

**EAST CAMBRIDGESHIRE DISTRICT COUNCIL
DRAFT STATEMENT OF ACCOUNTS 2009/2010**

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EXPLANATORY FOREWORD

The statements of accounts which follow show the financial out-turn for the year ended 31 March 2010. The accounting statements have been prepared in accordance with the current Code of Practice on Local Authority Accounting in Great Britain. This Statement of Recommended Practice ("SORP") takes account of the relevant legislation and constitutes a proper accounting practice under the terms of the Local Government Act 2003.

The pages which follow include

- ◆ **The Income & Expenditure Account (Page 26)**
The Income & Expenditure Account shows, in summarised form, the General Fund income and expenditure relating to the ongoing provision of public services by the Council.
- ◆ **The Statement of Movement on the General Fund Balance (Page 27)**
The Statement of Movement on the General Fund Balance summarises the differences between outturn on the Income & Expenditure Account and the General Fund Balance.
- ◆ **The Statement of Total Recognised Gains and Losses (Page 29)**
The Statement of Total Recognised Gains and Losses brings together all the gains and losses and shows the aggregate change in net worth. It includes changes relating to revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.
- ◆ **The Balance Sheet (Page 30)**
The Balance Sheet shows the overall financial position of the Council at the year end, including the balance of the Collection Fund.
- ◆ **The Cash Flow Statement (Page 31)**
This statement is intended to be an aid to the better understanding of the accounts by showing a summary of the inflows and outflows of cash arising from transactions with outside parties for both revenue and capital purposes.
- ◆ **The Collection Fund Accounts (Page 53)**
These accounts show the amounts due from Council Taxpayers and from National Non-Domestic Ratepayers, the demands of the national non-domestic rating pool, the County Council, the Cambridgeshire Police Authority, Cambridgeshire Fire and Rescue and East Cambridgeshire District Council on the Fund, and related matters. Parish Councils' precepts are a charge to the General Fund.
- ◆ **The Group Accounts (Page 56)**
These consolidate the Council's Accounts with those of its subsidiary to give a more complete picture of the authority's control over other entities.

Summary of the 2009/10 Financial Year

During 2009/10 the Council faced some difficult financial challenges, largely as a result of a projected fall in its main income streams. In addition the Department of Works and Pensions informed the Council of its intention to clawback £391,000 of overpaid housing benefit subsidy. As a result, Heads of Service identified sufficient savings to offset this repayment. Due to the successful outcome to this situation, the Council did not have to repay these monies, however, the decision was made to honour these savings and to make a planned contribution to the General Fund Reserve of just under £300,000. The Council's outturn position for 2009/10 shows that not only was this planned contribution to reserves achieved, but a further £72,584 was transferred in addition. The main variances which contributed to this underspend are set out in the next section.

The main change to the 2009/10 Statement of Accounts is the treatment of the Collection Fund balance. The Statements have been amended in order to reflect the Council's agency role in the collection of Council Tax on behalf of the major precepting authorities; these being the County Council and the Police and Fire Authorities.

EXPLANATORY FOREWORD continued

General Fund Services

The net revenue expenditure of the Council for 2009/2010 excluding parish council precepts was originally estimated at £10,547,901. The revised budget was £10,298,321. This compares to the actual net expenditure for the year of £10,225,737 which is an underspend compared to the original budget of £322,164 and an underspend of £372,164 to the revised budget.. An underspend of £299,580 had been anticipated, with the intention of it being transferred to the General Fund Reserve at the year end. The outturn position will enable a further £72,584 to be added to this reserve, putting the Council's balances in a healthier position than a year ago.

The main variances attributable to the additional underspend of £72,584 are:

	£000	Note
Historic Buildings grants	(55)	1
Community Projects and Grants	(39)	
Pension Backfunding	235	2
Housing Benefit and Council Tax Benefit	(178)	3
Audit Commission	(27)	
Investment Interest	(22)	
Additional Rental Income from E-Space North	(18)	
NNDR Collection	(35)	4
Maternity Cover Costs	60	
Other variances	6	
Total Underspend	(73)	

Note

- 1 As part of the savings identified for 2009/10 the decision was taken to fund Historic Building Grants from Housing & Planning Delivery Grant. Subsequently, however, it was decided to cease spending on these grants altogether. The budget for these grants had not been removed from the revised 2009/10 budget as there was no opportunity to formally report this decision to Members.
- 2 The treatment of accounting for Pension Backfunding has been amended in 2009/10 in order to comply with the Accounting Policies, as detailed within the Statement of Accounts. This means that the costs are charged in full in the year the decision to grant the award is made, even though these costs are paid to the County Pension Fund over a 5 year period.
- 3 The Housing Benefit and Council Tax Benefit subsidy due from the DWP was higher than initially anticipated.
- 4 Less discretionary rate relief was paid than originally estimated together with an additional allowance for NNDR collection costs.

Sources of Income

	Original Budget £000	Revised Budget £000	Actual £000	Variance To Revised Budget £000
Government Grants	(23,927)	(27,864)	(29,888)	(2,024)
Other Grants/Reimbursements	(878)	(1,615)	(2,625)	(1,010)
Sales, Fees & Charges	(1,937)	(1,374)	(1,483)	(109)
Local Taxpayers	(5,185)	(5,185)	(5,185)	0
Other Income	(1,161)	(1,172)	(1,573)	(401)
Total Income	(33,088)	(37,210)	(40,754)	(3,544)

Government grants were higher than anticipated due to the increased payments of Housing/Council Tax benefits.

Other grants/reimbursements, such as Housing Growth Fund and LPSA have been received to cover additional schemes/projects.

EXPLANATORY FOREWORD continued

During 2009/10, it became apparent that the projected income from the Council's main income streams would not meet the initial estimates. These income budgets were therefore revised downwards during 2009/10 by £638,000. The actual income compared to the revised budgets shows a positive variance of £16,000. This is set out in the table below:

	Original Budget £000	Revised Budget £000	Actual £000	Variance To Revised Budget £000
Planning Fees	(625)	(311)	(364)	(53)
Building Control Fees	(330)	(220)	(208)	12
Land Charges	(457)	(378)	(364)	14
Investment Interest	(267)	(130)	(128)	2
Licensing Income	(109)	(111)	(102)	9
	(1,788)	(1,150)	(1,166)	(16)

Reserves

The General Fund Reserve balance at 1 April 2009 stood at £1,074,513 and it was anticipated that that this would increase to £1,374,093 at 31 March 2010, an increase of £299,580. However, with the additional underspend of £72,584, the General Fund Reserve as at 31 March 2010 now stands at £1,446,677 which is an increase of £372,164 in the year.

Capital Expenditure

The capital programme expenditure during 2009/10 totalled £1,554,000 which was an underspend of £260,000 compared to the revised budget of £1,814,000.

The capital programme was financed from Government Grants and External Contributions of £702,000, and Useable capital receipts of £852,000.

EXPLANATORY FOREWORD continued

Capital Schemes	2009/10 Original £000	2009/10 Revised £000	2009/10 Actual £000	2009/10 under/(over) £000
<u>Community Services Committee</u>				
CCTV - Ely & Soham	0	0	10	10
Oliver Cromwells House	2	2	0	(2)
DDA - Oliver Cromwells House (Virtual Tour)	1	1	0	(1)
Ely Visitor Management Project	5	5	0	(5)
Pocket Park Play Equipment	0	45	0	(45)
Ely Country Park	0	400	101	(299)
Proposed Leisure Facility	0	0	93	93
The Sluice, Ship Lane, Ely	0	0	5	5
Bartholomews loan	0	0	201	201
	0	0		
Total Community Services Committee	8	453	410	(43)
<u>Environment & Transport Committee</u>				
Ely Interchange	50	0	0	0
Transport Initiatives Fund	68	72	8	(64)
Riverside, Ely	0	0	0	0
Total Environment & Transport Committee	118	72	8	(64)
<u>Policy & Resources Committee</u>				
Asset Management Provision P & R February 2009	100	0	0	0
Air Conditioning	0	26	26	0
Vehicle Etc Replacements	11	0	0	0
Grounds Maintenance Vehicles/Equipment	0	72	43	(29)
C.A.P.S./G.I.S.(Geographical Information System)	10	18	0	(18)
Public Access (CAPS IV)	0	7	7	0
Network Security	0	1	1	0
e:Procurement	20	20	0	(20)
Local Land Charges Search Personal Facility/Kiosk	0	0	0	0
Drupal Project - Web Content Management System	0	27	32	5
Agresso Finance System Upgrade	0	9	9	0
Virtualisation of Servers	0	35	111	76
Northgate/Paris new APACS security Module	0	0	0	0
e:Billing	0	25	0	(25)
Customer Relationship Management (CRM)	0	0	9	9
Electronic Document Management (DMS)	126	132	5	(127)
e-Forms	0	2	0	(2)
CRM Integration	0	14	0	(14)
Total Policy and Resources Committee	267	388	243	(145)
<u>Strategic Development Committee</u>				
Infrastructure Investment Strategy	0	110	110	0
Conservation Area Schemes - 2nd round	133	46	72	26
Mandatory Disabled Facilities Grants	389	381	456	75
Renovation Grants, Home Repair Asst., Disc. DFGs	364	364	255	(109)
Total Strategic Development Committee	886	901	893	(8)
Total Capital Schemes	1,279	1,814	1,554	(260)

EXPLANATORY FOREWORD continued

Sources Of Financing	2009/10 Original £000	2009/10 Revised £000	2009/10 Actual £000	2009/10 Variance £000
Government Grants:				
Disabled Facility Grants	(203)	(203)	(203)	0
Regional Housing Pot Capital Grant	(45)	(131)	(97)	(34)
DEFRA Grants			0	0
HPDG Grants		(222)	(117)	(105)
Other				
IEG		(260)	(16)	(244)
Housing Growth Fund		(300)	(108)	(192)
LPSA		(100)	0	(100)
Section 106 Contributions	(87)	(1)	(117)	116
Cambridgeshire Pathfinder (County Council)		(40)	0	(40)
Cambridgeshire Horizon		(90)	0	(90)
Contribution to Grounds Maintenance equip.		(25)	(43)	18
Revenue Contribution to Capital		0	(1)	1
Capital Receipts	(944)	(442)	(852)	410
Total Financing	(1,279)	(1,814)	(1,554)	1,740

The variances are mainly due to slippage in some of the schemes commencing and additional schemes added during the year.

The Discretionary DFG budget is transferred to cover expenditure on Mandatory DFG's as required.

Pensions Liabilities

Pension Liabilities are valued on an actuarial basis using the projected unit method which assesses the future payments that will be made in relation to retirement benefits earned to date by employees discounted to their present value.

The Liability of £20,370,000 is included in the Balance Sheet. This liability has no impact on the level of the Council's available reserves.

Collection Fund Balance

In previous years the total balance on the Collection Fund has been shown in the bottom half of the Balance Sheet. The Code now requires that this balance is split between the relevant authorities and the debtor/creditor is included on the Balance Sheet for the external authorities. The figure for this Council is shown in the Collection Fund Adjustment Account. The comparative figures for 2008/2009 have also been amended in this way.

