

# Statement of Accounts

2008/2009



Statement of Accounts 2008/2009

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Statement of Accounts 2008/2009

For approval at the meeting of the  
Constitutional Panel  
29 June 2009

Councillor Clifford Morris  
Leader of Bolton Council  
Chairman of the Constitutional Panel

As reported to Constitutional Panel 30<sup>th</sup> September  
2009

Statement of Accounts 2008/2009

# Foreword by the Director of Corporate Resources

## 1 Introduction

This document is the Council's Statement of Accounts for the year ending 31 March 2009, and comprises the following:

**The Council's Core Financial Statement.** Which includes:

- **The Income & Expenditure Account.** Analysing service Income and Expenditure in accordance with generally accepted accounting practice.
- **A Statement of Movement on the General Fund Balance.** This reconciles the reported outturn from the Income & Expenditure Account to the change in General Fund balances which are determined by Statute.
- **A Statement of Total Recognised Gains and Losses.** This relates the change in total Balance Sheet values to the movements reported in Income and Expenditure Account and Statement of Movement on General Fund Balance.
- **The Balance Sheet.** Setting out the Council's financial position at the 31 March 2009.
- **The Cash Flow Statement.** Showing cash movements in the year.

Each of the above is supported by explanatory notes.

**Supplementary Financial Statements** are:

- **The HRA Account.** This shows the Council's income and expenditure relating to Council Housing.
- **The Collection Fund Revenue Account.** Records the Authority's transactions in collecting Council Tax on behalf of the General Fund and other precepting Authorities. It details the transactions of the fund.
- **Group Accounts.** Show the effect of incorporating the transactions of Bolton at Home Ltd. which is a wholly owned arms length company set up by the Council to manage its Housing stock and assist with private sector housing functions and regeneration.
- **Governance Statement.** This statement explains the system of controls operating within the Council to secure sound financial control and good governance.

The accounts are supported by the Statement of Accounting Policies and a glossary of terms.

This foreword identifies the more significant matters included within the accounts and gives an explanation of the Council's overall financial position.

## 2 Developments in the Year

These accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom, 2008 Statement of Recommended Practice and the Accounts and Audit Regulations 2003 (as amended). They have been organised to comply with the Best Value Accounting Code.

The significant developments in the current year are:

- Once again the Council was judged to be delivering “Four star - Excellent” services to local people for the sixth year running as part of the Government’s Comprehensive Performance Assessment (CPA) of local authorities.
- During the year an external inspection was undertaken of Adult Social Care, where the Safeguarding of Adults, the delivery of Preventative Services and the Council’s Capacity to Improve were assessed as excellent and the delivery of Personalised Services was assessed as good. At the time this was the best inspection result for Adult Social Care of any Council in England
- The Council and the Vision for the Future Partnership (Bolton’s local strategic partnership) continued to implement the community strategy ([Bolton: Our Vision 2007-2017](#)). The Council’s corporate plan states: Our main aims are: Economic prosperity: Narrowing the gap; and Transforming services. Major regeneration plans for the Bolton town centre have advanced with the Council acting as facilitator for some aspects and as landlord in other respects.
- Construction work has begun on the Colleges Co-location project funded by the Learning and Skills Council in the Innovation Zone. An agreement has been concluded with NCP which will see three new multi-storey Car Parks built around the town centre.
- The Council has continued to respond to the Government’s efficiency agenda setting and achieving the targets.
- Work in reviewing staff pay and grading is nearing completion. A new structure designed to be compliant with equal pay requirements to be effective from 1 April 2009.
- The Council is seeking to attract resources to enhance schools and student performance through an approach involving Academy status and accelerating allocations via government programmes Building Schools for the Future and the Primary Schools Capital Strategy. In December 2008 an Expression of Interest was submitted to gain access to BSF funding. Bolton was invited to submit a Readiness to Deliver document in March which will be submitted in May. The outcome of this submission and entry of the first 6 schools into the programme will be known later in the year. The potential funding is in excess of £80 million. The procurement of the LEP with Blackburn with Darwen will be completed in 2009, thereby enabling construction programme to begin as soon as the Outline Business Case is approved. £54 million of funding has already been obtained to build the two academies and Firwood Special School.



### 3 Format of the Accounts

The requirements of the 2008 Local Authority Accounting Code of Practice do not involve the significant changes to the presentation of the Statement of Accounts we have seen in previous years. However there are a number of changes in guidance which do impact on the content of Statement of Accounts:

- There is now no facility to revalue fixed assets to market value at the time of sale. Thus existing book values are compared with sale proceeds to determine "Gains or Losses on the Sale of Fixed Assets" making volatility in this aspect of the accounts more likely.
- The valuation basis of equity investments within the pension fund has changed from the mid price value to the bid value. This has the effect of marginally reducing the reported value of Pension Fund assets and thus increasing reported deficits. At 31.3.08 the impact of this change was £2.3m. On the advice of our auditors the 2008/09 accounts use the new basis but the comparative figures have not been restated for 2007/08.
- From 2008/09 financial year Local Area Agreement Grant has been replaced by Area Based Grant (ABG). ABG is a non-ringfenced general grant, no conditions on use is imposed as part of the grant determination ensuring full local control over how funding can be used. This means that, unlike LAA Grant, its use is not restricted to supporting the achievement of LAA targets. ABG is a general grant, which should be included in the Income and Expenditure Account with other general income sources such as income from the collection fund and NDR distribution.

### 4 Wider Economic Issues

2008/09 has seen an economic downturn greater than any experienced since the 1930s. The effects of this are seen in the Council's Statement of Accounts in various ways:

- **Recession.** As would be expected reduced economic activity results in fewer asset sales (Capital Receipts), Less income from development related income sources (Planning fees, Land Charge searches, Commercial Rents etc) and an increase in debtors and associated bad debt provisions.
- **Asset Values.** The greatest impact is seen on the Council's Balance Sheet and Income and Expenditure account where property values have fallen. The reduction in value of assets appears in the form of an "impairment" provision against individual service costs. This is a notional cost which has no immediate impact on taxpayers and it is subsequently reversed in calculating available balances. In order to address the in year volatility of fixed asset values the valuation process was arranged so that operational properties (valued at depreciated replacement cost) were addressed earlier in the year and the non-operational properties market values were reviewed towards the end of the year so that book value better reflects circumstances at the balance sheet date.

- World Wide Banking Crisis.** In October two banks in which the Council had funds invested collapsed. The funds were £2m in Icelandic based Landsbanki and £4m in its UK based subsidiary Heritable. Internal and external audit investigations established the Council had appropriate investment controls in place and that proper procedures were followed. Subsequently investment criteria have been further restricted acknowledging this will reduce future returns on investments. The Council has worked with other authorities through the local government association to achieve the maximum return of these monies. For the accounts the full bad debt provision for Icelandic banks recommended by the Chartered Institute of Public Finance and Accountancy amounting to £1.7m has been made. £0.4m was from current income and £1.3m from the Insurance Fund.
- Pension Fund Accounting.** In the year the contribution the Council has made for current service costs exceeds the increase in entitlement of staff for pensions. Thus the notional adjustment to pensions in reported service costs is a reduction for the first time since this basis of accounting was introduced. If this were the only influence the notional pensions deficit would have fallen. However improvements to death benefits have increased costs in respect of all existing pensioners increasing the deficit in respect of past service costs. The major feature of the Pension Fund itself is the reduction in the value of shares thereby increasing the notional balance sheet deficit.

## 5 General Fund Transactions in the Year

When the 2008/09 Budget was set General Fund Balances were anticipated to be £6.5m. On the closure of the 2007/08 accounts balances were £1.2m higher. In June Executive resolved to use some of those balances plus a further identified insurance saving (£0.4m) for a combination of ongoing and one-off expenditure as follows:

Measure	One – off £000	Contin uing £000s
VFM Process Changes	300	
Managing Town Centre Projects	200	
Area Forum Funds	250	
Highways Investments	300	
Improvements to Sports Pitches	200	
Schools Improvement /Youth Provision /Building Schools for the Future		200
Free School Meals		140
Free Swimming Lessons		50

In the course of the year further savings in Capital Financing costs (£2.473m) have been identified and a higher than budgeted Airport Dividend has been received (£1.025m) and offsetting expenditure has been incurred. The most significant items were as follows:

	<b>One – off £000</b>
Increased costs from the new electricity supply contract	738
Additional Area Forum Budget (Approved Executive 27/10/08)	250
Additional Winter Gritting	501
TIF Referendum Costs	219
Reduced Commercial Property Rental	230
Fall In Land Charges Income	199

The resulting General Fund Balances situation can be summarised as follows

	Original Budget £000s	Outturn £000s	Change £000s
Opening Balance	6,500	7,742	1,242
Change on General Fund	0	(27)	(27)
Available balances at 31 <sup>st</sup> March 2009	6,500	7,715	1,215

## 6 Movement from Original Budget to Outturn

General Fund Changes to Revenue Budgets for the year 2008/09 before Depreciation and Recharges are as follows in the management accounting format. The Council uses in the year:

<b>Service</b>	<b>Controllable Budget £000s</b>	<b>Outturn £000s</b>	<b>Variance £000s</b>	<b>Comment</b>
Children's Services	37,428	37,596	168	Largely the net effect of budget transfers to Adult Services reflecting realignment of administration functions between the two departments offset by additional Youth Provision, Legal Costs and assumption of responsibility for the Science and Technology Centre.
Adult Services	67,484	67,845	361	Largely the budget adjustment with Children's Services.
Environmental Services	24,679	25,958	1,279	Additional Costs for Winter Gritting and Electricity. Further Highways investments and Sports pitch improvements were agreed in the year.
Housing	3,439	3,439	-	
Development & Regeneration	4,058	4,367	309	Budget increased to meet project management costs partially offset by transfers of functions to other services.
Central Departments	25,558	28,942	3,384	Transfer of functions (Neighbourhood renewal, HR and Health and Safety staff. Loss of property income and TIF referendum costs.
Financial Arrangements including Precepts and Car Parking	51,984	46,510	-5,474	Additional Airport dividend, reduced capital financing costs and transfers to other services partially offset by reduced car park income and expenditure on BSF preparation.
<b>Total</b>	<b>214,630</b>	<b>214,657</b>	<b>+27</b>	

## 7 Service Expenditure

Each service is required to manage net revenue expenditure within its budget as amended for internal transfers within the year. Financial Regulations allow the carry forward of any unspent budget to “reserves” to assist funding future expenditure and require that any withdrawal from balances is either the planned use of previously accumulated balances or is rectified in a subsequent year.

**Adult Services** earmarked reserves have increased by £0.9m in the year. The movements represent £0.5m grant allocations carried forward and an additional £0.4m set aside for specific initiatives.

**Children’s Services** earmarked reserves excluding schools have increased by £0.6m. These represent the accumulation of in year savings and additional grant to meet future commitments offset by the planned use of reserves to support capital schemes. Schools earmarked reserves have fallen by £0.3m largely as a result of the planned use of reserves in the Primary Sector.

**Central Departments** earmarked reserves have increased by £3.1m in the year. The movements represent the net effect of planned repayments of deficit business cases £1.1m, £0.3m Area Forum under spends carried forward to 2009/10, £1.2m monies carried forward for specific initiatives have arisen due to unspent grant funding, planned investment or general under spends and the transfer of £0.5m accumulated spend has been transferred to Development and Regeneration. A prepayment received of income for car parks of £4.6m.

**Environmental Services** earmarked reserves have reduced by £0.3m in the year. The largest element of this arises from residual costs of Adult training facilities (Bolmoor and Heaton Fold).

**Development and Regeneration** earmarked reserves decreased by £0.9m in the year. The largest element was a £0.5m transfer of development related expenditure from Central Departments. There was also the planned use of Planning Delivery Grant received in earlier years.

**General Fund Housing** used £0.3m earmarked reserves in the year. £0.2m was the planned use to provide transitional funding until other sources of finance were found. £0.1m was required overspends on the mainstream budget.

## 8 Capital Expenditure

Capital expenditure for the year was £80.0m made up as follows:

Service	Outturn £m
Children's Services	17.8
Adult Services	3.4
Environmental Services	18.1
Development & Regeneration	1.3
Central Departments	4.2
Housing General Fund	6.9
HRA	25.4
Equal Pay Capitalisation Directive	2.9
<b>Total Expenditure</b>	<b>80.0</b>

Its financing was:

	£m
Borrowing	21.4
Government Grants	25.6
Capital receipts (including Earmarked)	7.3
Revenue (largely HRA Major Repairs allowance)	25.0
Reserves	0.5
Other Contributions	0.5
Reduction in capital creditors	(0.3)
<b>Total Funding</b>	<b>80.0</b>

In the year £1.8m General Fund capital receipts had been generated

Under Prudential Controls the Council may set its own limit for Capital Borrowing subject to affordability. This is expressed as a Capital Financing Requirement. In 2008/09 the limit was £493.8m. The figure calculated from the 31 March 2009 Balance Sheet is £479.5m.

In addition to borrowing the Council may also use internal funds and Capital Receipts to finance capital expenditure. At 31 March 2009 a Capital Funding Reserve of £6.7m and Usable Capital Receipts of £7.9m were held.

## 9 Balances

At 31 March 2009 General Fund Balances stood at £7.715m.

These are available to protect the Council against unexpected demands.

Stephen M. Arnfield  
Director of Corporate Resources  
29 June 2009



**Independent auditors' report to the Members of Bolton Metropolitan Borough Council**

**Opinion on the accounting statements**

We have audited the accounting statements and related notes of Bolton Metropolitan Borough Council and its Group for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Authority and Group Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account, and the Collection Fund. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Bolton Metropolitan Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to Bolton Metropolitan Borough Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bolton Metropolitan Borough Council, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Section 151 Officer and auditors**

The Executive Director of Business Services responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year;
- the financial position of the Group and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the accounting statements and related notes and consider whether it is consistent with the audited accounting statements and related notes. This other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements and related notes. Our responsibilities do not extend to any other information.

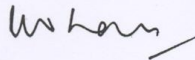
**Basis of audit opinion**

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

**Opinion**

In our opinion the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority and its Group as at 31 March 2009 and its income and expenditure for the year then ended.



Kevin Wharton  
(Senior Statutory Auditor)  
**for and on behalf of KPMG LLP**  
Chartered Accountants  
Statutory Auditor  
St James' Square  
Manchester  
M2 6DS

30th September 2009





**Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

**Authority's Responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

**Auditor's Responsibilities**

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Conclusion**

We have undertaken our audit in accordance with the Code of Audit Practice. Having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, we are satisfied that, in all significant respects, Bolton Metropolitan Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

A handwritten signature in black ink, appearing to read 'Kevin Wharton'.

