	30	-	(3)	214	
Bacup Neighbourhood Reserve	135	-	-	-	135	
Pride Works Revenue Reserve	177	-	33	(32)	178	
Vehicle Reserve	262	36	-	(43)	255	
Corporate Contingency Reserve	105	14	(105)	-	14	
Transitional Budget Support	-	815	-	-	815	
	5,950	2,035	-	(2,187)	5,798	MiR

Note 34b - Usable Capital Receipts Reserve

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

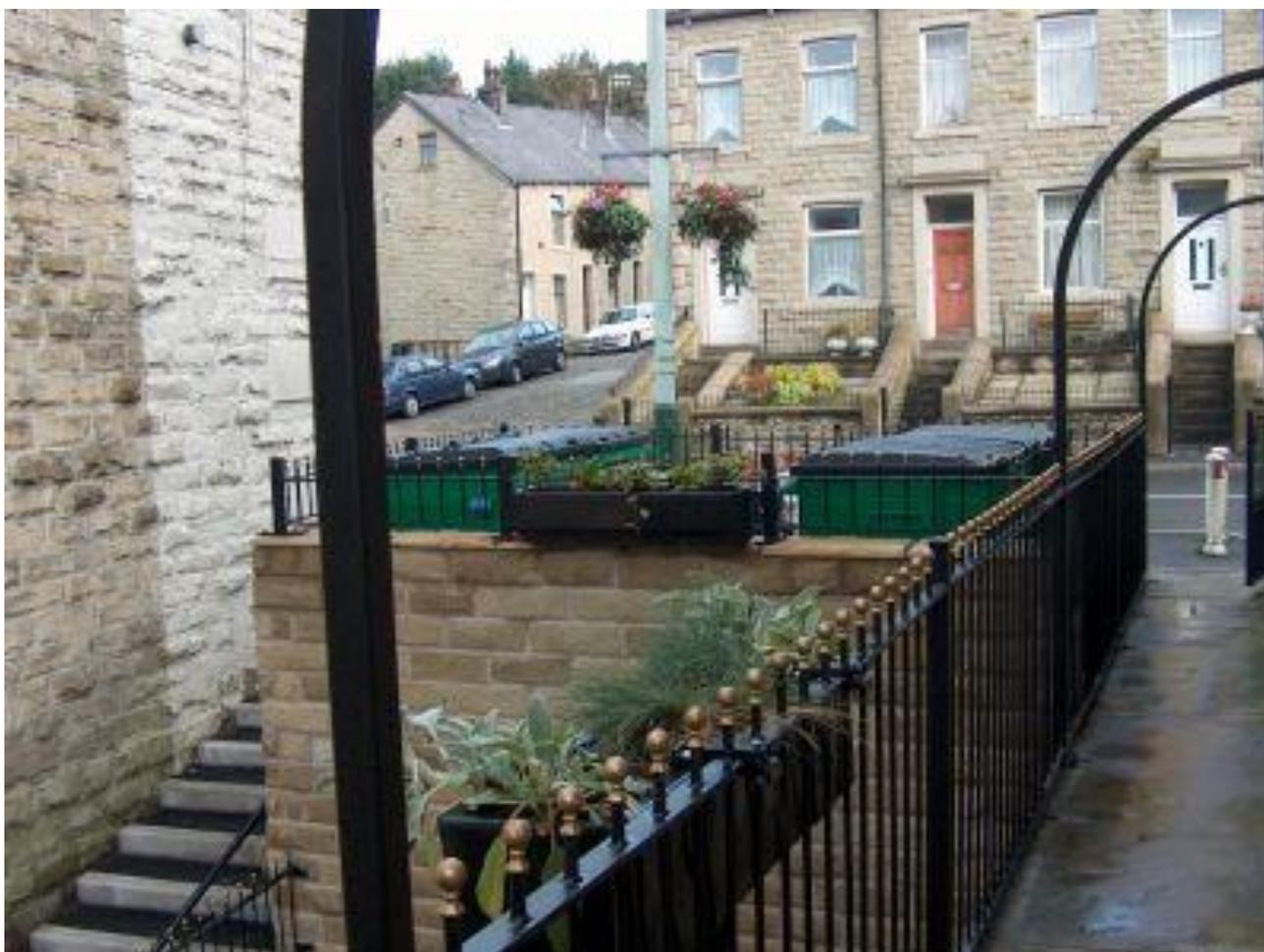
Usable Capital Receipts Reserve	2010/2011 £000s	2011/2012 £000s	Note
Balance at 1st April	1,354	1,224	
Capital receipts in year			
Sale of Assets	192	149	15
Other Income	320	3	15
Capital receipts used to fund capital expenditure	(627)	(323)	15 & 20
Legal Costs of Sale	(10)	(40)	15
Payments to capital receipts pool	(5)	(1)	15
Balance at 31st March	1,224	1,012	MiR

Notes to Core Financial Statements

Note 34c - Government Grants Unapplied

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with. This account holds the balance of grants unapplied at year-end.

Grants Unapplied	Balance	Receipts	Applied	Balance	Note
	31 st March			31 st March	
	2011			2012	
	£000s	£000s	£000s	£000s	
Communities for Health Grant	173	-	-	173	
Mortgage Rescue Scheme	49	-	(49)	-	
Empty Shops Revival Grant	53	-	-	53	
Regional Housing Grant	543	-	(50)	493	10
Big Lottery Grant	63	-	(63)	-	
Communities for Habitats	25	-	-	25	10
Disabled Facilities Grants	-	571	(571)	-	10
Regeneration Grants	508	-	(437)	71	10
Homes & Communities	-	350	(350)	-	
LCC Contributions	-	26	(26)	-	
Community Spaces Grant	-	214	(214)	-	10
	1,414	1,161	(1,760)	815	MiR



Note 35 Unusable Reserves

35a Revaluation Reserve

In accordance with the Statement of Recommended Practice, from 1st April 2007 the Revaluation Reserve records unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis. This Reserve is matched by fixed assets within the Balance Sheet. It does not represent resources available to the authority.

The opening balance at 1st April 2010 has been adjusted to incorporate the introduction of Heritage Assets, namely civic regalia and museum exhibits, as explained in Note 2.

Revaluation Reserve	* Adj as per Note 2 2010/2011 £000s	2011/2012 £000s	Note	
Balance at 1st April	*	4,987	5,089	2
Surplus/(Deficit) on revaluation of assets in the year				
Property, Plant & Equipment	381	930	15 & 17	
Assets Held for Disposal	(158)	-	15 & 29	
Value of assets disposed of in the year	(49)	-	15 & 29	
Depreciation of Revaluation Balances brought forward	(72)	(68)	15 & 17	
Impairment of Revaluation Balances brought forward	-	(54)	15 & 17	
Balance at 31st March	5,089	5,897		

35b Capital Adjustment Account

In accordance with the Statement of Recommended Practice the Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls mechanism.

In the main this account holds the gains on historical revaluations of the assets still held by the Council, depreciated over the life of the assets. It is managed as a total figure, not on a per-asset basis, and does not represent cash resources available to the authority.

Capital Adjustment Account	2010/2011 £000s	2011/2012 £000s	Note
Balance at 1st April	11,000	11,105	2
Revenue and Capital Receipts used to finance capital			
Revenue Contributions	271	1,661	15 & 20
Useable Capital Receipts	627	323	15, 20, 34b
Capital Grants and Contributions	2,195	1,722	15 & 20
Losses on Revaluation of assets			
Property, Plant & Equipment	(205)	(129)	15 & 17
Assets Held for Disposal	-	-	15 & 29
Write off NBV of disposals (net of Revaluation Reserve)	(200)	(62)	15 & 29
Minimum Revenue Provision for repayment of debt	546	559	15 & 20
Depreciation of Property, Plant and Equipment	(844)	(1,156)	15,17,35a
Amortisation of Intangible Assets	(130)	(113)	15 & 19
Impairment of Property, Plant & Equipment assets	(176)	(138)	15 & 17
Revenue Expenditure funded from Capital under statute	(1,979)	(1,039)	15 & 20
Balance at 31st March	11,105	12,733	

Note 36 Local Government Pension Scheme – a defined benefit scheme

The following note explains the terms and conditions of the retirement benefits of the Council officers and other employees. 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, the scheme underwent a full valuation in March 2010 which was reported in December 2010. This did not affect the Council’s Pension Scheme Liabilities and Pension Reserve in the Consolidated Balance Sheet until 31st March 2011.