STATEMENT OF ACCOUNTING POLICIES

General	<p>The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year end of 31 March 2010.</p> <p>The form and general principles adopted in compiling the accounts are substantially as recommended by the Chartered Institute of Public Finance and Accountancy. Except where otherwise noted, they follow the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (SORP 2009). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.</p>
Accruals of Income & Expenditure	<p>Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:</p> <ul style="list-style-type: none">◆ Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.◆ Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.◆ Works are charged as expenditure when they are completed, before which they are as works in progress on the Balance Sheet.◆ Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.◆ Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.◆ Employee costs are included in the year that they are earned.
Provisions	<p>Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that would eventually result in the making of a settlement or the payment of compensation.</p> <p>Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.</p>
Reserves	<p>The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.</p> <p>Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies below.</p> <p>Details of reserves and provisions are shown in the notes to the Core Accounts. See Note 23</p>
Revaluation Reserve	<p>The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date were consolidated into the Capital Adjustment Account.</p>
Government Grants and Contributions (Revenue)	<p>Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.</p>

STATEMENT OF ACCOUNTING POLICIES continued

Retirement Benefits

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

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

The overall amount to be met from Government grants and local taxation is unaffected.

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

- quoted securities at current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value

In assessing liabilities for retirement benefits at 31 March 2010 for the 2009/10 Statement of Accounts, the actuary was required by the SORP to use a discount rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities (rate used - iboxx Sterling Corporate Index, AA over 15 years). The actuary has advised that a rate of 5.5% is appropriate.

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

- ◆ current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
- ◆ past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
- ◆ interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Net Operating Expenditure in the Income and Expenditure Account
- ◆ expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to Net Operating Expenditure in the Income and Expenditure Account
- ◆ gains/losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
- ◆ actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Statement of Total Recognised Gains and Losses
- ◆ contributions paid to the Cambridgeshire pension fund - cash paid as employer's contributions to the pension fund

In relation to retirement benefits, statutory provisions require the General fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

STATEMENT OF ACCOUNTING POLICIES continued

Discretionary Benefits

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

The amount accrued at the end of the year was £232k.

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

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

Overheads/ Support Service Costs

The costs of overheads and support service are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2009 (BVACOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- ◆ Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- ◆ Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure account, as part of Net Cost of Services.

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

Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Tangible Fixed Assets

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

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standard of performance of asset (eg repairs and maintenance) is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

The basis of ongoing valuation adopted in respect of the Council's operational property is open market value for the existing use, except where this could not be assessed because there is no market for the subject asset. For these assets depreciated replacement cost has been applied. The valuer (see note 30) has assumed that the properties will continue to be in the occupation of the Council for the foreseeable future having regard to the prospect and viability of that occupation. The figures have been apportioned between land and buildings and an estimate made of the remaining life of the latter.

Items of plant and machinery which would normally be considered integral with the building fabric have been reflected in the valuations. Vehicles and equipment are held at historic cost.

A de minimus of £10,000 is set for all assets with the exception of IT equipment which has no de minimus. Property assets regarded by the Council as non-operational have been valued on the basis of open market value.

Increases in values from revaluations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

STATEMENT OF ACCOUNTING POLICIES continued

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed regularly each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- ◆ where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account
- ◆ otherwise – written off against any revaluation gain attributable to the relevant asset in the Revaluation Reserve with any excess charged to the relevant service revenue account

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the revaluation reserve for that asset, an amount up to the value of the loss is transferred from the revaluation reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. Depreciation is calculated on the following bases:

- ◆ dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer
- ◆ vehicles, plant and equipment – straight-line allocation over the life of the asset as estimated by the valuer
- ◆ infrastructure – straight-line allocation over 99 years.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost (or 1 April 2007 value if earlier) being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Grants and contributions

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

Assets have been categorised in accordance with the definitions in the SORP.

**Asset
Categories**

STATEMENT OF ACCOUNTING POLICIES continued

Charges for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- ◆ depreciation attributable to the assets used by the relevant service
- ◆ impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- ◆ amortisation of intangible fixed assets attributable to the service

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance, or loans fund principal charges). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

Rev exp funded from capital

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

Leases

Finance Leases - Lessee

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- ◆ a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset - the liability is written down as the rent becomes payable), and
- ◆ a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Leases where the values are considered not material and the payments are peppercorn have not been included in the Asset Register.

Finance Leases - Lessor

The asset is derecognised in the Council's accounts and a corresponding Long Term Debtor is set up. This is written down each year as the rent becomes payable.

Leases where the values are considered not material and the payments are peppercorn have not been adjusted in the Asset Register.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases.

Rentals payable/receivable are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

The Council operates a car leasing scheme for the benefit of certain employees. The Council also leases out various properties under operating leases. The Council also has leases for such items as photocopiers, water and snack dispensers but these are not considered material to the accounts.

Financial Instruments

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

Financial Liabilities

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

STATEMENT OF ACCOUNTING POLICIES continued

Financial Assets

Financial assets are classified into two types:

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

Loans and receivables

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

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

The adjustments required to the soft loans (loans for renovation of historic buildings) are immaterial, thus they have not been made and the loans are recorded at face value in the Balance Sheet under Long Term Debtors.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income & Expenditure Account.

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

Available for sale Assets

Available for sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- ◆ instruments with quoted market prices - the market price
- ◆ other instruments with fixed and determinable payments - discounted cash flow analysis
- ◆ equity shares with no quoted market prices - independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available for sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred - these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written-down and a charge made to the Income and Expenditure Account.

Any gains or losses that arise on the de-recognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

The value of stock held is included within the Balance Sheet at the lower of cost or net realisable value.

STATEMENT OF ACCOUNTING POLICIES continued

Related Companies

East Cambridgeshire District Council owns all the shares in East Cambridgeshire Business Centres Limited. All the shares are now fully paid up. The investment is held at cost price in the Balance Sheet. Statutory investments are included in the Group Accounts on the basis of the percentage of the company owned by the Council. Details of the statutory investment can be found in note 31 to the core accounts. Group Accounts have been prepared as per the SORP requirements.

Investments

External investments are included in the accounts at historical cost.

Prudential Code

The accounts have been produced to satisfy the requirements of the Prudential Code for Capital finance in Local Authorities.

MRP

Minimum Revenue Provision for the repayment of debt is provided for on a reasonable basis when required. The Council currently has no long term debt.

Interest and Capital Charges

External interest receivable is credited to the General Fund and included in the Income and Expenditure Account. Capital charges are made to each service on the basis of the values of the assets held or used. These charges are for depreciation of the assets. These charges are reversed out in the Statement of Movement on the General Fund Balance.

Debtors and Creditors

The provisions for debtors and creditors have been made so far as practicable on the basis of known liabilities, and no material items have been estimated. The provisions made for bad debts take into account the nature, value and age of general debts. For Council Tax and Business Rates the provision increases with the age of the debt.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities -

The Council is required to:

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

The Head of Finance's Responsibilities -

The Head of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).
the accounting date and its income and expenditure for the year (ended 31 March 2010).

In preparing this statement of accounts, the Head of Finance has:

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

The Head of Finance has also:

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

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2010.

Linda Grinnell
Head of Finance
FCCA

Date:

Approval by Policy and Resources Committee

I confirm that these accounts were approved by the Policy and Resources Committee at the meeting held on 28th June 2010 and that events after the Balance Sheet date have been considered to 28th June 2010.

Councillor Fred Brown
Chairman

Date:

Pages 15 to 23

The Annual Governance Statement is included in the Agenda as a separate item.

Pages 24 and 25

The auditors opinion and certification will be incorporated here at the conclusion of the audit.

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

		2009/2010			2008/2009	note
		Expenditure £	Income £	Net £	£	
Income and Expenditure	Central Services to the public	5,645,548	(4,766,946)	878,602	776,626	
	Cultural & Related	1,739,946	(330,115)	1,409,831	1,741,223	
	Environmental	5,039,435	(809,033)	4,230,402	4,571,725	
	Planning & Development	4,316,994	(1,957,729)	2,359,265	2,282,800	
	Transport	759,214	(270,051)	489,163	612,862	
	Housing	19,514,899	(18,620,529)	894,370	1,229,621	
	Corporate & Democratic Core	1,781,208	(112,515)	1,668,693	1,670,549	
	Non Distributed Costs	118,000	0	118,000	737,779	
	-----	-----	-----	-----		
	NET COST OF SERVICES	38,915,244	(26,866,918)	12,048,326	13,623,185	
		-----	-----			
	Parish council precepts			1,397,783	1,291,070	
	Internal Drainage Board Levies			318,984	302,725	
	Loss/(gain) on the disposal of fixed assets			171,342	159,208	
	Contribution of housing capital receipts to Govt. Pool			6,331	7,446	
	Interest payable and similar charges			0	68,008	43
	Interest receivable and Investment Income			(450,560)	(905,844)	43
	Pensions interest cost			1,840,000	1,897,000	27
	Expected return on pension assets			(1,115,000)	(1,530,000)	27
				-----	-----	
	NET OPERATING EXPENDITURE			14,217,206	14,912,798	
Financing of net revenue expenditure	Income from Collection Fund			(5,212,059)	(4,911,299)	
	Distribution from the non-domestic rate pool			(5,430,548)	(5,820,113)	
	General Government Grants			(2,535,610)	(1,670,753)	10
				-----	-----	
	DEFICIT/(SURPLUS) FOR THE YEAR			1,038,989	2,510,633	
				=====	=====	

Linda Grinnell
Head of Finance, FCCA

Date:

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE 2009/2010

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

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

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

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

	2009/2010	2008/2009	note
	£	£	
(Surplus)/deficit for the year on the Income & Expenditure Account	1,038,989	2,510,633	
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(1,411,153)	(1,958,883)	A
(Increase)/Decrease in the General Fund Balance for the year	(372,164)	551,750	
General Fund Balance brought forward	(1,074,513)	(1,626,263)	
General Fund Balance carried forward (available for new expenditure)	(1,446,677)	(1,074,513)	

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE 2009/2010

A Reconciling Items

	2009/2010		2008/2009
	£	£	£
Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year			
Amortisation of intangible fixed assets	(34,997)		(34,998)
Depreciation and impairment of fixed assets	(829,115)		(1,886,600)
Government Grants Deferred amortisation	55,616		32,566
Amounts treated as Revenue in accordance with the SORP but which are classified as Capital expenditure by statute	(492,836)		(1,068,531)
Capital receipts arising other than from disposal of a fixed asset transferred to Usable Capital Receipts	127,865		0
Net (loss)/gain on sale of fixed assets	(171,342)		(159,208)
Net charges made for retirement benefits in accordance with FRS 17	(1,205,000)		(1,137,000)
Net amount by which Council Tax income included in I & E Account differs from amount taken to General Fund in accordance with regulation	(99,636)		72,129
		(2,649,445)	(4,181,642)
Amounts not included in the Income & Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year			
Minimum revenue provision for capital financing	0		(20,000)
Capital expenditure charged in year to the General Fund Balance	600		652,147
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(6,331)		(7,446)
Employer's contributions payable to the Cambridgeshire Pension Fund and retirement benefits payable direct to pensioners	937,000		746,000
		931,269	1,370,701
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year			
Net transfer to or (from) earmarked reserves	307,023		852,058
		307,023	852,058
Net additional amount required to be debited or (credited) to the General Fund Balance for the year		(1,411,153)	(1,958,883)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 2009/2010

