Statement of Accounts 2010/11

DERBYSHIRE DALES DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2010/11

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EXPLANATORY FOREWORD

INTRODUCTION

The purpose of this foreword is to provide a concise and understandable guide for the reader of the accounts of the most significant aspects of the Council's financial performance, year-end financial position and cash flows.

The Council's accounts for the financial year 2010/11 and the related notes are shown on pages 20 to 83. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/2011 (the Code) applicable to local authorities. The Code designates certain the financial statements as "core" and requires these to be grouped together in a specified order, to be followed by a consolidated set of notes to the accounts covering all of the core statements. Supplementary statements must be presented (with their own notes) after the notes on the core statements.

The Code sets out the proper accounting practices required for Statements of Accounts, by section 21(2) of the Local Government Act 2003 prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2003.

The Statement of Accounts provides information on how the Council has used the financial resources available to it and answers the following significant questions:

- How much did the Council's services cost in 2010/11?
- Where did the money come from?
- What were the major influences on the Council's Income and Expenditure?
- What were the Council's assets and liabilities at the close of 2010/11?

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

In 2010/11 the Council has prepared its Statement of Accounts in accordance with International Financial Reporting Standards (IFRS). These standards have been adopted nationally by local authorities in line with central government requirements and have replaced the UK GAAP (Generally Accepted Accounting Principles) under which the accounts have been prepared in previous years. IFRS aims to narrow the areas of difference in the production of statement of accounts to ensure a common pattern of presentation for all authorities. They also seek to aid interpretation and explanation. The Council has reviewed its accounting policies in line with IFRS and made adjustments accordingly. The main areas of impact have been

- the format of the main financial statements
- the treatment of grants and contributions
- changes to the categorisation and valuation of property, plant and equipment
- greater emphasis on component accounting for non current assets
- the treatment of investment properties
- the treatment of employee benefits
- increased disclosures

The 2009/10 accounts have been restated to follow IFRS requirements and the new policies and the amendments have been detailed in note 2 on page 37.

SUMMARY OF THE 2010/11 FINANCIAL YEAR

The Council incurs revenue and capital expenditure in the year. Revenue spending is generally on items that are consumed within a year and is financed from the council tax, government grants and various fees and charges. Capital expenditure has to have a benefit beyond one year and is financed by loans, grants, capital receipts or directly from revenue.

General Fund revenue spending in 2010/11

During 2010/11 the Council has faced a number of challenges in successfully managing its financial position. The downturn in the economy has significantly impacted on the levels of Income received from planning and building control fees, however, income has remained buoyant for car parks and commercial rents. Fees and charges were increased by an average of 4.6% from January 2011, including an increase in V.A.T. from 17.5% to 20%. Anticipated energy price increases did not impact during 2010/11. Managers have been asked to identify savings to address significant reductions in government grants for 2011/12 and future years. In setting the budget for 2011/12, savings of £1.3million were identified, and further savings of £1m are required over the following three years. The Council has approved an approach to achieve this. Some of these savings will be generated by voluntary redundancies in 2011/12 and provision for the redundancy payments has been made in the 2010/11 General Fund Balance. During 2010/11 officers have regularly reported to Council with updates on the Sustainable Financial Position.

The Budget for 2010/11 was achieved with a 2.95% increase on the Council Tax giving a Band D Council Tax of £189.66 (excluding the average parish council precept of £39.12). The following table provides a summary of revenue income and expenditure for 2010/11, compared with the original budget i.e. the budget that was approved by Council when setting the Council Tax for 2010/11 prior to the start of the financial year.

	2010/11 Actual £'000s	2010/11 Budget £'000s	2010/11 Variance £'000s	2009/10 Actual £'000s
Central services to the public	984	1,181	(197)	855
Cultural, Environmental, Regulatory and Planning services	8,375	8,909	(534)	7,835
Housing services	722	1,110	(388)	605
Highways and transport services	(355)	(746)	391	(910)
Corporate and democratic core	1,730	1,719	11	1,562
Non-distributed costs	(2,817)	198	(3,015)	226
Cost of services	**8,639**	**12,371**	**(3,732)**	**10,173**
Other Operating Expenditure including Parish Precepts	1,264	1,170	94	1,082
Financing and Investment income and Expenditure	846	894	(48)	1,011
Taxation and Non Specific Grant income	(12,733)	(11,648)	(1,085)	(13,332)
(Surplus) or Deficit on Provision of Services	**(1,984)**	**2,787**	**(4,771)**	**(1,066)**
Net additional amount required by statute & non statutory proper practise, to be credited to the General Fund Balance for the year	1,666	(2,679)	4,345	1,821
Increase / (decrease) in General Fund Balance	**(318)**	**108**	**(426)**	**755**

The General Fund Balance for 2010/11 shows a surplus of £318,000. The original budget assumed a deficit of £108,000, so there is an under-spending of £426,000. The major variances are:

- The budget included a pay increase of 2.75%. The actual increase awarded was 1%.
- The budget for fuel and energy costs was prepared when fuel prices were increasing. However, prices did not reach the anticipated high and consequently the energy budget is underspent by £139,000.
- Provision of £254,000 has been made in respect of voluntary redundancy costs payable in 2011/12.
- The Council has successfully reclaimed V.A.T. totalling £162,000 (£44,000 in respect of a Fleming Claim relating to Sports Tuition and £118,000 in respect of a refund of partial exemption tax for 2006/07), together with interest of £64,000 on the Fleming claim.
- Savings on budget have been transferred to reserves to provide for future acquisitions of vehicles, office technology and wheeled bins, and to provide future flexibility in financial decisions.

Capital Spending in 2010/11

Capital expenditure can be defined as that which generates an asset that has a useful life of more than one year. The capital account shows the Income and Expenditure transactions the Council makes when it:

- buys or sells land or property
- builds new property
- carries out work that enhances the Council's properties
- improves the Council's properties
- provides grants for the above types of activity, for example, improvement grants.

The original budget (capital programme) for the year was £12,256,000. This was revised to take account of the position at the end of the 2009/10 financial year and to reflect progress on schemes. The revised capital programme for 2010/11 was £10,755,000. The capital spending outturn for the year was £8,445,000; this resulted in an under-spend of £2,310,000 from the revised programme.

The table below shows capital spending, analysed by the Council's priorities:

	2010/11 Original Budget £'000s	2010/11 Revised Budget £'000s	2010/11 Actual £'000s	2009/10 Actual £'000s
Affordable Housing	1,320	1,417	762	1,175
Active, Healthy Communities	7,403	7,094	6,019	1,399
Community Safety	151	67	27	121
Street Scene	1,463	861	822	269
Other	1,919	1,316	815	505
Total Capital Spending	**12,256**	**10,755**	**8,445**	**3,469**

At 31st March 2011, there is an under-spend of £2.3m compared with the revised estimate; the principal schemes contributing to the under-spend are:

- Contract payments on Arc Leisure, Matlock were £950,000 lower than anticipated, although the centre remains on schedule to open in summer 2011.
- Delays on the refurbishment of small sewerage works (£207,000)
- Provision towards affordable housing projects (£418,000)
- Decent Homes Programme (£118,000)
- Disabled Facilities Grants (£91,000)
- Computer software licenses (£66,000)

Approval has been given to carry forward the under-spend into 2011/12.

Capital Resources

The table below shows how the capital spending in the year was financed:

	2010/11 £'000s	2009/10 £'000s
Capital Receipts	783	894
Government Grants and Contributions	178	184
Other Grants and Contributions	3,016	2,075
Direct Financing from Revenue	973	316
Borrowing	3,495	0
Total Capital Financing	**8,445**	**3,469**

The Council has substantial internal resources to finance its capital programme including its strategic reserves and the balance of its Capital Receipts Reserve. Details of these can be found in the Notes to the Financial Statements. Also available is the use of external borrowing when required. Currently the Council has no long-term borrowing that gives rise to a Minimum Revenue Provision (see below). The Council has sufficient capital resources to fund its existing capital programme.

Minimum Revenue Provision

The Local Government Act 2003 requires authorities to set aside an amount from revenue (Minimum Revenue Provision) for the repayment of external loans which have been taken out to fund capital expenditure. In line with CLG Regulations, the Council is required to approve an MRP Statement for each year. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure (i.e. Central Government provides revenue to pay for the borrowing), the MRP policy is the Capital Financing Requirement method outlined in the MRP guidance provided to local authorities by Communities and Local Government as part of the implementation of the Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008 (SI 2008/414). From 1 April 2008 for all unsupported borrowing the MRP policy is the Asset Life Method whereby MRP will be based on the estimated life of the assets, in accordance with regulations.

Capital Investment Plans

The Council has a five-year rolling capital programme at present totalling £8m. The major elements are as follows:

	£m
Expanding Services	3.6
Maintaining Existing Levels of Service	4.4

Receipts from the Sale of Assets

The Council received £365,000 from the sale of fixed assets during 2010/11. This was credited to the Capital Receipts Reserve. These sales comprised the following:

	£'000s
Land Wash Green Wirksworth	50
Lovatts Yard Ashbourne	200
Garages Hall Lane Ashbourne	70
Garages South Park Avenue Darley Dale	20
Land Station Approach Hathersage	15
Land Adjoining Medway Centre Bakewell	10
Total	**365**

2010/11 was the first year Derbyshire Dales District Council did not receive any funds from the Housing Stock Transfer (Right to Buy Sharing Agreement). This related to sales in 2009/10.

The following properties were transferred to Notts Community Housing Association at nil value. This has resulted in a saving on improvement costs plus nomination rights in perpetuity:

10 Limegrove Walk, Matlock
65/67 Chesterfield Road, Matlock

Details of the Capital Receipts Reserve can be found in Note 8 to the Financial Statements.