Kevin Wharton  
(Senior Statutory Auditor)  
**for and on behalf of KPMG LLP**  
Chartered Accountants  
Statutory Auditor  
St James' Square  
Manchester  
M2 6DS

30th September 2009

# Statement of Accounting Policies

## General Principles

The Statement of Accounts summarises the Council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

## Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

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.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

The council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the council implemented its equal pay strategy.

However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account that will be debited to the Statement of Movement on the General Fund Balance in future financial years as payments are made

### **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. They are also used as part of the Council's devolved budget management process to carryforward budget over or underspends to future years. 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.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

### **Government Grants and Contributions (Revenue)**

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 (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

### **Retirement Benefits**

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF).
- The Greater Manchester Pensions Scheme, administered by Tameside Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

## The Local Government Pension Scheme

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

The liabilities of the Greater Manchester pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. 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.

Liabilities are discounted to their value at current prices, using a real discount rate based on the indicative rate of return on high quality corporate bond (ibovx Sterling Corporates Index AA over 15 years)).

Under the 2008 SORP the council has adopted the amendment to FRS 17, *Retirement benefits*. As a result quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change would have been that the value of scheme assets at 31 March 2008 could be restated from £581.9m to £579.6m, a decrease of £2.3m, resulting in an increase of the pension deficit of £2.3m. The current and prior year surplus has been unaffected by this change.

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

- quoted securities – bid value
- unquoted securities – professional estimate
- unitised securities – average of the bid and offer rates
- property – market value.

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

- current service cost – the increase in liabilities as 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 Greater Manchester pension fund – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising Council tax to cover the amounts payable by the Council to the pension fund in the year. 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.

### **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 (including teachers) 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.

### **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 and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2008 (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.

### **Intangible Fixed Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. 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 standards of performance of asset (e.g. 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. Assets are then carried in the Balance Sheet using the following measurement bases:

- investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use
- infrastructure assets and community assets – depreciated historical cost.
- Net current replacement cost is assessed as:
  - non-specialised operational properties – existing use value
  - specialised operational properties – depreciated replacement cost
  - investment properties and surplus assets – market value.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

**Impairment:** the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of 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 gains 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 (i.e. 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 Usable 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 on a straight line basis. Where there is specific information on an asset that data is used to determine its life. Otherwise depreciation is calculated on the following bases:

- Council dwellings – 45 years
- Other Buildings – 40 years
- vehicles, plant and equipment – 5 years
- infrastructure – 25 years.

Depreciation is calculated on asset values at April 1st i.e. no depreciation is charged on expenditure in the year or revaluations effective on April 1st. Only land held on a lease will be subject to depreciation. The length of the lease will determine the period over which depreciation is charged. The same would apply for leasehold buildings.

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 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 offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

### **Charges to Revenue 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 at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity). 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.

### **Revenue Expenditure Funded from Capital under Statute**

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**

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, where material, 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.

#### **Operating Leases**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

#### **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and 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 most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged



to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge 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.

### **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 a quoted market price and/or do not have fixed or 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 and 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 and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

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 and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and 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 (e.g., dividends) 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, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition 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).

### **Stocks and Work in Progress**

Stocks are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost.

### **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. Payments made by the Council under a contract are charged to revenue to reflect the value of services received in each financial year.

Government grants received for PFI schemes, in excess of current levels of expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

# Core Single Entity Financial Statement

## Income and Expenditure Account 2008/2009

2007/08 Net Expenditure £000s		Note	Gross Expenditure £000s	2008/09 Gross Income £000s	Net Expenditure £000s
4,290	Central Services to the public		15,475	7,901	7,574
16,468	Culture		24,763	4,604	20,159
28,752	Environmental and Planning Services		42,001	9,413	32,588
13,423	Education Services		278,654	232,754	45,900
23,967	Social Care - Children		24,358	1,395	22,963
28,818	Highways, Roads and Transport		45,120	10,215	34,905
(15,844)	Local Authority Housing (HRA)		76,185	58,878	17,307
6,944	Other Housing Services		109,937	103,607	6,330
56,123	Social Care – Adults		92,309	27,929	64,380
4,669	Corporate and Democratic Core		5,410	4	5,406
20,827	Non-distributed costs		56,645	35,727	20,918
1,942	Exceptional Items*		4,557	0	4,557
190,379	<b>Net Cost of Continuing Services</b>		775,414	492,427	282,987
362	(Profit)/Loss on disposal of fixed assets				(2,754)
345	Parish Council Precepts	4			370
874	(Surplus)/Deficit on trading undertakings not included in net cost of services	1,12 & 18			(619)
20,199	Interest payable and similar charges				20,257
6,662	Contribution of Housing capital receipts to Government Pool				2,364
(5,116)	Interest and Investment Income	5			(5,967)
(3,100)	Pensions interest cost and expected return on pensions assets				6,000
210,605	<b>Net Operating Expenditure</b>				302,638
(94,376)	Demand on the Collection Fund				(95,347)
(17,418)	General Government Grants				(42,347)
(93,077)	Non-domestic rates distribution				(105,033)
<b>5,734</b>	<b>Deficit/(Surplus) for the year</b>				<b>59,911</b>

\* Equal Pay settlements and provisions (£2,840,000) and Impairment of Investment (£1,717,000)

## Statement of Movement on the General Fund Balance

<b>2007/08</b> <b>£000s</b>		<b>2008/09</b> <b>£000s</b>
5,734	(Surplus)/Deficit for the year on the Income and Expenditure Account	59,911
(6,916)	Net additional amount required by statute and non-statutory proper practices to be debited and credited to the General Fund Balances for the year	(59,884)
(1,182)	(Increase)/Decrease in General Fund Balance for the year	27
(7,879)	General Fund Balance brought forward	(7,742)
1,319	Transfer of Markets Bridging Fund to General Fund	0
(7,742)	General Fund Balance carried forward	(7,715)
0	Amount of the General Fund Balance held by schools under Local Management schemes	0
(7,742)	Amount of General Fund Balance generally available for new expenditure	(7,715)

## Notes to the Accounts

2007/08 £000s		2008/09	
		£000s	£000s
	<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year.</b>		
(268)	Amortisation of intangible fixed assets	(323)	
(17,096)	Depreciation and impairment of fixed assets	(83,939)	
1,848	Government Grants Deferred amortisation	3,422	
(521)	Revenue expenditure funded by capital under statute	(812)	
(362)	Net loss on sale of fixed assets	2,757	
(112)	Financial Instruments Adjustment Account	121	
(8,300)	Net charges made for retirement benefits in accordance with FRS17	(8,500)	
(24,811)			(87,274)
<b>2.</b>	<b>Amounts not included in the Income and Expenditure account but required to be included by statute when determining the Movement on the General Fund Balance for the year.</b>		
7,431	Minimum revenue provision for capital financing	8,737	
7,275	Capital expenditure charged in-year to the General Fund Balance	14,908	
(6,662)	Transfer from usable capital receipts to meet payments to the Housing Capital Receipts Pool	(2,364)	
8,044			21,281
<b>3.</b>	<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year.</b>		
(2,601)	Housing Revenue Account balance	(6,685)	
798	Voluntary revenue provision for capital financing	535	
11,654	Net transfer to or from earmarked reserves	12,259	
9,851			6,109
(6,916)	Net additional amount required to be credited to the General Fund Balance for the year		(59,884)

## Statement of Total Recognised Gains and Losses

<b>2007/08</b> <b>£000s</b>		<b>2008/09</b> <b>£000s</b>
5,734	(Surplus)/Deficit for the year on the Income and Expenditure Account	59,911
(16,142)	(Surplus)/Deficit arising on revaluation of fixed assets	(59,660)
(358)	(Surplus)/Deficit arising on revaluation of available-for-sale Financial Assets	139
(36,000)	Actuarial (gains)/losses on pension fund assets and liabilities	80,500
0	Transfer of Schools	6,310
0	Collection Fund	1,200
0	Prior Year Adjustment	(154)
(50)	Financing adjustments	0
(46,816)	Total recognised (gains)/losses for the year	88,246

	<b>£000s</b>
Assets less Liabilities 31 March 2009	579,365
Assets less Liabilities 31 March 2008	667,611
	88,246

## Balance Sheet

31 March 2008 £000s		Notes	31 March 2009	
			£000s	£000s
	<b>Fixed Assets</b>			
1,202	Intangible Fixed Assets	19	1,803	
	<b>Tangible Fixed Assets</b>			
	Operational Assets			
667,515	Council Dwellings		640,339	
356,973	Other land and buildings		398,058	
19,350	Vehicles, plant, furniture and equipment		24,100	
78,958	Infrastructure Assets		87,841	
7,693	Community Assets		7,034	
	<b>Non-operational Assets:</b>			
83,769	Investment properties		75,434	
70	Assets under construction		821	
<b>1,215,530</b>	<b>Total Fixed Assets</b>			<b>1,235,430</b>
17,595	Long-term investments	20		18,456
11,157	Long-term debtors	21		10,663
<b>1,244,282</b>	<b>Total Long Term Assets</b>			<b>1,264,549</b>
	<b>Current Assets</b>			
938	Stocks and work in progress	22		797
42,772	Debtors	23		37,534
2,769	Prepayments			3,389
43,400	Investments			22,415
6,567	Cash and Bank			7,165
<b>1,340,728</b>	<b>Total Assets</b>			<b>1,335,849</b>
	<b>Current Liabilities</b>			
(8,128)	Short-term borrowing			(16,027)
(79,111)	Creditors	24		(70,908)
(6,482)	Bank overdraft			(5,182)
<b>1,247,007</b>	<b>Total Assets Less Current Liabilities</b>			<b>1,243,732</b>
	<b>Long-term Liabilities</b>			
(388,736)	Long-term borrowing	25		(371,017)
(14,839)	Provisions	27		(16,583)
(75,433)	Capital Grants Deferred	29		(87,530)
(2,164)	Capital Grants Unapplied	28		(2,792)
(12,624)	Deferred Liabilities	26		(11,845)
(85,600)	Liability related to defined benefit pension scheme	8		(174,600)
<b>667,611</b>	<b>Total Assets Less Liabilities</b>			<b>579,365</b>
	<b>Represented by:</b>			
677,860	Capital Adjustment Account	32		619,060
(112)	Financial Instruments Adjustment Account	34		9
12,458	Revaluation Reserve	31		70,211
358	Available-for-sale Financial Instruments Reserve	33		219
10,458	Usable Capital Receipts Reserve	30		7,971
(85,600)	Pensions Reserve	8		(174,600)
15	Major Repairs Reserve	35		0
52,174	Fund Balances and Reserves	35		56,495
<b>667,611</b>				<b>579,365</b>

## Cash Flow Statement

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

<b>(Note 41)</b>	<b>31 March 2009</b>		<b>31 March 2008</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Revenue Activities</b>				
<b>Cash Outflows</b>				
Cash paid to and on behalf of employees	302.1		294.0	
Other Operating Expenditure	327.1		308.9	
Housing Benefit Paid Out	36.6		32.9	
National non-domestic rate payments to pool	78.7		74.6	
Precepts Paid from Collection Fund	14.4	758.9	13.4	723.8
<b>Cash Inflows</b>				
Rents (after rebates)	(27.3)		(26.3)	
Council Tax/Community Charge Receipts	(91.5)		(90.9)	
Non-Domestic Rates from pool	(105.0)		(93.1)	
Non-Domestic Rates collected	(78.6)		(73.3)	
Revenue Support Grant	(14.6)		(15.6)	
Grants for Council Tax and Housing Benefits	(87.9)		(83.8)	
Other Grants and Contributions	(300.2)		(286.0)	
Cash Received for Goods, Services Etc	(104.5)	(809.6)	(90.7)	(759.7)
		(50.7)		(35.9)
<b>Returns on Investments &amp; Servicing of Finance</b>				
<b>Cash Outflows</b>				
Expenditure - Interest Paid		19.2		19.5
<b>Cash Inflows</b>				
Income - Interest and Dividends Received		(4.6)		(4.6)
<b>Revenue Cash Outflow / (Inflow)</b>		<b>(36.1)</b>		<b>(21.0)</b>
<b>Capital Activities</b>				
<b>Cash Outflows</b>				
Purchase of Fixed Assets	67.0		82.7	
Revenue Expenditure Capitalised Under Statute	12.3		12.2	
Intangible Assets	0.9		0.3	
Remittance to ODPM	2.2	82.4	6.6	101.8
<b>Cash Inflows</b>				
Capital Receipts	(7.4)		(13.3)	
Capital Grants Received	(26.2)		(31.0)	
Capital Contribution	(0.5)		(0.4)	
Other Capital Cash	(4.9)	(39.0)	(26.5)	(71.2)
<b>Net Cash( inflow) / outflow before financing</b>		<b>7.3</b>		<b>9.6</b>
<b>Management of Liquid Resources</b>				
Net increase /(decrease) in short term deposits		(20.0)		8.9
<b>Financing</b>				
<b>Cash Outflows</b>				
Repayment of Amounts Borrowed		209.8		233.2
<b>Cash Inflows</b>				
New Loans Raised		(199.0)		(253.1)
<b>INCREASE IN CASH</b>		<b>(1.9)</b>		<b>(1.4)</b>



## Notes to the Core Statements

### 1. Markets (Surplus)/Deficit

The Authority operates off-street markets at Bolton, Westhoughton, Horwich and Farnworth.

The financial results of these operations are as follows:

	<b>2008/09</b> <b>£000s</b>	<b>2007/08</b> <b>£000s</b>
Income	(1,667)	(1,677)
Expenditure	1,864	1,876
<b>(Surplus)/Deficit for Year</b>	<b>197</b>	<b>199</b>

### 2. Section 137 Expenditure

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not-for-profit bodies providing a public service in the United Kingdom and mayoral appeals. The Council incurred no expenditure under this power in 2008/09.