Changes to Scheme Valuation and Presentation

In December 2006 the Accounting Standards Board (ASB) made a number of changes to the FRS 17 accounting standard. In the main these related to the presentation of the figures and disclosures below rather than the underlying calculations themselves. However, they did also include a requirement for most assets to be valued at “realisable values” (i.e. bid values), as opposed to the previous requirement of “fair values” (in effect, mid-market values).

Present Net Value of Scheme

The underlying assets and liabilities attributable to Rossendale Borough Council at 31st March were:-

Scheme History	2007/2008 £000s	2008/2009 £000s	2009/2010 £000s	2010/2011 £000s	2011/2012 £000s
Scheme Liabilities at 31 st March	(75,121)	(57,329)	(75,151)	(64,334)	(67,888)
Scheme Assets at 31 st March	52,180	33,490	43,192	42,405	41,988
Net Scheme Assets/(Liabilities)	(22,941)	(23,839)	(31,959)	(21,929)	(25,900)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total net liability of £22m impacts 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 local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

In his budget statement on 22 June 2010, the Chancellor announced that the government would start to increase public service pensions in line with the consumer price index (CPI) rather than the retail price index (RPI), which has been the practice in the past. As a result, future pension increases under the Lancashire County Pension Fund are expected to be slightly lower, on average, than would have been the case if this change had not been made. The precise financial effect has been taken into account in the FRS17/IAS19 figures shown on page 67.



Present Value of Scheme Liabilities

The following table reconciles the opening and closing values of the scheme liabilities.

Scheme Liabilities	2010/2011	2011/2012
	£000s	£000s
Scheme Liabilities as at 1 st April	75,151	64,334
Current Service Cost	905	811
Interest on Pension Liabilities	4,154	3,484
Member Contributions	309	298
Past Service cost/(gain)	(3,926)	-
Actuarial (gains)/losses on liabilities	(9,104)	2,047
Curtailments	3	4
Benefits/transfers paid	(3,158)	(3,090)
Scheme Liabilities as at 31st March	64,334	67,888

Of the above liabilities there is an unfunded element, for which the value at 31st March 2011 was £2,835k (£2,849k at 31st March 2011).

Present Value of Scheme Assets

The following table reconciles the opening and closing values of the scheme assets.

Scheme Assets	2010/2011	2011/2012
	£000s	£000s
Scheme Assets as at 1 st April	43,192	42,405
Expected return on plan assets	2,732	2,736
Actuarial gains/(losses) on assets	(2,178)	(2,048)
Employer contributions	1,508	1,687
Member contributions	309	298
Benefits/transfers paid	(3,158)	(3,090)
Scheme Assets as at 31st March	42,405	41,988

These assets are broken down into the following major categories:

Scheme Assets	31 st March 2011		31 st March 2012	
	£000s	%	£000s	%
Equities	27,140	64%	24,354	58%
Government Bonds	2,968	7%	2,099	5%
Other Bonds	5,937	14%	6,298	15%
Property	3,392	8%	4,199	10%
Cash/Liquidity	424	1%	2,099	5%
Other	2,544	6%	2,939	7%
Total Scheme Assets	42,405		41,988	

Scheme Membership

The membership of the scheme was as follows

Scheme Membership	31 st March 2011	31 st March 2012
Active Members	187	180
Deferred Members	239	238
Pensioners	418	424
Widows	144	140

Comprehensive Income and Expenditure Account

Authorities recognise the cost of retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required 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 in the Movement in Reserves Statement and replaced with the cash paid in the year.

The table below shows transactions within the Comprehensive Income and Expenditure Statement and the corresponding adjustments made in the Movement in Reserves Statement.

Reconciliation of the movement in the Pension Fund Reserve	2010/2011 £000s	2011/2012 £000s	Note
Comprehensive Income and Expenditure Statement			
Net Costs of Services			
Current service cost	905	811	
Past Service cost/(gain)	(3,926)	-	
Financing and Investment Income and Expenditure			
Interest cost	4,154	3,484	
Curtailments & Settlements	3	4	
Expected return on assets in the scheme	(2,732)	(2,736)	
Prior year adjustment	-	-	
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	(1,596)	1,563	
Other Comprehensive Income and Expenditure			
Actuarial (gains)/losses	6,926	(4,095)	
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	5,330	(2,532)	
Movement in Reserves Statement			
Reversal of net charges made for retirement benefits in accordance with the Code	1,596	(1,563)	15
Actual charge to the General Fund Balance in the year			
Employer's contributions payable to the scheme	1,522	1,687	15

The impact of the above asset and liability actuarial valuations can be seen in the Other Comprehensive Income and Expenditure section as follows:

Actuarial Gains/(Losses)	2010/2011 £000s	2011/2012 £000s	Note
Actuarial gains/(losses) on Liabilities	9,104	(2,047)	
Actuarial gains/(losses) on Assets	(2,178)	(2,048)	
Net Actuarial gains/(losses) in current year	6,926	(4,095)	15
Actuarial gains/(losses) on pension fund assets	6,926	(4,095)	

The actual gains measured against experience gains/(losses) in the year can be seen in the following table, along with the relevant percentages of period-end assets and liabilities which these values represent:

Actual Gains/(Losses)	2010/2011		2011/2012		Note
	£000s	%	£000s	%	
Actual Return on Plan Assets	3,431		688		
Experience gains/(losses) on Assets	(2,178)	5.1%	(2,048)	4.9%	
Experience gains/(losses) on Liabilities	9,122	14.2%	-	0.0%	

Actuarial Assumptions

The Borough Council fund liabilities and assets 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 2010 which was published in March 2011. The main assumptions used in their calculations at the beginning and end of the year are shown below, with an effective date of 31st March 2010.

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.

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:

Actuarial Assumptions	Beginning of Period %	End of Period %
Financial Assumptions		
Rate of CPI inflation	2.90%	2.50%
Rate of increase in salaries	4.90%	4.50%
Rate of increase in pensions	2.90%	2.50%
Discount rate	5.50%	4.90%
Expected rate of return on assets		
Equities	7.50%	7.00%
Government Bonds	4.40%	3.10%
Other Bonds	5.10%	4.10%
Property	6.50%	6.00%
Cash/Liquidity	0.50%	50.00%
Other	7.50%	7.00%
Expenses deduction	0.26%	0.26%
Overall expected return	6.54%	5.69%
Post retirement mortality assumptions		
Non-retired members (retiring in the future in normal health)	SPA02_CMI_2009_1% Tables (103% Males, 96% Females)	
Current pensioners (retired in normal health)	SPA02_CMI_2009_1% Tables (103% Males, 96% Females)	
Life expectancy		
of a male (female) future pensioner aged 65 in 20 yrs	23.0 (25.8) yrs	23.1 (25.9) yrs
of a male (female) current pensioner aged 65	21.6 (24.2) yrs	21.7 (24.3) yrs
Takeup of option to convert annual pension into lump sum at retirement	50% take maximum cash, take 3/80ths cash	50%
Market value of total fund assets	£4,294m bid value at 31st March 2011	£4,158m bid value at 31st December 2011

Under IFRS the assumptions made by the actuary must be submitted to a sensitivity analysis. Below are the main assumptions used by the actuary and the effects on the pension fund accounts if those assumptions changed.

Sensitivity analysis based on assumptions as at 31st March 2012	Central	Sensitivity 1 + 0.1% p.a. discount rate	Sensitivity 2 + 0.1% p.a. salary inflation	Sensitivity 3 + 1 yr to member's life expectancy
	£000s	£000s	£000s	£000s
Liabilities	67,888	66,859	68,934	69,297
Assets	(41,988)	(41,988)	(41,988)	(41,988)
Deficit/(Surplus)	25,900	24,871	26,946	27,309
Projected current service cost for year commencing 1st April 2012	872	845	900	893
Projected expected return on assets for year commencing 1st April 2012	(2,344)	(2,344)	(2,344)	(2,344)
Projected interest cost for year commencing 1st April 2012	3,279	3,294	3,331	3,349

Note 37 Contingent Assets & Liabilities

Contingent Assets

A 10-year 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 dependent on the level of repairs undertaken and performance of Green Vale Housing Association. This agreement is time limited and included in the Comprehensive Income and Expenditure Statement in the year it is received.