Redemption of Debt

The Council has only one long-term loan, borrowed in November 2006. This has a maturity date of 23rd September 2056.

Collection Fund and Council Tax Collection

Gross expenditure on the Collection Fund totalled £60.3m in 2010/11 (£60.4m in 2009/10). The net collectable amount for 2010/11 council tax was £41.4m, of which £40.7m has been received. This represents a collection rate of 98.4%. Total council tax arrears, including costs, amounted to £1.6m as at 31 March 2011 and will be collected during 2011/12. Council tax is collected on behalf of Derbyshire County Council, Derbyshire Fire and Rescue Authority and Derbyshire Police Authority. Amounts collected, bad debts written off and any surplus or deficit on the collection fund are distributed according to precepts. After providing for doubtful debts the Fund deficit increased by £421,000 during the year, resulting in a deficit carried forward of £883,000. When setting the level of Council Tax for 2011/12, it was estimated that there would be a deficit of £795,000. The difference between the actual and estimated deficit is mainly due to backdated revaluations and will be apportioned between this Council, Derbyshire County Council, Derbyshire Police Authority and Derbyshire Fire and Rescue and taken into account when setting the Council Tax for 2012/13.

Pensions

As part of its terms and conditions of employment the Council offers retirement benefits to its employees. Although these benefits will not actually be payable until the employees retire, the Council has a present commitment to make those payments when employees retire. Note 40 to the Financial Statements, on pages 73 to 77, gives further information and shows that the Council has a net liability of £14.7m at 31 March 2011 (£20.5m at 31 March 2010). Statutory arrangements allow the Council to make good this liability over the remaining working lives of employees. The deficit implies an increase in contributions in the long term.

Treasury Management Performance

During the financial year, the Council operated within the treasury limits set out in the Council's Treasury Management and Annual Investment Strategy which was approved on 4 March 2010.

The Council continues to operate a cautious approach to its dealings in the financial markets and accordingly reviews its Treasury Management Strategy regularly. Derbyshire Dales District Council currently deals only with major banks, larger building societies and public bodies for its daily cash flow purposes. It does not currently have any long term debt maturing.

Interest credited to the Comprehensive Income and Expenditure Statement in 2010/11 was £182,000 (2009/10 £338,000). The average rate of interest on investments was 0.95% (2.01% 2009/10).

The Council held investments of £6.5m at 31 March 2011 (£10.1m on 31 March 2010).

Reserves and Balances

The under-spend on revenue spending has increased revenue balances. Revenue balances carried forward at 31 March 2011 total £1,753,000 (31 March 2010 £1,435,000). This balance is significant as it reflects the revenue balances that are generally available for new expenditure. The Council has determined that it is prudent to maintain a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow.

The Council holds a number of earmarked reserves to finance future capital and revenue expenditure. The value of earmarked reserves held at 31 March 2011 is £6,433,000 (£7,148,000 at 31 March 2010). A full analysis of earmarked reserves is contained in Note 9 to the financial statements.

The Balance Sheet demonstrates that net worth has increased by £11.9m during the year to £48.3m.

STATUTORY STATEMENTS

The Council's statutory statements comprise:

Statement of Responsibilities – Page 8
This statement sets out the respective responsibilities for the accounts of the authority under Local Government legislation and other requirements, and those of the Head of Finance, who is the Council's Chief Financial Officer. Under the Code of Practice, the Head of Finance must sign the Statement of Responsibilities stating that the accounts present a true and fair view of the financial position of the Council.

Annual Governance Statement – Pages 9 to 18
This statement sets out the District Council's governance arrangements, within which financial control and risks of the authority are managed and reviewed. The statement identifies any significant control issues and action being taken to address them. This statement has to be certified by the Chief Executive and the Leader of the Council.

Auditor's Report – Pages 19 to 20
This report provides the independent auditor's opinion on the fairness of the accounts.

FINANCIAL STATEMENTS

The Statements required by the Code are explained in the notes below:

Movement in Reserves Statement – Page 21

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Comprehensive Income and Expenditure Account – Page 22

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet – Page 23

This is fundamental to the understanding of the Council's year-end financial position. The Balance Sheet shows the reserves at the Council's disposal, its long term indebtedness, the assets employed in its operations and current liabilities. The Balance Sheet excludes Trust Funds.

Cash Flow Statement – Page 24

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

Notes to Financial Statements – Pages 25 to 80

These are notes relating to the preceding financial statements which explain and provide additional information to figures included in the core statements.

Collection Fund – Page 81

This reflects a statutory requirement to maintain a separate Collection Fund. It shows the transactions of the Council as a billing authority in relation to business rates and the council tax, and illustrates the way these have been distributed to precepting authorities and the General Fund.

STATEMENT OF RESPONSIBILITIES

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Head of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Head of Finance's responsibilities

The Head of Finance is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in Code of Practice on Local Authority Accounting in the United Kingdom 2010/2011 (the Code).

In preparing this Statement of Accounts, the Head of Finance has:

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

The Head of Finance has also:

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

CHIEF FINANCIAL OFFICER'S CERTIFICATE

I certify that the accounts set out on pages 21 to 84 present a true and fair view of the financial position of the Council at 31st March 2011 and its income and expenditure for the year ended 31st March 2011.

P.J. Colledge, C.P.F.A.
Head of Finance

26 September 2011

APPROVAL BY STANDARDS AND AUDIT COMMITTEE

S. Hooton
Vice-Chairman of the Audit and Standards Committee

Date of Meeting: 26 September 2011

ANNUAL GOVERNANCE STATEMENT 2010-11

1. SCOPE OF RESPONSIBILITY

Derbyshire Dales District 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. The District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in a way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Derbyshire Dales District 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 www.derbyshiredales.gov.uk, or can be obtained from the Head of Democratic Services, Town Hall, Matlock, DE4 3NN. This statement explains how Derbyshire Dales District Council has complied with the code, and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values, by which the District Council 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 not fully achieving policies, aims and objectives and therefore provides a reasonable rather than 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 Derbyshire Dales District Council 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 Derbyshire Dales District Council for the year ended 31st March 2011 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the District Council's governance arrangements are as follows:

Identifying and communicating the District Council's vision of its purpose and intended outcomes for citizens and service users:

The Derbyshire Dales and High Peak Community Strategy outlines the vision, aims and priority themes for the area. It was produced in conjunction with the Derbyshire Dales and High Peak Local Strategic Partnership (LSP) which brings together all the relevant stakeholders, including those that deliver services in the area. Priorities have been identified through consultation with local people and a wide range of stakeholders.

Reviewing the District Council's vision and its implications for the authority's governance arrangements:

The Council's aims and objectives are set out in the annually-updated Corporate Plan. The Corporate Plan contains a statement of priorities which describes the areas where we are focusing our activities over a four-year period. These priorities reflect the Community Strategy, which was developed following consultation with residents, businesses and voluntary organisations. The Corporate Plan also reports on progress against last year's targets.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring they represent the best use of resources:

The Council's annual Performance Plan contains information about the Council's services and finances, sets out what we do, targets for the year and planned improvements. It includes performance indicators to show how well we performed in previous years.

Through reviews by external auditors, external agencies, Internal Audit, and the Corporate Improvement Team, the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty.

Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Personal Development Scheme and addressed by a Corporate Training Group.

The Council has achieved accreditation under the Investors in People Standard, which is a quality framework to ensure that the Council's employees have the right knowledge, skills and motivation to work effectively.

In the Annual Governance Report, the Audit Commission commented that the Council has adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

The Council has an effective performance management framework as set down in its document "Managing Performance At Derbyshire Dales District Council: A Practical Handbook". The system is driven by the Corporate Plan which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee personal development objectives and action plans. It is clearly laid out in the annual service and financial planning and performance management cycle. The Council's policy committees monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary, quarterly.

The quality of performance data is assured through a corporate verification and quality assurance process, and further guaranteed through the involvement of Internal Audit. Data quality guidance is circulated to appropriate employees and reviewed each year using a risk-based approach. Control checks are incorporated at all stages of the process.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication:

The District Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

Most day-to-day decisions are made by policy committees. The Council has two policy committees – 'Partnership & Regeneration' and 'Community & Environment'. Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the council can make decisions under delegated authority.

To allow the policy committees to concentrate their time and effort on policy and strategic matters, the Council has a Scheme of Officer Delegation, whereby routine decision-making is delegated to officers. The scheme sets out the relevant subject areas and the responsible officers.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff:

The Council's Standards Committee promotes, monitors and enforces probity and high ethical standards in the District Council and the local parish councils. It approves a local Code of Conduct for Members and for employees. The Committee ensures that Members act with integrity and recommends adoption corporately of any measures including those of confidentiality that are necessary to secure and demonstrate propriety within the general principles of public life.

The Committee also ensures that all elected and co-opted members have access to training in all aspects of the Member Code of Conduct.

The Council adopted a revised Code of Conduct for Members in September 2007, and Members were required to attend training on its application. Training was also provided to senior officers of the Council so that they could appreciate the issues surrounding the ethical framework and the Member/officer relationship.

The Employee Code of Conduct, based on the underlying principles of the Member code, was adopted in January 2008. Copies of the Code have been distributed to all employees.

The Council has a protocol governing Member/Officer relations.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks:

The District Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council has approved a Risk Management Policy Statement and Strategy which provides a comprehensive framework for the management of risk throughout the Council. A cross-departmental Risk Continuity Group has defined Terms of Reference to develop a comprehensive performance framework for risk management and to embed risk management across the authority. A Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks.

All reports which require decisions to be taken by the Council or its Committees contain a section which outlines legal, financial and corporate risks in order to inform the decision making process.