	2009/2010 £	2008/2009 £
(Surplus)/Deficit for the year on the Income and Expenditure Account	1,038,989	2,510,633
(Surplus)/Deficit arising on revaluation of fixed assets	535,015	(4,407,978)
Actuarial (Gains)/Losses on pension fund assets and liabilities	10,913,000	3,067,000
Any other recognised (Gains)/Losses	0	0
Total recognised (Gains)/Losses for the year	<u>12,487,004</u>	<u>1,169,655</u>

BALANCE SHEET AS AT 31 MARCH 2010

		31.03.10		31.03.09	note	
		£	£	£		
Assets	Intangible Assets		24,678	24,678	59,675	14
	Tangible Fixed Assets					
	Operational					
	Community		441,807		520,523	
	Infrastructure		659,211		663,459	
	Land and buildings		12,413,964		13,247,910	
	Vehicles		162,047		150,621	
	Equipment		430,060		523,814	
				14,107,089	15,106,327	14
	Non-operational Assets					
	Surplus assets, held for disposal		540,496		978,348	
	Assets under construction		194,091		0	
	Investment Properties		459,951		586,951	
				1,194,538	1,565,299	14
	Long Term Investments		0		2,062,927	16
	Investments in subsidiaries		545,725		545,725	16
	Long-term debtors		273,411		160,362	17
				819,136	2,769,014	
Total long-term assets			16,145,441	19,500,315		
Current assets						
stocks and work in progress			48,679	44,786	18	
debtors	4,845,986			2,463,631	19	
bad debt provisions	(523,623)	4,322,363		(490,056)	19	
investments		4,211,390		5,832,162		
cash equivalents		1,552,802		411,871		
			10,135,234	8,262,394		
Liabilities	Current liabilities					
	creditors due after more than one year		(167,170)	0	20	
	creditors		(1,242,924)	(2,384,455)	20	
	short term borrowing		0	0	21	
	section 106 agreements		(2,946,542)	(2,575,376)	22	
	receipts in advance		(358,085)	(293,724)		
	bank overdraft		(453,107)	(379,031)		
				(5,167,828)	(5,632,586)	
	Total assets less current liabilities			21,112,847	22,130,123	
	Provisions		(77,408)		(152,343)	23
	Capital contributions/govt grants unapplied		(426,026)		(311,599)	25
	Capital contributions/govt grants deferred		(674,885)		(425,649)	26
	Liability related to defined benefit pension scheme		(20,370,000)		(9,189,000)	9
				(21,548,319)	(10,078,591)	
	Total assets less liabilities			(435,472)	12,051,532	
	Balances & Reserves	Revaluation reserve		(3,808,695)	(4,343,267)	28
		Capital adjustment account		(11,743,578)	(12,662,091)	28
		Collection Fund adjustment account		(39,721)	(139,357)	
Financial Instruments Adjustment Account			0	0	28	
Capital receipts reserve			(1,182,918)	(1,596,446)	28	
Deferred capital receipts			(127,223)	(146,165)	23	
Pensions reserve			20,370,000	9,189,000	9	
Earmarked reserves			(1,585,716)	(1,278,693)	23	
Balances:						
- general fund			(1,446,677)	(1,074,513)	23	
Total equity			435,472	(12,051,532)	29	

Linda Grinnell
Head of Finance, FCCA

Date:

THE CASH FLOW STATEMENT 2009/2010

Indirect method

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

		2009/2010		2008/2009	note	
		£	£	£		
Revenue Activities	Surplus/(Deficit) for the year		(1,038,989)		(2,582,762)	
	Collection Fund Surplus/(Deficit) for the year		(792,231)		571,763	
				(1,831,220)		(2,010,999)
	Adjust for non-cash statutory exclusions:					
	Depreciation		829,115			1,886,600
	Revenue funded from capital under statute		492,836			1,068,531
	Amortisation of intangible assets		34,997			34,998
	Gain or loss on asset sales		171,342			159,208
	Grants amortised		(55,616)			(32,566)
	Pension costs		268,000			391,000
	Premiums/Discounts		0			0
				1,740,674		3,507,771
	Adjust for other non-cash transactions					
	Debtors - Revenue		(2,099,975)			(880,392)
	Long Term Debtors		127,865			9,492
Creditors - Revenue		491,463			(378,109)	
Provisions		(74,935)			4,848	
Stocks		(3,893)			23,805	
Deferred Liabilities		0			0	
Deferred Credits		53,749			289,163	
Grant support for MRP		0			0	
			(1,505,726)		(931,193)	
Other adjustments						
Net CT external receipts		4,079,253			2,667,066	
Net NNDR external receipts		1,453,975			(263,806)	
Interest paid		31,404			65,736	
Interest received		(641,661)			(666,310)	
			4,922,971		1,802,686	
NET CASH INFLOW(OUTFLOW) FROM REVENUE ACTIVITIES			3,326,699		2,368,265	
Returns on Investment and Servicing of Finance	Cash outflows - Interest paid		(31,404)		(65,736)	
	Cash inflows - Interest received		641,661		666,310	
			610,257		600,574	
Capital Activities	Cash outflows					
	Purchase of fixed assets		(410,364)		(396,321)	
	Purchase of long-term investments		(208,645)		(10,659)	
	Other capital cash payments		(877,353)		(1,605,636)	
				(1,496,362)		(2,012,616)
	Cash inflows					
	Sale of fixed assets		299,400			15,956
	Capital grants received		334,082			299,600
	Sale of long-term investments		2,000,000			0
	Other capital cash receipts		24,772			26,892
			2,658,254		342,448	
NET CASH (OUTFLOW) OR INFLOW BEFORE FINANCING			5,098,848		1,298,671	
Management of Liquid Resources	NET (INCREASE)/DECREASE IN SHORT TERM DEPOSITS					
				1,501,235		3,600,836
	NET (INCREASE)/DECREASE IN OTHER LIQUID RESOURCES					
				(1,453,975)		263,806
				(4,079,253)		(2,667,066)
Financing	Repayment of amounts borrowed / New loans raised					
				0		(2,000,000)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			1,066,855		496,247	

NOTES TO THE CORE ACCOUNTS

1 Prior Period Adjustments

The new requirements of the SORP 2009 have made it necessary for the following Prior Period Adjustments. These are needed to show that the Council acts as an agent for the major precepting authorities in collecting Council Tax and for the Government in collecting Business Rates.

Income from the Collection Fund in the Income and Expenditure Account has been increased by £72,129 to reflect changes to an accrual basis. The Statement of Movement on General Fund requires a reverse entry to return the bottom line to the original figure.

The Balance Sheet figures for 31 March 2009 have been adjusted from those included in the Statement of Accounts for 2008/2009 to accommodate the implementation of showing the elements of the Collection Fund as Debtors/Creditors to Major Precepting Authorities and Collection Fund Adjustment Account instead of the portion of the council's share of the fund, debtors/creditors to Council Tax/NNDR payers and the Major Precepting Authorities.

	Original Figures	Adjustment	Amended Figures
Debtors	4,201,863	(1,738,232)	2,463,631
Bad debt provision	(1,157,794)	667,738	(490,056)
Creditors	(2,552,942)	168,487	(2,384,455)
receipts in advance	(1,195,818)	902,094	(293,724)
Collection Fund Adjustment Account	0	(139,357)	(139,357)
Collection Fund	<u>(139,270)</u>	<u>139,270</u>	<u>0</u>
Net adjustment	<u>(843,961)</u>	<u>0</u>	<u>(843,961)</u>

The Cash Flow statement has been adjusted to remove from Revenue Activities major preceptors payments and previous year surplus/deficit. Also the major preceptors' share of the net cash received from Council Tax debtors in the year has been removed. The difference is shown as a net increase/decrease in liquid resources.

2 Acquired/ Discontinued operations

There were no acquired or discontinued operations during the year.

3 Undischarged obligations

The Council has a long term agreement with Anglia Revenues Partnership for the provision of a Revenues and Benefits Service.

4 Trading Operations

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

	2009/2010		2008/2009	
	Turnover	Profit (loss)	Turnover	Profit (loss)
	£	£	£	£
Ely markets	137,787	16,138	134,946	25,238
Business Units	3,171	(132,057)	40,327	(106,744)
Maltings hall	43,835	(141,748)	12,328	(111,246)
	-----	-----	-----	-----
Total	184,793	(257,667)	187,601	(192,752)
	=====	=====	=====	=====

Ely Markets has made a reduced surplus as a result of increased employee costs. The increased deficit on the Business units was because of reduced income from rents and reduced capital charges. Maltings increased deficit was due to increased capital charges and expenditure on maintenance of the building.

5 Agency Expenditure

The Council undertakes grass cutting in Ely as agents for Cambridgeshire County Council. The County Council reimburses the District Council for the cost of this work, subject to a cash limit, and makes a contribution towards administrative costs. The direct expenditure in 2009/2010 was £5988 (2008/2009 £4,864) towards which the County Council contributed £5988(2008/2009 £4,864). There was, therefore, no deficit to be included in the Income & Expenditure account.

NOTES TO THE CORE ACCOUNTS continued

6 Officers Remuneration

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

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

Remuneration for 2009/2010							
Post title	Notes	Salary (Including fees & Allowances £	Expense Allowances £	Benefits in kind (eg car allowances) £	Total remuneration £	Employers pension contribution £	Total remuneration inc pension contribution £
Chief Executive		123,122	665	8,329	132,116	21,423	153,539
Executive Director (HR & IT)		93,845	580	8,687	103,112	16,329	119,441
Executive Director (Finance)	Note 1	48,504	585	0	49,089	8,440	57,529
Executive Director (Dev.)		91,345	646	7,574	99,565	15,894	115,459
Heads of Services:-							
Finance		59,091	95	0	59,186	10,282	69,468
Legal & Democratic		56,778	124	0	56,902	9,879	66,781
HR & Facilities		50,492	93	0	50,585	8,691	59,276
Planning		62,221	1,269	0	63,490	10,826	74,316
Environmental		63,728	253	1,622	65,603	11,089	76,692
Policy & Performance		51,150	331	0	51,481	8,900	60,381
Community		61,837	104	0	61,941	10,760	72,701
Housing		51,063	13	0	51,076	8,885	59,961

Note 1: The Executive Director (Finance) provided services for both this authority and another local authority between 1 April and 30 September 2009. This was an arrangement to "share" a senior member of staff in the ratio of 50:50. The Director left the authority on 30 September 2009. The annualised salary was £99,690 for 2009/10 (£87,425 for 2008/09).