During 2009/2010 the Council submitted a claim for refund of VAT overpaid in relation to exempt activity legislation changes relating to sport income from 1990 to 1994 and coaching charges from 1974 to 1994. The total of these claims were £550k, and any refund would be subject to interest, which could significantly increase this value. In July 2009 £826k was received in part settlement of this claim and in 2011/2012 a further £777k was received including simple interest of £617k (see Note 24). A subsequent claim has now been lodged for compound interest on both of these payments which could equate to a significant amount given the age of the claims.

In 2010/11 a further claim was made for overpaid Vat in relation to trade waste income going back to 1997. The value of this claim was £192k though and any refund would be subject to interest, which again could significantly increase this value.

Contingent Liabilities

The Council has implemented the Single Status agreement for all posts through the adoption of a pay and grading structure. The Council provided resources within its Single Status Reserve to meet the transitional costs of implementing this new scheme and to mitigate a prudent estimate of the potential cost of claims for back pay through the Industrial Tribunal system. In 2010/2011 £112k of backdated Equal Pay claims were settled, followed by a further £19k during 2011/2012. The balance on the Reserve was revised in March 2012 to maintain a prudent estimate of future costs – see Note 34a.

In accordance with IFRS guidelines on the recognition of financial instruments, the Council has assessed the financial guarantee entered into with respect to Rossendale Leisure Trust as a contingent liability. The Council is guarantor on a £1.2m loan taken out by the Trust in 2008 specifically for the extension of Haslingden Sports Centre. This project was subjected to a very thorough business case to ensure that it would be self-funding. Hence, at present the Council determines that the risk of any financial liability for the Council is nil. This risk is under constant review.

The Council created an earmarked Leisure Services Reserve in 2009/2010 in order to provide for any potential liabilities which may arise from the Net Balance Sheet deficit of Rossendale Leisure Trust. At 31st March 2012 the value of Trust's deficit was £420k and the earmarked reserve was £248k as explained in Note 34a. The likelihood of having to make good this undertaking is uncertain at present, therefore the risks are under continual review through the Councils' risk management system.

Note 38 Reconciliation of Revenue Surplus to Net Cash Flow

Reconciliation of I&E Surplus to Net Cash Flow from revenue activities	RBC		Group		Note
	31st March 2011	31st March 2012	31st March 2011	31st March 2012	
	£000s	£000s	£000s	£000s	
Adjust net surplus/(deficit) on the provision of services for					
Depreciation and Impairments	1,092	1,416	1,946		15
Amortisation of Intangible Assets	130	113	130		15
Carrying amount of non-current assets sold	(249)	(62)	(249)		29
Capitalisation of PWLB interest paid on construction of assets	(213)	(196)	(213)		24
Pension Fund Adjustment	(3,106)	(124)	(3,501)		15
Adjustment net surplus/(deficit) on the provision of services between accruals and cash accounting					
(Increase)/Decrease in Inventories	(9)	(3)	(33)		26
(Increase)/Decrease in Debtors	2,244	(802)	2,228		27
Adjusted for Cash (Outflows)/Inflows - agency operations	(947)	1,312	(947)		
Increase/(Decrease) in Provision for Impairment of bad debts	144	92	144		27
Increase/(Decrease) in Creditors	(3,022)	(20)	(2,969)		32
Increase/(Decrease) in Short-term Provisions	62	137	62		33
Increase/(Decrease) in Long-term Provisions	(19)	(361)	(19)		33
Adjust net surplus or deficit on the provision of services for noncash movements	(3,893)	1,502	(3,421)	-	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities					
Additions to property, plant and equipment & intangible assets	(271)	(1,661)	(292)		15 & 35b
Proceeds from the sale of property, plant and equipment	182	107	212		15 & 34b
Other income	320	103	320		15 & 34c
Change in Government Grants Unapplied	(835)	599	(835)		15 & 34c
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(604)	(852)	(595)	-	

Notes to Core Financial Statements

Note 39 Net Change in Liquid Resources

Net change in liquid resources	31 st March 2011 £000s	31 st March 2012 £000s	Movement £000s	
Cash in Hand	2	2	-	
Cash at Bank	1,863	783	(1,080)	24 & 28
Net Book Value at 31st March	1,865	785	(1,080)	28

Note 40 Segmental Reporting

The Income and Expenditure of Rosendale Borough Council's principal segments (directorates) shown below is prepared on the same statutory taxation basis as the budget and its subsequent monitoring reports throughout the year. This table also includes a similar analysis for the group entities.

Directorate Income & Expenditure 2011/2012	Place Directorate £000s	Business Directorate £000s	Corporate Management £000s	Rosendale Borough Council Total £000s	Group Entities £000s	Group Total £000s
Fees & Charges and other service income	(1,838)	(712)	(1,250)	(3,800)	(9,438)	(13,238)
Interest & Investment Income	-	-	(715)	(715)	-	(715)
Government Grants & Other Contributions	(25,966)	(1,422)	(55)	(27,443)	-	(27,443)
Total Income	(27,804)	(2,134)	(2,020)	(31,958)	(9,438)	(41,396)
Employee Expenses	3,294	2,220	1,429	6,943	5,482	12,425
Premises Expenses	42	575	890	1,507	339	1,846
Transport Expenses	573	58	17	648	2,242	2,890
Other Service Expenses	3,223	1,499	2,150	6,872	441	7,313
Transfer Payments (Benefits)	25,158	-	-	25,158	-	25,158
Support Service Recharges	498	858	(1,365)	(9)	-	(9)
Depreciation, Amortisation and Impairments	902	36	(938)	-	816	816
Capital Financing & Interest Payments	433	1	125	559	178	737
Total Expenditure	34,123	5,247	2,308	41,678	9,498	51,176
Net Expenditure	6,319	3,113	288	9,720	60	9,780

The comparator figures for 2010/2011 are shown below.

Directorate Income & Expenditure 2010/2011	Place Directorate £000s	Business Directorate £000s	Corporate Management £000s	Rosendale Borough Council Total £000s	Group Entities £000s	Group Total £000s
Fees & Charges and other service income	(1,652)	(761)	(858)	(3,271)	(9,328)	(12,599)
Interest & Investment Income	-	-	(190)	(190)	(1)	(191)
Government Grants & Other Contributions	(25,171)	(2,502)	(199)	(27,872)	-	(27,872)
Total Income	(26,823)	(3,263)	(1,247)	(31,333)	(9,329)	(40,662)
Employee Expenses	3,542	2,555	1,945	8,042	5,318	13,360
Premises Expenses	49	1,160	907	2,116	343	2,459
Transport Expenses	574	69	15	658	2,148	2,806
Other Service Expenses	5,668	1,938	509	8,115	427	8,542
Transfer Payments (Benefits)	23,832	-	-	23,832	-	23,832
Support Service Recharges	779	994	(2,084)	(311)	-	(311)
Depreciation, Amortisation and Impairments	750	38	(788)	-	854	854
Capital Financing & Interest Payments	419	-	124	543	222	765
Exceptional Item - pensions past service gain	-	-	(3,926)	(3,926)	(349)	(4,275)
Total Expenditure	35,613	6,754	(3,298)	39,069	8,963	48,032
Net Expenditure	8,790	3,491	(4,545)	7,736	(366)	7,370

Notes to Core Financial Statements

The comparative figures opposite would lead the reader to assume that general running costs for the Council have increased from 2010/2011 to 2011/2012. However, when the exceptional past service gain on pensions in 2010/2011 is excluded, the real year on year change is a net saving of £1,942k.

As already mentioned, the figures in the tables opposite are slightly different to those in the Council's Comprehensive Income and Expenditure Statement because the Segmental Report is prepared on a similar funding basis as the original budget which can be seen in the Explanatory Foreword. The table below provides a reconciliation between the Segmental Report and the Comprehensive Income and Expenditure Statement.