The Council's Constitution, including the Scheme of Delegation, Standing Orders and Financial Regulations, is reviewed annually by the Council. Any major changes are referred to the Standards Committee for prior consideration.

Ensuring the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The Council has designated the Head of Finance as chief financial officer in accordance with Section 151 of the Local Government Act 1972. Examples of how the role of the Head of Finance & the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)" are as follows:

- The Head of Finance is a member of the Chartered Institute of Public Finance & Accountancy (CIPFA), reports directly to the Chief Executive and is a member of the Corporate Management Team.
- The District Council's governance arrangements ensure that the Head of Finance has direct access to the Chief Executive, all other members of the Corporate Management Team, the Audit Committee, and external audit.

- The Council's Financial Regulations ensure that the Head of Finance is able to influence all material business decisions, as no item can be placed before the Council or its Committees without obtaining the Head of Finance's assessment of its financial implications and financial risk.
- Financial Regulations require the Head of Finance to prepare, and review on an annual basis, a financial strategy which includes a five-year financial plan, a five-year capital strategy, and a policy in respect of reserves and provisions.
- The Head of Finance ensures compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.
- Article 12 of the Councils Constitution sets out the functions of the chief finance officer, including ensuring lawfulness and financial prudence of decision making, administration of financial affairs, contributing to corporate management, providing advice and giving financial information, and requires the Council to provide whatever resources are require to allow these duties to be performed.
- There is a line of professional accountability to the Head of Finance for the District Council's finance staff.

Undertaking the core functions of an audit committee, as identified in CIPFA's *"Audit Committees – Practical Guidance for Local Authorities"*:

An Audit Committee was established by the District Council in October 2005. It is a key source of assurance to the Council's arrangements for managing risk, maintaining an effective control environment. The Audit Committee provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the authority's exposure and weakens the control environment. Its Terms of Reference are in accordance with the above CIPFA guidance.

With effect from the financial year 2011/12, the Audit Committee will be succeeded by a combined Audit and Standards Committee. The new committee's Terms of Reference relating to audit remain the same.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:

The Council has designated the Head of Democratic Services as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Chief Executive (head of paid service) and the Head of Finance (chief finance officer), the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.

The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.

The Council has Committees which carry out a number of regularity functions, including:

- two Planning Committees to determine planning applications and related matters;
- Local Development Framework Advisory Committee to assist in the formulation of planning policy;
- a Standards Committee which promotes, monitors and enforces probity and high ethical standards in the Council;
- an Overview and Scrutiny Committee, which reviews and/or scrutinises decisions made or actions taken in connection with the discharge of any of the Council's functions;
- a Licensing Committee, which monitors and reviews the effectiveness of the council's licensing policy and procedures.

Whistle-blowing and for receiving and investigating complaints from the public:

The Whistle-blowing policy was revised in April 2008 by the Standards Committee. It demonstrates the Council's commitment to providing support for whistleblowers and is available to all staff on the Councils Intranet, and is included in advice to suppliers on procurement.

The Council has an adopted complaints procedure that enables members of the public to raise concerns in respect of the Council's services. Any member of the public who is dissatisfied with the initial response to their complaint has the opportunity to request an independent review of that decision by the Council's Chief Executive. The Standards Committee has a role in monitoring the complaints framework and any complaints dealt with by the Local Government Ombudsman. Any critical findings from the Local Government Ombudsman are reported to one of the Council's Policy Committees or Council as appropriate. The Complaints Policy was reviewed by the Standards Committee in October 2008.

Details of how to make a complaint are on the Council's website www.derbyshiredales.gov.uk.

Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training:

The aim of the Council's employee Personal Development Scheme is to jointly agree objectives, identify training and development needs, and formulate specific and realistic action plans which contribute towards achieving the Council's aims and objectives. The scheme also reviews past performance.

A Member Development Working Group, consisting of Members and officers, has day-to-day responsibility for shaping and developing the Council's Member Development Scheme. The scheme enables individual Members to discuss their training and development needs within a set framework that included mandatory training on key topics.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:

The Council has three Area Community Forums covering the North, Central & Southern Areas of the District, which are intended to act as a focal point for mutual communication and consultation between the local community, stakeholders and Councillors. Community Forums contribute towards development of the Community Strategy, and can examine the effectiveness of strategic implementation of Council Policy at a local level and report findings to the relevant Committee.

The Council has a Citizens Panel of 1000 residents who are consulted regularly on a variety of issues, including the establishment of aims and objectives.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report *"Governing Partnerships: Bridging the Accountability Gap"*, and reflecting these in the authority's overall governance arrangements

The Council has delegated to its two policy committees a requirement to work jointly and in partnership with others to help deliver the Council's aims and objectives. Financial Regulations require the Head of Democratic Services to ensure that significant partnerships are defined by a written agreement which covers:

- The aims and objectives of the partnership.
- The accountability arrangements, including pooled budgets, scheme of delegation, reporting structures.
- The funding arrangements.
- The success criteria for the partnership, including financial performance.
- Governance arrangements including audit review.
- Arrangements for dissolving the partnership.

The Council maintains a register of all significant partnerships covering the above criteria. Risks arising from significant partnerships are identified in the Council's Risk Register.

4. REVIEW OF EFFECTIVENESS

Derbyshire Dales District 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 the effectiveness is informed by the work of the senior managers and internal auditors within the authority who have responsibility for the development and maintenance of the governance environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system the Governance Framework includes:

The Head of Democratic Services (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting.

The Standards Committee reviews the local Code of Corporate Governance on an annual basis, including Dimension 4 relating to risk management and internal control, adopts an Action Plan to deal with any issues, and makes appropriate recommendations to Council on potential improvements.

The Council has an Overview and Scrutiny Committee. It allows people to have a greater say in Council matters by holding public enquiries into matters of local concern. These can lead to reports and recommendations that advise the policy committees and the Council as a whole on its policies, budget and service delivery. The Overview and Scrutiny Committee also monitors the decisions of policy committees. It can "call-in" a decision which has been made by a policy committee but not yet implemented. This enables it to consider whether the decision is appropriate. It may recommend that the relevant policy committee or full Council reconsider the decision. It may also be consulted by policy committees on forthcoming decisions and the development of policy.

Individual Members of the Council may also request the Overview and Scrutiny Committee to consider and debate a topic of neighbourhood concern. This is known as a Councillor Call for Action.

The Council's Audit Committee has Terms of Reference which include:

- Approving Internal Audit strategy, operational plan and performance;
- Reviewing summaries of Internal Audit reports and the main issues arising;
- Considering the reports of external audit and inspection agencies;
- Considering the effectiveness of the Council's risk management arrangements;
- Satisfying itself that the Statement on Internal Control properly reflects the risk environment and any actions required to improve it;
- Ensuring that there are effective relationships between external and internal audit and other relevant bodies;
- Reviewing financial statements and the auditor's opinion on the council's Accounts;
- Monitoring management action in respect of issues raised.

The Audit Committee meets on four occasions throughout the year, in March, June, September and December.

The Standards Committee is composed of six Members of the District Council, three Members of Parish Councils, and four independent members. It promotes, monitors and enforces probity and high ethical standards in the District Council. It meets four times a year on routine business and, when required, to hear and determine matters regarding individual Members' behaviour.

With effect from the financial year 2011/12, the Audit Committee and the Standards Committee will be succeeded by a combined Audit and Standards Committee. The new committee's combined Terms of Reference remain the same as the previous Audit Committee and Standards Committee.

The Council has designated the Head of Finance as chief finance officer in accordance with Section 151 of the Local Government Act 1972. The role of the Head of Finance & the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)".The financial management of the authority is conducted in accordance with the financial rules set out in Part 4 of the Constitution and with Financial Regulations. The Council has in place a five-year Financial Strategy, updated annually, to support the medium-term aims of the Corporate Plan.

Internal Audit are responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan which is approved by Audit Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and service manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes quarterly reviews of recommendations to ensure that they are acted upon. All Internal Audit reports include a report on the quality and effectiveness of internal control within the Council's systems, and an assessment in accordance with quantification and classification of internal control level definitions. These definitions are:

Good	A few minor recommendations (if any)
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial
Marginal	A number of areas have been identified for improvement
Unsatisfactory	Unacceptable risks identified; changes should be made
Unsound	Major risk identified; fundamental improvements are required

The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.

A review of the effectiveness of the system of Internal Audit is undertaken on a regular basis. This includes the effectiveness of the Audit Committee. The findings of the review were considered by the Audit Committee on 29th March 2010. No significant issues were identified which needed to be brought to the attention of the Audit Committee or required action to be taken. A further review is included in the work plan of the Audit and Scrutiny Committee during the financial year 2011/12.

The Council's Corporate Management Team of Chief Officers and senior managers meets on a weekly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. The Corporate Management Team also considers other internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management.

Each year, the Corporate Management Team reviews the Risk Management Policy Statement and Strategy to ensure their continued relevance to the Council. The annual review also assesses performance against the aims and objectives of the Risk Management Strategy. In the Annual Audit Report, the Chief Internal Auditor provides an opinion to the Audit Committee on the adequacy of the Council's risk management systems and the internal control environment

The Risk Continuity Group provides six-monthly progress reports to the Corporate Management Team, bringing their attention to significant risks. The Risk Continuity Group also:

- Reviews the Council's strategic risk register and associated action plans;
- Ensures that the appropriate management action is taken to minimise/eliminate risk;
- Reviews the results of investigations into untoward incidents.

Minutes of the Risk Continuity Group are received by the Audit Committee.

The Corporate Improvement Team of Chief Officers and senior managers meets on a monthly basis and reviews progress on performance indicators, risk management and value-for-money.