### 3. Publicity Memorandum Account

Section 5 of the Local Government Act 1986 requires Local Authorities to identify expenditure on publicity:

	<b>2008/09</b> <b>£000s</b>	<b>2007/08</b> <b>£000s</b>
Recruitment Advertising	924	787
Other Publicity	138	226
Other Advertising	512	528
<b>Total</b>	<b>1,574</b>	<b>1,541</b>

#### 4. Parish Precepts

The following Parish Precept demands were made:

Parish	2008/09 £000s	2007/08 £000s
Blackrod	36	31
Horwich	198	178
Westhoughton	136	136
<b>Total</b>	<b>370</b>	<b>345</b>

#### 5. Interest and Dividend

The following is an analysis of the dividend and interest received:

	2008/09 £000s	2007/08 £000s
Manchester Airport Dividend	1,300	1,250
Interest	4,667	3,866
<b>Total</b>	<b>5,967</b>	<b>5,116</b>

## 6. Local Authority (Goods and Services) Act 1970

Under the Local Authority (Goods and Services) Act 1970 a local authority may supply goods and services to other local authorities or public bodies. In 2008/09 the major areas of activity under this power were:

	2008/09 £000s	2007/08 £000s
Building Control Partnership	1	5
Payroll / Personnel/ Committee Services	48	12
Disabled Tele-communication Support	99	49
Neighbourhood Dispute Service	69	51
Financial Services	75	79
Environmental Services	3,465	782
Regional Lettings Service Development	226	38
Domestic Violence Training	37	8
Magistrates Court Accommodation	85	79
Housing Health and Safety	2	0
Housing for Bolton	4	0
Information Sharing Officer	1	0
Technical Goods and Services	20	0
<b>Total</b>	<b>4,132</b>	<b>1,103</b>

## 7. Leasing Information

In 2008/09 the value of leasing arrangements was as follows:

	Finance £000s	Operational £000s
Rental Paid to Lessor in 2008/09	63	18
Estimated Commitment Outstanding at 31st March 2009	71	0

The only leases generated by the Council relate to land and property. In 2008/09 £1.4m rental income was generated from premises with a net book value of £57m.

The Council has acquired equipment under operating lease arrangements. Whilst the lease expires in 2009/10, there are no further lease payments due under the agreement.

**Assets held under Finance Leases**

The Authority has a finance lease relating to a classroom.

	<b>Gross Book Value £000s</b>	<b>Accumulated Depreciation to 31 March 2008 £000s</b>	<b>Depreciation in the year £000s</b>	<b>Net Book Value £000s</b>
Classroom	159	(53)	(52)	54

Future amounts payable:

	<b>£000s</b>
Obligations payable in 2009/10	63
Obligations payable between 2010/11 and 2013/14	8
Obligations payable after 2013/14	0
<b>Total</b>	<b>71</b>

**8. Pensions Contributions****Participation in pension schemes**

As part of the terms and conditions of employment 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 needs to be disclosed at the time that the employees earn their future entitlement.

The Authority participates in two pension schemes:

The Local Government Pension Scheme administered locally by Thameside Metropolitan Borough Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Teachers Pensions Scheme – see note 9

**Change of accounting policy**

Under the 2008 SORP the Council has adopted the amendment to FRS17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets has reduced by £2.3m. Current and prior year surpluses have been unaffected by this change.

**Transactions relating to retirement benefits**

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge the Council is required to make against the

Council tax is based on cash payable in the year, so the reported cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	<b>2008/09</b> <b>£000s</b>	<b>2007/08</b> <b>£000s</b>
<b>Income and Expenditure Account</b>		
<b>Net Cost of Services</b>		
current service cost	17,100	22,600
past service costs	7,400	2,100
curtailments and settlements	1,400	5,500
<b>Net operating Expenditure</b>		
interest cost	46,400	40,100
expected return on scheme assets	(40,400)	(43,200)
<b>Net Charge to the Income and Expenditure Account</b>	<b>31,900</b>	<b>27,100</b>
<b>Statement of Movement in the General Fund Balance</b>		
reversal of net charges made for retirement benefits in accordance with FRS17	(31,900)	(27,100)
actual amounts charged against the General Fund Balance for pensions in the year:		
<b>Employers' contributions payable to the scheme</b>		
current service cost	20,400	16,200
past service costs	3,000	2,600
<b>Total</b>	<b>23,400</b>	<b>18,800</b>

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £80.5m loss in 2008/09 (£36.0m gain in 2007/08) 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 £113.5m.

**Assets and liabilities in relation to retirement benefits**

Reconciliation of present value of the scheme liabilities:

	<b>2008/2009</b> <b>£000s</b>	<b>2007/2008</b> <b>£000s</b>
1 April	667,500	736,400
Current service cost	17,100	22,600
Interest cost	46,400	40,100
Contribution by scheme participants	9,200	7,600
Actuarial gains and losses	(60,300)	(121,700)
Benefits paid	(25,500)	(25,100)
Past service costs	7,400	2,100
Curtailments	1,400	5,500
<b>31 March</b>	<b>663,200</b>	<b>667,500</b>

Reconciliation of fair value of the scheme assets:

	<b>2008/2009</b> <b>£000s</b>	<b>2007/2008</b> <b>£000s</b>
1 April	581,900	623,100
Expected rate of return	40,400	43,200
Actuarial gains and losses	(140,800)	(85,700)
Employers' contributions	23,400	18,800
Contributions by scheme participants	9,200	7,600
Benefits paid	(25,500)	(25,100)
<b>31 March</b>	<b>488,600</b>	<b>581,900</b>

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 £98.5m in 2008/09 (£23.1m in 2007/08).

	<b>2008/09</b>	<b>2007/08*</b>	<b>2006/07*</b>	<b>2005/06*</b>	<b>2004/05*</b>
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	(663,200)	(667,500)	(736,400)	(728,800)	(599,400)
Fair value of assets in the Local Government Pension Scheme	488,600	581,900	623,100	576,900	468,100
<b>Surplus/(deficit) in the scheme:</b>					
Local Government Pension Scheme	(174,600)	(85,600)	(113,300)	(151,900)	(131,300)

\* The Council has elected not to restate fair value for scheme assets for prior years. The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £174.6m has a substantial impact on the net worth of the Authority as recorded in the balance sheet. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2010 is £19.9m.

### **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 Greater Manchester Pension Scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2007.

The principal assumptions used by the actuary have been:

	<b>2008/09</b>	<b>2007/08</b>
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.0%	7.7%
Bonds	5.4%	5.7%
Property	4.9%	5.7%
Cash	4.0%	4.8%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	19.6	19.6
Women	22.5	22.5
Longevity at 65 for future pensioners:		
Men	20.7	20.7
Women	23.6	23.6
Rate of inflation	3.1%	3.6%
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions	3.1%	3.6%
Rate for discounting scheme liabilities	6.9%	6.9%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2009	31 March 2008
	%	%
Equity investments	67	63
Bonds	16	19
Other assets	17	18
	<b>100</b>	<b>100</b>

### History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities an 31 March 2009:

	2008/09	2007/08	2006/07	2005/06	2004/05
	%	%	%	%	%
Differences between the expected and actual return on assets (investments)	(28.82)	(14.73)	0.61	12.81	4.59
Experience gains and losses on liabilities (pensions)	0.66	(0.22)	0.04	0.41	4.22

## 9. Teachers Pensions

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by Capita. It provides teachers with defined benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salary.

	2008/09	2007/08
Percentage contributed (%)	14.1	14.1
Amount contributed (£000s)	12,637	12,351

With regard to the Teachers Pension Scheme, there were contributions of £1,706,605.29 remaining payable at the year end.

The scheme is a defined benefit scheme. Although the scheme is unfunded, Capita uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.



The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability described in note 8.

## 10. Transactions with Related Parties

Related parties are individuals or organisations which have the potential to control or influence the Council or be controlled or influenced by the Council, or are subject to common control.

**Central Government** has effective control over local authorities as Councils are incapable of acting without statutory authority. Details of transactions with government departments are set out in the Cash Flow Statement whilst debtors and creditors are disclosed in the relevant note to the Balance Sheet.

**Members of the Council** determine Council policy.

A member has a private interest with regards Social Care provision. The Council places individual contracts as required and made payments to this organisation amounting to £219,363 in 2008/09 to meet the Council's obligations with regards supported residents

**Chief Officers of the Council** are the principal policy advisors and executives.

**Bolton at Home Ltd** is the Council's wholly owned arms length housing management and regeneration company. Full details of transactions with that company are explained in the Group Accounts Statement.

A Register of Members Interests is maintained and is available for public inspection by contacting the Members Services Officer (01204 331035). Details of payments to members are also available by contacting the Members Services Officer.

<b>Contributions, Grants &amp; Other Receipts</b>		<b>2008/09</b>	<b>2007/08</b>
<b>Related Party</b>	<b>Description of Transaction</b>	<b>£000s</b>	<b>£000s</b>
Other Local Authorities	Educational Services	1,076	1,052
	Social Services	1,052	1,734
	Environmental Services	0	87
	Magistrates share of debt charges	223	223
	Children's Social Care	70	102
Health Authority	Joint Working Arrangements	14,644	10,491
	Children's Social Care	241	188
Levies from Authorities Housing	Coroner	1,045	911
	UK Border Agency	328	0
<b>Sub Total re: Income Rec'd from 3<sup>rd</sup> Parties</b>		<b>18,679</b>	<b>14,788</b>

<b>Payments Made</b>		<b>2008/09</b>	<b>2007/08</b>
<b>Related Party</b>	<b>Description of Transaction</b>	<b>£000s</b>	<b>£000s</b>
Other Local Authorities	Educational Services	356	861
	Environmental Services	0	1,779
Members	Magistrates share of debt charges	101	90
	Children's Social Care	220	269
	Allowances	836	794
Precepting Authorities	Police, Fire & Civil Defence	16,411	14,530
Primary Care Trust	Parishes	370	345
	Speech Therapy	114	94
Levies from Authorities	Transport Board Levy	16,231	15,845
	Waste Disposal Authority	11,161	9,841
	Land Drainage Precept	124	121
	S48	364	368
	Urban Traffic Control	0	0
	NW Regional Chamber	9	9
	AGMA Secretariat	216	178
	<b>Total re: Payments Made</b>		<b>46,513</b>

## 11. Remuneration of Employees

In 2008/09 the numbers of employees earning more than £50,000 were as follows:

	<b>Teachers</b>		<b>Other Staff</b>	
	<b>2008/09</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2007/08</b>
£50,000 - £59,999	96	64	47	29
£60,000 - £69,999	17	15	7	14
£70,000 - £79,999	7	4	13	12
£80,000 - £89,999	3	2	6	5
£90,000 - £99,999	0	1	0	4
£100,000-£109,999	0	0	2	2
£110,000-£119,999	0	0	4	0
£120,000-£129,999	0	0	2	2
£130,000-£139,999	0	0	0	0
£140,000-£149,999	0	0	0	0
£150,000-£159,999	0	0	0	1
£160,000-£169,999	0	0	1	0

## 12. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

<b>Building Control Trading Account</b>						
	<b>Chargeable £000s</b>		<b>Non Chargeable £000s</b>		<b>Total Building Control £000s</b>	
	<b>2008/09</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2007/08</b>
<b>Expenditure:</b>						
Employee Expenses	413	476	324	266	737	742
Premises	1	24	0	22	1	46
Transport	20	20	16	6	36	26
Supplies & Services	67	42	(82)	(93)	(15)	(51)
Central & Support Service Charges	102	81	80	73	182	154
<b>Total Expenditure</b>	<b>603</b>	<b>643</b>	<b>338</b>	<b>274</b>	<b>941</b>	<b>917</b>
<b>Income:</b>						
Building Regulation Charges	573	709	0	0	573	709
Miscellaneous Income	2	0	32	30	34	30
<b>Total Income</b>	<b>575</b>	<b>709</b>	<b>32</b>	<b>30</b>	<b>607</b>	<b>739</b>
<b>(Surplus) / Deficit for Year</b>	<b>28</b>	<b>(66)</b>	<b>306</b>	<b>244</b>	<b>334</b>	<b>178</b>

## 13. Amounts Charged for External Loan Finance

The following summarises the movements in the year in respect of the Loans Fund:

	<b>2008/09 £000s</b>	<b>2007/08 £000s</b>
Balance at Beginning of Year	455,864	419,441
Advances in Year	21,378	44,170
<b>Repayments in Year:</b>		
General Fund	7,796	7,327
HRA	0	0
Capital	313	284
Repayments by 3rd parties	941	136
<b>Balance at End of Year</b>	<b>468,192</b>	<b>455,864</b>

## 14. Audit Fees

The following summarises the audit fees payable:

	2008/09 £000s	2007/08 £000s
Fees payable with regard to external audit services carried out by the appointed auditor under the Audit Commission Code of Practice in accordance with Section 5 of the Audit Commission Act 1998: To KPMG	276	268
Fees payable to the Audit Commission in respect of statutory inspection under Section 10 of the Local Government Act 1989	20	126
Fees payable with regard for the certification of grant claims and returns, by the appointed auditor under Section 28 of the Audit Commission Act 1998: To KPMG	90	93
Fees payable in respect of any other services provided by the appointed auditor:		
KPMG	3	24
Audit Commission	3	0

The fees paid to KPMG in respect of services include an estimate of £20,000 in relation to an elector's objection to the 2007/2008 accounts.

## 15. Pooled Budgets

Adult and Community Services have one formal pooled budget arrangement. Formal arrangements are in place using section 75 of the Health Act (2006):

- **Lead Commissioning and Pooled Budget Arrangements for an Integrated Equipment Service** – this is an equipment store that is provided by Adult and Community Services on behalf of the PCT and Children's Services. It is a borough-wide service.

Details are shown below:

<b>Integrated Community Equipment Store to support vulnerable people</b>		
	<b>2008/09</b>	<b>2007/08</b>
	<b>£000s</b>	<b>£000s</b>
<b>Income:</b>		
Bolton Primary Care Trust Funding	(444)	(407)
Bolton MBC	(924)	(851)
<b>Expenditure:</b>		
Employees	314	260
Premises	152	134
IT	4	6
Transport	49	42
Equipment	849	816
<b>Net (Underspend)/Overspend</b>	<b>0</b>	<b>0</b>

## 16. General Grants

The grants included in this heading are:

<b>Grant</b>	<b>2008/09</b>	<b>2007/08</b>
	<b>£000s</b>	<b>£000s</b>
Revenue Support Grant	14,621	15,620
Performance Reward Grant	2,094	0
Area Based Grant	23,003	0
Local Authority Business Growth Incentive Grant (LAGBI)	0	1,798
<b>Total</b>	<b>39,718</b>	<b>17,418</b>

Revenue Support Grant (RSG) is a formula based grant allocated by Government.

Performance Reward Grant is allocated by Government in recognition of achievement of agreed targets.

From 2008/09 financial year Local Area Agreement Grant has been replaced by Area Based Grant (ABG). ABG is a non-ringfenced general grant, no conditions on use is imposed as part of the grant determination ensuring full local control over how funding can be used. The Council allocates ABG in consultation with partners to meet the objectives contained in the Bolton Plan and the Community Partnership "Vision" document.

## 17. Business Improvement District

These accounts represent the transactions of the Business improvement district (BID) and are made under the Business Improvement Districts (England) Regulations 2004 schedule 3. This is a scheme under the Local Government Act 2003 whereby non-domestic ratepayers in the area concerned elect via a ballot to pay a supplementary rate to be used for the purpose of making various improvements in the area. This is administered by the Industrial Estate Partnership Business Improvement District Limited (IEP Bid Ltd, a partnership between Bolton MBC and the businesses in the BID area) to whom the Council make payments based on estimates of the amounts to be collected from the supplementary rate. The costs of administering collection are shown in a separate account for the purposes of clarity. The accounts have been prepared on the accruals basis.