Reconciliation of Directorate Income & Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	2010/2011 £000s	2011/2012 £000s	Notes
Net Expenditure in the Directorate Analysis	7,736	9,720	
ADD BACK depreciation, amortisation and impairments reversed out of the Directorate Analysis report but included within the Comprehensive Income and Expenditure Statement as Cost of Services			
Depreciation of Property, Plant and Equipment	916	1,224	35a & 35b
Impairment of Property, Plant and Equipment	176	192	35a & 35b
Depreciation of Intangible Assets	130	113	35a & 35b
LESS Charges made to Trading Accounts	(72)	(55)	
ADD amounts not in the Directorate Analysis which are reported in the Comprehensive Income and Expenditure Statement			
Change in Unapplied Government Grants	(833)	599	15 & 34c
REMOVE amounts in the Directorate Analysis which are not reported in the Comprehensive Income and Expenditure Statement			
Capital expenditure in the year charged to General Fund	(271)	(1,661)	15 & 35b
Transfers (to)/from Earmarked Reserves	(516)	152	MiR & 34a
LESS Transfers to Earmarked Reserves funded by direct grants	328	322	
Statutory provisions for the financing of capital investment	(546)	(559)	15,20,35b
REMOVE amounts in the Directorate Analysis which are reported in the Comprehensive Income and Expenditure Statement below the Cost of Services line			
Interest payable on debt	(1)	-	24
FRS17 Pension adjustments	(618)	(876)	36
Interest and investment income	188	715	24
(Surplus)/Deficit on Trading Undertakings - less charges included in adj's above	66	40	8
Comprehensive Income and Expenditure Statement - Cost of Services	6,683	9,926	

Note 41 Approval of Statement of Accounts

The Audit and Accounts Committee considered and approved this Draft Statement of Accounts on the 20th June 2012. These Accounts will now be submitted for audit and return to the Audit and Accounts Committee in September 2012 for final approval.



Councillor Tom Aldred
Chair of the Audit and Accounts Committee

Collection Fund

COLLECTION FUND		2010/2011	2011/2012	Note
		£000	£000	
Income				
	Council Tax Income	28,460	28,385	
	Council Tax Benefit	5,930	5,916	
	Non-Domestic Rates	11,681	11,412	
Total Income		46,071	45,713	
Expenditure				
Precepts and Demands				
	Lancashire County Council	23,990	24,064	
	Rossendale Borough Council	5,540	5,556	
	Lancashire Police Authority	3,170	3,176	
	Lancashire Fire Authority	1,380	1,382	
Non-Domestic Rates				
	Payment to National Pool	11,578	11,310	
	Cost of Collection Allowance	103	103	
	Provisions for Council Tax Bad Debts	307	223	CF5
Total Expenditure		46,068	45,813	
Surplus/(deficit) for the year		3	(101)	

Where Note references are preceded by CF they related to the Collection Fund Notes on this and the following pages. Other Note references relate to the Notes to the Core Statements on pages 21 to 71.

Collection Fund Note 1 Surplus/(deficit) apportionment

The table below shows how the surplus/(deficit) on the Collection Fund is distributed across the major preceptors on an agency basis each year.

Apportionment of in-year surplus/(deficit) to major preceptors		2010/2011	2011/2012	Note
		£000	£000	
%ge	Preceptor			
71.23%	Lancashire County Council	3	(73)	15
16.78%	Rossendale Borough Council	-	(16)	
8.08%	Lancashire Police Authority	-	(8)	
3.91%	Lancashire Fire Authority	-	(4)	
Surplus/(deficit) for the year		3	(101)	

Collection Fund Note 2 Collection Fund Adjustment Account

The surplus/(deficit) attributable to Rossendale Borough Council now resides in the Collection Fund Adjustment Account on the Balance Sheet, as shown below.

Apportionment of in-year surplus/(deficit) to major preceptors		2010/2011	2011/2012	Note
		£000	£000	
	Balance at 1st April	(9)	(9)	15
	Apportioned surplus/(deficit) for the year	-	(16)	
Balance at 31st March		(9)	(25)	

Collection Fund

Collection Fund Note 3 Council Tax Base

Council tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities and the Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts). The Council Tax base for 2011/2012 was 21,713 compared to 21,649 for 2010/2011.

The basic amount of Council Tax for a Band D property remained unchanged in 2011/2012 at £1,571.62 – see Collection Fund Note 7 for details.

The council tax base has been calculated as follows:-

Band	Ratio to Band D	Total No. Properties	Total equiv No. after Discounts & Exemptions	2011/2012 Band D Equivalent	2010/2011 Band D Equivalent
Special	5/9		40.25	22.40	21.50
A	6/9	15,813	13,361.75	8,907.80	8,917.50
B	7/9	4,735	4,242.00	3,299.30	3,250.30
C	8/9	3,921	3,543.50	3,149.80	3,139.10
D	1	3,254	3,020.00	3,020.00	3,018.00
E	11/9	1,856	1,735.75	2,121.50	2,123.90
F	13/9	640	604.50	873.20	863.40
G	15/9	438	404.25	673.80	667.90
H	2	37	25.75	51.50	53.50
			30,694	22,119.30	22,055.10
Less adjustments for anticipated changes to the base and losses on collection				(405.90)	(405.60)
Band D equivalent number of properties				21,713.40	21,649.50

Collection Fund Note 4 Arrears

Arrears	Total 2010/2011 £000s	Total 2011/2012 £000s
Council Tax	3,214	3,348
Non-Domestic Rates	526	571
Balance at 31st March	3,740	3,919
Balance at 31st March attributable to Rossendale	519	543

Based on the proportions laid out in Collection Fund Note 1 above, the Council Tax arrears pertaining to Rossendale Borough Council have risen from £518k in March 2011 to £543k in March 2012 (see Note 27 to the Core Statements).

Collection Fund

Collection Fund Note 5 Council Tax Provision for Bad Debts

Similarly Rossendale Borough Council element of the provision for impairment of those arrears has risen from £304k in 2010/2011 to £309k in 2011/2012.

Council Tax Bad Debts Provision	Total 2010/2011 £000s	Total 2011/2012 £000s
Balance as 1st April	1,750	1,868
Provision made in year	307	223
Debts written off	(189)	(185)
Balance at 31st March	1,868	1,906
Balance at 31st March attributable to Rossendale	304	309

Despite an increase in the total arrears above, the in-year collection rate for 2011/2012 Council Tax maintained the 97.6% performance level attained in 2010/11. Only the Rossendale Borough Council portion of the Council Tax arrears is shown in Note 27 to the Core Statements,

The collection rate for NNDR in 2011/2012 fell marginally to 97.8% from 97.9% in 2010/2011.

Collection Fund Note 6 National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Government specifies an amount (43.3p in 2011/2012 and 41.4p in 2010/2011) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

The rateable value for business premises in Rossendale dropped to £36,533k, from £36,891k at the end of 2010/2011 as a result of a small number of significant downward revaluations during 2011/2012 and the removal of the demolished Valley Centre properties in March 2012.

The Council is responsible for collecting rates due from ratepayers in its areas but it pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population. The NNDR income, after reliefs and provisions, was £11,412k for 2011/2012 compared to £11,681k in 2010/2011.

Collection Fund Note 7 Council Tax for all Precepting Bodies 2010/2011

Precepting Bodies	2010/2011		2011/2012							
	Band D £	Increase %	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Rossendale	253.40	0.00%	168.93	197.09	225.24	253.40	309.71	366.02	422.33	506.80
LCC	1,108.30	0.00%	738.87	862.01	958.16	1,108.30	1,354.59	1,600.88	1,847.17	2,216.60
Fire	63.65	0.00%	42.43	49.51	56.58	63.65	77.79	91.94	106.08	127.30
Police	146.27	0.00%	97.51	113.77	130.02	146.27	178.77	211.28	243.78	292.54
Total (excl parish)	1,571.62	0.00%	1,047.74	1,222.38	1,370.00	1,571.62	1,920.86	2,270.12	2,619.36	3,143.24
Whitworth Parish	23.01	0.00%	15.34	17.90	20.45	23.01	28.12	33.24	38.35	46.02
Total (incl parish)	1,594.63	0.00%	1,063.08	1,240.28	1,390.45	1,594.63	1,948.98	2,303.36	2,657.71	3,189.26

In the above table the abbreviated precepting authorities are Rossendale Borough Council, Lancashire County Council (LCC), Lancashire Fire Authority (Fire), Lancashire Police Authority (Police) and Whitworth Parish Council.