For performance management, a traffic light monitoring and reporting system is in place. This risk assessment determines the frequency of reporting to chief officers and councillors, with corrective action plans put in place for any under-performing services.

In the Audit Commission's Annual Governance Report dated September 2010, the External Auditor commented that *"I have not identified any weakness in the design or operation of internal control that might result in material error in your financial statements of which you are not aware".*

In the Audit Commission's Audit Letter issued in November 2010, the External Auditor commented that:

- *"You can take assurance from the fact that I issued an audit report including an unqualified opinion on the financial statements on 28th September 2010"*, and
- *"I also issued an unqualified conclusion stating that the Council had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources on 28th September 2010".*

The Council's Corporate Management Team and Audit Committee has reviewed this Annual Governance Statement and the evidence supporting it.

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

5. SIGNIFICANT GOVERNANCE ISSUES

The following significant governance issues have been identified.

	Issue	Action
1.	The Council continues to face significant financial pressures. Although savings and efficiency gains have been achieved each year in order to set a balanced budget, further savings of around £1million are required over the next three years	Continue to plan and monitor the achievement of efficiency savings. Update Financial Strategy and medium-term financial plan during October 2011, or as and when further information becomes available, e.g. previous year's outturn. Monitor future announcements in respect of funding levels following a government review of the local government finance settlement mechanism, and incorporate in to the medium-term financial plan as necessary.
2.	The Council still needs to further develop its IT security procedures and disaster recovery plan, and needs to develop a new IT strategy..	Joint service delivery arrangements for the IT function were implemented with effect from 1st January 2010, The joint IT Service has been tasked with addressing these issues as a matter of priority. Much progress has been made in the implementation of disaster recovery arrangements, and these will be finalised during the coming financial year 2011/12.
4.	The Council has commenced construction of a new Central Area Leisure Centre (CALC), to be completed by summer 2011. Although tenders for its construction were within the available budget, the overall financial package is dependent on land sales of existing facilities, which have not yet been finalised.	Continually monitor spending on the project to ensure completion within budget.. Market the sites of the Matlock Lido Swimming Pool & land at the Dimple as and when economic conditions are most advantageous. Additional provision of £1.25 million earmarked in Direct Revenue Financing Reserve to provide additional funding pending land sales. Take into account the cost of short-term borrowing pending receipt of income from land sales in the CALC operational business plan. Include the cost of prudential borrowing in the Council's Medium Term Financial Plan.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Councillor Lewis Rose O.B.E.	David Wheatcroft
Leader of the Council	Chief Executive
Date:- **23rd June 2011**	**Date:-** 23rd June 2011

AUDITOR'S REPORT

Opinion on the Authority's accounting statements

I have audited the accounting statements of Derbyshire Dales District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Derbyshire Dales District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities, the Head of Finance 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. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Derbyshire Dales District Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's 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 to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Derbyshire Dales District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of Derbyshire Dales District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Sue Sunderland
District Auditor, Audit Commission, Westthorpe Business Innovation Centre, Westthorpe Fields Road, Killamarsh, Sheffield, S21 1TZ

September 2011

THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
Balance at 31 March 2009	**2,190**	**5,815**	**3,074**	**57**	**11,136**	**25,997**	**37,133**
Movement in reserves during 2009/10							
Surplus or (deficit) on the provision of services (accounting basis)	1,066	0	0	0	**1,066**	0	**1,066**
Other Comprehensive Income and Expenditure (see CIES)	0	0	0	0	**0**	(1,768)	**(1,768)**
Total Comprehensive Income and Expenditure	**1,066**	**0**	**0**	**0**	**1,066**	**(1,768)**	**(702)**
Adjustments between accounting basis & funding basis under regulations (Note 8)	(488)	0	600	701	813	(813)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**578**	**0**	**600**	**701**	**1,879**	**(2,581)**	**(702)**
Transfers to/from Earmarked Reserves (Note 9)	(1,333)	1,333	0	0	**0**	0	**0**
Increase or (decrease) in Year (Note 8)	**(755)**	**1,333**	**600**	**701**	**1,879**	**(2,581)**	**(702)**
Balance carried forward at 31 March 2010	**1,435**	**7,148**	**3,674**	**758**	**13,015**	**23,416**	**36,431**
Movement in reserves during 2010/11							
Surplus or (deficit) on the provision of services	1,984	0	0	0	**1,984**	0	**1,984**
Other Comprehensive Income and Expenditure (see CIES)	0	0	0	0	**0**	9,915	**9,915**
Total Comprehensive Income and Expenditure	**1,984**	**0**	**0**	**0**	**1,984**	**9,915**	**11,899**
Adjustments between accounting basis & funding basis under regulations (Note 8)	(2,381)	0	(403)	(699)	(3,483)	3,483	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**(397)**	**0**	**(403)**	**(699)**	**(1,499)**	**13,398**	**11,899**
Transfers to/from Earmarked Reserves (Note 9)	715	(715)	0	0	**0**	0	**0**
Increase or (decrease) in Year (Note 8)	**318**	**(715)**	**(403)**	**(699)**	**(1,499)**	**13,398**	**11,899**
Balance carried forward at 31 March 2011	**1,753**	**6,433**	**3,271**	**59**	**11,516**	**36,814**	**48,330**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/10				2010/11		
Gross Expendture £000s	**Gross Income £000s**	**Net Expenditure £000s**		**Gross Expendture £000s**	**Gross Income £000s**	**Net Expenditure £000s**
			Gross expenditure, gross income and net expenditure of continuing operations			
5,401	(4,546)	855	Central services to the public	5,700	(4,716)	984
13,595	(5,760)	7,835	Cultural, environmental, regulatory and planning services	14,827	(6,452)	8,375
1,251	(2,161)	(910)	Highways and transport services	1,699	(2,054)	(355)
14,043	(13,438)	605	General fund housing services	14,133	(13,411)	722
1,570	(8)	1,562	Corporate and democratic core	1,738	(8)	1,730
226	0	226	Non distributed costs	211	0	211
0	0	0	Exceptional Item: Negative past service cost (see note 40)	(3,028)	0	(3,028)
36,086	**(25,913)**	**10,173**	**Cost Of Services**	**35,280**	**(26,641)**	**8,639**
1,082	0	1,082	Other Operating Expenditure (Note 10)	1,264	0	1,264
2,963	(1,952)	1,011	Financing and investment income and expenditure (Note 11)	3,216	(2,370)	846
0	(13,332)	(13,332)	Taxation and Non-Specific Grant Income (Note 12)	0	(12,733)	(12,733)
		(1,066)	**(Surplus) or Deficit on Provision of Services**			**(1,984)**
		(3,804)	Surplus or deficit on revaluation of non current assets			(6,335)
		0	Surplus or deficit on revaluation of available for sale financial assets			0
		5,572	Actuarial gains / losses on pension assets / liabilities			(3,580)
		1,768	**Other Comprehensive Income and Expenditure**			**(9,915)**
		702	**Total Comprehensive Income and Expenditure**			**(11,899)**

There have been no acquired operations or discontinued operations in the financial years 2009/2010 and 2010/2011.

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

1 April 2009 £000s	Restated 31 March 2010 £000s		Notes	31 March 2011 £000s
43,592	48,100	Property, Plant & Equipment	13	58,943
1,163	1,159	Investment Property	14	1,159
8	71	Intangible Assets	15	101
6	5	Long Term Debtors	24	3
44,769	**49,335**	***Long Term Assets***		**60,206**
2,035	0	Short Term Investments	19	0
14	19	Inventories	17	16
5,116	6,291	Short Term Debtors	18	5,024
7,067	9,953	Cash and Cash Equivalents	19	5,778
904	0	Assets held for sale (<1yr)	20	195
15,136	**16,263**	***Current Assets***		**11,013**
(185)	(175)	Short Term Borrowing	16	(175)
(2,668)	(2,936)	Short Term Creditors	21	(2,173)
(44)	(47)	Provisions (<1yr)	22	(332)
(2,897)	**(3,158)**	***Current Liabilities***		**(2,680)**
(48)	(61)	Provisions (>1yr)	22	(45)
(5,450)	(5,450)	Long Term Borrowing	16	(5,450)
(14,377)	(20,498)	Other Long Term Liabilities	24 & 40	(14,714)
(19,875)	**(26,009)**	***Long Term Liabilities***		**(20,209)**
37,133	**36,431**	***Net Assets***		**48,330**
11,136	13,015	Usable reserves	23	11,516
25,997	23,416	Unusable Reserves	24	36,814
37,133	**36,431**	***Total Reserves***		**48,330**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

31 March 2010 £000s		31 March 2011 £000s
1,066	Net surplus or (deficit) on the provision of services	1,984
5,740	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(144)
(3,452)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing a	(1,521)
3,354	Net cash flows from Operating Activities (Note 25)	319
1,087	Investing Activities (Note 26)	(5,443)
(1,555)	Financing Activities (Note 27)	949
2,886	Net increase or decrease in cash and cash equivalents	(4,175)
7,067	Cash and cash equivalents at the beginning of the reporting period	9,953
9,953	**Cash and cash equivalents at the end of the reporting period (Note 19)**	**5,778**

The cash flow statement has been prepared using the indirect method.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) General principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2010/11* and the *Best Value Accounting Code of Practice 2010/11,* supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and concepts set out in FRS18, specifically the qualitative characteristics of financial information:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality

And pervasive accounting concepts:

- Accruals
- Going concern
- Primacy of legislative requirements.

b) Transition to IFRS

2010/11 is the first year of IFRS and accounting policies have been consistently applied to the adjusted previous year's figures, as required by IFRS1 – First Time Adoption of IFRS. At Note 2 to the Financial Statements, there is a full reconciliation statement to explain the movements from the original 2009/10 UK-GAAP based accounts to the restated IFRS accounts.

c) 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:

- Revenue from the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.

- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.

- 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 inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for income that might not be collected.

d) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial instruments repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature on or before 1 July of the following financial year and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

e) Charges to revenue for non-current assets

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

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirements (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses or amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

f) Contingent assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control.

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

g) Contingent liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the council's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed by way of a note to the accounts.

h) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or other forms of leave such as flexi-time or time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the pay rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post employment benefits

The Council's employees are part of the Local Government Pension Scheme, administered by Derbyshire County Council (the pension fund). The scheme provides defined benefits to members (in the form of retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the Derbyshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit cost 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 earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of Derbyshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price

- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services in 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement 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 the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement
  - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement
  - gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement 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 Pensions Reserve
  - contributions paid to the Derbyshire County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, 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 pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

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

i) Events after the balance sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

j) Exceptional items, prior period adjustments, changes in accounting policies and estimates, and errors

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

The transition to IFRS-based accounts has required the use of prior period adjustments. The preparation of IFRS accounts also requires the use of estimates and requires management to exercise its judgement in applying the Council's accounting policies. The areas involved in a higher degree of judgement or complexity, significant estimates or assumptions are disclosed in the relevant sections of the accounts. These estimates or assumptions are based on management's best knowledge at the time that the accounts are prepared and, in future, actual results might differ from these estimates.

The application of FRS30 Heritage Assets will require a change in accounting policy in respect of the treatment of heritage assets from 1 April 2011.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

k) Financial instruments

The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. At the present time this Council does not use an external fund manager.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the

Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or 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 Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. There were no early redemptions of loans during 2009/10 or 2010/11.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the general Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement.

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 recognised in the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement 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 the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Instruments entered into before 1st April 2006

The Council does not hold any instruments that were entered into before 1 April 2006.

l) Government grants and other contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and

- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation ands Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where revenue grants or contributions have been received and the conditions have been satisfied (or there were no conditions), the grant or contribution is credited to the Comprehensive Income and Expenditure Statement as shown above. However, it is Derbyshire Dales District Council's policy that where such a grant or contribution has been earmarked to finance future revenue expenditure, an amount equivalent to the grant or contribution will be transferred to the Revenue Grants Unapplied Reserve in the Movement in Reserves Statement. When the relevant expenditure has been incurred, the associated amount of grant is transferred from the Revenue Grants Unapplied Reserve in the Movement in Reserves Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ringfenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

m) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the

Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

n) Inventories and long term contracts

Inventories are included on the Balance Sheet at the lower of cost or net realisable value, calculated separately for each category of inventory. The cost of inventories is assigned using the First In, First Out costing formula.

The Council does not have any trading activities that generate income from long-term contracts.

o) Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received and expenses incurred in relation to investment properties are shown in the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

p) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified at operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

The Authority does not hold any assets acquired under finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

The Authority does not grant any finance leases for property, plant and equipment.

Operating Leases

Where the Authority grants an operating lease over a property or an item or plant or equipment, the asset is retained in the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where a premium paid at the commencement of a lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

q) 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 principles of CIPFA's *Best Value Accounting Code of Practice 2010/11 (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, using an appropriate basis such as staff time, floor area occupied or facility usage, except for:

- The costs of the corporate and democratic core – these costs relate to the Council's status as a multi-functional, democratic organisation
- Non-distributed costs – these are the costs of discretionary benefits awarded to employees retiring early and impairment losses on Assets Held for Sale.

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

The cost of service strategy and regulation of any service to the public is charged to the relevant service revenue account.

r) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie. It will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – historical cost.
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, 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 Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where the is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been changed if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal 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 only Council receipt this applies to are mortgage repayments in respect of Council House sales made prior to the Housing Stock Transfer in March 2002. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement)). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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 General Fund Balance in the Movement in Reserves Statement.

s) Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Statement of Income and Expenditure in the year that the council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed back to the relevant service.

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

t) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and these do not represent usable resources for the council. Such reserves are explained in the relevant accounting policies.

u) 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 non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

v) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

The Council is unable to recover all of its exempt input tax as it has breached the 5% partial exemption limit that applies to local authorities. In the case of revenue activities, the non-recoverable VAT has been charged to the relevant service in the Net Cost of Services section of the Comprehensive Income and Expenditure Statement. In the case of non-recoverable VAT relating to capital projects, the cost has been recognised as part of the initial cost of the asset.

w) Interests in Companies and Other Entities

Councils often choose to conduct their activities not through a single legal entity but through several undertakings under the ultimate control of the Council. In these circumstances the financial reports of that Council would not present a full picture of its economic activities or financial position; group accounts are therefore required to reflect the full service delivery and economic effects to the parent Council. Derbyshire Dales District Council does not have any material interests in companies or other entities that have the nature of subsidiaries, associates and jointly controlled entities. Therefore, the Authority has not prepared group accounts.

2. TRANSITION TO IFRS

The following tables show the final account figures for 2009/10, prepared under UK GAAP principles, reformatted into IFRS headings. All these adjustments have been made under International Accounting Standard 1 (IAS1) Presentation of Financial Statements.

Comprehensive Income and Expenditure Statement
(Formerly Income and Expenditure Account)

UK GAAP Headings	UK GAAP Format £'000s	IFRS Format £'000's	IFRS Headings
Net Cost of Services	10,102	10,173	Surplus / Defecit on Continuing Operations
Corporate Income and Expenditure			
(Profit)/Loss on Disposal of Fixed Assets	163		
Parish Council Precepts	1,109		
Contribution to Housing Pooled Receipts	1		
		1,082	Other Operating Expenditure
Interest Payable	341		
Interest and Investment Income	(338)		
Pension Interest Cost and Expected Return on Pension Assets	1,228		
		1,011	Financing and Investment Income and Expenditure
Net Operating Expenditure	12,606	12,266	
Principal Sources of Finance	(11,374)	(13,332)	Taxation and Non Specific Grant Income
(Surplus) / Deficit for year to Statement of Movement of General fund Balance	**1,232**	**(1,066)**	**Surplus / Deficit on Provision of Services**

Balance Sheet

UK GAAP Headings	UK GAAP Format £'000s	IFRS Format £'000's	IFRS Headings
Fixed Assets			Long Term Assets
Intangible Assets	71	71	Intangible Assets
Operational and Non Operational Assets	49,002		
		48,101	Property Plant and Equipment
		1,159	Investment Property
Long Term Debtors	5	5	Long Term Debtors
	49,078	49,336	
Current Assets			Current Assets
Stocks	19	19	Inventories and Work in Progress
Debtors	6,291	6,291	Short Term Debtors
Temporary Investments	10,097	0	Short Term Investments
Cash at Bank and in Hand	0	9,953	Cash and Cash Equivalents
	16,407	16,263	
Current Liabilities			Current Liabilities
Provisions	0	47	Provisions
Borrowing Repayable on Demand	175	175	Short Term Borrowing
Creditors	5,224	2,937	Short Term Creditors
Bank Overdraft	144	0	Bank Overdraft
	5,543	3,159	
Long Term Liabilities			Long Term Liabilities
Borrowing Repayable in greater than 12 months	5,450	5,450	Long Term Borrowing
Section 106 Agreements	375	0	Capital Grants Receipts in Advance
Deferred Grants and Contributions	3,992	0	
Deferred Receipts	5	0	
Provisions	61	61	
Assets and liabilities Relating to Pension Scheme	20,498	20,498	Other Long Term Liabilities
	30,381	26,009	
Total Assets Less Liabilities	**29,561**	**36,431**	**Net Assets**
Revenue Accounts	1,435		
Earmarked Reserves	5,243		
Capital Receipts Reserve	3,674		
		11,512	Usable Reserves
Pensions Reserve	(20,498)		
Revaluation Reserve	9,255		
Collection Fund Adjustment Account	(68)		
Capital Adjustment Account	35,622		
Financial Instruments Adjustment Account	(5,102)		
		24,919	Unusable Reserves
Total Net Worth	**29,561**	**36,431**	**Total Reserves**

In addition to the new format of the financial statements, the introduction of IFRS has necessitated the recalculation of some charges and balances. The following tables identify the adjustments made under the relevant standard as listed below:

- IAS 7 (International Accounting Standard 7 Statement of Cash Flows) – requires the reclassification of short term investments as cash equivalents in line with the authority's accounting policy.
- IAS 19 (International Accounting Standard 19 Employee Benefits) – introduces the requirement to include provisions for any benefits payable during employment, termination benefits and post employment benefits.
- IAS 20 (International Accounting Standard 20 Accounting for Government Grants and Disclosure of Government Assistance) – determines the scope, recognition and accounting treatment for government and non government grants.
- IAS 40 (International Accounting Standards 40 Investment Property) – determines the classification, measurement, accounting treatment and disclosure requirements for investment properties).
- IFRS 5 (International Financial Reporting Standard 5 Non Current assets Held for Sale and Discontinued Operations) – determines the classification, measurement, accounting treatment and disclosure requirements for assets held for sale.