Remuneration for 2008/2009							
Post title	Notes	Salary (Including fees & Allowances £	Expense Allowances £	Benefits in kind (eg car allowances) £	Total remuneration £	Employers pension contribution £	Total remuneration inc pension contribution £
Chief Executive		114,993	638	7,679	123,310	17,479	140,789
Executive Director (HR & IT)		87,424	368	8,714	96,506	13,288	109,794
Executive Director (Finance)		87,424	1,137	0	88,561	13,288	101,849
Executive Director (Dev.)		87,424	560	6,612	94,596	13,288	107,884

The numbers of employees not included above whose remuneration fell within the following bands were:-

	2009/2010 No of Employees	2008/2009 No of Employees
Band £50,000 to £54,999	0	2
Band £55,000 to £59,999	0	0
Band £60,000 to £64,999	0	2
Band £65,000 to £69,999	0	0

NOTES TO THE CORE ACCOUNTS continued

**7
Building
Regulations**

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. Building Control Authorities are required to prepare a scheme of charges to ensure the cost of providing the charging service are recovered by charges over a three year rolling programme. However, certain activities performed by the Building Control unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. Net expenditure on Building Control Services in 2009/10 totalled £27,031. The Council did not meet its three year breakeven financial target and a medium term financial strategy is being established to address this. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities:

	Non-chargeable 2009/2010	Chargeable 2009/2010	Total Building Control 2009/2010
	£	£	£
Expenditure			
Employee expenses	141,205	166,488	307,693
Premises	3,095	38	3,133
Transport	458	0	458
Supplies & Services	1,166	20,055	21,221
Central & Support charges	77,034	84,453	161,487
Total Expenditure	<u>222,958</u>	<u>271,034</u>	<u>493,992</u>
Income			
Building Regulation charges	0	(208,954)	(208,954)
Miscellaneous Income	(473)	(35,049)	(35,522)
Total Income	<u>(473)</u>	<u>(244,003)</u>	<u>(244,476)</u>
(Surplus)/Deficit for the Year	<u>222,485</u>	<u>27,031</u>	<u>249,516</u>
 Comparatives for 2008/2009			
Expenditure	210,564	278,034	488,598
Income	(775)	(222,858)	(223,633)
(Surplus)/Deficit for the Year	<u>209,789</u>	<u>55,176</u>	<u>264,965</u>
 Reserve A/C		2009/2010	2008/2009
(Surplus)/Deficit B/F		0	46,583
(Surplus)/Deficit in year		27,031	55,176
Contribution from Revenue		<u>(27,031)</u>	<u>(101,759)</u>
(Surplus)/Deficit C/F		<u>0</u>	<u>0</u>
 Cumulative for 3 years			
Expenditure	645,513	831,432	1,476,945
Income	(1,289)	(754,063)	(755,352)
(Surplus)/Deficit for the Year	<u>644,224</u>	<u>77,369</u>	<u>721,593</u>

**8
Audit costs**

	2009/2010	2008/2009
	£000's	£000's
The following fees relating to external audit and inspection were incurred:-		
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	87	98
Fees payable to the Audit Commission in respect of statutory inspection	0	0
Fees payable to the Audit Commission for the certification of grant claims and returns	28	34
Fees payable in respect of other services provided by the appointed auditor	0	2

NOTES TO THE CORE ACCOUNTS continued

9 Movements in Revenue Resources	Movements in revenue resources	General Fund Balances £	Earmarked Revenue £	Pensions Reserve £
	(Surplus)/deficit for 2009/2010	(372,164)	0	0
	Appropriations to/from revenue	0	(307,023)	268,000
	Actuarial gains/losses on pensions	0	0	10,913,000
		<u>(372,164)</u>	<u>(307,023)</u>	<u>11,181,000</u>
	Balance B/F at 1st April	(1,074,513)	(1,278,693)	9,189,000
	Balance C/F at 31st March	<u>(1,446,677)</u>	<u>(1,585,716)</u>	<u>20,370,000</u>

The Pension Reserve is made up as follows:-		£
	Actuary Value	19,074,000
	Unfunded Liabilities	<u>1,296,000</u>
		<u>20,370,000</u>

10 General Government Grants	Analysis of General Government Grants	<u>2009/2010</u>	<u>2008/2009</u>
	Revenue Support Grant	£ (1,253,441)	£ (810,207)
	Area Based Grant	(22,811)	(22,500)
	LABGI	(54,222)	(145,348)
	HPDG	<u>(1,205,136)</u>	<u>(692,698)</u>
	Total General Government Grants	<u>(2,535,610)</u>	<u>(1,670,753)</u>

**11
Minimum
Revenue
Provision**

Local authorities are required by The Local Authorities (Capital Finance and Accounting) Regulations 2003 to set aside a minimum revenue provision for the redemption of external debt. This is based on the Capital Financing Requirement as defined in the Regulations and the Prudential Code. As the Council has no long term borrowing it has no current MRP provision.

**12
Members
Allowances**

The total Members' allowances paid in the year was £247,193 (2008/2009 £193,270) Information regarding Members Allowances is published annually in the local press. Further details are available from the Head of Finance.

**13
Commitments
under
Capital
Contracts**

There has been 1 provision made in the accounts for commitments in respect of retentions held under capital contracts outstanding at 31 March 2010 to the value of £1,345. The Council has an ongoing capital programme and capital spending plans for the years 2010/2011 to 2012/2013 have been made.

The total capital payments expected to be made are as follows:

	2010/2011	2011/2012	2012/2013
	£000	£000	£000
	1,800	770	707

The Council's future capital spending plans are kept under constant review in the light of available resources and changing circumstances.

Significant contracts for capital investment which the Council has entered into are listed below.

	Total	Period over which investment will take place:		
	Value	2010/2011	2011/2012	2012/2013
	£000	£000	£000	£000
Ely Country Park	301	301	0	0

Capital works totalling £301,000 are forecast to be carried out in 2010/11 on the Ely Country park. This will be financed through Housing Growth Fund, Local Public Sector Agreement grants and Section 106 funds.

NOTES TO THE CORE ACCOUNTS continued

**14
Capital
Expenditure
and
Disposals**

Movements in fixed assets during the year were:

Intangible Assets (software licences)

	Gross value	Depreciation	Net value
Balance at 1 April 2009	163,095	(103,420)	59,675
Amortisation in year	0	(34,997)	(34,997)
Additions	0	0	0
Disposals	0	0	0
Balance at 31 March 2010	163,095	(138,417)	24,678

Operational Assets at cost or valuation

	Community Assets	Infra- structure Assets	Other Land and buildings	Equipment and Vehicles	Total
	£	£	£	£	£
Balance at 1-Apr-09	607,117	689,925	13,967,039	3,174,499	18,438,580
Additions	4,416	1	25,988	227,608	258,013
Donations	20	0	0	12,000	12,020
Disposals	0	0	(55,046)	(145,789)	(200,835)
Reclassifications	(112,530)	0	153,272	0	40,742
Revaluations	0	0	0	0	0
Impairments	0	0	(602,382)	0	(602,382)
Balance at 31-Mar-10	499,023	689,926	13,488,871	3,268,318	17,946,138

Depreciation and impairments

	£	£	£	£	£
Balance at 1-Apr-09	(86,594)	(26,466)	(719,129)	(2,500,064)	(3,332,253)
Additions	0	0	0	0	0
Depreciation	(8,312)	(4,249)	(319,162)	(311,136)	(642,859)
Impairments	0	0	0	0	0
Disposals	0	0	3,944	134,989	138,933
Reclassifications	37,690	0	(40,560)	0	(2,870)
Revaluations	0	0	0	0	0
Balance at 31-Mar-10	(57,216)	(30,715)	(1,074,907)	(2,676,211)	(3,839,049)

Balance Sheet (NBV)
amount at
31-Mar-10

441,807	659,211	12,413,964	592,107	14,107,089
---------	---------	------------	---------	------------

Balance Sheet (NBV)
amount at
1-Apr-09

520,523	663,459	13,247,910	674,435	15,106,327
---------	---------	------------	---------	------------

Nature of asset holding

Owned	441,806	659,211	12,053,178 0	592,107	13,746,302
Finance Lease	1	0	360,786	0	360,787
PFI	0	0	0	0	0
	441,807	659,211	12,413,964	592,107	14,107,089

NOTES TO THE CORE ACCOUNTS continued

**14
Capital
Expenditure
and
Disposals
continued**

Non-Operational Assets at cost or valuation

	Investment properties £	Assets under construction £	Surplus assets held for disposal £	Total £
Balance at 1-Apr-09	616,039	0	1,059,171	1,675,210
Additions	0	194,091	0	194,091
Donations	0	0	0	0
Disposals	0	0	(445,162)	(445,162)
Reclassifications	0	0	(40,742)	(40,742)
Revaluations	0	0	0	0
Impairments	(127,000)	0	0	(127,000)
Balance at 31-Mar-10	----- 489,039 =====	----- 194,091 =====	----- 573,267 =====	----- 1,256,397 =====

Depreciation and impairments

	£	£	£	£
Balance at 1-Apr-09	(29,088)	0	(80,823)	(109,911)
Additions	0	0	0	0
Depreciation	0	0	0	0
Impairments	0	0	0	0
Disposals	0	0	45,182	45,182
Reclassifications	0	0	2,870	2,870
Revaluations	0	0	0	0
Balance at 31-Mar-10	----- (29,088) =====	----- 0 =====	----- (32,771) =====	----- (61,859) =====

Balance Sheet (NBV)

amount at 31-Mar-10	459,951	194,091	540,496	1,194,538
------------------------	---------	---------	---------	-----------

Balance Sheet (NBV)

amount at 1-Apr-09	586,951	0	978,348	1,565,299
-----------------------	---------	---	---------	-----------

Nature of asset holding

Owned	459,951	194,091	540,496	1,194,538
Finance Lease	0	0	0	0
PFI	0	0	0	0
	----- 459,951 =====	----- 194,091 =====	----- 540,496 =====	----- 1,194,538 =====

NOTES TO THE CORE ACCOUNTS continued

**14
Capital
Expenditure
and
Disposals
continued**

Capital expenditure and financing	<u>2009/2010</u>	<u>2008/2009</u>
	£	£
Opening Capital Financing Requirement	(151,982)	(151,982)
Capital investment		
Operational assets	258,012	381,636
Non-operational assets	194,091	0
Revenue expenditure funded from Capital under statute	1,102,339	1,624,728
Sources of finance		
Capital receipts	(852,652)	(339,805)
Government grants and other contributions	(701,190)	(1,014,412)
Sums set aside from revenue	(600)	(652,147)
Closing Capital Financing Requirement	<u>(151,982)</u>	<u>(151,982)</u>

Explanation of movements in the year

Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	0	0
Increase/(decrease) in Capital Financing Requirement	<u>0</u>	<u>0</u>

	<u>2009/2010</u>	<u>2008/2009</u>
	£	£
The sources of finance for capital expenditure were:		
Government Grants and other contributions	701,190	1,014,412
General Fund	600	652,147
Useable capital receipts	<u>852,652</u>	<u>337,764</u>
Total source of finance	1,554,442	2,004,323
Used to fund:		
Revenue expenditure funded from capital under statute	901,194	1,624,728
Long term debtors	201,145	(2,040)
Fixed assets	<u>452,103</u>	<u>381,635</u>
Total expenditure	1,554,442	2,004,323

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

The useful lives of assets is estimated as:-

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

NOTES TO THE CORE ACCOUNTS continued

15 Assets Held

East Cambridgeshire District Council owned the following assets at 31 March 2010:

LAND AND BUILDINGS		Trading Services:	
Environmental Services:		Industrial Estates	2
Dwelling	1	Shops/Offices	4
Public Conveniences	10	Public Hall/Restaurant	1
Travellers Site	1	Support Services:	
Leisure Services:		Administrative Offices	2
Leisure Centres	1	Depots	2
Parks	2	Vehicles	
Play Areas	12	Recycling Vehicle	1
Swimming Pool	1	Ride-on Mowers	9
Tourist Information Centre	1	Trucks/Lorries	7
Museum	1	Tractors	3
Transportation:		Trailers	8
Car parks	13	Vans	10
COMMUNITY ASSETS			
Parks	2		
Works of art	1		
Historical interest	1		
Play areas	10		
Rights of use	2		
Public open spaces/displays	116		

16 Long Term Investments

This includes investments in East Cambridgeshire Business Centres Ltd (see note 32)
It also includes fixed term investments which have more than 1 year to run.