Group Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the authority and its group bodies, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. For more detail on the authority reserves please refer to the main Core Statements.

GROUP MOVEMENT IN RESERVES STATEMENT	Total Useable Reserves	* adj Note 2 Unusable Reserves	Total Authority Reserves	Authority Share of Group Reserves	Total Reserves (Including Group)
	£000s	£000s	£000s	£000s	£000s
Balance at 31st March 2010	8,281	(14,516)	(6,235)	1,829	(4,406)
Movement in Reserves during 2010/11					
Surplus/(deficit) on provision of services	4,559	-	4,559	158	4,717
Other Comprehensive Expenditure and Income	18	6,926	6,944	456	7,400
Total Comprehensive Expenditure and Income	4,577	6,926	11,503	614	12,117
Adjustments between accounting basis & funding basis under regulations	(3,307)	3,307	-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	1,270	10,233	11,503	614	12,117
Transfers to/from Earmarked Reserves	-	-	-	-	-
Increase/Decrease (movement) in Year	1,270	10,233	11,503	614	12,117
Balance at 31 March 2011 carried forward	9,551	(4,283)	5,268	2,443	7,711
Movement in Reserves during 2011/12					
Surplus/(deficit) on provision of services	766	-	766	(31)	735
Other Comprehensive Expenditure and Income	801	(4,095)	(3,294)	(428)	(3,722)
Total Comprehensive Expenditure and Income	1,567	(4,095)	(2,528)	(459)	(2,987)
Adjustments between accounting basis & funding basis under regulations	(2,540)	2,540	-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(973)	(1,555)	(2,528)	(459)	(2,987)
Transfers to/from Earmarked Reserves	-	-	-	-	-
Increase/Decrease (movement) in Year	(973)	(1,555)	(2,528)	(459)	(2,987)
Balance at 31 March 2012 carried forward	8,578	(5,838)	2,740	1,984	4,724



Group Comprehensive Income and Expenditure Statement

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	31st March 2011			31st March 2012			Note
	Gross		Net	Gross		Net	
	Expend	Income	Expend	Expend	Income	Expend	
	£000s	£000s	£000s	£000s	£000s	£000s	
Continuing Operations							
Central Services to the Public	1,391	(476)	915	1,193	(537)	656	
Cultural	3,619	(343)	3,276	3,555	(311)	3,244	
Environmental	4,926	(1,205)	3,721	4,403	(1,350)	3,053	
Planning	1,542	(436)	1,106	1,467	(536)	931	
Highways, Roads & Transport Services	10,239	(9,591)	648	81	(44)	37	
Housing General Fund	27,407	(27,708)	(301)	27,464	(27,046)	418	
Corporate & Democratic Core	1,719	(137)	1,582	1,569	(166)	1,403	
Other Central Services	451	(873)	(422)	1,024	(563)	461	
Non-Distributed Costs	(42)	(19)	(61)	(7)	(387)	(394)	
Exceptional Item - Pensions past service gain	-	(4,275)	(4,275)	-	-	-	
Cost of Services	51,252	(45,063)	6,189	40,749	(30,940)	9,809	
Other Operating Expenditure							
Whitworth Town Council Precept	54	-	54	54	-	54	
Contrib of housing receipts to Government Pool	5	-	5	1	-	1	
(Gain)/Loss on disposal of fixed assets	259	(222)	37	102	(179)	(77)	
Other Income	-	(331)	(331)	-	(103)	(103)	
Financing & Investment Income & Expenditure							
Interest payable on debt	223	-	223	178	-	178	
Interest and investment income	-	(190)	(190)	-	(715)	(715)	
Pensions - interest cost	4,199	-	4,199	3,484	-	3,484	
Pensions - curtailments	3	-	3	4	-	4	
Pensions - expected return on assets	-	(2,732)	(2,732)	-	(2,736)	(2,736)	
(Surplus)/Deficit on Trading Undertakings	345	(411)	(66)	305	(345)	(40)	
Taxation and Non-Specific Grant Income							
Taxation on profit on Group ordinary activities	112	-	112	-	-	-	
Council Tax	-	(5,540)	(5,540)	-	(5,556)	(5,556)	
Loss on the Collection Fund	-	-	-	16	-	16	
National Non-Domestic Rates	-	(795)	(795)	-	(1,108)	(1,108)	
Rate Support Grant	-	(5,475)	(5,475)	-	(3,585)	(3,585)	
Non service related Government Grants	-	(410)	(410)	-	(361)	(361)	
(Surplus)/Deficit on Provision of Services	56,452	(61,169)	(4,717)	44,893	(45,628)	(735)	
(Surplus)/deficit on revaluation of fixed assets			(18)			(801)	GR1
(Surplus)/deficit on revaluation of available-for-sale financial assets			-			-	GR1
Actuarial (gains)/losses on pension fund assets			(7,382)			4,523	GR1
Other Comprehensive Income and Expenditure			(7,400)			3,722	
Total Comprehensive Income and Expenditure			(12,117)			2,987	

Where Note references are preceded by GR they relate to the Group Notes within this section. Other Note references relate to the Notes to the Core Statements in the earlier pages of this book.

Group Note 1 Reconciliation of Single Entity and Group (Surplus)/Deficit

Reconciliation of Single Entity & Group (Surplus)/Deficit	2010/2011			2011/2012		
	Council £000s	Transport £000s	Trust Funds £000s	Council £000s	Transport £000s	Trust Funds £000s
Provision of Services	(4,559)	(285)	127	(766)	31	-
Revaluation of fixed assets	(18)	-	-	(801)	-	-
Revaluation of available-for-sale financial assets	-	-	-	-	-	-
Actuarial (gains)/losses on pension fund assets	(6,926)	(456)	-	4,095	428	-
Group Comprehensive (Income)/Expenditure	(11,503)	(741)	127	2,528	459	-

Group Accounts

Group Balance Sheet

Notes 1 and 2 to the Single Entity Core Statements explain the adjustments made to the 1st April 2010 figures upon the introduction of Heritage Assets.

BALANCE SHEET	Group Accounts			Note
	* adj RBC Note2	* adj RBC Note2	31st March	
	1st April	31st March	31st March	
	2010	2011	2012	
	£000s	£000s	£000s	
Property, Plant & Equipment				
Other Land and Buildings	16,690	16,336	19,249	
Vehicles, Plant, Furniture & Equipment	6,693	6,524	5,891	
Infrastructure	278	355	398	
Community Assets	327	306	586	
Assets under construction	-	310	1,287	
Surplus Assets	1,090	1,090	831	
	25,078	24,921	28,242	GR3
Heritage Assets	2,052	2,082	2,170	
Intangible Assets	260	210	158	
Long-term Investments	1,462	1,457	1,457	
Long-term Debtors	118	101	143	
Long-term Assets	28,970	28,771	32,170	
Short-term Investments	8,000	7,500	5,000	
Inventories	152	185	189	
Short Term Debtors	6,931	4,707	5,457	GR4
Cash and cash equivalents	1,476	2,118	1,013	GR2
Assets held for sale within one year	101	94	94	
Provision for Impairment	(922)	(1,066)	(1,158)	
Current Assets	15,738	13,538	10,595	
Short-term Borrowing	(815)	(852)	(696)	GR5
Short-term Creditors	(6,375)	(3,328)	(3,179)	GR6
Short-term Provisions	(490)	(552)	(689)	GR6
Current Liabilities	(7,680)	(4,732)	(4,564)	
Long Term Borrowing	(7,653)	(6,867)	(6,458)	GR5
Provisions	(496)	(477)	(116)	
Net Pensions Liability	(33,285)	(22,522)	(26,903)	
Long- term Liabilities	(41,434)	(29,866)	(33,477)	
Net Assets	(4,406)	7,711	4,724	
Represented by:				
General Fund	914	963	953	
Earmarked Reserves	5,434	5,950	5,798	
Capital Receipts Reserve	1,354	1,224	1,012	
Capital Grants Unapplied	579	1,414	815	
Useable Reserves	8,281	9,551	8,578	
Revaluation Reserve	4,987	5,089	5,897	
Available-for-sale Financial Instruments Reserve	1,455	1,455	1,455	
Pension Reserve	(31,959)	(21,929)	(25,900)	
Capital Adjustment Account	11,000	11,105	12,733	
Deferred Capital Receipts	10	6	2	
Collection Fund Adjustment Account	(9)	(9)	(25)	
Reserves of Group Entities	1,829	2,443	1,984	
Unusable Reserves	(12,687)	(1,840)	(3,854)	
Total Reserves	(4,406)	7,711	4,724	