Comprehensive Income and Expenditure Statement

	UK GAAP £'000s	IFRS 5 £'000s	IAS 19 £'000s	IAS 20 £'000s	IAS 40 £'000s	Other £'000s	**IFRS £'000s**
Central Services to the Public	**866**		3	(5)		(9)	**855**
Cultural, Environmental, Regulatory and Planning Services	**7,658**			177			**7,835**
Highways and Transport Services	**(912)**			2			**(910)**
Housing Services	**703**			(98)			**605**
Corporate and Democratic Core	**1,561**					1	**1,562**
Non Distributed Costs	**226**						**226**
Surplus / Deficit on Continuing Operations	**10,102**	0	3	76	0	(8)	**10,173**
Other Operating Expenditure	**1,273**	(361)				170	**1,082**
Financing and Investment Income and Expenditure	**1,231**				(109)	(111)	**1,011**
Taxation and Non Specific Grant Income	**(11,374)**			(1,958)			**(13,332)**
Surplus / Deficit on Provision of Services	**1,232**	(361)	3	(1,882)	(109)	51	**(1,066)**

Balance Sheet

	UK GAAP £'000s	IFRS 5 £'000s	IAS 7 £'000s	IAS 19 £'000s	IAS 20 £'000s	IAS 40 £'000s	Other £'000s	IFRS £'000s
Property Plant and Equipment	**49,002**	4				(1,045)	140	**48,101**
Investment Property	**0**					1,159		**1,159**
Intangible Assets	**71**							**71**
Assets Held For Sale	**0**							**0**
Long Term Investments	**0**							**0**
Long Term Debtors	**5**							**5**
Long Term Assets	**49,078**	4	0	0	0	114	140	**49,336**
Short Term Investments	**10,097**		(10,097)					**0**
Inventories	**19**							**19**
Short Term Debtors	**6,291**		9,953					**16,244**
Cash and Cash Equivalents	**0**							**0**
Assets Held For Sale	**0**							**0**
Current Assets	**16,407**	0	(144)	0	0	0	0	**16,263**
Short Term Borrowing	**(175)**							**(175)**
Short Term Creditors	**(5,224)**				2.287			**(2,937)**
Provisions	**0**			(47)				**(47)**
Cash and Cash Equivalents	**(144)**		144					**0**
Current Liabilities	**(5,543)**	0	144	(47)	2,287	0	0	**(3,159)**
Provisions	**(61)**							**(61)**
Long Term Borrowing	**(5,450)**							**(5,450)**
Deferred Receipts	**(5)**						5	**0**
Deferred Grants and Contributions	**(3,992)**				3,992			**0**
Section 106 Agreements	**(375)**				375			**0**
Assets Related to Pension Scheme	**32,969**							**32,969**
Liabilities Related to Pension Scheme	**(53,467)**							**(53,467)**
Long Term Liabilities	**(30,381)**	0	0	0	4,367	0	5	**(26,009)**
Net Assets	**29,561**	4	0	(47)	6,654	114	145	**36,431**
Usable Reserves	**8,849**				2,663			**11,512**
Unusable Reserves	**20,712**	4		(47)	3,991	114	145	**24,919**
Total Reserves	**29,561**	4	0	(47)	6,654	114	145	**36,431**

3. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

FRS30 *Heritage Assets* has been issued but will not be adopted for local authority accounts until 2011/12. The Authority has no significant heritage assets at the present time.

The Code gives authorities the option of choosing to measure community assets at valuation and to make disclosures as if community assets are heritage assets. The Authority has not chosen to treat community assets in this way.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet suficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The assets used by the waste collection contractor have been reviewed to determine whether they meet the criteria for an embedded lease. The current contract was extended for two years in August 2010 and is due to expire in August 2012. The depot used by the contractor is not solely used by this Authority so this does not meet the criteria for an embedded lease. However, for vehicles, it has been determined that under the present contract conditions there is an embedded operating lease.
- Some of the Council's vehicles are leased from Derbyshire County Council. The agreement has been reviewed and it has been determined that this arrangement is an operating lease.
- Some of the Council's land is leased to third parties. It has been determined that three of these properties are investment properties and that the associated leases are operating leases.
- The Authority is the trustee of the Ernest Bailey Charity, a charity that provides benefits for the inhabitants of the Matlock area. It has been determined that the Authority does not have control of the Trust and it is not a subsidiary of the Authority.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's balance sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £90,000 for every year that useful lives had to be reduced.
Provisions	The Authority has made a provision for the settlement of insurance claims, based on the number of claims outstanding at the balance sheet date and the estimated settlement costs. It is not certain that all claims have been received by the authority (public liability claims must be made within three years of the accident or within three years of reaching the age of 18 in the case of claims involving children).	An increase of 10% in the total number of claims would have the effect of adding £2,000 to the provision. The Authority has an insurances reserve that is available to finance any unknown future liabilities incurred where the Council has not externalised the insurance cover.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex	The effects on the net pensions liability of changes in individual assumptions can be

	judgements relating to the discounts rate used, the rate at which salaries are expected to increase, mortality rates and expected returns on pensions fund assets. An independent firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £852,000, while a 1 year addition to members' life expectancy would increase the pension liability by £1.2m.
Arrears	At 31 March 2011, the Authority had sundry debtor invoice arrears of £974,000. A review of the arrears, based on the age of the debts and the likely levels of collection, suggested that an impairment allowance of £31,000 was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts relating to debtor invoices would require an additional £31,000 to be set aside as an allowance.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

6. MATERIAL ITEMS OF INCOME AND EXPENSE

The Net Cost of Services on the Comprehensive Income and Expenditure Statement includes £44,000 (£85,000 in 2009/10) in respect of overpaid VAT recovered in Fleming claims and £118,000 (£85,000 in 2009/10) in respect of non-recoverable VAT set aside in 2005/06 (2006/07 for refund in 2009/10) that is not payable.

7. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Head of Finance on 30 June 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2010/11	Usable Reserves			
	General Fund Balance £'000s	Capital Receipts Reserve £'000s	Capital Grants Unapplied £'000s	**Movement in Unusable Reserves £'000s**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	1,617			(1,617)
Amortisation of Intangible Assets	24			(24)
Capital grants and contributions applied	(1,142)			1,142
Revenue expenditure funded from capital under statute	261			(261)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	474			(474)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital expenditure charged against the General Fund Balance	(989)			989
Adjustments primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account			(699)	699
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(380)	380		
Use of the Capital Receipts Reserve to finance new capital expenditure		(783)		783
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1	(1)		
Transfer from Deferred Receipts Reserve upon receipt of cash		1		(1)
Adjustments primarily involving the Deferred Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1			(1)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(110)			110
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	(866)			866
Employer's pension contributions in the year	(1,338)			1,338
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	63			(63)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3			(3)
Total Adjustments	**(2,381)**	**(403)**	**(699)**	**3,483**

2009/10	Usable Reserves: General Fund Balance £'000s	Usable Reserves: Capital Receipts Reserve £'000s	Usable Reserves: Capital Grants Unapplied £'000s	**Movement in Unusable Reserves £'000s**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	766			(766)
Amortisation of Intangible Assets	4			(4)
Capital grants and contributions applied	(1,222)			1,222
Revenue expenditure funded from capital under statute	579			(579)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,283			(1,283)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital expenditure charged against the General Fund Balance	(316)			316
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(735)		735	
Application of grants to capital financing transferred to the Capital Adjustment Account			(34)	34
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,311)	1,311		
Use of the Capital Receipts Reserve to finance new capital expenditure		(894)		894
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1	(1)		
Transfer from Deferred Receipts Reserve upon receipt of cash		184		(184)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(111)			111
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	1,895			(1,895)
Employer's pension contributions in the year	(1,346)			1,346
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	22			(22)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3			(3)
Total Adjustments	**(488)**	**600**	**701**	**(813)**

9. TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2010/11.

	Balance at 1st April 2010 £'000s	Receipts in year £'000s	Payments in year £'000s	Balance at 31st March 2011 £'000s	Movement 2010/11 £'000s	Movement 2009/10 £'000s
Bakewell ABC Repairs	48	0	(17)	31	(17)	0
Capital Improvements	0	100	(43)	57	57	0
Carsington Improvements	76	0	(2)	74	(2)	(3)
Committed Expenditure	227	98	(76)	249	22	(500)
Concessionary Fares	367	0	(357)	10	(357)	12
Direct Revenue Financing	2,175	0	(137)	2,038	(137)	1,114
Economic Development	65	0	0	65	0	0
Elections	82	10	0	92	10	10
Information Technology	540	132	(158)	514	(26)	58
Insurances	527	10	0	537	10	(6)
Job Evaluation	437	0	0	437	0	437
Local Plan	64	0	(13)	51	(13)	(4)
Member / Officer Indemnity	25	0	0	25	0	0
Revenue Grants Unapplied	1,905	761	(633)	2,033	128	132
Sports Centres	326	80	(406)	0	(326)	116
Vehicle Renewals	278	124	(203)	199	(79)	(9)
Wheeled Bins	6	35	(20)	21	15	(24)
	7,148	**1,350**	**(2,065)**	**6,433**	**(715)**	**1,333**

Reserves are held for the following purposes:

Reserve	**Purpose**
Bakewell ABC Repairs	To meet future repair requirements at the Agricultural Business Centre.
Capital Improvements	Created from the saving arising from the property repairs tender, to provide funding for capital improvements.
Carsington Improvements	To finance new or improved facilities for visitors to Carsington Reservoir or to mitigate any adverse effect on the locality caused by the development of the reservoir or the attraction of visitors to it, after consultations with Severn Trent Water.
Committed Expenditure	To finance expenditure committed in the Council's accounts as at 31st March but not yet due.
Concessionary Fares	To meet any increased costs arising from the judicial review; to meet any increased costs arising from appeals by bus operators; to meet increased costs due to inflation over and above grant increases.
Direct Revenue Financing	For future application to capital schemes, representing the Direct Revenue Financing provided for capital schemes where slippage has occurred.
Economic Development	To finance economic development schemes within the District.