### BID Income and Expenditure Account

	2008/09 £000s	2007/08 £000s
<b>Income</b>		
BID levy	389	374
<b>Expenditure</b>		
Payments to IEP BID Ltd	403	357
Provision for bad debt	10	5
Write Offs	4	
	417	362
Surplus/(Deficit) for the Year	(28)	12
Surplus at Beginning of Year	36	24
<b>Surplus at End of Year</b>	<b>8</b>	<b>36</b>

**BID cost of collection Income and Expenditure Account**

	2008/09 £000s	2007/08 £000s
<b>Income</b>		
BID Admin costs invoiced to IEP BID Ltd	10	10
Recovery costs raised	4	8
	14	18
<b>Expenditure</b>		
Staffing	11	14
BID Software/Maintenance	2	2
Provision for bad debt	1	2
	14	18

**18. Trading Account Statements****Summary Revenue Account**

Under the Best Value Accounting Code of Practice the Council operates a number of Trading Accounts:

Activity	2008/09			2007/08
	Income £000s	Expenditure £000s	(Surplus) / Deficit £000s	(Surplus) / Deficit £000s
Special Needs Transport	4,393	4,390	(3)	0
Security & Response	1,860	1,869	9	(113)
Schools and Welfare Catering	7,009	7,170	161	191
Fleet Management	9,322	8,327	(995)	419
Building Cleaning	3,898	3,859	(39)	78
Legal	1,844	1,867	23	100
<b>(Surplus) Deficit</b>	<b>28,326</b>	<b>27,482</b>	<b>(844)</b>	<b>675</b>

## 19. Fixed Assets

### 19.1 Bases of Valuation

- **Council Dwellings**

Council Dwellings have been valued using the Existing Use Value – Social Housing (EUV-SH) in accordance with the government's guidance.

Housing Revenue Account properties were valued by the North West District Valuer.

- **Operational Property**

Is valued by qualified valuers employed by the Authority.

- **Non-Operational Property**

Is included at market value as assessed by qualified valuers.

Valuations for Operational and Non-Operational Property other than Housing Revenue Account were provided by the Authority's in-house valuers led by P.Marsh M.R.I.C.S. – Assistant Director of Corporate Resources (Corporate Property). The Council's interest in land held by the 10 district Council around the Airport is based on a value obtained by Manchester City Council.

Revaluations of these assets are undertaken within a five-year rolling programme, although material changes to asset valuations will be adjusted in the interim period as they occur.

- **Leased Assets**

The value of assets acquired under finance leases is included in the balance sheet under Vehicles, Plant & Equipment.

- **Vehicles, Plant & Equipment**

Are shown on a depreciated historic cost basis except for finance leased assets which are valued on the basis of outstanding rentals due.

**For fixed assets carried at current value capital expenditure incurred in the year of account is capitalised, thus adding to the asset's valuation until the next professional valuation.**



## 19.2 Movements in Fixed Assets

	<b>Council Dwellings</b>	<b>Operational Property</b>	<b>Community Assets</b>	<b>Infrastructure</b>	<b>Vehicles, Plant etc</b>	<b>Non-operational Property</b>	<b>Intangible Assets</b>	<b>Work in Progress</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Cost or Valuation</b>									
Opening Balance	681,756	390,367	7,693	86,441	32,093	83,770	1,633	70	1,283,823
Additions	24,918	18,843	626	12,325	9,587	226	895	751	68,171
Disposals	(2,387)	(340)	0	0	(12)	(1,610)	0	0	(4,349)
Reclassification/other	52	(11,420)	168	0	(2,695)	1,160	29	0	(12,706)
Revaluations	(14,495)	37,461	184	0	0	5,426	0	0	28,576
<b>Balance at 31 March 2009</b>	<b>689,844</b>	<b>434,911</b>	<b>8,671</b>	<b>98,766</b>	<b>38,973</b>	<b>88,972</b>	<b>2,557</b>	<b>821</b>	<b>1,363,515</b>
<b>Depreciation and Impairments</b>									
Opening Balance	(14,240)	(33,394)	0	(7,484)	(12,743)	(1)	(431)	0	(68,293)
Charge in year:									
Depreciation	(14,016)	(8,101)	0	(3,441)	(4,542)	1	(323)		(30,422)
Impairment	(35,744)	(21,831)	(1,637)	0	(142)	(13,538)	0		(72,892)
Disposals	0	11	0	0	7	0	0		18
Reclassification/other	0	1,461	0	0	2,547	0	0		4,008
Revaluations	14,495	25,001	0	0	0	0	0		39,496
<b>Balance at 31 March 2009</b>	<b>(49,505)</b>	<b>(36,853)</b>	<b>(1,637)</b>	<b>(10,925)</b>	<b>(14,873)</b>	<b>(13,538)</b>	<b>(754)</b>	<b>0</b>	<b>(128,085)</b>
<b>Closing Net Book Value</b>	<b>640,339</b>	<b>398,058</b>	<b>7,034</b>	<b>87,841</b>	<b>24,100</b>	<b>75,434</b>	<b>1,803</b>	<b>821</b>	<b>1,235,430</b>
<b>Opening Net Book Value</b>	<b>667,516</b>	<b>356,973</b>	<b>7,693</b>	<b>78,957</b>	<b>19,350</b>	<b>83,769</b>	<b>1,202</b>	<b>70</b>	<b>1,215,530</b>

### 19.3 Impairment

Where assets have been subject to "impairment" i.e. a one-off loss of value not reflected in depreciation (e.g. fire damage), that loss of value should be charged to revenue in the year in which the loss occurred following similar entries to those for depreciation.

### 19.4 Sources of Finance for Capital Expenditure on Fixed Assets

The sources of finance for capital expenditure on fixed assets during the year are shown below:

Source of Finance	Fixed Assets		Revenue funded by Capital		Intangible Assets		Total	
	2008/09 £000s	2007/08 £000s	2008/09 £000s	2007/08 £000s	2008/09 £000s	2007/08 £000s	2008/09 £000s	2007/08 £000s
Loans	18,087	42,041	3,292	2,129	0	0	21,379	44,170
Capital Receipts	6,286	6,984	975	492	20	147	7,281	7,623
Grants	16,650	19,779	7,953	10,387	778	215	25,381	30,381
Revenue (includes Major Repairs Allowance)	24,941	20,717	8	15	99	0	25,048	20,732
Reserves	547	285	150	41	0	0	697	326
External Financing	464	505	0	64	0	0	464	569
Changes in creditors and under financing	301	(3,798)	(594)	49	(3)	(46)	(296)	(3,795)
<b>Total Capital Expenditure</b>	<b>67,276</b>	<b>86,513</b>	<b>11,784</b>	<b>13,177</b>	<b>894</b>	<b>316</b>	<b>79,954</b>	<b>100,006</b>

## 19.5 Profile of Fixed Assets Held

An analysis of major fixed assets as at 31 March 2009 is given below (previous years' figures are in brackets):

### Land and Buildings

#### Children's Services

162 (173)	Schools Buildings
16 (16)	Pupil Referral Units

#### Adult Services

4 (4)	Museums
12 (12)	Leisure Centres
13 (13)	Libraries
13 (13)	Social Care residential homes & day centres
1 (1)	Workshops
4 (4)	Offices
8 (8)	Community Centres
1 (1)	Houses and Bungalows

#### Environmental Services

146 (180)	Operational land
417 (427)	Non-operational land
33 (45)	Community Assets
1 (1)	Market Hall & Car Park
3 (3)	Outdistrict Markets
11 (13)	Public Conveniences
7 (5)	Depots
2 (2)	Supported employment sites
31 (35)	Cemeteries/ Crematoria
22 (90)	Parks/Open spaces

#### Corporate Resources

368 (369)	Non-operational sites
24 (12)	Admin Buildings
14 (14)	Farms
58 (58)	Commercial
23 (20)	Land/Buildings awaiting disposal
5 (5)	Other Buildings
113 (113)	Garage Sites
393 (394)	Residential Ground Rents
290 (290)	Commercial Ground Rents
210 (211)	Industrial Ground Rents
19 (19)	Garden Ground Rents
10 (10)	Investment Estate
5 (5)	Offices
1 (1)	Community Centre
1 (1)	Quarry
5 (6)	Residential

### Development and Regeneration

1 (1)	Non-Operational Land
1 (1)	Non-Operational Buildings
1 (1)	Office Accommodation
1 (1)	Commercial Property
72 (72)	Industrial Units

### Council Dwellings

H.R.A.	
12,157 (12,216)	Houses/bungalows
6,064 (6,080)	Flats (including maisonettes)

### Infrastructure

Environmental Services	
101km (101km)	Principal Roads
95km (95km)	Classified Non-principal roads
766km (766km)	Unclassified roads

### Vehicles/Plant/Furniture & Equipment

Various Items

## 20. Long Term Investments

The following table identifies the long-term investments held as at 31 March 2009:

Investment – Shares	31 March 2009 £000s	31 March 2008 £000s
Manchester Airport Group PLC	10,214	10,214
J.P. Morgan	242	381
Banks and other financial institutions	8,000	7,000
<b>Total</b>	<b>18,456</b>	<b>17,595</b>

The Council holds shareholdings in the above companies. In all cases there is no material trading relationship between the company and the Council.

- 10,214,000 fully paid £1 ordinary shares in Manchester Airport Group PLC. This represents 5% of the issued share capital. The company owns and develops the International Airport. In the year the Council received dividends of £1,300,000. The company's most recent draft accounts for the year ending 31 March 2009 indicated the company had net assets of £788.5m (£938.2m the previous year) and made a loss of £100.9m after taxation (£80.8m profit in the previous year).

Further information and details of the Manchester Airport Group PLC financial statements may be obtained from the Company Secretary, Manchester Airport Group PLC, Manchester M90 1QX

- J.P. Morgan are investments held for the benefit of the Maintenance of Graves in Perpetuity account which was previously a Trust Fund.
- In the course of Treasury Management activities, the Authority can make investments up to a maximum term of 3 years.

## 21. Long Term Debtors

	<b>31 March 2009</b> <b>£000s</b>	<b>31 March 2008</b> <b>£000s</b>
Advances to Manchester Airport PLC	8,163	8,476
Mortgages	28	42
Turton School Governors	0	5
Tennis Arena Trust	566	653
Industrial Loans	100	100
Former Magistrates Authorities (10 Greater Manchester Districts)	1,806	1,881
<b>Total</b>	<b>10,663</b>	<b>11,157</b>

## 22. Stocks

	<b>31 March 2009</b> <b>£000s</b>	<b>31 March 2008</b> <b>£000s</b>
Stocks	797	938
	<b>797</b>	<b>938</b>

## 23. Debtors

The debtors can be analysed as follows:

	<b>31 March 2009 £000s</b>	<b>31 March 2008 £000s</b>
Council Tax etc	6,880	8,113
Business Rates	4,515	3,711
Council House Rents	1,724	2,062
Central Government and Other Non- Departmental Government Bodies	10,884	4,303
H M Customs & Excise / Inland Revenue	3,371	5,659
Mortgages	14	16
Other Local Authorities	926	779
Car Purchase Schemes	110	123
Sundry Debtors	17,799	24,507
Capital Debtors	2,698	2,372
<b>Sub Total</b>	<b>48,921</b>	<b>51,645</b>
Less: Provision for Bad Debts	(11,387)	(8,873)
<b>Total</b>	<b>37,534</b>	<b>42,772</b>

## 24. Creditors

The outstanding creditors on 31 March in the respective years are:

	<b>31 March 2009 £000s</b>	<b>31 March 2008 £000s</b>
Tax and National Insurance	6,682	6,652
Superannuation	1,707	4,166
Other Local Authorities	847	231
Central Government Department	7,338	9,132
Capital Creditors	14,040	15,694
Treasury Management creditors	1,463	1,693
Developers Deposit accounts	485	427
Sundry Creditors	38,346	41,116
<b>Total</b>	<b>70,908</b>	<b>79,111</b>

## 25. Long Term Borrowing

Source of Loan	Interest Rates %	Total Outstanding 31 March	
		2008/09 £000s	2007/08 £000s
Public Works Loans Board	0.93 to 13.75	296,361	296,980
Bonds	4.50 to 12.125	72,250	90,250
Mortgages	3.33	1	1
<b>Total Borrowing</b>		<b>368,612</b>	<b>387,231</b>
Less: Due Within 12 Months on Demand		(42,311)	(618)
		<b>326,301</b>	<b>386,613</b>
An Analysis of Loans by Maturity at 31 March :-			
Amounts of Principal to be Repaid			
Within 1 year		42,311	618
In 1 to 2 Years		67,494	628
In 2 to 5 Years		5,931	3,618
In 5 to 10 Years		22,158	13,937
After 10 Years		230,718	368,430
		<b>368,612</b>	<b>387,231</b>

Summary of Long Term Debt	2008/09 £000s	2007/08 £000
Long Term Loans	368,612	387,231
Schools Leasing	53	106
Interest Rate Equalisation	780	628
Premiums on debt redemption	(1,017)	(1,142)
Discounts on debt redemption	2,589	1,913
	<b>371,017</b>	<b>388,736</b>

Bolton MBC External Loan Debt matures (fully repaid) as follows:

	2008/09 £000s	2007/08 £000s
Within 1 Year	41,731	30
1 - 2 Years	66,948	94
2 - 5 Years	4,863	2,614
5 - 10 Years	24,164	23,839
After 10 Years	230,906	360,654
<b>Total Borrowing</b>	<b>368,612</b>	<b>387,231</b>

**26. Deferred Liabilities**

	<b>Total Outstanding at 31 March</b>	
	<b>2008/09 £000s</b>	<b>2007/08 £000s</b>
Former G.M.C. Debt (i)	11,690	12,224
Former L.C.C. Debt (ii)	124	384
Other (iii)	31	16
<b>Total</b>	<b>11,845</b>	<b>12,624</b>

- (i) The Greater Manchester County Council (G.M.C.) ceased to exist on 31 March 1986. The debt associated with the fixed assets of G.M.C. passed to the successor Authorities with debt administration being managed by Tameside M.B.C. on behalf of those Authorities.
- (ii) The debt outstanding on those assets transferred from Lancashire County Council (L.C.C.) at the 1974 reorganisation continues to be administered by L.C.C. The debt charges paid to L.C.C. are treated as part of the service expenditure to which the assets relate.
- (iii) Other deferred liabilities arise solely from finance leases entered into by the Council.