Group Cash Flow Statement

CASH FLOW STATEMENT	2010/2011	2011/2012	Note
	£000	£000	
Operating Activities			
Net surplus/(deficit) on the provision of services	4,717	735	
Adjustment for noncash movements	(3,416)	2,217	38
Adjustment for items that are investing and financing activities	(595)	(861)	38
Net cash flows from Operating Activities	706	2,091	
Investing Activities			
Additions to property, plant and equipment & intangible assets	(2,036)	(4,665)	38
Proceeds from the sale of property, plant and equipment	212	138	38
Increase in Unapplied Government Grants	835	873	38
Increase/(decrease) in long-term debtors	(7)	42	38
Other income	320	103	38
Net Cash Flows from Investing Activities	(676)	(3,509)	
Management of Liquid Resources			
Net (increase)/decrease in short-term deposits	500	2,500	
Financing			
Cash (Outflows)/Inflows - agency operations			
National non-domestic rates	932	(1,159)	
Council Tax	15	(153)	
Cash Outflows - Repayments of amounts borrowed	(781)	(774)	
Cash Inflows - New long-term loans	(54)	(101)	
Cash Inflows - New short-term loans	-	-	
Net Cash Flows from Financing Activities	612	313	
Net increase/(decrease) in Cash and Cash Equivalents	642	(1,105)	GR2
Cash and Cash Equivalents at the beginning of the year	1,476	2,118	GR2
Cash and Cash Equivalents at the end of the year	2,118	1,013	GR2

Group Note 2 Net change in liquid resources

	31st March 2011 £000s	31st March 2012 £000s	Movement in Year £000s
Cash in Hand	2	2	-
Cash at Bank	2,116	1,011	(1,105)
Total Liquid Resources	2,118	1,013	(1,105)



Group Accounts

Notes are only reproduced here where the group activity has significantly changed those figures already presented for the single entity accounts

Group Note 3 Property, Plant & Equipment

The major changes between the local authority sole entity accounts and the Group Accounts lie in the Property, Plant and Equipment owned by Rossendale Transport Ltd. The note below replicates Core Statement Note 17 for the Group.

Property, Plant & Equipment	Vehicles, Plant,		Infra-structure Assets	Community Assets	Assets under construction	Surplus Assets	Total Assets
	Land & Buildings	Furniture & Equip					
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation 1st April 2011	21,344	14,925	411	447	310	1,090	38,527
Additions	2,915	956	54	16	977	-	4,918
Revaluation increases/(decreases)- to Revaluation Reserve	582	-	-	263	-	-	845
to Provision of Services	(129)	-	-	-	-	-	(129)
Reclassifications- to/from Assets Held for Sale	90	-	-	-	-	(90)	-
others	(113)	73	-	-	-	-	(40)
Derecognition- on disposal	(15)	(453)	-	-	-	(49)	(517)
Cost or Valuation 31st March 2012	24,674	15,501	465	726	1,287	951	43,604
Accum Depreciation and Impairments 1st April 2011	(5,008)	(8,401)	(56)	(141)	-	-	(13,606)
Depreciation for the year- to Revaluation Reserve	(68)	-	-	-	-	-	(68)
to Provision of Services	(341)	(1,619)	(11)	(1)	-	-	(1,972)
Impairment losses/(reversals) to Revaluation Reserve	(53)	-	-	-	-	-	(53)
to Provision of Services	(13)	-	-	(4)	-	(120)	(137)
Reclassifications	62	(33)	-	-	-	-	29
Derecognition- on disposal	(4)	443	-	6	-	-	445
Accumulated Depreciation and	(5,425)	(9,610)	(67)	(140)	-	(120)	(15,362)
Net Book Value at 31st March 2012	19,249	5,891	398	586	1,287	831	28,242
Net Book Value at 31st March 2011	16,336	6,524	355	306	310	1,090	24,921

Included in the total net book value of vehicles in the above table is £2,403k (£3,059k in 2010/2011) in respect of public carrying vehicles held under finance leases by Rossendale Transport Ltd. Depreciation on those assets was £656k (£656k in 2010/2011).



Group Accounts

Comparator movements in 2010/2011 can be seen in the table below.

Property, Plant & Equipment	Land & Buildings	Vehicles, Plant, Furniture & Equip	Infra-structure Assets	Community Assets	Assets under construction	Surplus Assets	Total Assets
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation 1st April 2010	21,277	13,984	278	447	-	1,090	37,076
Additions	291	1,272	133	-	310	-	2,006
Revaluation increases/(decreases)- to Revaluation Reserve	381	-	-	-	-	-	381
to Provision of Services	(205)	-	-	-	-	-	(205)
Reclassifications- to/from Assets Held for Sale	(400)	-	-	-	-	-	(400)
others	-	-	-	-	-	-	-
Derecognition- on disposal	-	(331)	-	-	-	-	(331)
Cost or Valuation 31st March 2011	21,344	14,925	411	447	310	1,090	38,527
Accum Depreciation and Impairments 1st April 2010	(4,587)	(7,291)	-	(120)	-	-	(11,998)
Depreciation for the year- to Revaluation Reserve	(72)	-	-	-	-	-	(72)
to Provision of Services	(251)	(1,441)	(6)	-	-	-	(1,698)
Impairment losses/(reversals) to Revaluation Reserve	-	-	-	-	-	-	-
to Provision of Services	(98)	-	(50)	(21)	-	-	(169)
Derecognition- on disposal	-	331	-	-	-	-	331
Accumulated Depreciation and Impairments 31st March 2011	(5,008)	(8,401)	(56)	(141)	-	-	(13,606)
Net Book Value at 31st March 2011	16,336	6,524	355	306	310	1,090	24,921



Group Accounts

Group Note 4 Debtors

This note corresponds to the single entity Note 27.

Debtors	31 st March 2011 £000s	31 st March 2012 £000s
Central Government Bodies	977	1,756
Other Local Authorities	922	873
Other entities and individuals		
Council Tax	518	543
Advance Payments	139	366
Sundry Trade Debtors	2,151	1,919
Less impairment	(1,066)	(1,158)
	1,742	1,670
Net Balance at 31st March	3,641	4,299

Group Note 5 Borrowing

This note corresponds to the single entity Note 31.

Borrowing	31 st March 2011 £000s	31 st March 2012 £000s
Repayable in less than 12 months	852	696
Repayable between 1 and 2 years	852	696
between 2 and 5 years	1,252	1,435
between 5 and 10 years	2,187	1,934
in 10 years or more	2,576	2,392
Balance at 31st March	7,719	7,153

Group Note 6 Creditors

This note corresponds to the single entity Note 32.

Creditors	31 st March 2011 £000s	31 st March 2012 £000s
Central Government Bodies	137	112
Other Local Authorities	320	47
Bodies external to general government		
Advance Receipts: Council Tax	118	117
Advance Receipts: Others	75	44
Employee Benefit Expenses	88	60
Sundry Trade Creditors	2,590	2,799
Balance at 31st March	3,328	3,179

Group Note 7 Segmental Report

For the group segmental report please see Note 40 on page 70.

Group Note 8 Trust Funds

The Council acts as trustee for a number of legacy trust funds shown below in £s. During 2010/2011 the value of most of these trusts were transferred to the Community Foundation for Lancashire. This organisation now holds the values in trust as a single figure for the benefit of the borough of Rossendale and its residents.