	2009/2010	2008/2009
	£	£
Investments in business	545,725	545,725
Fixed term investments	0	2,062,927
	-----	-----
	545,725	2,608,652
	=====	=====

17 Long Term Debtors

Amounts falling due after one year

	As at 31.03.10	As at 31.03.09
	£	£
Staff Car Loans	7,614	14,197
Capital Debtors Housing Loans	66,077	92,519
Miscellaneous Loans	199,720	53,646
	-----	-----
	273,411	160,362
	-----	-----

18 Stock and w.i.p.

Stock and work in progress have been valued for balance sheet purposes at the lower of realisable value or cost. These include items such as Trading stock and refuse sacks.

19 Debtors

Amounts falling due within one year

	As at 31.03.10	As at 31.03.09
	£	£
Local authorities	53,285	131,266
Government departments	2,792,141	758,312
Council tax payers	369,112	336,505
NNDR payers	0	0
Rent Allowance overpayments	537,117	527,514
Sundry debtors	1,094,331	710,034
Total	4,845,986	2,463,631
Less provision for bad debts	(523,623)	(490,056)
Total	4,322,363	1,973,575
	-----	-----

NOTES TO THE CORE ACCOUNTS continued

**19
Debtors
continued**

Breakdown of Bad Debt Provision

	As at 31.03.10 £	As at 31.03.09 £
Council tax payers	(142,098)	(126,848)
NNDR payers	0	0
Rent Allowance overpayments	(322,208)	(314,623)
Sundry debtors	<u>(59,317)</u>	<u>(48,585)</u>
	<u>(523,623)</u>	<u>(490,056)</u>

**20
Creditors**

Amounts falling due within one year

	As at 31.03.10 £	As at 31.03.09 £
Local authorities	775,939	904,100
Government departments	4,786	907,137
Council tax payers	16,721	3,804
NNDR payers	517	67
Sundry creditors	<u>444,961</u>	<u>569,347</u>
Total	<u>1,242,924</u>	<u>2,384,455</u>

Amounts falling due after one year

Sundry creditors	<u>167,170</u>	<u>0</u>
------------------	----------------	----------

**21
Borrowing**

The Council had no long-term external borrowing at any time during the year.

**22
Section 106
Agreements**

This holds receipts of monies paid to the Council by developers resulting from the granting of planning permission where works are required to be carried out or new facilities provided as a result of that permission (e.g. improvement of public open spaces). The sums are restricted to be spent only in accordance with the agreement with the developer. There is no time limit in these agreements after which the monies should be returned.

The balances of section 106 receipts held by the Council during the year were as follows:-

	31.03.09 £	Income £	Expenditure £	31.03.10 £
Strategic Projects				
-Unallocated	58,611	119,527	120,000	58,138
-Leisure Centre	366,613	120,000	98,458	388,155
-Country Park	363,518	0	25,361	338,157
Parishes	1,222,451	261,862	147,904	1,336,409
Small Villages	214,575	37,554	30,042	222,087
Affordable Housing	87,329	0	0	87,329
Littleport Village Hall Upgrade	12,000	0	12,000	0
Black Horse Drove Comm Cent.	55,000	0	55,000	0
Mepal Vhall Upgrade & Ext.	14,427	0	14,427	0
Sutton Transport	12,489	0	0	12,489
Ely Scout Hut	21,500	0	21,500	0
Play & Sports Equip, Wford Rd	0	46,018	0	46,018
Soham Guide & Scout Hut	160,000	0	0	160,000
Soham Recreation	0	38,966	0	38,966
Cheveley Transport	0	10,683	0	10,683
Prickwillow Road Open Spaces	0	69,549	0	69,549
Open Spaces - Commuted Sums	(49,453)	225,975	0	176,522
Other	36,316	(20,000)	14,276	2,040
	<u>2,575,376</u>	<u>910,134</u>	<u>538,968</u>	<u>2,946,542</u>

Note

In addition there is a further £296,676 due from S106 agreements not yet received. These are included in Sundry Debtors.

NOTES TO THE CORE ACCOUNTS continued

**23
Movements
in Provisions
or Reserves**

	As at 31.03.09		Net movement in year	As at 31.03.10	Note
	£		£	£	
PROVISIONS					
Maintenance of amenity areas	(47,344)		5,222	(42,122)	(a)
Sport, recreation, etc grants	(6,468)		5,467	(1,001)	(b)
Historic building grants	(98,531)		64,246	(34,285)	(b)
	<u>(152,343)</u>		<u>74,935</u>	<u>(77,408)</u>	
	As at 31.03.09	(Gains)/ Losses in year	Net amount transferred to/from other reserves	As at 31.03.10	
	£	£	£	£	
RESERVES					
Revaluation Reserve	(4,343,267)	0	534,572	(3,808,695)	k
Capital Adjustment Account	(12,662,091)	0	918,513	(11,743,578)	j
Financial Instruments adjustment account:	0	0	0	0	l
Capital receipts reserve	(1,596,446)	0	413,528	(1,182,918)	p
Deferred capital receipts	(146,165)	0	18,942	(127,223)	m
Pensions reserve	9,189,000	11,181,000	0	20,370,000	c
Earmarked reserves	(1,278,693)	(307,023)	0	(1,585,716)	
General Fund reserve	(1,074,513)	(372,164)	0	(1,446,677)	o
Collection Fund Adjustment Account	(139,357)	0	99,636	(39,721)	n
	<u>(12,051,532)</u>	<u>10,501,813</u>	<u>1,985,191</u>	<u>435,472</u>	
	As at 31.03.09	Transfers to Reserve	Contributions from Reserve	As at 31.03.10	
EARMARKED RESERVES					
Building Control reserve	0	0	0	0	d
Infrastructure reserve	(257,959)	(102,000)	102,000	(257,959)	e
District Elections reserve	(10,000)	(56,000)	0	(66,000)	g
Vehicle replacement reserve	23,218	(35,136)	0	(11,918)	f
Planning Delivery Grant reserve	(332,559)	(1,208,623)	614,690	(926,492)	f
Management Restructure	(185,313)	0	67,000	(118,313)	f
Car Parks	25,000	(25,000)	0	0	f
Asset Management reserve	(72,981)	(32,053)	0	(105,034)	h
Pension contributions reserve	(100,000)	0	0	(100,000)	i
LDF reserve	(119,860)	0	119,860	0	f
Contributions to Capital reserve	(248,239)	0	248,239	0	f
	<u>(1,278,693)</u>	<u>(1,458,812)</u>	<u>1,151,789</u>	<u>(1,585,716)</u>	

Notes

- (a) Amounts received which are used to fund the maintenance of amenity areas over a period of 15 years.
- (b) Grants committed by Committee which will be paid out over the next 2 years.
- (c) Balancing account to allow inclusion of Pensions Liability in the Balance Sheet.
- (d) Reserve created to hold any surplus from the Building Control function to be used solely on Building Control in any year that has a deficit.
- (e) Reserve created to fund the Council's expenditure in future years to maintain and develop the infrastructure of the District.
- (f) Reserves created to fund expenditure on delayed projects. See individual lines
- (g) Reserve to fund District Elections in required years.
- (h) Reserve to hold unused Asset Management budget so that the planned work can be funded as required.
- (i) Reserve created to help fund the Council's future Pension contribution requirements due to increases in rates.
- (j) This provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system.
- (k) This records the unrealised revaluation gains arising since 1 April 2007 from holding assets.
- (l) Holds the balance of the provision for repayment of long term debt.
- (m) These are amounts due from loans given for capital expenditure, which will be received in instalments over agreed periods of time. They arise principally from mortgages on sale of council houses.
- (n) Account required to be kept by the Council to record the portion of the Collection Fund Account surplus which relates to East Cambridgeshire District Council only.
- (o) This balance is held for cash flow purposes and to support future revenue and capital spending.
- (p) Holds the proceeds of fixed asset sales available to meet future capital expenditure.

NOTES TO THE CORE ACCOUNTS continued

24 PWLB Loan

The Council does not currently have any loans from the PWLB.

25 Capital Contrib/grants Unapplied

This account includes unspent capital contributions/grants received for projects that have not been used to finance expenditure in 2009/10. On completion of a project the grant will be transferred to the capital contributions/grants deferred account and a proportion credited to the Income and Expenditure account over the life of the asset.

	Balance 31.03.09 £	Received in year £	Transferred to Capital Contrib/grants Deferred Account £	Balance 31.03.10 £
Introduction of Electronic Government	251,387	0	15,760	235,627
Electronic Document Management	75,523	126,407	91,335	110,595
Other	(15,311)	280,852	185,737	79,804
	<u>311,599</u>	<u>407,259</u>	<u>292,832</u>	<u>426,026</u>

26 Capital Contrib/grants Deferred

This account reflects the deferred credit method of accounting for capital grants, required under Statement of Standard Accounting Practice (SSAP) 4. Grants or contributions received to meet capital expenditure are credited to this account and a proportion of the sum is released to the Income and Expenditure Account over a number of years in line with the depreciation of those Assets.

	Balance 31.03.09 £	Received Income £	Transferred to Income & Expenditure £	Balance 31.03.10 £
Malting roof	171,000	0	9,000	162,000
Public access	9,857	4,858	4,905	9,810
Network security	0	1,300	1,300	0
CRM	14,866	9,260	6,032	18,094
Electronic Document Management	3,000	5,200	2,733	5,467
E058GBZ (vehicle)	17,792	0	3,558	14,234
LK08OFP (vehicle)	12,241	0	1,530	10,711
Angel Drove car park	196,893	0	2,117	194,776
AE10 DXH (vehicle)	0	22,988	3,284	19,704
FN10 XPW (vehicle)	0	19,942	1,994	17,948
Agresso Upgrade	0	8,679	1,736	6,943
Virtualisation	0	77,798	15,560	62,238
Air conditioning, The Grange	0	26,137	1,867	24,270
Ely Country Park Work-in-progress	0	23,355	0	23,355
Leisure Facility Work-in-progress	0	93,315	0	93,315
<u>Donated assets</u>				
Scanner/Printer OCE	0	12,000	0	12,000
Various public open spaces/play areas	0	20	0	20
	<u>425,649</u>	<u>304,852</u>	<u>55,616</u>	<u>674,885</u>

**27
Local
Government
Pension
Scheme**

In accordance with Financial Reporting Standard No 17 - Retirement Benefits (FRS 17) the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in the note on pensions in the Accounting Policies the Council participates in the Local Government Superannuation Scheme which is administered by the Cambridgeshire County Council's Pension Fund. In addition the Council has liabilities for discretionary pension payments outside the main scheme.

In 2009/2010 the Council paid an employer's contribution of £816,221 (2008/2009 £653,568 @ 15.6%), representing 17.4% of employees pensionable pay into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service. The contribution rate is determined by the Fund's actuary, based on triennial valuations. The last review took place on 31 March 2007.

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

The actuary has made allowance for the removal of the "Rule of 85" for new entrants from 1 October 2006, to the extent that any such new entrants were included in the membership data for the formal valuation at 31 March 2007. No allowance is made for the effect of the abolition of the "Rule of 85" for new entrants since 31 March 2007.