Elections	To finance future District Council elections, by spreading the estimated costs annually.
Information Technology etc.	To acquire items of information and communications technology, such as personal computers and telephone systems and in connection with the Council's IT systems development strategy.
Insurances Job Evaluation	To finance any unknown future liabilities incurred where the Council has not externalised the insurance cover, mainly where quotations from external insurers are not cost effective when compared to the value of claims likely to be made such as for terrorism. Also covered are losses falling within the levels of excess on all other policies. To finance the extra costs of the Council's Job Evaluation exercise over 7 years
Local Plan	To finance the costs of the Council's Local Plan.
Member / Officer Indemnity	This reserve provides for risks not covered by insurance. The main risks comprise acts or omissions found to be ultra vires and defence costs of criminal proceedings.
Revenue Grants Unapplied	The balance of grants received but not yet spent, set aside to finance expenditure in future years.
Sports Centres	To finance a new sports centre within the District.
Vehicle Renewals	To fund the replacement of the Council's vehicle fleet. The balance on this reserve has been re-examined based on the current fleet of vehicles.
Wheeled Bins	To finance the future purchase of any replacement wheeled bins required by the Council.

10. OTHER OPERATING EXPENDITURE

2009/2010 £'000s		2010/2011 £'000s
1,108	Parish Precepts	1,169
1	Payment to Housing Capital Receipts Pool	1
(15)	Gains/losses on the disposal of non-current assets	109
(12)	Repayment of grants and advances	(15)
1,082		**1,264**

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2009/2010 £'000s		2010/2011 £'000s
230	Interest payable and similar charges	226
1,228	Pensions interest cost and expected return on pensions assets	904
(338)	Interest receivable and similar income	(182)
(109)	Income and expenditure in relation to invesment properties	(102)
1,011		**846**

12. TAXATION AND NON SPECIFIC GRANT INCOME

2009/2010 £'000s		2010/2011 £'000s
	Non-ringfenced government grants	
900	Revenue Support Grant	611
40	Area Based Grant	35
29	Local Authority Business Growth Incentive Grant	0
969		646
6,506	Council tax income	6,733
3,899	Non-domestic rates distribution	4,212
1,958	Capital grants and contributions	1,142
13,332		**12,733**

13. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment As at 31st March 2011	Land and Buildings £'000s	Community Assets £'000s	Infrastructure Assets £'000s	Vehicles, Plant, Equipment £'000s	Assets Under Construction £'000s	Total £'000s
Cost or Valuation						
At 1 April 2010	38,542	5,231	1,865	2,914	2,682	51,234
Additions	378	137	74	318	5,887	6,794
Revaluation increases/(decreases) to Revaluation Reserve	5,835					5,835
Revaluation increases/(decreases) to (Surplus)/Deficit on provision of services	(658)					(658)
Disposals	(495)			(132)		(627)
Reclassifications	(195)			22	(22)	(195)
At 31 March 2011	**43,407**	**5,368**	**1,939**	**3,122**	**8,547**	**62,383**
Accumulated Depreciation and Impairment						
At 1 April 2010	1,335	0	0	1,799	0	3,134
Depreciation Charge	711			248		959
Depreciation written out on revaluation	(504)					(504)
Impairment losses/reversals to Revaluation Reserve						0
Impairment losses/reversals to (Surplus)/Deficit on provision of services						0
Disposals	(19)			(130)		(149)
Reclassifications						0
At 31 March 2011	**1,523**	**0**	**0**	**1,917**	**0**	**3,440**
Net Book Value						
At 31 March 2011	**41,884**	**5,368**	**1,939**	**1,205**	**8,547**	**58,943**
At 31 March 2010	**37,207**	**5,231**	**1,865**	**1,115**	**2,682**	**48,100**

Property, Plant and Equipment As at 31st March 2010	Land and Buildings £'000s	Community Assets £'000s	Infrastructure Assets £'000s	Vehicles, Plant, Equipment £'000s	Assets Under Construction £'000s	Total £'000s
Cost or Valuation						
At 1 April 2009	35,189	4,958	1,852	2,891	1,565	46,455
Additions	203	273	13	169	1,187	1,845
Revaluation increases/(decreases) to Revaluation Reserve	3,465			(146)		3,319
Revaluation increases/(decreases) to (Surplus)/Deficit on provision of services						0
Disposals	(385)					(385)
Reclassifications	70				(70)	0
At 31 March 2010	**38,542**	**5,231**	**1,865**	**2,914**	**2,682**	**51,234**
Accumulated Depreciation and Impairment						
At 1 April 2009	1,265	0	0	1,598	0	2,863
Depreciation Charge	717			201		918
Depreciation written out on revaluation	(638)					(638)
Impairment losses/reversals to Revaluation Reserve						0
Impairment losses/reversals to (Surplus)/Deficit on provision of services						0
Disposals	(9)					(9)
Reclassifications						0
At 31 March 2010	**1,335**	**0**	**0**	**1,799**	**0**	**3,134**
Net Book Value						
At 31 March 2010	**37,207**	**5,231**	**1,865**	**1,115**	**2,682**	**48,100**
At 31 March 2009	**33,924**	**4,958**	**1,852**	**1,293**	**1,565**	**43,592**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Operational buildings – 3 to 55 years
- Vehicles, plant and equipment – 3 to 10 years

Commitments Under Capital Contracts

The Council has the following outstanding commitments in excess of £250,000 under capital contracts as at 31 March 2011:

Scheme	31 March 2011 £000's	Estimated Date of Completion
Central Area Leisure Centre:		
Construction	2,650	August 2011

Similar commitments at 31 March 2010 totalled £9.25 million.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. At 1 April 2010 all of the Authority's car parks were revalued. In addition, a review of all other assets was undertaken to determine any further action required. A review of assets was undertaken to determine if any impairment had taken place, and where appropriate values were amended. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Plant and machinery is included in the valuation of buildings.

The assumptions made in producing the various valuations are set out in a valuation certificate and report.

	Land and Buildings £000's	Vehicles, Plant, Equipment £000's	Community Assets £000's	Infrastructure Assets £000's	Total £000's
Carried at historical cost	0	2,914	5,231	1,865	10,010
valued at fair value as at:					
31 March 2011	19,294	0	0	0	19,294
31 March 2010	10,993	0	0	0	10,993
31 March 2009	8,093	0	0	0	8,093
31 March 2008	4,905	0	0	0	4,905
	43,285	**2,914**	**5,231**	**1,865**	**53,295**
Additions over the 4 year period	122	0	0	0	122
Total Cost or Valuation	**43,407**	**2,914**	**5,231**	**1,865**	**53,417**

14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2009/10 £'000s		2010/11 £'000s
109*	Rental income from investment property	102
0	Direct operating expenses arising from investment property	0
109	**Net gain / (loss)**	**102**

* The 2009/10 rental income included an amount of £6,700 that related to the 2008/09 financial year.

The Authority's investment properties are leased to third parties on terms ranging from 21 years to 125 years.

The following table summarises the movement in the fair value of investment properties over the year:

2009/10 £'000s		2010/11 £'000s
1,163	**Balance at 1 April**	**1,159**
0	Additions	0
(4)	Disposals	
0	Net gains / losses from fair value adjustments	0
0	Reclassifications	0
1,159	**Balance at 31 March**	**1,159**

15. INTANGIBLE ASSETS

The Authority accounts for its software licences and some other licences as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licences, there are no items of internally generated software.

All software is given a finite useful life, based on the assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to the major software suites used by the Authority is 3 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation charge to revenue in 2010/11 was £24,666.

2009/10 £'000s		2010/11 £'000s
	Balance at 1 April:	
17	Gross Carrying Amounts	84
(8)	Accumulated amortisation	(13)
9	**Net carrying amount at 1 April**	**71**
67	Additions	54
(5)	Amortisation for the period	(24)
0	Disposals: Gross Carrying Amount	(9)
0	Disposals: Accumulated amortisation	9
71	**Net carrying amount at 31 March**	**101**
	Comprising:	
84	Gross carrying amounts	129
(13)	Accumulated amortisation	(28)

Amortisation methods are explained in Accounting Policies on page 31.

16. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2010 £000's	31 March 2011 £000's	31 March 2010 £000's	31 March 2011 £000's
Investments				
Loans and Receivables	5	3	11,647	8,338
Total investments	**5**	**3**	**11,647**	**8,338**
Borrowings				
Financial liabilities at amortised cost	5,450	5,450	2,721	2,169
Total borrowings	**5,450**	**5,450**	**2,721**	**2,169**

Income, Expense, Gains and Losses

	Financial Liabilities		Financial Assets	
	2009/10 £000's	2010/11 £000's	2009/10 £000's	2010/11 £000's
Interest Expense	230	226	0	0
Interest Payable	230	226	0	0
Interest Income			(338)	(182)
Interest and Investment Income	0	0	(338)	(182)
Net (Gain) / Loss for the year	230	226	(338)	(182)

Fair values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors 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 PWLB loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- No early repayment or impairment is recognised
- Where an instrument will mature in the next twelve months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2010		31 March 2011	
	Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
Non Public Works Loan Board	175	175	175	175
Public Works Loan Board	5,450	5,279	5,450	5,466
Total Debt	5,625	5,454	5,625	5,641
Trade Creditors	2,546	2,546	1,974	1,974
Total Financial Liabilities	**8,171**	**8,000**	**7,599**	**7,615**
Loans and Receivables	10,097	10,097	6,478	6,478
Long Term Debtors	5	5	3	3
Trade Debtors	1,550	1,550	1,860	1,860
Total Loans and Receivables	**11,652**	**11,652**	**8,341**	**8,341**

As at the 31st March 2011 the fair value of the liabilities is higher than the carrying amount because the Authority's loan is a fixed rate loan where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2011) arising from a future commitment to pay interest to lenders below current market rates.