## 27. Provisions

	<b>1 April 2008 £000s</b>	<b>Receipts in Year £000s</b>	<b>Payments in Year £000s</b>	<b>31 March 2009 £000s</b>
Self-Insurance – Liability and Fire (1)	12,874	4,851	5,664	12,061
Industrial Estates Dilapidation (2)	472	249	476	245
Other	77	0	65	12
Equal Pay	1,416	2,849	0	4,265
	<b>14,839</b>	<b>7,949</b>	<b>6,205</b>	<b>16,583</b>

### Notes

- (1) In accordance with FRS 12 the Insurance Liabilities at 31 March 2009 are estimated to be £12,061,000. An Insurance Reserve has been set up to hold any surplus or deficit on the Insurance Provision.
- (2) Leases on former Greater Manchester Council Industrial Estates are coming to an end and dilapidations payments are becoming due to landlords. Bolton acts as lead District for all such estates. These costs will ultimately be borne by the 10 districts in proportion to their population.
- (3) Under the Equal Pay Act 1970 as modified by the Equal Pay Act (Amendment) Regulations 2003 employees may lodge claims for compensation from their employer for failing to give equal pay for work of equal value. This provision has been made to cover the potential future costs of known Equal Pay claims.

## 28. Capital Grants Unapplied

These are capital grants that have not yet been used to finance capital expenditure.

	<b>2008/09</b> <b>£000s</b>	<b>2007/08</b> <b>£000s</b>
Balance at Beginning of Year	2,164	2,728
add:-		
Receipts in Year	26,655	31,028
less:-		
Applied During the Year:-		
Capital Financing	(213)	(12,914)
Revenue	(7,952)	0
Transfer to Deferred Grants A/c	(17,862)	(18,159)
Other Application	0	(519)
<b>Balance at End of Year</b>	<b>2,792</b>	<b>2,164</b>

## 29. Capital Grants Deferred

The balance on the account is written off to revenue over the life of the asset that the grant has been used to fund.

	<b>2008/09</b> <b>£000s</b>	<b>2007/08</b> <b>£000s</b>
Balance at Beginning of Year	75,433	58,707
Grants Received in Year	17,862	18,159
Depreciation Offset	(3,422)	(1,848)
Transfers to Other Accounts	(2,343)	415
<b>Balance at End of Year</b>	<b>87,530</b>	<b>75,433</b>

### 30. Usable Capital Receipts Reserve

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

	<b>2008/09</b> <b>£000s</b>	<b>2007/08</b> <b>£000s</b>
Balance of usable receipts at 1 April	(10,458)	(11,492)
Receipts in year	(7,372)	(13,634)
Capital Receipts applied in year	7,281	7,623
Pooling of Housing Capital Receipts	2,364	6,662
Capital Receipts used to repay external loans	0	0
Other Movements	214	383
<b>Balance of usable receipts at 31 March</b>	<b>(7,971)</b>	<b>(10,458)</b>

### 31. Revaluation Reserve

The Revaluation Reserve records the net gain from fixed asset revaluations made after 1 April 2007.

	<b>Total</b> <b>2008/09</b> <b>£000s</b>	<b>Total</b> <b>2007/08</b> <b>£000s</b>
Balance at 1 April	(12,458)	0
Revaluation of Fixed Assets	(68,073)	(16,142)
Disposal of Fixed Assets in Year	76	3,684
Impairments	9,119	0
Depreciation	1,125	0
<b>Balance at 31 March</b>	<b>(70,211)</b>	<b>(12,458)</b>

### 32. Capital Adjustment Account

The Capital Adjustment Account reflects the difference between the cost of fixed assets consumed and the financing set aside to pay for them. The account is not available to supplement spending programmes of the Council.

	<b>Total</b> <b>2008/09</b> <b>£000s</b>	<b>Total</b> <b>2007/08</b> <b>£000s</b>
Balance at 1 April	(677,860)	(680,231)
Non reserve transfers	60,707	2,421
Transactions with other reserves	(1,907)	(50)
<b>Balance at 31 March</b>	<b>(619,060)</b>	<b>(677,860)</b>

### 33. Available-for-sale Financial Instruments Reserve

This reserve has been created to accommodate movements in market values of “available-for-sale” financial assets so that unrealised gains or losses do not affect the Income and Expenditure account or resources available to the Council.

	<b>31 March 2009 £000s</b>	<b>31 March 2008 £000s</b>
Opening Balance	358	0
Movement in the year	(139)	358
<b>Closing Balance</b>	<b>219</b>	<b>358</b>

### 34. Financial Instruments Adjustment Account

#### 34.1 Financial Instruments Balances

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

	<b>Long Term</b>		<b>Current</b>	
	<b>31 March 2009 £000s</b>	<b>31 March 2008 £000s</b>	<b>31 March 2009 £000s</b>	<b>31 March 2008 £000s</b>
Financial liabilities at amortised cost	255,623		42,311	
Public Works Loans Board		297,133		618
Market Loans	73,030	90,878	0	0
<b>Total borrowings</b>	<b>328,653</b>	<b>388,011</b>	<b>42,311</b>	<b>618</b>
Loans and receivables	8,000	7,000	7,165	43,400
Available-for-sale financial assets (JP Morgan Trust)	242	381	0	0
Unquoted equity investments (Manchester Airport Group)	10,214	10,214	0	0
<b>Total income</b>	<b>18,456</b>	<b>17,595</b>	<b>7,165</b>	<b>43,400</b>

The Investment Trust holding is classified as “available for sale” and is valued at the price the Council could have realised for the holding at 31 March 2009 (i.e. fair value).

The shareholding in Manchester Airport Group is shown at historic cost because, although it is an equity investment, there is no established market for its shares.

In October two banks in which the Council had funds invested collapsed. The funds were £2m in Icelandic based Landsbanki and £4m in its UK based subsidiary Heritable. Internal and external audit investigations established the Council had appropriate investment controls in place and that proper procedures were followed. The Council has worked with other authorities through the local government association to achieve the maximum return of these monies. For the accounts the full

bad debt provision for Icelandic banks recommended by the Chartered Institute of Public Finance and Accountancy amounting to £1.7m has been made. £0.4m was from current income and £1.3m from the Insurance Fund.

Subsequently investment criteria have been further restricted acknowledging this will reduce future returns on investments. In response to uncertainty in the financial sector the Council has where possible reduced external borrowing by using internal funds, thereby foregoing investment interest. This strategy is financially beneficial given prevailing interest rates.

### 34.2 Financial Instruments Gains/Losses

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

	<b>Financial Liabilities</b>	<b>Financial Assets</b>			
	<b>Liabilities measured at amortised cost £000s</b>	<b>Loans and receivables £000s</b>	<b>Available-for-sale assets £000s</b>	<b>Equity investment £000s</b>	<b>Total £000s</b>
Interest expense	19,064				19,064
Interest income		3,812	17	1,300	5,129
Change on revaluation			139 Loss		139 Loss
Premiums - Gain* on Derecognition		286			286
Discounts Loss* on Derecognition		364			364

\* "Gain" or "Loss" in this context refers to the effect on the Balance Sheet as the amounts are charged to the Income and Expenditure Account Premiums constitute a charge to revenue whilst Discounts reduce the charge.

In March 2009 two debt restructuring exercises took place in both cases the replacement loans were seen as "modifications" under accounting rules. The discounts received are therefore reported as part of the loan value. As the replacement loans are for short periods (one and two years) the General Fund effect of the premiums has been apportioned over future years on a daily rate. The HRA effect has been spread over 10 years as required by Housing subsidy regulations.

### 34.3 Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans 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:

For loans from the PWLB premature repayment rates from the PWLB at 31 March 2009 have been applied to provide the fair value under PWLB debt redemption procedures and discount rates ranging from 2.93% to 4.15% for other loans payable

No early repayment is recognised, impairment has been provided separately within the Bad Debt Provision.

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.

The fair values calculated are as follows:

	31 March 2009		31 March 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
PWLB – Long Term	255,623	292,525	297,133	331,267
PWLB – Short Term	42,311	42,311	618	618
Bonds	73,030	79,123	90,878	98,280
Trade Creditors	38,346	38,346	41,116	41,116
Bank Overdrawn and short term borrowing	21,215	21,215	15,041	15,041
<b>Total Financial Liabilities</b>	<b>430,525</b>	<b>473,520</b>	<b>444,786</b>	<b>486,322</b>
Money Market Loans Less than One Year	7,165	7,165	43,400	43,400
Money Market Loans More than One Year	8,000	8,000	7,000	7,000
Trade Debtors	18,444	18,444	24,242	24,242
<b>Total Loans and Receivables</b>	<b>33,609</b>	<b>33,609</b>	<b>74,642</b>	<b>74,642</b>

The fair value of liabilities is higher than the carrying amount because the Authority's borrowing portfolio includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

The fair value of money market loans does not vary significantly from the carrying value because the loans with more than a year to run at the balance sheet date mature mostly within the following three months. As explained in note 34.1 there is a £1.7m bad debt provision relating to the Icelandic Bank deposits.

### **34.4 Disclosure of nature and extent of risks arising from financial instruments**

The authority'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 funds available to meet its commitments to make payments

Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity when prevailing interest rates are disadvantageous

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 treasury management activity is carried out with awareness of 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 central treasury function, under policies approved by the Council.

#### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently to have a sound credit rating. The Authority has a policy of not lending more than £6m of its surplus balances to one institution. There is a further policy of not lending more than £12m to any banking group.

The projected losses for the Council's investments in Heritable and Landsbanki as part of the worldwide banking crisis are the first experienced default on money market transactions since the Council's inception in 1974. Following those events new deposits are limited to a maximum period of one month and lending is restricted to only those institutions with the highest credit rating.

Where significant contracts are being entered in to customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

#### **Liquidity risk**

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The Council manages its liquidity position through risk management procedures (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy including borrowing and lending strategies. All trade and other payables are due to be paid in less than one year.

#### **Refinancing Risk**

The risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. Prudential Indicators limit the proportion of debt maturities in any period. A combination of careful planning when a new loan is taken out and making early repayment (when it is economic to do so)

allows maturity patterns to be managed. The maturity analysis of financial liabilities is tabulated in note 25.

### **Market risk**

#### **Interest rate risk**

The Authority is exposed to some risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

Borrowings at variable rates – the interest expense charged to the Income and 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 and Expenditure Account will rise

Investments at fixed rates – are largely short term and thus there would be no balance sheet effect.

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 or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 55% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates and the Authority's cost of borrowing thus providing compensation for a proportion of any higher costs.

The treasury management function 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 during the year. This allows any adverse changes to be accommodated. The analysis will also advise on the impact of new borrowing taken out.

According to this assessment, if interest rates had been higher with all other variables held constant, the financial effect would be beneficial to General Fund.

The impact of a fall in interest rates would adversely impact on General Fund but in year monitoring will allow the budget strategy to be amended accordingly.



The impact of a 1% increase in interest rates has been assessed as follows:

	<b>£000s</b>
Increase in interest payable on variable rate borrowings	323
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
<b>Impact on Income and Expenditure Account</b>	<b>323</b>
<b>Share of overall impact credited to the HRA</b>	<b>184</b>
Decrease in fair value of "available-for-sale" investment assets –	2
Impact on STRGL	2
<b>Decrease in fair value of fixed rate investment assets –</b>	<b>0</b>
<b>(no impact on I&amp;E or STRGL)</b>	

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

#### **Price risk**

The Authority does not generally invest in equity shares but does have a holding to the value of £0.2m in an investment trust, which will only be realised in favourable circumstances. The Authority consequently has minimal exposure to losses arising from movements in the prices of the shares.

The holding in the investment trust is classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in the STRGL.

#### **Foreign exchange risk**

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

### 35. Reserves and Revenue Balances

Under the Council's Financial Regulations committees are permitted to retain managed budget savings for future use. The Council also has General Fund Balances as reserves, which are held to provide working capital, and as a safeguard against unexpected demands.

	1 April 2008	Receipts	Payments	31 March 2009
	£000s	£000s	£000s	£000s
<b>Earmarked Statutory Reserves</b>				
Schools - Delegated Budgets	6,039	0	(343)	5,696
Trading Accounts	(42)	0	(23)	(65)
Major Repairs Reserve	16	0	(16)	0
Other Housing Revenue Account	10,243	23	(6,874)	3,392
Collection Fund	1,200	0	(1,200)	0
<b>Total Earmarked Statutory Reserves</b>	<b>17,456</b>	<b>23</b>	<b>(8,456)</b>	<b>9,023</b>
<b>Earmarked Policy Reserves</b>				
Insurance	6,284	3,897	(2,932)	7,249
Other Central Reserves	16,427	24,149	(12,343)	28,233
Children's Services	5,292	3,396	(2,754)	5,934
Environmental Services	(2,242)	40	(285)	(2,487)
Development and Regeneration	214	2,256	(3,125)	(655)
Housing G.R.F.	786	298	(894)	190
Adult Services	554	5,194	(4,334)	1,414
Markets	(336)	0	(28)	(364)
Business Improvement District	12	32	(36)	8
Special Funding	0	513	(278)	235
<b>Total Earmarked Policy Reserves</b>	<b>26,991</b>	<b>39,775</b>	<b>(27,009)</b>	<b>39,757</b>
General Fund Balance	7,742	0	(27)	7,715
<b>Total Reserves &amp; Balances</b>	<b>52,189</b>	<b>39,798</b>	<b>(35,492)</b>	<b>56,495</b>

### 36. Long Term Obligations

The Council has procured a new school, library, training centre and community facility at Castle Hill through a Public Finance Initiative (PFI). The asset will not belong to the Council and as such will not appear on the balance sheet however the Council is committed to an annual unitary payment for 25 years from September 2003.

The Council has entered in to an agreement with Bolton Community Leisure to lease (at a peppercorn) and manage indoor leisure facilities for a period of 15 years and 3 months from January 2004. The Council will grant fund the Trust during that period.

The Council has also entered into an agreement for the management of its Council Houses with Bolton at Home Ltd. from December 2002. The details of that arrangement are set out in the Group Accounts section of this Financial Statement.