In addition to the above the Council is responsible for all pension payments relating to added years' benefits it has awarded together with the related increases. In 2009/2010, these amounted to £118,852 (2008/2009 £102,901), representing 2.53% of pensionable pay.

The capital cost of these discretionary increases in pensions payments agreed by the authority is:-

Current year decisions	0
Earlier year decisions for which payments are still being made	1,296,000

A creditor provision has been made at 31 March 2010 for the amount due to the Pension Fund as a result of the Council agreeing for staff to receive their pensions early due to redundancy or early retirement. The amount due for each member of staff is paid over 5 years. The creditor at 31 March 2010 is £232,074. No provision was made in the year 2008/09 but the amount would have been £57,434.

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

NOTES TO THE CORE ACCOUNTS continued

**27
Local
Government
Pension
Scheme
continued**

Transactions relating to retirement benefits

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

	2009/2010 £000's	2008/2009 £000's
Net cost of services:		as restated
Current service cost	(480)	(530)
Past service costs	0	(240)
Net Operating Expenditure:		
Interest cost	(1,840)	(1,897)
Expected return on assets in the scheme	1,115	1,530
Net charge to the Income & Expenditure Account	<u>(1,205)</u>	<u>(1,137)</u>
Statement of Movement in the General Fund Balance:		
Reversal of net charges made for retirement benefits in accordance with FRS 17	268	391
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers contributions payable to the scheme	937	746

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £10,913,000 (£3,067,000 loss 2008/09 as restated) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a loss of £15,606,000.

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the funded scheme liabilities		2009/2010 £000	2008/2009 £000
1 April		26,823	27,482
Current service cost		480	530
Interest cost		1,840	1,897
Contributions by scheme participants		317	286
Actuarial losses/(gains)		15,542	(2,587)
Past service costs/(gains)		0	240
Estimated unfunded benefits paid		(84)	(80)
Estimated benefits paid		<u>(1,033)</u>	<u>(945)</u>
31 March		<u>43,885</u>	<u>26,823</u>
Reconciliation of fair value of the funded scheme assets		2009/2010 £000	2008/2009 £000
1 April		17,634	21,751
Expected rate of return		1,115	1,530
Contributions by scheme participants		317	286
Employer contributions		853	666
Contributions in respect of unfunded benefits		84	80
Actuarial gains/(losses)		4,629	(5,654)
Unfunded benefits paid		(84)	(80)
Benefits paid		<u>(1,033)</u>	<u>(945)</u>
31 March		<u>23,515</u>	<u>17,634</u>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £5,744,000 (-£4,145,000 2008/09)

NOTES TO THE CORE ACCOUNTS continued

**27
Local
Government
Pension
Scheme
continued**

Scheme history

	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
	£000	£000	£000	£000	£000
Present values of liabilities	(28,670)	(28,860)	(27,482)	(26,823)	(43,885)
Fair value of assets	20,880	22,522	21,751	17,634	23,515
Surplus/(deficit)	(7,790)	(6,338)	(5,731)	(9,189)	(20,370)
Experience gains/(losses) on liabilities	(16)	11	(1,805)	75	(115)
Above, as a percentage of present value of liabilities	0	0	0	0	0
Experience gains/(losses) on assets	2,987	215	(2,139)	(5,654)	4,629
Above, as a percentage of fair value of assets	0	0	0	0	0

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £44m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £20m.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy.

The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the council in the year to 31 March 2011 is £910,000.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson, the independent actuaries. Estimates for the fund are based on the latest full valuation of the scheme as at 31 March 2007.

The principal assumptions used by the actuary have been:

	2009/2010	2008/2009
Long-term expected rate of return on assets in the scheme		
Equity investments	0	0
Bonds	0	0
Property	0	0
Other	0	0
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	21	20
Women	24	23
Longevity at 65 for future pensioners		
Men	22	21
Women	26	24
Rate of inflation/Pension increase	0	0
Rate of increase in salaries	0	0
Expected return on assets	0	0
Rate for discounting scheme liabilities	0	0

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

	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
	%	%	%	%	%
Equity investments	75	74	69	64	72
Bonds	13	11	13	17	15
Property	9	13	12	10	8
Other	3	2	6	9	5
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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

NOTES TO THE CORE ACCOUNTS continued

**28
Movements
in Capital
Reserves**

Revaluation Reserve	2009/2010	2008/2009
	£	£
Opening balance	(4,343,267)	0
Surplus on revaluation and restatement of fixed assets	(29,187)	(4,395,476)
Difference between Current Value Depreciation and Historic Depreciation	(8,554)	52,209
Disposal/revaluation of fixed assets	572,313	0
	-----	-----
	(3,808,695)	(4,343,267)
	=====	=====

The revaluation reserve records unrealised revaluation gains arising since 1 April 2007 from holding fixed assets.

Capital adjustment account:	2009/2010	2008/2009
	£	£
Balance at beginning of year	(12,662,091)	(14,726,067)
Revaluations	(543,126)	0
Capital financing in year - capital receipts	(852,652)	(530,658)
Capital financing in year - revenue	(600)	(652,147)
Reversal of depreciation	677,856	633,724
Reversal of impairment	729,382	1,287,874
Write down of revenue expenditure funded from capital	492,836	1,068,531
Difference between Current Value Depreciation and Historic Depreciation	8,554	(52,209)
Government Grants Deferred amortisation	(55,616)	(32,566)
Adjustment of funding	0	190,854
Other adjustments	(3)	(8,635)
Carrying value of fixed assets disposed of	461,882	159,208
	-----	-----
	(11,743,578)	(12,662,091)
	=====	=====

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 system.

Capital receipts reserve:	2009/2010	2008/2009
	£	£
Balance at beginning of year	1,596,446	1,910,555
Capital receipts in year	445,455	223,995
Less:		
Pooling of Housing Capital Receipts	(6,331)	(7,446)
Capital receipts used for financing	(852,652)	(530,658)
	-----	-----
	(858,983)	-----
	-----	-----
Balance at end of year	1,182,918	1,596,446
	=====	=====

The capital receipts reserve represents the capital receipts available to finance capital expenditure in future years or to repay debt.

Financial Instruments adjustment account:	2009/2010	2008/2009
	£	£
Balance at beginning of year	0	(20,000)
MRP provision	0	20,000
Balance at end of year	-----	-----
	0	0
	=====	=====

NOTES TO THE CORE ACCOUNTS continued

29 Net Assets Employed

	3,743	3,378
	£	£
General Fund - revenue	(1,446,677)	(1,074,513)
Earmarked reserves	(1,585,716)	(1,278,693)
General Fund - capital	(16,862,414)	(18,747,969)
Collection Fund Adjustment Account	(39,721)	(139,357)
Pensions reserve	20,370,000	9,189,000
	435,472	(12,051,532)

30 Valuation of Fixed Assets

The freehold and leasehold properties which comprise the Council's property portfolio were revalued as at 1 April 2009 by an external independent valuer, R G Bunnett FRICS, Carter Jonas Property Consultants, on the basis shown in the Accounting policies in accordance with the Statements of Asset Valuation Practice and Guidance notes published by the Royal Institution of Chartered Surveyors, so far as these were consistent with the council's requirements. Assets acquired or substantially altered have been valued or revalued as appropriate.

Due to the current economic climate some of the Council's assets have been revalued by Carter Jonas during the year to give a more realistic value in the accounts.

The valuer carries out inspections, makes local enquiries, and obtains such further information as he considers relevant for his purpose. The sources of information and assumptions made in producing the valuations are set out in valuation certificates and reports, which are prepared specifically for capital accounting purposes only.

The valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio, not a valuation or apportioned valuation of the portfolio valued as a whole.

The following table shows the progress of the council's programme for the revaluation of fixed assets.

	Community Assets	Infra- structure Assets	Operational Land and buildings	Vehicles, Equipment, Intangibles	Total
	£	£	£	£	£
Valued at historical cost	441,807	659,211		592,107	1,693,125
Valued at current value in:-					
2005/2006			460,091		460,091
2006/2007			88,000		88,000
2007/2008			0		0
2008/2009			9,228,858		9,228,858
2009/2010			2,637,015		2,637,015
	441,807	659,211	12,413,964	592,107	14,107,089
Non operational assets	Under Construction	Investment Assets	Surplus Assets		Total
Valued at current value in:-		£	£		£
2005/2006	0	1,951	1,551		3,502
2006/2007	0	0	0		0
2007/2008	0	0	341,731		341,731
2008/2009	0	250,000	197,214		447,214
2009/2010	194,091	208,000	0		402,091
	194,091	459,951	540,496		1,194,538

31 Related Companies

The Council fully owns East Cambridgeshire Business Centres Limited.

The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs of the businesses as it saves them having to purchase equipment and provides meeting/training rooms.

The workspaces are let on a short term basis to allow them to expand or contract as necessary without being locked into a long term tenancy agreement.

Group Accounts have been produced in full for 2009/2010.

The net assets of the company at 31 March 2010 were £506,577 (31 March 2009 £509,473)

The company made a deficit of £3,258 before tax in the year (2008/2009 deficit £19,267)

Copies of the accounts for East Cambridgeshire Business Centres Limited can be obtained from:-

The Grange
Nutholt Lane
Ely Cambs

NOTES TO THE CORE ACCOUNTS continued

**32
Assets
held under
leases**

Finance leases:-

Lessor:-

The Council is lessor of a small number of properties at peppercorn rents.

Lessee:-

The Council holds some assets under Finance leases, mainly for Public Conveniences.

These are all at peppercorn rents.

The gross amount of assets held which are leased by the Council was £395,923 (2008/2009 £397,001), accumulated depreciation was £35,137 (2008/2009 £19,530). These are all Operational assets.

Operating leases:-

Lessor:-

The Council is lessor of a number of properties.

The aggregate rentals receivable in the year 2009/2010 in relation to operating leases was £338,152 (2008/2009 £305,225)

The gross amount of assets held which are leased out by the Council on operating leases was £5,525,079 (2008/2009 £6,261,993) and the related accumulated depreciation charges were £240,063 (2008/2009 £1,247,018)

Lessee:-

The Council holds some assets under operating leases. The payments committed in 2010/11 relating to land are £5,960, with £4,220 for leases over 5 years and the balance for 3 years.

There are also assets such as photocopiers and drinks/snacks dispensers. The values of these leases are not material to the accounts.

**33
Insurance
Provisions**

The Council covers all known material insurable risks externally. The Council's accounts do not include specific provision for unfunded insurable risks.

**34
PBSE**

There are no material post balance sheet events to reflect in the financial statements up to the time the accounts were produced for Policy & Resources Committee on 28 June 2010.

**35
Contingent
Liabilities**

The potential claim against the Council as part of a specific performance for Landlord repairs relating to Cemetery Lodge, Ely of between £100k-£130k which was noted in last year's accounts has now been agreed to be included in the repairs programme for 2010/11.

There is an outstanding judicial review relating to a planning application which if the Council loses could cost approx £10k with a possible further claim by the applicant for £200k.

Outstanding claim for damages from a lessee relating to repairs. This may cost £15k.

There are no contingent assets at the Balance Sheet date.

**36
Trust and
Third Party
Funds**

There were no material trust funds or other third party funds administered by the Council during the year.