The exemptions to this were the J H Pilling Legacy and the Miles Ashworth Endowment of which £17k was used to convert the former kiosk to public conveniences within Stubblelee Park in 2010/2011. In addition £19k was transferred to a separate Council provision for ongoing investment projects within the park.

Trust Funds	Value of Original Asset £	Balance 1 st April 2010 £	Balance 31 st March 2011 £	Balance 31 st March 2012 £
J H Pilling Legacy <i>Maintenance of Stubblelee Park</i>	3,348	19,398	-	-
Miles Ashworth Endowment <i>Maintenance of Stubblelee Park</i>	6,574	15,240	-	-
Mechanics Institute Scholarship <i>Student scholarship for Bacup</i>	60	3,086	-	-
W Hardman Bequest <i>Exhibits for Rossendale Museum</i>	100	4,425	-	-
Local Charities Account <i>Charitable activities in Haslingden</i>	2,200	23,493	-	-
S Pilling Trust <i>Student support in Haslingden</i>	200	2,825	-	-
Greenfield Trust Massage Centre <i>Haslingden War Memorial</i>	1,157	23,142	-	-
Bacup Orchestral Scholarship <i>School instrumental scholarship</i>	200	899	-	-
Smith Prize for Music <i>Boys Music Festival Prize</i>	150	1,113	-	-
Mayor of Haslingden Relief Fund <i>Charitable relief in Haslingden</i>	176	929	-	-
Haslingden Grane Duckworth <i>Charitable relief in Haslingden</i>	1,990	13,963	-	-
Lawrence Henry & Minetta Clegg <i>Charitable relief in Rawtenstall</i>	2,550	9,564	-	-
Mayor of Rossendale Fund <i>Charitable activities in Rossendale</i>	170	8,719	-	-
	18,875	126,796	-	-

The Council has received a statement from the Community Foundation for Lancashire regarding the present value of the Rossendale Community Fund which they now hold and administer. These figures are no longer incorporated into the Council's Group Accounts, but for completeness of information they are reported here as a note.

From the 1st October 2011 to 31st March 2012 the fund's capital rose from £102k to £112k, with investment gains of £10k.

However, only the revenue investment income received is eligible for use in making grants. Within the same period the investment income was £1,345, against which the administration costs were £534, leaving a balance available for grant-making of £811.

Capital Expenditure Report

The cost of capital projects in the table below can be seen in the Capital Financing Requirement at Note 20 to the Core Statements. Where the costs relate to Council assets they can also be seen in Notes 17 and 19.

Corporate Priority Capital Scheme	Total Capital Spend £000s	SOURCES OF FUNDING			
		Capital Receipts £000s	Revenue Contrib'n £000s	Internal Borrowing £000s	Grants & Contrib'ns £000s
Delivering Quality Services					
Car Park upgrading programme	18			18	
I.T Strategy & Systems	126		73	53	
Disabled access adaptations	20	5	15		
Leisure Investment Project	977	114	79	784	
Other Leisure Buildings	51	8	43		
Council Offices & Depots	61	61			
	1,253	188	210	855	-
Delivering Regeneration					
Culverts	54	38			16
Other infrastructure	21	21			
Elevate Environmental Wks	175				175
Elevate Facelifting Programme	225				225
CCTV	65	6	59		
Valley Centre	2,201		1,201	1,000	
Other Regeneration Projects	27	17			10
	2,768	82	1,260	1,000	426
Keeping the Borough Clean & Green					
Vehicle Replacement Program	104		44	60	
Wheeled Bins	78		38	40	
Playgrounds - Year 5 of a 5 yr Plan	283	6	48		229
Cemeteries - Year 5 of a 5 yr Plan	12	12			
Pathways - Year 4 of a 5 yr Plan	28	28			
Cenotaphs / Memorials	5	5			
Other Parks & Pavillions	49	2			47
	559	53	130	100	276
Promoting Rossendale					
Borough signs	3		3		
Museum Improvements	4			4	
	7	-	3	4	-
Improving Health & Wellbeing					
Disabled Facilities Adaptation Grants	619		18		601
Young person's homelessness unit	439		40		399
Home Care & Repair Scheme	20				20
	1,078	-	58	-	1,020
Grand Total	5,665	323	1,661	1,959	1,722

Accounting Standards Board

The role of the Accounting Standards Board (ASB) is to issue accounting standards. Accounting standards developed by the ASB are contained in 'Financial Reporting Standards' (FRSs). Soon after it started its activities in 1990, the ASB adopted the standards issued by the Accounting Standards Committee (ASC), so that they also fall within the legal definition of accounting standards.

These are designated 'Statements of Standard Accounting Practice' (SSAPs). Whilst some of the SSAPs have been superseded by FRSs, some remain in force. Accounting standards apply to all companies, and other kinds of entities that prepare accounts that are intended to provide a true and fair view.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agency Services

Services provided by the Council, as an agent on behalf of the responsible body, where the principal reimburses the Council for the cost of the work carried out.

Auditor's Opinion

The opinion required by statute from the Council's external auditors, indicating whether the statement of accounts presents fairly the financial position of the authority.

Budget

A statement of the Council's spending plans for revenue and capital expenditure over a specified period of time.

Capital expenditure

Spending on the acquisition or maintenance of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. Expenditure that does not fall within the definition must be charged to a revenue account.

Capital Receipts

Proceeds from the sale of fixed assets, such as land or buildings, or the repayment of capital grants or advances.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government.

Code of Practice on Local Authority Accounting (the CODE)

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2010 (the Code) stipulates that the preparation of the Statement of Accounts. This Code replaces CIPFA's Statement of Recommended Practice 2009 (SORP) and is now based on the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) adapted as interpreted for the public sector by the International Public Sector Accountancy Standards (IPSASs).

Collection Fund

The account which shows the transactions of the Council in relation to non-domestic rates and Council Tax, and the distribution of these to other precepting bodies and to Rossendale Borough Council's General Fund for the year.

Following the SORP 2009, the Collection Fund is now operated on an agency basis. That means that the accumulated balances at the year end, including arrears and accounts in credit are apportioned over the main precepting bodies. Rossendale Borough Council's proportion of the debtors and accounts in credit can be directly on the Balance Sheet and at Note 19 and 22 to the Core Statements and the Council's proportion of the overall surplus/(deficit) on the account is now held in the Collection Fund Adjustment Account. Those amounts attributable to each of the other preceptors are included as a net position within the Other Public Bodies sections of Note 19 and Note 22 respectively.

Collection Fund Adjustment Account

A new account created following the SORP 2009, which holds that portion of the Collection Fund cumulative balance attributable solely to Rossendale Borough Council.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

The Department for Communities and Local Government (CLG)

The central government department for Communities and Local Government (CLG) has a powerful remit to promote community cohesion and equality, as well as responsibility for housing, urban regeneration, planning and local government. The CLG is responsible for national policy on local government in England, examining the future of local government and local democracy; reviewing performance and measurement through inspection and audit; driving through the modernisation agenda of efficiency and improvement of service delivery; and maintaining and developing a framework for local government finance.

Comprehensive Performance Assessment

Comprehensive Performance Assessment (CPA) is a key element of the Government's performance framework for local government. It is intended to support improvement planning in local authorities and to lead to coordinated and proportionate audit and inspection, and increased freedoms and flexibilities for local government. Rossendale's CPA inspection took place during 2003/04. This scrutinises every aspect of the Council's work and operations, and is based on a Corporate Self-Assessment stating how good services are and the Council's corporate capacity to improve. There are also two crosscutting inspections based on the themes 'balancing housing markets' and 'managing public space'. Councils are then given a score based on service delivery and working practices, and are rated as 'excellent', 'good', 'fair', 'weak' or 'poor'.

Consolidated Balance Sheet

The combined balance sheets of the Council's services.

Contingency Sum

A sum set aside to provide for foreseen but unquantifiable future commitments or for unforeseen expenditure that may become necessary during the year.

Cost of Management and Administration

An allocation to service accounts of the net cost of the administrative and professional departments which support all of the Council's services.