### 37. Significant Commitments under Capital Contracts

The Authority is committed to undertake the following expenditure:

<b>Approved And Contracted Schemes</b>	<b>£000s</b>
<b>Adult Services</b>	
Brightmet Primary Care Resource Centre Library	286
<b>Corporate Resources</b>	
Asset Management Plan	159
<b>Housing</b>	
HRA Capital Programme 2009/10	11,590
<b>Development and Regeneration</b>	
Little Bolton THI (Building Repairs & Reinstatement 44-80 St Georges Terrace)	554
Public Realm Implementation Framework – Architectural Lighting Parish Church	55
Town Centre Improvement Fund – Christmas Lights Phase 2	43
<b>Total</b>	<b>12,687</b>

<b>Schemes Approved But Not Contracted</b>	<b>£000s</b>
<b>Corporate Resources</b>	
Land Development	100
Farnworth Market Precinct	500
Data Network	295
Access Layer	470
Oracle Developments	408
Access Points	1,300
Shaping Future Services	62
IT Refresh	200
E-government developments	300
LAN network	500
Asset Management Plan	3,955
Health and Safety	462
Carbon Management	100
Le Mans Crescent	377
Victoria Square Office Accommodation	365
Amenity Improvements	108
<b>Children's Services</b>	
Building Maintenance Programme	1,000
Primary Capital Programme	11,680
<b>Housing</b>	
GRF Capital Programme 2009/10	5,378
HRA Capital Programme 2009/10	10,410
<b>Total</b>	<b>37,970</b>

In addition the Council has an Asset Management Plan for Buildings and a Highways Assets Management Plan. The Asset Management Plan identified outstanding backlog maintenance of £58.15m at 31.12.08 and the Highway Asset Management Plan backlog maintenance of £76.77m at 31.03.09. It should be noted these backlogs can be addressed by a variety of measures (e.g. disposal of under-used buildings) in addition to targeting resources over a number of future years.

### 38. Contingent Liabilities

- **Municipal Mutual Insurance Ltd**

In March 1993 the Council's insurers, Municipal Mutual Insurance (MMI) ceased accepting new business. The Council had a number of outstanding claims with MMI and arrangements are in place to ensure an orderly settlement of the sums due.

MMI were taken over by Zurich Insurance in March 1993 to form Zurich Municipal Limited. Claims arising as from April 1993 are now secured by Zurich's financial backing and are therefore deemed secure.

With regard to claims prior to April 1993 these are still funded by MMI under a scheme of arrangement with its creditors, whereby claims are initially paid out in full, but in the event that the eventual winding up of the company results in insufficient assets to meet all liabilities, a claw back clause will be triggered which would affect claims already paid. At the present time it is not known whether the claw back clause will be invoked and therefore, no provision for the potential liability has been made in the balance sheet

- **Independent Insurance**

A provisional liquidator was appointed to Independent Insurance Company Ltd on the 18 June 2001. The company provided the Council with stop loss public and employer's liability cover for the year 1993. It is not known at this stage if the company will be able to meet all the claims costs in excess of the Council's stop loss.

- **Repayment of Government Grants**

The Council has for many years received government grants towards the cost of acquiring and enhancing assets. When such assets are disposed of within a specified period of time, the Council is required to repay an element of the grant. There is no known liability at this time.

As part of the Challenge Funded regeneration programmes the Authority has acquired property for redevelopment. These properties have been transferred to partner developers and arrangements for reimbursement of costs to an agreed maximum have been made. If a challenge-funded asset is sold the resulting receipts are ringfenced to meet proportionate grant clawback. Property valuations and clawback calculations will be subject to negotiation with the Government Office for the North West.

- **Modesole Ltd**

As a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, a liability may arise, the extent of which can not yet be determined. An indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of 10 years from the date of sale, which was completed on 9 August 2005.

- **Unequal pay compensation**

Under the Equal Pay Act 1970 as modified by the Equal Pay Act (Amendment) Regulations 2003 employees may lodge claims for compensation from their employer for failing to give equal pay for work of equal value. A provision has been made in the balance sheet to cover the potential future costs of known claims. Other claims may be made but the Council believes it has no further liability.

- **Metrolink**

The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Passenger Transport Authority and Executive (PTA/E) and the

Department for Transport (DFT) for Metrolink phase 3a have entered into a partnership funding approach.

Within the agreement the DFT contribution is capped at £244m in cash and that the PTA/E and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. The scheme is fully funded at present and the above arrangement will only be operative if it is exceeded. Strict Monitoring arrangements will be put in place by all parties to minimise the risk of that happening.

A separate business case is being compiled to extend the metrolink from 3a to 3b (ie to extend the metrolink to Ashton-under-Lyne). This funding and prioritisation proposal has been formally submitted to the Secretary of State for approval.

- **Local Pay and Grading Review**

The National Single Status Agreement of 1997 made provision for the implementation of single status, harmonising conditions of service for all local authority workers who fall within the National Joint Council, to be followed by local pay reviewing, which would be assumed to be based on job evaluation.

This was followed in October 2003 by a report by the Local Government Pay Commission which recommended each local authority should undertake a pay audit (pay and grading review) and develop an action plan for implementing a pay structure embodying the equal value principles required by the Single Status Agreement.

Harmonisation of working hours on the basis of a 37 hour week has already been achieved by the Council and work is underway with a pay and grading review. A recognition of the cost of this has been made in both the Council's Budget and Medium Term Financial Strategy.

### 39. Analysis of Net Assets Employed

The Authority's overall net assets position is detailed below. This note is intended to provide additional information on the sources of net assets.

	<b>2008/09</b>	<b>2007/08</b>
	<b>£m</b>	<b>£m</b>
General Fund	109	126
HRA	461	532
Trading Organisations	9	10
<b>Total</b>	<b>579</b>	<b>668</b>

## 40. Dedicated Schools Grant

The Council's expenditure is funded by grant monies provided by the Department for Children, Schools and Families (DCSF), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget included elements for a restricted grant for services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. Over and underspends are required to be accounted for separately.

Details of the deployment of DSG receivable for 2008/09 are as follows:

	<b>Schools Budget Funded by Dedicated Schools Grant</b>		
	<b>Central expenditure £000s</b>	<b>Individual Schools Budget £000s</b>	<b>Total £000s</b>
Original grant allocation to Schools Budget for the current year in the Authority's budget	16,435	155,479	171,914
Adjustments to finalised grant allocation	(158)	292	134
Adjustment for Academy DSG receivable for the year	(6)	(1,040)	(1,046)
DSG receivable for the year	16,271	154,731	171,002
Actual expenditure for the year	16,331	155,035	171,366
(Over)/Underspend for the year	(60)	(304)	(364)
Use of schools balances brought forward	0	6,039	6,039
Write out of closed schools balances	49	(49)	0
Interest on School balances c/fwd to 2008/2009	0	78	78
(Over)/Underspend from prior year	293	0	293
<b>(Over)/Underspend carried forward to 2009/2010</b>	<b>282</b>	<b>5,764</b>	<b>6,046</b>

The carry forward can be further analysed as follows:

	<b>Schools Budget Funded by Dedicated Schools Grant</b>		
	<b>Central Expenditure £000s</b>	<b>Individual Schools Budget £000</b>	<b>Total £000s</b>
DSG Creditor	282	68	350
Schools Balances	0	5,696	5,696
	<b>282</b>	<b>5,764</b>	<b>6,046</b>

## 41. Notes to the Cash Flow Statement

### 41.1 Cash Flow Reconciliation

The cash flow statement can be reconciled to the Statement of Movement on the General Fund Balance as follows:

	2008/09 £m	2007/08 £m
Surplus as per the Statement of Movement on the General Fund Balance	0	(1.2)
<b>Adjustments for Non-Cash Movements in Revenue Account</b>		
:		
Collection Fund Deficit/(Surplus)	1.2	(0.2)
HRA Surplus	6.9	5.8
Other Reserves (includes capital funding)	(50.4)	(14.2)
Change in Provisions	(1.7)	(1.2)
Change in Debtors and Prepayments	4.4	0.2
Change in Stocks	(0.1)	0.1
Change in Creditors	3.6	(10.3)
<b>Net Revenue Cash Outflow / (Inflow)</b>	<b>(36.1)</b>	<b>(21.0)</b>

### 41.2 Movements in Cash

Movements in Cash	31 March 2009 £m	31 March 2008 £m	(Increase) / Decrease in Cash £m
Bank Overdrawn	7.1	6.5	0.6
Cash and Bank	(5.2)	(6.5)	1.3
<b>TOTAL Overdrawn</b>	<b>1.9</b>	<b>0</b>	<b>1.9</b>



**41.3 Movement in Liquid Resources**

<b>Movements in Short Term Investments</b>	<b>31 March 2009 £m</b>	<b>31 March 2008 £m</b>	<b>Increase / (Decrease) £m</b>
Opening Balance	43.4	34.5	8.9
Invested in the year	327.0	174.4	152.6
Redeemed in the year	(348.0)	(165.5)	(182.5)
<b>Closing Balance</b>	<b>22.4</b>	<b>43.4</b>	<b>(21.0)</b>

**41.4 Reconciliation of Movement in Cash to the Movement in Net Debt**

	<b>Balance 1 April 2008 £m</b>	<b>Movement in the year £m</b>	<b>Non – Cash £m</b>	<b>Balance 31 March 2009 £m</b>
Cash overdrawn	(6.5)	1.3	0	(5.2)
Cash in hand	6.5	0.6	0	7.1
Long-term borrowing	(388.7)	17.7	0	(371.0)
Short-term borrowing	(8.1)	(7.9)	0	(16.0)
Short-term investments	43.4	(21.0)	0	22.4
<b>Net Debt</b>	<b>(353.4)</b>	<b>(9.3)</b>	<b>0</b>	<b>(362.7)</b>

#### 41.5 Government Grants & Contributions

The major income items for the Other Grants shown in the Cash Flow statement can be analysed as follows:

	<b>31 March 2009</b>	<b>31 March 2008</b>
	<b>£m</b>	<b>£m</b>
Dedicated Schools Grant	171.0	165.9
Housing Subsidy	7.0	10.8
Standards Fund / Grant / Threshold	33.0	41.5
Learning and Skills Council	9.8	12.3
District Health Contributions	15.3	10.7
Area Based Grant	23.0	0
Supporting People	9.1	9.3
Children's Centres	9.4	5.2
Other Grants	22.6	30.3
<b>Total</b>	<b>300.2</b>	<b>286.0</b>

#### 42. Trust Funds

The Council is responsible for the administration of individual trust funds. The funds are invested in marketable securities and are not included in the Summary Revenue Account or Balance Sheet. The trust funds are shown below:

	Balance at 1 April 2008	Income	Expenditure	Balance at 31 March 2009	Represented by		
					Cash / Other Balances	External Investment	Total
	£	£	£	£	£	£	£
<b>Environmental Services</b>							
Red Lion Playing Field Trust	1,952.08	90.25	90.25	1,952.08	1,952.08	0	1,952.08
F. Greenhalgh Prize	76.75	3.55	3.55	76.75	76.75	0	76.75
Topps Trust Fund	1,721.39	53.06	53.06	1,721.39	1,721.39	0	1,721.39
<b>Adult Services</b>							
Social Services Bequests	26,356.44	0	26,356.44	0	0	0	0
General Assistance	52,683.79	1,915.38	33,398.56	21,200.61	21,200.61	0	21,200.61
Workshops & Homes for the Elderly	65,201.47	2,411.59	0	67,613.06	67,613.06	0	67,613.06
Blair Sick Fund	10,334.71	436.01	0	10,770.72	9,140.17	1,630.55	10,770.72
Helen Hartley	1,390.25	0	1,390.25	0	0	0	0
<b>Children's Services</b>							
C. Westhead	760.05	35.26	680.15	115.16	0	115.16	115.16
Leigh Bramwell	47,527.43	1,550.58	1,240.00	47,838.01	7,585.54	40,252.47	47,838.01
Sister Alice Ingham	765.56	24.13	384.84	404.85	404.85	0	404.85
J. Goodenday	58,646.66	3,515.37	60,355.19	1,806.84	1,281.46	525.38	1,806.84
McAvoy	1,902.81	563.94	2,236.25	230.50	0	230.50	230.50
Westhoughton Education Trust	25,838.80	935.40	5,897.70	20,876.50	4,718.80	16,157.70	20,876.50
Eagley Bridge	9,169.69	897.25	693.00	9,373.94	9,373.94	0	9,373.94
<b>Highways</b>							
Section 278 Agreement: Highways Works	307,685.72	0	0	307,685.72	307,685.72	0	307,685.72
<b>Total</b>	<b>612,013.60</b>	<b>12,431.77</b>	<b>132,779.24</b>	<b>491,666.13</b>	<b>432,754.37</b>	<b>58,911.76</b>	<b>491,666.13</b>

### **43. Post Balance Sheet Events**

There are no post balance sheet events in 2008/09.

## Housing Revenue Account HRA

### Income and Expenditure Account

	2008/09 £000s	2007/08 £000s
		<i>Restated</i>
<b>Income</b>		
Dwellings (note 1)	50,536	46,279
Non-Dwelling	329	170
Charges for services and facilities	405	430
Contribution towards expenditure (from General Fund (note 5))	577	560
NRF and other grants	0	3
HRA Subsidy Receivable (note 4)	6,715	10,797
Sums directed by Secretary of State that are income in accordance with UK GAAP	0	0
<b>Total Income</b>	<b>58,562</b>	<b>58,239</b>
<b>Expenditure</b>		
Repairs and maintenance (note 2)	14,583	14,126
Supervision and management	17,822	17,111
Rents, rates, taxes and other charges	148	99
Increase in bad debts provision (note 3)	214	377
Housing benefits payments	0	0
Depreciation (note 10)	43,236	15,216
Debt management costs	95	92
<b>Total expenditure</b>	<b>76,098</b>	<b>47,021</b>
<b>Net Cost of HRA Services per Authorities income and expenditure account</b>	<b>17,536</b>	<b>(11,218)</b>
HRA share of corporate and democratic core	0	0
HRA share of other amounts included in whole Authority	0	0
<b>Net Cost of HRA Services</b>	<b>17,536</b>	<b>(11,218)</b>
Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements (if any)	(932)	379
Interest payable	12,393	12,548
Amortisation of premiums and discounts	0	0
Interest and investment income	(245)	(498)
Pensions interest cost and expected return on pensions assets	0	0
<b>(Surplus) or deficit for the year on HRA services</b>	<b>28,752</b>	<b>1,211</b>

**Statement of Movement on the HRA Balance**

	<b>2008/09</b> <b>£000s</b>	<b>2007/08</b> <b>£000s</b>
		<i>Restated</i>
<b>(Surplus) or Deficit for the year on the HRA Income and Expenditure Account</b>	<b>28,752</b>	<b>1,211</b>
Net additional amount required by statute to be debited to the HRA balance	(22,067)	1,390
Increase or decrease in the Housing Revenue Account Balance	6,685	2,601
Housing Revenue Account surplus b/f	(10,021)	(12,622)
<b>Housing Revenue Account balance c/f</b>	<b>(3,336)</b>	<b>(10,021)</b>

**Note to the Statement of Movement on the HRA Balance**

	<b>2008/09</b> <b>£000s</b>	<b>2007/08</b> <b>£000s</b>
		<i>Restated</i>
Difference between amounts charged to income & expenditure for amortisation of premiums & discounts and the charge for year	(73)	(26)
Difference between any other item of income & expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements (if any)	932	(379)
Net charges made for retirement benefits	0	0
Difference between any other item of income and expenditure determined in accordance with SORP and determined in accordance with HRA statutory requirements	(28,710)	0
Transfer to/from major repairs reserve	(3,887)	(4,557)
Transfer to/from Housing Repairs account	0	0
Employers contribution payable to the pension fund	0	0
Voluntary set aside for debt repayment	0	0
Capital expenditure funded by HRA	9,671	6,300
<b>Net additional amount required by statute to be debited or credited to the HRA</b>	<b>(22,067)</b>	<b>1,390</b>

## Notes to the Housing Revenue Account

### 1 Housing Revenue Account Stock

The Council owned 18,221 dwellings at 31 March 2009 which are analysed below:

	At 31 March 2009	At 31 March 2008
Houses and Bungalows	12,157	12,216
Low Rise Flats and Maisonettes	4,719	4,724
Medium Rise Flats and Maisonettes	1,064	1,075
High Rise Flats and Maisonettes	281	281
Shared Ownership	0	0
	<b>18,221</b>	<b>18,296</b>

### 2 Housing Repairs Account

The transactions incurred in relation to the Repairs Account were as follows:

	2008/09 £000s	2007/08 £000s
Balance at Beginning of Year	0	0
Add		
Revenue Contribution	12,490	12,418
	12,490	12,418
Less: Expenditure in the Year		
Responsive Repairs	12,490	12,418
<b>Balance at End of Year</b>	<b>0</b>	<b>0</b>

In 2008/2009 other maintenance work totalling £841k had been undertaken. The client cost of managing the R&M programme (£1,252k) has now also been reflected under Repairs and Maintenance Costs. This gives overall R&M costs of £14,583k.