**37
Related
Party
Balances**

There were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

See note 42 for Government Grants received and notes 19 and 20 for Other Local Authority Debtors and Creditors figures.

**38
Movement in
cash and cash
equivalents**

31.03.09	Movement 2009/2010	31.03.10
£	£	£
411,871	1,140,931	1,552,802
<u>(379,031)</u>	<u>(74,077)</u>	<u>(453,108)</u>
32,840	1,066,854	1,099,694
=====	=====	=====

Short term investments repayable on demand
Cash (overdrawn) or in hand at bank

NOTES TO THE CORE ACCOUNTS continued

**39
Movement
in liquid
resources**

	31.03.09	Movement 2009/2010	31.03.10
	£	£	£
Short term investments	5,501,235	(1,501,235)	4,000,000
Interest accrued on investments	330,927	(119,537)	211,390
	<u>5,832,162</u>	<u>(1,620,772)</u>	<u>4,211,390</u>
	=====	=====	=====

**40
Liquid
resources**

Liquid resources are short term deposits for a period up to 1 year.

**41
Further
narrative or
analysis**

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

**42
Analysis of
Government
grants**

	2009/2010	2008/2009
	£	£
Housing benefit administration subsidy	356,404	301,577
Council tax benefit administration subsidy	<u>175,423</u>	<u>179,589</u>
		481,166
Concessionary Fares		145,700
		156,520
Other grants		169,968
		69,242
Housing Acts - grants towards debt charges:		
Defective housing: reinstatements		0
Total "Other government grants"		<u>9,092</u>
		847,495
Housing/Council Tax Benefits		20,740,648
		16,881,924
Revenue Support Grant		1,253,441
		810,207
Distribution from national non-domestic rating pool		5,430,548
		5,820,113
LABGI		54,222
		145,348
HPDG		1,205,136
		692,698
Area Based Grant		22,811
		22,500
Capital grants:		
Housing Capital Grant Pot	131,082	89,600
Housing improvements, conversion, or repairs	<u>203,000</u>	<u>210,000</u>
		334,082
		299,600
Total Government grants		<u>29,888,383</u>
		<u>25,688,010</u>

NOTES TO THE CORE ACCOUNTS continued

43 Financial Instruments

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

This includes borrowing, investments and loans.

Long term borrowing would be with PWLB and held at amortised cost. However there is no borrowing in this year's Accounts.

Short term borrowing is held at amortised cost.

Investments are held in the Balance Sheet at carrying value as there is deemed to be no risk of loss for these investments.

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories:-

	Long - Term		Current	
	As at 31.03.09 £000	As at 31.03.10 £000	As at 31.03.09 £000	As at 31.03.10 £000
Financial liabilities at amortised cost	0	167	2,146	1,735
Total borrowings	0	167	2,146	1,735
Loans and receivables	2,223	273	7,250	6,771
Total investments	2,223	273	7,250	6,771

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

- ◆ There were no long or short term borrowings at the year end so no estimated rates were needed.
- ◆ No early repayment or impairment is recognised
- ◆ Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- ◆ The fair value of trade and other receivables is taken to be the invoiced or billed amount
- ◆ NB Available for sale assets relating to the long term investment in East Cambridgeshire Business Centres Limited (see note 25 for more detail) is no longer shown within Financial Instruments as per the SORP.

Financial Instruments at Fair Value and Amortised Cost

	31 March 2010		31 March 2009	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	1,902	1,902	2,146	2,146
Loans and receivables	7,044	7,044	9,473	9,473

Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- ◆ credit risk - the possibility that other parties might fail to pay amounts due to the authority
- ◆ liquidity risk - the possibility that the authority might not have the funds available to meet its commitments to make payments
- ◆ market risk - the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

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

In light of the above investment strategy, the Council does not consider there to be any quantifiable credit risk in relation to its investments as at 31 March 2010.

In relation to sums owed by the Council's customers and contractual debtors, prudent provision is made for bad debts based on an assessment of the risks for each type of debt and age of those debts. An analysis of the Council's potential maximum exposure to credit risk in relation to debtors is shown below.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers, such that £1.213m of the £4.846m is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than 3 months	254
3 to 6 months	319
6 months to 1 year	9
More than 1 year	<u>631</u>
	<u>1,213</u>

Liquidity risk

As the authority has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to meet its commitments under financial instruments.

All financial liabilities as at 31 March 2010 are due within one year. As there are no long term liabilities there is currently no need to make a provision for repayment. Therefore, there is no current risk of having to borrow at unfavourable rates in the future to replenish borrowings.

NOTES TO THE CORE ACCOUNTS continued

43 Financial Instruments continued

Market risk - Interest rate risk exposure

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments, because all of its investments are at fixed rates.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget on a quarterly basis during the year. This allows any adverse changes to be taken into consideration. The analysis will also advise whether new borrowing taken out is fixed or variable and short term or longer.

A rise in interest rates would have the following effects:

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

A fall in interest rates would create the reverse effect.

If interest rates had been 1% higher with all other variables held constant, the financial effect in 2009/10 would have been a reduction in fair value of the fixed rate investments of £116,008.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account.

Market risk - price

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

Market risk - foreign exchange

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

Financial Instruments gains and losses

The gains and losses recognised in the Income & Expenditure Account and Statement of Recognised Gains & Losses in relation to financial instruments are made up as follows:

	Financial Liabilities	Financial Assets		Total £000
	Liabilities measured at amortised cost £000	Loans & receivables £000	Available for sale assets £000	
Interest payable and similar charges	0	0	0	0
Impairment losses	0	0	0	0
Interest and investment income	0	451	0	451
Net gain/(loss) for the year	0	451	0	451

COLLECTION FUND ACCOUNTS 2009/2010

Revenue Account	Note	2009/2010		2008/2009
		£	£	£
Income				
Income from Council Tax	b	37,093,723		35,360,052
Transfers from General Fund				
Council Tax Benefits		4,158,402		3,649,230
Transitional Relief		224		337
Income collectable from				
business ratepayers	a	15,786,636		15,709,007
Contributions towards previous years' Collection Fund deficit		0		0
		-----	57,038,985	----- 54,718,626
Expenditure				
Precepts and demands				
Cambridgeshire County Council		29,297,377		27,610,902
Cambridgeshire Police Authority		4,743,360		4,423,734
Cambridgeshire Fire & Rescue		1,622,592		1,535,490
East Cambridgeshire District Council		5,184,695		4,839,170
Business rate				
Payment to national pool		15,690,681		15,614,885
Costs of collection		95,955		94,122
Bad and doubtful debts / appeals				
Write offs		152,322		(1,849)
Provisions		36,215		30,409
Contributions				
towards previous years' Collection Fund surplus		1,008,019		0
		-----	57,831,216	----- 54,146,863
Movement on Fund balance				
(Surplus) deficit for year			792,231	(571,763)
			-----	-----
Collection Fund Reserve Balance				
Collection Fund deficit (surplus) at 1 April			(1,105,316)	(533,553)
Movement on Fund balance in year			792,231	(571,763)
			-----	-----
Collection Fund (surplus) deficit at 31 March			(313,085)	(1,105,316)
			-----	-----

NOTES TO THE COLLECTION FUND ACCOUNTS

General

Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire & Rescue Authority and East Cambridgeshire District Council. The basic amount for a 2009/10 Band D property, being £1,369.80 (2008/09 £1,316.25), is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any Parish precept.

a. National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2010 was £39,387,020 (31 March 2009 £39,417,325). The national non-domestic rate multiplier for 2009/2010 was 49.0p (2008/2009 46.0p).

b. Council Tax base

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

	2009/2010	2008/2009
<i>Band</i>	<i>Equivalent number of dwellings</i>	<i>Equivalent number of dwellings</i>
A	2,220	2,148
B	6,950	6,758
C	5,567	5,405
D	6,031	6,013
E	4,552	4,479
F	2,435	2,380
G	920	893
H	125	124
O	0	0
	28,800	28,200

c. Precepts and demands

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

	2009/2010 Precept/ Demand	Share of Surplus/ (Deficit) 31.03.09	2009/2010 Total	2008/2009
	£	£	£	£
Cambridgeshire County Council	29,297,377	724,624	30,022,001	27,610,902
Cambridgeshire Police Authority	4,743,360	116,097	4,859,457	4,423,734
Cambridgeshire Fire & Rescue	1,622,592	40,298	1,662,890	1,535,490
East Cambridgeshire District Council	5,184,695	127,000	5,311,695	4,839,170

NOTES TO THE COLLECTION FUND ACCOUNTS continued

d.
Surplus/deficit
on the Fund

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

	2009/2010	2008/2009
	£	£
Cambridgeshire County Council	(224,596)	(794,386)
Cambridgeshire Police Authority	(36,360)	(127,383)
Cambridgeshire Fire & Rescue	(12,408)	(44,190)
East Cambridgeshire District Council	(39,721)	(139,357)
Total Deficit/(surplus)	(313,085)	(1,105,316)

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

	CCC	CPA	CFA	Agency totals
Apportionment basis	1	0	0	
Council Tax arrears	1,323,700	214,155	73,847	1,611,702
Bad debt provn	(509,587)	(82,444)	(28,429)	(620,460)
CT over/pre payments	(662,610)	(107,200)	(36,966)	(806,776)
Collection fund surplus	(224,596)	(36,360)	(12,408)	(273,364)
Adjusted precepting authority balance	73,093	11,849	3,956	88,898

GROUP ACCOUNTS 2009/2010

In accordance with the Code of Practice, the Council is required to produce a Group Income and Expenditure Account, Group Balance Sheet, Group Cashflow Statement, and a Group Statement of Total Movement in Reserves and a Group Statement of Recognised Gains & Losses. The purpose of the group financial statements is to show the overall financial position and the results of the District Council.

Valuation of Fixed Assets

The Council's operational property is held at open market value
East Cambridgeshire Business Centres Limited Land and Buildings are held at current net value of £507,921 with depreciation to date of £35,719 and a Revaluation Reserve total of £91,170
All buildings are being depreciated over their estimated life.

The group financial statements have been produced on the "acquisition" method of consolidation, in accordance with the accounting policy on page 13. The Council's own accounts have been amended to include the subsidiary's figures and are shown as the following Group Accounts.

The Council has only one statutory investment in the East Cambridgeshire Business Centres Limited as described in note 31 to the core accounts.