Creditor

An amount owed by the Council for goods received, or services rendered to it within the accounting period, but for which payment has not been made.

Current Costs Accounting (CCA)

The presentation of the accounts in a form that aims to reflect the consequences of price and value charges.

Debt redemption

The repayment of external loans previously raised to finance capital expenditure.

Debtor

An amount of income due to the Council within the accounting period but not received at the balance sheet date.

Deferred capital receipts

Capital receipts to be received by instalments over agreed periods of time.

Deferred charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. An example of a deferred charge is expenditure on items such as improvement grants.

D.E.F.R.A.

The Department for the Environment, Food and Rural Affairs supports the Council in its recycling projects.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

D.W.P.

The Department of Work and Pensions funds the Housing and Council Tax Benefits payable to borough residents and also funds the administration of those benefits.

E.R.D.F.

The European Regional Development Fund which supports regeneration projects such as Futures Park managed office units.

Fair Value

In accounting, fair value is used as an estimate of the market value of an asset (or liability) for which a market price cannot be determined (usually because there is no established market for the asset). Where a reasonable estimation of fair value cannot be calculated assets are carried at historical cost.

Financial instruments

Financial instruments are cash, evidence of an ownership interest in an entity, or a contractual right to receive, or deliver, cash or another financial instrument. Financial instruments can refer to both receivables (including debtors and other investments) and payables (including creditors and other liabilities or borrowings).

Financial Reporting Standard 17 (FRS17)

FRS 17, issued by the Accounting Standards Board in November, 2000 and amended November, 2002, set out the accounting treatment for retirement benefits such as pensions and medical care during retirement.

General Fund

The main revenue fund of the Council. Day-to-day spending on services is met from the General Fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

Governance Framework

Authorities have a responsibility to ensure that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The governance framework comprises the systems and processes, and culture and values by which the Council is directed and controlled and its activities through which it accounts to and engages with and leads the community. The principles of this framework were laid down by the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.

Housing General Fund

Strategy and support for domestic properties across the borough, as opposed to the operation of council-owned housing which is kept separate in the Housing Revenue Account, or strategy and support for commercial properties.

Housing Revenue Account (HRA)

A separate account for the operation of the direct provision of housing by the Council, which is now closed following the LSVT to Green Vale Homes in March 2006.

Impairment

A measure of abnormal consumption of the economic benefit of an asset over and above the normal annual depreciation.

Infrastructure assets

Assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible assets

Intangible assets are non-financial assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights, such as software. Intangible assets are capitalised at cost and depreciated to the revenue account over their useful economic life.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards will replace the current Statement of Recommended Practice for all local authorities in the UK from the financial year commencing 1st April 2010. These accounts have not been prepared on an IFRS basis, but follow the SORP 2009. However, work has already begun to allow these 2009/2010 accounts to be fully re-stated next year following IFRS to enable true year-on-year comparisons to be made within the 2010/2011 Statement of Accounts. Full details of any changes will be explained within those accounts.

Large scale voluntary transfer (LSVT)

This relates to the transfer of the housing stock, as voted by the tenants, and is generally referred to as a large scale voluntary transfer due to its size.

Leasing

A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

Loans outstanding

The total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

Local Authority Business Growth Incentive Scheme (LABGIS)

This is a means to reward Councils for increases in the rateable value of business properties above a certain threshold. Rossendale has received this for the first time in 2006/07 and used the extra income to create a Reserve for future Economic Development activity.

Materiality

Materiality is a concept within auditing and accounting relating to the importance of an amount, transaction, or discrepancy. Information is material if its omission or misstatement could influence the economic decision of users taken on the basis of the financial statements and depends on the size of the item or the particular circumstances of its omission or misstatement.

Minimum Revenue Provision

The minimum amount which must be charged to the Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

National non-domestic rates (NNDR)

A national non-domestic rate poundage for commercial premises is set annually by the government and collected by all local authorities. The proceeds are redistributed between local authorities in proportion to their adult populations.

Net book value

The amount at which assets are included in the balance sheet, i.e. their historical cost of current value, less the cumulative amounts provided for depreciation.

Non-operational assets

Assets held by the Council, but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

N.W.D.A.

The North West Regional Development Agency which supports regeneration projects such as Futures Park managed office units and the Strategic Economic Regeneration Programme.

Operational assets

Assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.



Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax payers on their behalf, for example Lancashire County Council is a precepting authority which requires Rossendale Borough Council to collect an amount from each householder within the borough. Details of these charges made and the amounts collected and owing are kept separate from the day-to-day running of Rossendale Borough Council in the Collection Fund.

Prior Period Adjustment

Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Post Balance Sheet Events

Events arising after the balance sheet date which provide additional evidence of conditions that existed at the balance sheet date and are of a material nature.

Primacy of Legislative Requirements

The non-cash effects of transactions and other events should be reflected, as far as is possible, in the financial statements for the accounting period in which they occur and not in the period in which any cash involved is received or paid. (This replaces the principle of matching that underlays the accruals concept.)

Provision

An amount set aside in the accounts for liabilities that are certain to be incurred in the future, but which cannot be quantified accurately at the balance sheet date.

Public Works Loan Board (PWLB)

A Government agency that provides longer term loans to local authorities.

Reserve

Amounts included in one financial year's accounts to provide for payment for goods or services, whether revenue or capital, in a future financial year.

Revenue Account

The Revenue Account records the authority's day-to-day expenditure and income on such items as salaries and wages and other running costs of services.

Service Reporting Code of Practice for Local Authorities (SeRCOP)

Local authorities in England prepare their Comprehensive Income & Expenditure Statement in accordance with the Service Reporting Code of Practice for Local Authorities (SeRCOP). The SeRCOP stipulates the service divisions to be used in the Comprehensive Income & Expenditure Statement, including the collection of central managerial costs under 'Other Central Services'.

SOLACE

The Society of Local Authority Chief Executives and Senior Managers was formed in 1974. SOLACE is the representative body for senior strategic managers working in the public sector. Its aim is to promote excellence in public service.

Statement of Standard Accounting Practice (SSAP) 9

SSAP 9 gives guidance on the accounting treatment of both stocks and long-term contracts. Stocks should be valued at the lower of cost and net realisable value (actual or estimated selling price after deduction).

Tangible Assets

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

Useable and Unuseable Reserves

The Reserves in the Balance Sheet are reported in two categories:-

Useable Reserves are those that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or to repay debt).

Unuseable reserves, are those that the authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'



আপনি যদি এসব তথ্যের সার সংক্ষেপ বড় হরফের ছাপায়, অডিও ক্যাসেটে অথবা ইংরেজী ছাড়া অন্য কোন ভাষায় পেতে চান তাহলে অনুগ্রহ করে আমাদেরকে জানালে আমরা অত্যন্ত খুশী মনে তার ব্যবস্থা করব।

অনুগ্রহ করে ০১৭০৬ ২১৭৭৭৭ এই নাম্বারে অথবা কমিউনিকেশন সেকশন, টাউন সেন্টার অফিস, রটেনস্টল বি.বি.৪ ৭এল.জেড. এই ঠিকানায় যোগাযোগ করুন।

اگر آپ کو ان معلومات کا خلاصہ بڑے حروف میں، آڈیو کیسٹ پر، یا انگریزی کے علاوہ کسی اور زبان میں درکار ہے تو برائے مہربانی ہمیں بتائیں، ہم بخوشی آپ کے لیے اس کا انتظام کریں گے۔

برائے مہربانی 01706217777 پر ٹیلیفون کریں یا پھر کمیونٹی کیشن سیکشن سے اس پتہ پر رابطہ قائم کریں:

Communications Section, Town Centres, Rawtenstall, BB4 7LZ

Rossendale Borough Council

PO BOX 74

Bacup

OL13 0WU

Telephone: 01706 217777

Email: generalenquiries@rossendalebc.gov.uk

If you would like a summary of this information in large print, on audio cassette or language other than English, please let us know and we will be happy to arrange it.

Tel: 01706 217777 or contact:
Rossendale Borough Council
PO BOX 74, Bacup, OL13 0WU

اروو বাংলা

A

Large Print



Tape



CD



Braille