### 3 Rent Arrears

	At 31 March 2009 £000s	At 31 March 2008 £000s
Current Tenants	852	1,060
Former Tenants	872	995
Other arrears	0	7
<b>Total Arrears at 31 March</b>	<b>1,724</b>	<b>2,062</b>

The total provision for uncollectable debts at 31 March 2009 was £1,131,868. The provision at 31 March 2008 was £1,345,609.

#### 4 Housing Revenue Account Subsidy

The subsidy due for the year is detailed below:

	At 31 March 2009 £000s	At 31 March 2008 £000s
Management and Maintenance & Rent Allowance	(23,140)	(19,483)
Charges for Capital	6,550	6,973
Major Repairs Allowance (see also note 9)	10,639	10,658
ALMO revenue subsidy	12,605	12,605
	6,654	10,753
Prior Year Adjustment	61	44
<b>Total Subsidy Due for the Year</b>	<b>6,715</b>	<b>10,797</b>

#### 5 Contribution from General Fund

This represents the contribution towards the cost of Grounds Maintenance undertaken on Council Estates which is for the benefit of the whole community.

#### 6 Value of Capital Assets

	At 31 March 2009 £000s	At 31 March 2008 £000s
<b>Operational Assets</b>		
Dwellings	640,339	667,515
Buildings	4,910	5,328
	645,249	672,843
<b>Non Operational</b>		
Equipment	1,016	1,011
Land	224	285
<b>Total</b>	<b>646,489</b>	<b>674,139</b>

Council Dwellings have been valued using the Existing Use Value - Social Housing (EUV-SH) in accordance with the government's guidance.

The open market value of council dwellings at 31 March 2008 is £1,316.7m, compared to £1,344.2m as at 31 March 2007. Vacant possession value when compared with existing use value is a measure of the economic cost of government guidelines on rent and legal requirements on the discounts on sale of properties to tenants.



**7 Capital Expenditure 2008/09**

Capital expenditure for the year totalled £25,412k and has been financed as follows:

	<b>2008/09 £000s</b>	<b>2007/08 £000s</b>
Loans	4,000	25,097
Major Repairs Allowance (See also note 9)	10,654	13,770
Capital Receipts	1,943	4,194
Grants	0	100
Revenue	9,672	6,300
Change in Capital Creditors	(857)	(3,892)
<b>Total Capital Expenditure</b>	<b>25,412</b>	<b>45,569</b>

Capital Expenditure was incurred over the following assets

	<b>2008/09 £000s</b>	<b>2007/08 £000s</b>
Council Housing	24,918	44,997
Non operational Assets	149	542
Equipment	345	30
<b>Total Capital Expenditure</b>	<b>25,412</b>	<b>45,569</b>

**8 Capital Receipts 2008/09**

The following capital receipts were received in the year:

	<b>2008/09 £000s</b>	<b>2007/08 £000s</b>
Sale of Dwellings	3,318	9,281
Sale of Land	100	0
Other property	0	0
<b>Total Capital Receipts</b>	<b>3,418</b>	<b>9,281</b>

## 9 Major Repairs Account

The transactions incurred in relation to the Major Repairs Account were as follows:

	<b>2008/09 £000s</b>	<b>2007/08 £000s</b>
Balance at Beginning of Year	16	3,128
Add: depreciation charged to HRA (see Note 10)	14,525	15,216
Add: Difference between Major Repairs allowance and depreciation charged to revenue	(3,887)	(4,558)
	10,654	13,786
Less: Expenditure in the Year		
Contribution to capital programme	10,654	13,770
<b>Balance at End of Year</b>	<b>0</b>	<b>16</b>

At year end, the depreciation charge was higher than the Major Repairs Allowance. Government rules require that the difference between the depreciation charges (£14,525m) and the Major Repairs Allowance (£10.636m) is transferred to the Major Repairs Reserve in order to ensure it is used to fund capital works. Therefore the higher depreciation charge has a neutral effect on the Housing Revenue Account.

## 10 Depreciation Charges

The charges relate to depreciation for the land, houses & property within the HRA.

	<b>2008/09 £000s</b>	<b>2007/08 £000s</b>
Operational Assets : dwellings	14,015	14,495
Operational Assets : other land & buildings	171	162
	14,186	14,657
Equipment	339	559
<b>Total Depreciation Charged</b>	<b>14,525</b>	<b>15,216</b>

The depreciation policy remains the same as that used in 2007/08.

- Dwellings & other buildings are depreciated based over a useful life of 45 years or the District Valuers estimated life where different.
- Equipment is depreciated based over a useful life of 5 years

The depreciation and impairment of fixed assets include a downward revaluation or impairment totalling £28,756K, this amount has been applied to reduce the net book value of council dwellings and operational buildings to reflect falling prices in accordance with the valuation report. It also includes (£44.8k) amortisation of deferred Neighbourhood Renewal Fund grant.

## **Collection Fund**

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax, non-domestic rates and residual Community Charge on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund. In accordance with the Code of Practice on Local Authority Accounting in Great Britain, only an income and expenditure account is shown, the balance sheet being consolidated into the Authority's Consolidated Balance Sheet. The accounts have been prepared on the accruals basis.

**Income and Expenditure Account**

	Notes	2008/09 £000s	2007/08 £000s
<b>Income</b>			
Council Tax	1	90,217	88,901
Transfers from General Fund:			
Council Tax Benefit		20,068	19,421
Residual Community Charge			236
Business Rates	2	79,354	75,091
		<b>189,639</b>	<b>183,649</b>
<b>Expenditure</b>			
Precepts and Demands	3	108,666	106,889
Business Rates:			
Payment to National Pool		78,746	74,569
Cost of Collection Allowance		398	396
Interest on Refunds		210	126
Council Tax Bad and Doubtful Debts / Appeals:			
Provisions		897	(499)
Write Offs		871	1,101
Contribution towards Previous Years' Estimated Collection Fund Surplus		1,051	876
		<b>190,839</b>	<b>183,458</b>
Surplus/(Deficit) for the Year		(1,200)	191
Surplus at Beginning of Year		1,200	1,009
<b>Surplus at End of Year</b>		<b>0</b>	<b>1,200</b>

## Notes to the Collection Fund Accounts

### 1. Council Tax

The total amount to be raised by the tax is determined by the budget requirements of Bolton MBC, the Police and the Fire Authorities and the income received via the Revenue Support Grant and the NNDR pool.

The Council Tax to be levied on a Band D property is calculated by dividing the total amount to be raised from the Council Tax (including the Police and Fire requirements) by the taxbase. This is done by multiplying the number of properties in the band by the specified fraction of the band D charge payable by each band and is shown for 2008/09 in the following table:

	Range of Values	Total Number of Dwellings After Adjustments *	Specified Fraction	Band D Equivalent	% of Total Band D
Band A	Up to £40,000	51,701	6/9	34,454	41.4%
Band B	£40,000 to £52,000	17,394	7/9	13,529	16.2%
Band C	£52,001 to £68,000	15,960	8/9	14,187	17.1%
Band D	£68,001 to £88,000	9,274	1	9,274	11.2%
Band E	£88,001 to £120,000	4,754	11/9	5,810	7.0%
Band F	£120,001 to £160,000	1,947	13/9	2,812	3.4%
Band G	£160,001 to £320,000	1,610	15/9	2,683	3.2%
Band H	More than £320,000	188	18/9	377	0.5%
<b>Total</b>		<b>102,828</b>		<b>83,126</b>	<b>100.0%</b>

Estimated collection rate 98%

Council Tax base for tax setting 2008/09 81,463

\* After adjustment for new / demolished property, exemptions, disablement relief, appeals and discounts

## 2. Income from Business Ratepayers (National Non-Domestic Rates, NNDR).

Non-Domestic Rates are organised on a national basis. The Government specifies an amount (46.2p in 2008/09, compared to 44.1p in 2007/08) and local businesses pay rates calculated by multiplying their rateable values by that amount. The Council is responsible for collecting rates due from the ratepayers in its area. The net rates payable, less deductions, are paid to a central pool (the NNDR Pool) administered by Central Government. Under these arrangements, the amounts included in these accounts can be analysed as follows:

	£000s	£000s
Gross Rates		89,689
Less: Transitional and Other Relief Arrangements		(8,343)
Less: Bad Debts / Provision for Bad Debts		81,346 (1,992)
Cost of Collection Allowance	(398)	79,354
Interest on Refunds	(210)	(608)
<b>Net Contribution to N.N.D.R. Pool</b>		<b>78,746</b>

The NNDR rateable value for the Council's area at the 31 March 2009 was £208,855,787 compared to £203,344,031 at the 31 March 2008.

The Government pays back to authorities their share of the NNDR pool based on a standard amount per head of the local population. For Bolton, this amounted to £105,033,053 in 2008/09 (approximately £395.44 per head of a population of 265,608). This was paid into the General Fund.

## 3. Precepts and Demands on the Fund

The following authorities made a precept or demand on the fund in 2008/09, with the figures for 2007/08 for comparison:

	2008/09 £000s	2007/08 £000s
Bolton M.B.C. Demand	94,295	93,500
Greater Manchester Police Authority Precept	10,280	9,474
Greater Manchester Fire and Civil Defence Authority Precept	4,091	3,915
<b>Total Demands and Precepts</b>	<b>108,666</b>	<b>106,889</b>

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax, non-domestic rates and residual Community Charge on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund. In accordance with the Code of Practice on Local Authority Accounting in Great Britain, only an income and expenditure account is shown, the balance sheet being consolidated into the Authority's Consolidated Balance Sheet. The accounts have been prepared on the accruals basis.

## Group Accounts

### 1 **Bolton at Home Ltd**

On December 1 2002 Bolton MBC placed its Housing Management (and some regeneration activity and community support services) into an Arms Length Management Organisation, Bolton at Home Ltd. The company is a local authority controlled company limited by guarantee. The other sections of the Statement of Accounts are prepared on the basis that Bolton at Home Ltd is a separate company with whom the Council contracts. The following statement provides information on the combined activity of the Council and Bolton at Home Ltd using the acquisition method and eliminates transactions between them.

#### **Group Revenue Account**

The accounts for Bolton at Home Ltd covering the twelve months to 31 March 2009, subject to audit, show a net profit of £441,000 for the year on turnover of £45.3m and net book value of £706,000 (before FRS17 Pensions adjustment). In the previous 12 month period to 31 March 2008 the company had a turnover of £47m and made a profit of £53,000.

Although the consolidation of Bolton at Home transactions into the Bolton MBC accounts makes no material difference to the cost of services in itself, the difference in convention on which the two sets of accounts are prepared necessitates the introduction of FRS17 adjustment for Bolton at Home Ltd restatement.

Copies of the Bolton at Home Ltd Annual Report and Financial Statement are available from:

S.J. Taylor (Company Secretary)  
1-3 The Court Yard  
St Peters Business Park  
Calvin Street, Bolton BL1 8PB



## Income and Expenditure Account

2007/08 Net Exp		2008/09		
		Gross Exp £ms	Gross Income £ms	Net Exp £ms
	<b>Continuing Services</b>			
183.3	General Fund	640.8	397.8	243.0
(14.7)	Housing Revenue Account	75.4	58.9	16.5
23.4	Non Distributed Costs	60.2	35.7	24.5
<b>192.0</b>	<b>Net Cost of Services</b>	<b>776.4</b>	<b>492.4</b>	<b>284.0</b>
0.4	Loss on Disposal of Fixed Assets			(2.8)
0.3	Parish Precepts			0.4
0.9	Trading Account Gross (Surplus) / Deficit			(0.6)
6.7	Capital Receipts Pooling			2.4
(3.7)	Pension Interest Cost and expected return on Pension assets			6.1
(5.1)	Interest & Dividends received			(6.0)
20.2	Interest Paid			20.3
<b>211.7</b>	<b>Net Operating Expenditure</b>			<b>303.8</b>
(17.4)	General Government Grant			(42.4)
(93.1)	National Non Domestic Rates			(105.0)
(94.4)	Council Tax			(95.4)
<b>6.8</b>	<b>Deficit for year</b>			<b>61.0</b>
(8.0)	Net additional amount required by statute and non-statutory proper practices to be debited and credited to General Fund balances in the year			(61.4)
(1.2)	(Increase) / Reduction in General Fund balance in the year			(0.4)
(6.7)	Fund Balance brought forward (net of markets reserve)			(7.9)
<b>(7.9)</b>	<b>Fund Balance carried forward</b>			<b>(8.3)</b>

## Statement of Recognised Gains or Losses

2007/08 £m		2008/09 £m
6.8	Deficit for the year on the Income and Expenditure Account	61.0
(16.1)	Surplus arising on the revaluation of Fixed Assets	(59.7)
(47.4)	Actuarial (gains) / losses on pension fund assets and liabilities	85.6
(0.4)	Available for Sale	0.1
0	Transfer of Schools	6.3
(0.1)	Financing Adjustments / Collection Fund / Prior Year	1.1
<b>(57.2)</b>	<b>Total Recognised Gains for the year</b>	<b>94.4</b>