The net assets are:-

2009-2010		2008-2009	
Total Net Assets	Incorporated in Group Accounts 100%	Total Net Assets	Incorporated in Group Accounts 100%
£	£	£	£
506,577	506,577	509,473	509,473

The net profit/(loss) after taxation are:-

2009-2010		2008-2009	
Total Net Profit/(Loss)	Incorporated in Group Accounts 100%	Total Net Profit/(Loss)	Incorporated in Group Accounts 100%
£	£	£	£
(2,896)	(2,896)	(19,267)	(19,267)

GROUP INCOME AND EXPENDITURE ACCOUNT 2009/2010

	2009/2010			2008/2009
	Expenditure £	Income £	Net £	£
Income and Expenditure				
Central Services to the public	5,645,548	(4,766,946)	878,602	776,626
Cultural & Related	1,739,946	(330,115)	1,409,831	1,741,223
Environmental	5,039,435	(809,033)	4,230,402	4,571,725
Planning & Development	4,440,269	(2,077,684)	2,362,585	2,303,278
Transport	759,214	(270,051)	489,163	612,862
Housing	19,514,899	(18,620,529)	894,370	1,229,621
Corporate & Democratic Core	1,781,208	(112,515)	1,668,693	1,670,549
Non Distributed Costs	118,000	0	118,000	737,779
	-----	-----	-----	-----
NET COST OF SERVICES	39,038,519	(26,986,873)	12,051,646	13,643,663
	-----	-----		
Parish council precepts			1,397,783	1,291,070
Internal Drainage Board Levies			318,984	302,725
Loss/(gain) on the disposal of fixed assets			171,342	159,208
Contribution of housing capital receipts to Govt. Pool			6,331	7,446
Interest payable and similar charges			0	68,008
Interest and Investment Income			(450,622)	(907,055)
Pensions interest cost			1,840,000	1,897,000
Expected return on pension assets			(1,115,000)	(1,530,000)
Corporation Tax			(362)	0
			-----	-----
NET OPERATING EXPENDITURE			14,220,102	14,932,065
Minority Interest			0	0
			-----	-----
NET EXPENDITURE			14,220,102	14,932,065
Financing of net revenue expenditure				
Income from Collection Fund			(5,212,059)	(4,911,299)
Distribution from the non-domestic rate pool			(5,430,548)	(5,820,113)
General Government Grants			(2,535,610)	(1,670,753)
			-----	-----
DEFICIT/(SURPLUS) FOR THE YEAR			1,041,885	2,529,900
			=====	=====

RECONCILIATION OF THE COUNCIL SURPLUS/DEFICIT TO THE GROUP POSITION 2009/2010

	2009/2010	2008/2009
	£	£
(Surplus)/deficit for the year on the Income & Expenditure Account	1,038,989	2,510,633
Less subsidiary dividend or distribution	0	0
	1,038,989	2,510,633
(Surplus) or deficit of the subsidiary	2,896	19,267
	1,041,885	2,529,900
Group Account (surplus)/deficit for the year	1,041,885	2,529,900

GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES 2009/2010

	2009/2010	2008/2009
	£	£
Net (surplus) or deficit for the year	1,041,885	2,529,900
(Surplus) or deficit on revaluation of fixed assets	535,015	(4,317,618)
Actuarial (gains) or losses on pension fund assets and liabilities	10,913,000	3,067,000
Any other recognised (Gains)/Losses	0	0
	12,489,900	1,279,282
Total recognised (gains)/losses for the year	12,489,900	1,279,282

GROUP BALANCE SHEET AS AT 31 MARCH 2010

		2009/2010		2008/2009
		£	£	£
Assets	Intangible Fixed Assets		24,678	24,678
			-----	59,675
	Tangible Fixed Assets			
	Operational			
	Community		441,807	520,523
	Infrastructure		659,211	663,459
	Land and buildings		12,921,885	13,767,334
	Vehicles		162,047	150,621
	Equipment		430,060	523,814
			-----	-----
				14,615,010
	Non-operational			
	Surplus assets, held for disposal		540,496	978,348
	Assets under construction		194,091	0
	Investment Properties		459,951	586,951
			-----	-----
				1,194,538
	Long Term Investments		0	2,062,927
	Investments in subsidiaries		0	0
	Long-term debtors		273,411	98,422
		-----	-----	
			273,411	
Total long-term assets			16,107,637	

			19,412,074	
Current assets				
stocks and work in progress		48,679	44,786	
debtors	4,866,327		2,468,705	
bad debt provisions	(537,147)	4,329,180	(503,249)	
bank balance		54,446	127,058	
investments		4,211,390	5,832,162	
cash equivalents		1,552,802	411,871	
		-----	-----	
			10,196,497	

			8,381,333	
Liabilities	Current liabilities			
	creditors due after more than one year		(167,170)	0
	creditors		(1,255,970)	(2,401,844)
	short term borrowing		0	0
	section 106 agreements		(2,946,542)	(2,575,376)
	receipts in advance		(358,085)	(293,724)
	bank overdraft		(453,107)	(379,031)
			-----	-----
				(5,180,874)

				(5,649,975)
	Total assets less current liabilities			21,123,260

				22,143,432
	Provisions		(77,408)	(152,343)
Capital contributions/govt grants unapplied		(426,026)	(311,599)	
Capital contributions/govt grants deferred		(674,885)	(425,649)	
Defined benefit pension scheme liability		(20,370,000)	(9,189,000)	
		-----	-----	
			(21,548,319)	

			(10,078,591)	
Total assets less liabilities			(425,059)	

			12,064,841	
Balances & Reserves	Revaluation reserve		(3,899,865)	(4,448,502)
	Capital adjustment account		(11,757,643)	(12,662,091)
	Collection Fund Adjustment Account		(39,721)	(139,357)
	Financial instruments adjustment account		0	0
	Useable capital receipts reserve		(1,182,918)	(1,596,446)
	Deferred credits		(127,223)	(146,165)
	Pensions reserve		20,370,000	9,189,000
	Earmarked reserves		(1,585,716)	(1,278,693)
	Balances:			
	- general fund		(1,446,677)	(1,074,513)
	- (profit)/loss on group entity		94,822	91,926
			-----	-----
			425,059	
Group Balances and Reserves			0	
Minority Interests			0	
Total equity			425,059	

			(12,064,841)	

GROUP CASH FLOW STATEMENT 2009/2010

Revenue Activities	2009/2010		2008/2009
	£	£	£
Surplus/(Deficit) for the year	(1,042,247)		(2,602,029)
Collection Fund Surplus/(Deficit) for the year	(792,231)		571,763
		(1,834,478)	(2,030,266)
Adjust for non-cash statutory exclusions:			
Depreciation	840,618		1,899,555
Revenue funded from capital under statute	492,836		1,068,531
Amortisation of intangible assets	34,997		34,998
Gain or loss on asset sales	171,342		159,208
Grants amortised	(55,616)		(32,566)
Pension costs	268,000		391,000
Premiums/Discounts	0		0
		1,752,177	3,520,726
Adjust for other non-cash transactions			
Debtors - Revenue	(2,104,249)		(877,278)
Long Term Debtors	127,865		9,492
Creditors - Revenue	414,518		(378,441)
Provisions	(74,935)		4,848
Stocks	(3,893)		23,805
Deferred Liabilities	0		0
Deferred Credits	53,749		289,163
		(1,586,945)	(928,411)
Other adjustments			
Net CT external receipts	4,079,253		2,667,066
Net NNDR external receipts	1,453,975		(263,806)
Interest paid	31,404		65,736
Interest received	(641,723)		(667,520)
		4,922,909	1,801,476
NET CASH INFLOW(OUTFLOW) FROM REVENUE ACTIVITIES		3,253,663	2,363,525
<u>Returns on Investments and Servicing of Finance</u>			
- Interest paid	(31,404)		(65,736)
- Interest received	641,723		667,520
		610,319	601,784
Taxation		362	0
<u>Capital Expenditure and Financial Investment</u>			
- Purchase of fixed assets	(410,364)		(396,321)
- Purchase of long term investments	(208,645)		(10,659)
- Sale of long term investments	2,000,000		0
- Sale of fixed assets	299,400		15,956
- Capital grants received	334,082		299,600
- Other capital cash received	24,772		26,892
- Other capital cash payments	(877,353)		(1,605,636)
		1,161,892	(1,670,168)
NET CASH INFLOW BEFORE FINANCING		5,026,236	1,295,141
Net increase/(decrease) in short term deposits	1,501,235		3,600,836
Repayments of amounts borrowed/New loans raised	0		(2,000,000)
		1,501,235	
NET (INCREASE)/DECREASE IN OTHER LIQUID RESOURCES			
NNDR receipts under/over paid to Government		(1,453,975)	263,806
Council Tax receipts under/over paid to major preceptors		(4,079,253)	(2,667,066)
NET (DECREASE)/INCREASE IN CASH		994,243	492,717

GLOSSARY OF TERMS

Actuarial Gains & Losses	For a defined pension benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation or the actuarial assumptions have changed.
Balances	Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied, at the discretion of the Council, to reduce future demands on the Collection Fund or to meet unexpected costs. Balances on holding accounts and provisions are available to meet expenditure in future years without having an adverse effect on revenue expenditure.
Budget	A statement of the Council's income and expenditure plan over a specified period, for example the annual revenue budget which, besides being expressed in financial terms, may include other physical data, e.g. manpower resources.
Capital Charges	Charges made to revenue accounts as part of the running costs of each service to reflect the value of the fixed assets used in providing the service.
Capital Expenditure	Money spent on providing assets of long-term value, e.g. land, buildings and equipment, or on making grants towards such expenditure.
Capital Financing	A global term covering the sources of money to pay for capital spending, e.g. borrowing, sales of fixed assets, grants, developers' contributions, leasing, and revenue monies.
Capital Receipts	Money raised from the sale of fixed assets, e.g. land. Some other receipts, e.g. Housing Association Grant (HAG), and some loan repayments have to be treated as capital receipts.
Community Assets	Fixed assets that the Council intends to hold in perpetuity which have no determinable useful life and which will often have restrictions on their disposal, e.g. parks or historic buildings.
Current Assets	The day-to-day working assets of the Council, e.g. stores, cash, bank balances, and debtors.
Current Liabilities	Amounts which will or could become payable in the immediate future, e.g. unpaid bills ("creditors"), bank overdrafts.
Current Service Cost	The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.
Deferred Charges	Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets.
Defined Benefit Scheme	A pension scheme that defines the benefits independently of the contributions payable
Depreciation	The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period.
Financial Instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
General Fund	The main revenue account of the Council. All the running costs and related income pass through this Fund.
Government Grants	Grants made by central government towards Council spending. They may be specific e.g. housing benefit subsidy, or general e.g. revenue support grant.
Housing Advances	Sometimes referred to as Housing Act Advances, or HAA. These are loans made to individuals by the Council towards the cost of acquiring or improving their homes.

GLOSSARY OF TERMS

Housing Benefit	A social security benefit administered by the Council which is intended to help claimants to meet their rent liability.
Impairment	The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.
Infrastructure Assets	Fixed assets that are invaluable, expenditure on which is recoverable only by continued use of the asset. An example would be footpaths
Interest Cost	For a defined pension benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
Minimum Revenue Provision	The minimum amount which must be charged to the authority's revenue accounts each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.
Multiplier	The term used in relation to business rates to describe the number of pence in the pound (set by central government) to be multiplied by the rateable value of a property to work out the amount due.
Past Service Cost	For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
Precepts	The levy made on a billing authority by a Precepting Authority, requiring collection of income from council taxpayers on their behalf.
Precepting Authority	Those authorities that are not Billing Authorities ie. do not collect council tax and non domestic rate. County Councils are "major precepting authorities" and parish, community and town councils are "local precepting authorities".
PWLB	The Public Works Loan Board is a central government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.
Reserves	Money held for some broadly specific purpose, e.g. contingencies, but in respect of which no specific commitment has been made.
Revenue Expenditure	Recurring expenditure on day-to-day expenses e.g. employees, running costs of buildings and equipment. Any spending which is not capital expenditure. Sometimes called current expenditure.
Revenue Support Grant	The main annual grant paid by central government. It is intended to meet a proportion of the total local authority expenditure considered by Government to be necessary to provide a standard level of service throughout the country.
Scheme Liabilities	The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.
Total Cost	The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.