**Balance Sheet**

The Group Balance Sheet is as follows:

	<b>31 March 2009</b> £m	<b>31 March 2008</b> £m
Long Term Assets	1,264.6	1,244.3
<b>Current Assets</b>		
Investments	22.4	43.4
Stock & WIP	1.0	1.1
Debtors and Prepayments	40.8	45.7
Cash in hand	7.3	6.6
<b>Current Liabilities</b>		
Temporary Borrowing	(16.0)	(8.1)
Creditors	(70.5)	(79.3)
Cash Overdrawn	(5.2)	(6.5)
Long Term Liabilities	(489.8)	(493.8)
Pension Liabilities	(181.9)	(86.3)
<b>Total Assets less Total Liabilities</b>	<b>572.7</b>	<b>667.1</b>
<b>Fund Balances and Reserves</b>	<b>572.7</b>	<b>667.1</b>

**Cash Flow**

The Group Cash Flow Statement is set out below:

	31 March 2009		31 March 2008	
	£m	£m	£m	£m
<b>Revenue Activities</b>				
<b>Cash Outflows</b>				
Cash paid to and on behalf of employees	331.3		324.5	
Other Operating Expenditure	299.3		276.9	
Housing Benefit Paid Out	36.6		32.9	
National non-domestic rate payments to pool	78.7		74.6	
Precepts Paid from Collection Fund	14.4	760.3	13.4	722.3
<b>Cash Inflows</b>				
Rents (after rebates)	(27.3)		(26.4)	
Council Tax/Community Charge Receipts	(91.5)		(90.9)	
Non-Domestic Rates from pool	(105.0)		(93.1)	
Non-Domestic Rates collected	(78.5)		(73.3)	
Revenue Support Grant	(14.5)		(15.6)	
Grants for Council Tax and Housing Benefits	(87.9)		(83.8)	
Other Grants and Contributions	(292.3)		(286.1)	
Cash Received for Goods, Services Etc	(101.8)	(798.8)	(89.0)	(758.2)
		(38.5)		(35.9)
<b>Returns on Investments &amp; Servicing of Finance</b>				
<b>Cash Outflows</b>				
Expenditure - Interest Paid		19.2		19.5
<b>Cash Inflows</b>				
Income - Interest and Dividends Received		(4.6)		(4.6)
<b>Revenue Cash Outflow / (Inflow)</b>		<b>(23.9)</b>		<b>(21.0)</b>
<b>Capital Activities</b>				
<b>Cash Outflows</b>				
Purchase of Fixed Assets	67.0		82.7	
Deferred Charges	12.3		12.2	
Intangible Assets	0.9		0.3	
Remittance to ODPM	2.2	82.4	6.6	101.8
<b>Cash Inflows</b>				
Capital Receipts	(7.4)		(13.3)	
Capital Grants Received	(26.2)		(31.0)	
Capital Contribution	(0.5)		(0.4)	
Other Capital Cash	(17.2)	(51.3)	(26.5)	(71.2)
<b>Net Cash( inflow) / outflow before financing</b>		<b>7.2</b>		<b>9.6</b>
<b>Management of Liquid Resources</b>				
Net increase /(decrease) in short term deposits		(20.0)		8.9
<b>Financing</b>				
<b>Cash Outflows</b>				
Repayment of Amounts Borrowed		209.8		233.2
<b>Cash Inflows</b>				
New Loans Raised		(199.0)		(253.1)
<b>INCREASE IN CASH</b>		<b>(2.0)</b>		<b>(1.4)</b>

## **2 Other Interests in Companies**

The Authority has an involvement with a number of other companies. They are not controlled by Bolton MBC and do not require inclusion in the group accounts above. The companies and the Council have shared aims. The Council may give or receive financial support and purchase from or sell to the companies.

Batra Bolton Ltd  
Bolton Accommodation and Support for Employment Ltd  
Bolton Bond Board Ltd.  
Bolton Business Centre Ltd.  
Bolton Business Ventures Ltd.  
Bolton Community Homes Ltd.  
Bolton Community Leisure Limited  
Bolton Enterprise Centre Ltd  
Bolton Literacy Trust  
Bolton Middlebrook Leisure Trust Ltd  
Bolton Wise Ltd  
Chamber Business Connections Ltd.  
Integrated Transport Smart Card Organisation Ltd.  
Merehall (Bolton) Ltd  
North West Tourist Board  
Octagon Theatre Company Ltd  
Yorkshire Purchasing Organisation

The Council has a minority shareholding in Manchester Airport Group more details are given in the long term investments note to the Balance Sheet.

## **3 Charities & Trusts**

Details of Charities and Trusts where the Council maintains the records within its ledger system are identified in note 42 to the accounts. However the Director of Corporate Resources also acts as Treasurer for a number of Charities with independent accounting systems. These are:

Rishton & Seddons Charity  
Provincial Insurance Trust  
Clarke Convalescent Fund  
British Cotton Growing Subscription Local Fund  
Turton Chapeltown Old school  
Turton District Relief Fund  
Abigail Cheetham  
Humphrey Cheetham & GB Ashworth  
David Walsh Charity

## Statement of Responsibilities for the Accounts

### **The Authority's Responsibilities**

- The Authority is required:
- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Corporate Resources.
- to manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

### **The Director of Corporate Resource's Responsibilities**

The Director of Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this Statement of Accounts, the Director of Corporate Resources has:

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

The Director of Corporate Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- The Statement of Accounts presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2009.

Stephen M Arnfield  
Director of Corporate Resources  
29 June 2009

## Annual Governance Statement

### Scope of responsibility:

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

In discharging this overall responsibility Bolton Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

Bolton Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at [www.bolton.gov.uk/Council&Democracy](http://www.bolton.gov.uk/Council&Democracy) or can be obtained from The Director of Chief Executive's Department. This statement explains how Bolton Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### **DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK**

#### **The purpose of the governance framework**

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

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

The governance framework has been in place at Bolton Council for the year ended 31 March 2009 and up to the date of approval of the statement of accounts.

- A strategic planning system which identifies priorities and key aims. These are set out in the Bolton Plan (the Council's Corporate Plan) informed by Borough's Community Strategy "Clear Vision Bright Future" produced by Bolton's Local Strategic Partnership. In addition to specific aims the plan embraces the underlying concepts of continuous improvement and delivery of priority developments to address big issues.
- The delivery of Key Aims is addressed through the Corporate Business Planning Process (CBPP) which is integrated with Service Improvement Action Plans. Both elements incorporate performance monitoring and review as core elements.

- A framework of policy plans (some statutory, some local) which are reviewed annually and assist policy formulation.
- Legal, policy and procedural requirements are incorporated in the Council's Constitution and supporting documentation. Compliance is enforced by a range of measures including: Executive reporting, Member scrutiny, external inspection and audit, performance management and benchmarking, management oversight, internal audit and physical and procedural controls.
- The Council has a robust process for member development which identifies individual needs and action plans for development.
- The Council has a well developed performance management process which identifies clear targets against agreed priorities, monitors and reports performance and, where necessary implements improvement actions.
- The Council has a well established process of Risk Management including an annual review of strategic risks, an assessment of the likelihood and potential impact of risks and a register which records the responsibility for managing risk and the action taken.
- Value for Money is promoted across the organisation through the Council's Corporate Planning Business Process. The council has in place a timetable for formal value for money reviews or studies and further reviews arising through other means e.g. scrutiny, customer feed back, benchmarking, inter-authority initiatives.
- Protocols are in place to manage the many partnership arrangements that the Council has.
- The financial management of the authority is structured through Financial Regulations and financial Standing Orders, which are subject to regular review and approval a framework of regular management information, administrative procedures (including division of duties), management supervision and a system of delegation and accountability support these. Such procedures seek to ensure that transactions are authorised and that material errors or irregularities are either prevented or would be detected within a timely period.
- The Council has established an Audit Committee which has responsibility for providing assurance on the authority's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance
- The Council has in place an Investigations Panel which reviews and coordinates all investigations undertaken to ensure good practice is shared, any sanctions are consistent, and the organisation learns from the experience.
- Standards Committee has set up a process for local assessment of allegations of failure to comply with the Code of Conduct for Members, this process has been used.

## **DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK**

### **Review of effectiveness**

Bolton Council has responsibility for conducting, at least annually a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit and Risk's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The review of governance arrangements is defined in the Council's Assurance Framework which illustrates the individual elements of assurance. Elements of the review are shown below:

- Ongoing assessment against the CIPFA/SOLACE framework; *Delivering Good Governance in Local Government Framework*.
- Annual review of Internal audit
- Annual and interim reports of Head of Internal Audit & Risk.
- External Audit Reviews
- Annual statements of individual directors.
- Risk management and performance management systems.
- Audit Committee work plan and annual report to Council.
- Feedback form the CPA/CAA assessment
- Feedback from external inspectors and agencies.
- Customer feedback.
- Review of Internal Audit

The review process is managed by the AGS Management Group which comprises; the Chief Executive, Director of Corporate Resources, and the Monitoring Officer. Progress is reported to; the Executive, The Standards Committee, and Audit Committee as necessary. The Annual Governance Statement is reported to Audit Committee for review with formal approval by The Constitutional Panel.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and Constitutional Panel and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**Significant governance issues:**

The review process has not identified any significant governance issues for the relevant period and this is consistent with the external inspection scores received by the council The Council made significant progress on the issues raised in the 2007/08 statement and has continued to develop further good practice during 2008/09.

The 2008/09 process has not identified any significant issues that the council feels necessary to highlight in this statement. The council will, however, continue to develop and improve its governance arrangements during 2009/10 in line with agreed plans and timetables.

**Signed:** .....

Leader of the Council

.....

Chief Executive



## **GLOSSARY OF TERMS**

### **ACCRUALS**

Income and expenditure amounts are recognised as they are earned or incurred, rather than as received or paid.

### **AGENCY SERVICES**

Services performed by or for another authority or public body where the principal (the authority responsible for the service) reimburses the agent (the authority doing the work) the cost of the work carried out.

### **APPOINTED AUDITORS**

External auditors of local authorities appointed by the Audit Commission. They may be the Commission's own staff or from major accountancy firms.

### **APPROPRIATION**

The transfer of land and buildings from one service to another.

### **BALANCE SHEET**

A statement of the Council's assets and liabilities at a given date.

### **CAPITAL EXPENDITURE OR OUTLAY**

Expenditure on the acquisition of a fixed asset or expenditure which enhances the value of an existing fixed asset. It includes loans or grants to 3rd parties that are used for such purposes.

### **CAPITAL FINANCING CHARGES**

The annual charge to the Corporate Income and Expenditure Account in respect of interest and principal repayments of borrowed money. They include charges from Finance Leases (see below).

### **CAPITAL GRANTS**

Grants received towards capital expenditure on a particular service or project.

### **CAPITAL RECEIPTS**

Proceeds from the sale of land or other capital assets or the repayment of capital grants or loans. The receipts are available to finance other items of capital spending or to repay debt after any payment to due government has been made.

### **CHALLENGE FUNDING**

A process introduced by Government whereby authorities submit bids for schemes which are judged against others in the allocation of resources.

### **COLLECTION FUND**

A statutory account maintained by the Authority responsible for collecting Council Tax. Income received from taxpayers is held in this account and distributed to precepting authorities.

### **COMMUNITY ASSETS**

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

### **CORPORATE AND DEMOCRATIC CORE**

These are the activities which Councils engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service. These costs are therefore not allocated to services.

### **CREDITORS**

Amounts owed by the Council for work done, goods received or services rendered for which payment has not been made.

### **DEBTORS**

Sums of money due to the Council

### **DEFERRED CHARGES**

Capital expenditure where no Council asset is created, e.g. improvement grants. These charges are usually written-off in the year in which they are incurred.

### **FINANCE LEASE**

A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards is presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

### **FIXED ASSETS**

Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

### **GENERAL FUND**

The main revenue account for the Council in to which the Council's precept from the Collection Fund and specific government grants are paid, and from which the cost of providing services is met.

### **GOVERNMENT GRANTS**

Assistance by government, government agencies and similar bodies, in return for past or future compliance with certain conditions relating to the activities of the Authority.

### **HISTORIC COST**

The actual cost of assets, goods, or services at the time of their acquisition.

### **HOUSING REVENUE ACCOUNT (HRA)**

The Housing Revenue Account deals with the provision of Council houses and flats. There is a statutory requirement to keep this account separate from those for other housing activities.

### **INFRASTRUCTURE ASSETS**

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

### **INTANGIBLE FIXED ASSETS**

Assets used in a business which do not have a physical presence (e.g. software licences). When purchased these assets should be capitalised at cost and depreciated over their anticipated life. Internally developed intangible assets should only be capitalised where there is a readily ascertainable market value.

### **INVESTMENTS**

A long-term investment is an investment that is intended to be held for more than one year from the balance sheet date. Investments which do not meet the above criteria are classified as current assets.

### **NATIONAL NON-DOMESTIC RATES (NNDR)**

Non-Domestic Rates are organised on a national basis. The Government specifies an amount and, subject to the effects of transitional and other relief arrangements, local businesses pay rates calculated by multiplying their rateable values by that amount. The Council is responsible for collecting rates due from the ratepayers in its area. The net rates payable, less deductions, are paid to a central pool administered by Central Government.

### **NON DISTRIBUTED COSTS**

These are overheads from which no user now benefits and they are not allocated to services.

### **NON-OPERATIONAL ASSETS**

Fixed assets held by a local authority but not, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

### **OPERATING LEASES**

A lease other than a finance lease. The risks and rewards of ownership of the fixed asset remain with the lessor. Such a lease will be for a fixed period which is less than the useful life of the asset. The cost of such leases fall upon service revenue accounts.

### **OPERATIONAL ASSETS**

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

### **OUTTURN**

Actual Income and Expenditure in a financial year.

**PRECEPT**

A levy by one authority which is collected on its behalf by another e.g. Police, Fire, Parish Councils.

**PROVISIONS**

Amounts set aside for specific future losses and liabilities that are uncertain in amount and date.

**RESERVES**

Amounts set aside to meet expenditure which may be incurred in future periods. Earmarked reserves are allocated to a specific area of spending. Unallocated reserves arise as unplanned surpluses of income over expenditure.

**REVENUE EXPENDITURE**

Expenditure on day to day expenses such as employee costs, running expenses of buildings, purchase of equipment and capital financing charges.

**REVENUE SUPPORT GRANT (RSG)**

A general grant paid by the Government not related to individual service provision, with the objective of allowing the provision of similar standards of service throughout the country for a similar Council Tax levy.

**STOCKS**

Stocks comprise the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

**TRUST FUNDS**

Funds administered by the Council on behalf of minors and others for such purposes as prizes, charities and specific projects.