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

17. INVENTORIES

	Fuel and Oils		Tourism Publications		Computer Consumables		**Total**	
	2010/11 £000's	2009/10 £000's	2010/11 £000's	2009/10 £000's	2010/11 £000's	2009/10 £000's	2010/11 £000's	2009/10 £000's
Balance at 1 April	**2**	**0**	**12**	**11**	**5**	**5**	**19**	**16**
Purchases	26	27	32	37	4	10	62	74
Recognised as an expense in year	(26)	(25)	(33)	(36)	(5)	(10)	(64)	(71)
Written off balances	0	0	0	0	0	0	0	0
Reversals of write-offs in previous years	0	0	0	0	0	0	0	0
Balance at 31 March	**2**	**2**	**11**	**12**	**4**	**5**	**17**	**19**

18. DEBTORS

1 April 2009 £'000s	31 March 2010 £'000s		31 March 2011 £'000s
1,428	3,362	Central Government Bodies	1,241
1,609	1,310	Other Local Authorities	2,155
27	8	NHS Bodies	17
1	0	Public Corporations and Trading Funds	0
255	272	Council Tax Payers - Derbyshire Dales	255
1,796	1,339	Other Entities and Individuals	1,356
5,116	**6,291**		**5,024**

19. CASH AND CASH EQUIVALENTS

1 April 2009 £'000s	31 March 2010 £'000s		31 March 2011 £'000s
40	(144)	Cash and Bank	(700)
1635	3,580	Bank Instant Access Deposit Account	4,475
5392	6,517	Short Term Deposits with Building Societies, including Accrued Interest	2,003
7,067	**9,953**		**5,778**

On 1st April 2009 the Council held two investments totalling £2m which matured after 1st July 2009, therefore they were not classed as cash equivalents.

20. ASSETS HELD FOR SALE

The Council holds the following current assets with the intent of selling them within 12 months of the balance sheet date.

2009/10 £'000s		2010/11 £'000s
904	**Balance at 1 April**	**0**
	Assets newly classified as held for sale:	
0	Property, Plant and Equipment	195
0	Revaluation gains / losses	0
	Assets declassified as held for sale:	
0	Property, Plant and Equipment	0
(904)	Assets sold	0
0	**Balance at 31 March**	**195**

21. CREDITORS

1 April 2009 £'000s	31 March 2010 £'000s		31 March 2011 £'000s
273	292	Central Government Bodies	348
371	577	Other Local Authorities	563
125	135	Council Tax Payers - Derbyshire Dales DC	118
1,899	1,932	Other Entities and Individuals	1,144
2,668	**2,936**		**2,173**

22. PROVISIONS

	Long Term	**Short Term**		**Total**
	Insurances	Accumulated Absences	Voluntary Redundancy Costs	
	£'000s	£'000s	£'000s	£'000s
Balance at 1 April 2009	**48**	**44**	**0**	**92**
Additional provisions made in 2009/10	6	47	0	**53**
Amounts used in 2009/10	(6)	(44)	0	**(50)**
Unused amounts reversed in 2009/10	13	0	0	**13**
Balance at 31 March 2010	**61**	**47**	0	**108**
Additional provisions made in 2010/11	(10)	50	282	**322**
Amounts used in 2010/11	(11)	(47)	0	**(58)**
Unused amounts reversed in 2010/11	5	0	0	**5**
Balance at 31 March 2011	**45**	**50**	**282**	**377**

Insurance claims

The Insurances Provision was established to provide for claims that are pending in respect of uninsured losses, arising where there is no externally provided cover, such as where quotations from external insurers are not cost effective when compared with the value of claims likely to be made. Also covered are losses falling within the levels of excess on all other policies. All of the insurance claims are individually insignificant. They relate to personal injuries where the Authority is alleged to be at fault (e.g. through a failure to repair a car park properly) or vehicle accidents. Provision has been made for those claims where it is deemed probable that the Authority will have to make a settlement, based on past experience about court decisions about liability and the amount of damages payable. It is not clear when all the outstanding claims will be settled as some, especially personal accident claims involving minors, can take several years to settle. The Authority may be reimbursed by its insurers for amounts above a £2,500 excess and, where there is reasonable assurance that this will be so, the income has been recognised.

Short term accumulated absences

At 31 March 2011 it was estimated that 314 days of leave entitlement remain to be taken by employees, valued at £50,000. The Authority allows its employees to carry forward these days into the following financial year.

Voluntary redundancy costs

On 3 March 2011 the Council approved voluntary redundancies for 17 employees. The voluntary redundancy costs totalled £439,000, comprising redundancy payments of £282,000 and pension costs of £157,000. Employees are not due to leave the Council's employment until 2011/12, but the Code states that termination costs are to be charged on an accruals basis to the relevant service line of the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of employment. This provision reflects the accrual of the redundancy payments. Statutory arrangements allow the pension costs of £157,000 to be reversed out of the General Fund Balance in the Movement In Reserves Statement.

23. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement In Reserves Statement. The table below shows the balances at 31 March:

	1 April 2009 £'000s	31 March 2010 £'000s	31 March 2011 £'000s
Revenue Accounts			
General Fund	2,190	1,435	1,753
Earmarked Reserves			
Capital	497	604	256
Revenue	5,318	6,544	6,177
Other			
Capital Receipts Reserve	3,074	3,674	3,271
Grants and Contributions Unapplied	57	758	59
Total Usable Reserves	**11,136**	**13,015**	**11,516**

24. UNUSABLE RESERVES

	1 April 2009 £'000s	31 March 2010 £'000s	31 March 2011 £'000s
Revaluation Reserve	6,165	9,263	15,183
Capital Adjustment Account	39,323	39,863	41,515
Financial Instruments Adjustment Account	(5,213)	(5,102)	(4,992)
Deferred Receipts Reserve	189	5	3
Pensions Reserve	(14,377)	(20,498)	(14,714)
Collection Fund Adjustment Account	(46)	(68)	(131)
Accumulated Absences Reserve	(44)	(47)	(50)
Total Unusable Reserves	**25,997**	**23,416**	**36,814**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2009/10 £'000s	2009/10 £'000s		2010/11 £'000s	2010/11 £'000s
	6,165	**Balance at 1 April**		**9,263**
3,868		Upward revaluation of assets	6,762	
(64)		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(427)	
	3,804	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		6,335
(196)		Difference between fair value depreciation and historical cost depreciation	(204)	
(510)		Accumulated gains on assets sold or scrapped	(211)	
	(706)	Amount written off to Capital Adjustment Account		(415)
	9,263	**Balance at 31 March**		**15,183**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Accourt, apart from those involving the Revaluation Reserve.

	2009/10 £'000s			2010/11 £'000s
	39,323	**Balance at 1 April**		**39,863**
		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(766)		• Charges for depreciation and impairment of non-current assets	(1,617)	
(4)		• Amortisation of intangible assets	(24)	
(579)		• Revenue expenditure funded from capital under statute	(261)	
(1,283)		• Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(474)	
	(2,632)			(2,376)
	706	Adjusting amounts written out of the Revaluation Reserve		415
	(1,926)	Net written out amount of the cost of non-current assets consumed in the year		(1,961)
		Capital financing applied in the year:		
894		• Use of the Capital Receipts Reserve to finance new capital expenditure	783	
1,256		• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,142	
0		• Application of grants to capital financing from the Capital grants Unapplied Account	699	
316		• Capital expenditure charged against General Fund balances	989	
	2,466			3,613
	0	Movements in the market value of investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		0
	0	Movements in the Donated assets Account credited to the Comprehensive Income and Expenditure Statement		0
	39,863	**Balance at 31 March**		**41,515**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early repayment of loans, which were redeemed in 2003/04. Premiums are excluded from the Comprehensive Income and Expenditure Statement but included in the Movement in Reserves Statement. Over time, the expense is posted back to the General fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In this Authority's case, the period to charge the premium is 50 years.

	2009/10 £'000s			2010/11 £'000s
	(5,213)	**Balance at 1 April**		**(5,102)**
111		Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	110	
	111	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		110
	(5,102)	**Balance at 31 March**		**(4,992)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as The Authority makes employer's contributions to the pension fund. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time that the benefits come to be paid.

2009/10 £'000s		2010/11 £'000s
(14,377)	**Balance at 1 April**	**(20,498)**
(5,572)	Actuarial (gains) or losses on pensions assets and liabilities	3,580
(1,895)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	866
1,346	Employer's pensions contributions payable in the year	1,338
(20,498)	**Balance at 31 March**	**(14,714)**

Deferred Receipts Reserve

The Deferred Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Deferred Receipts Reserve. For this Authority, Deferred Receipts arise from mortgages on Council Houses sold. For the second year running since the Housing Stock Transfer in March 2002, the Council was not due to any amounts in 2010/11 in respect of the Right to Buy Sharing Agreement. This Agreement, made with Dales Housing when the Council's stock was transferred, entitled the Council to an element of all future sales over a period of 30 years. The Agreement pre-determines the sum due to the Council.

2009/10 £'000s		2010/11 £'000s
189	**Balance at 1 April**	**5**
(184)	Transfer to the Capital Receipts Reserve upon recepit of cash	(2)
5	**Balance at 31 March**	**3**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10 £'000s		2010/11 £'000s
(46)	**Balance at 1 April**	**(68)**
(22)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory arrangements	(63)
(68)	**Balance at 31 March**	**(131)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2009/10 £'000s		2010/11 £'000s
(44)	**Balance at 1 April**	**(47)**
44	Settlement or cancellation of accrual made at the end of the preceding year	47
(47)	Amounts accrued at the end of the current year	(50)
(47)	**Balance at 31 March**	**(50)**

25. CASH FLOW STATEMENT – OPERATING ACTIVITIES

2009/2010 £'000s	2009/2010 £'000s		2010/2011 £'000s	2010/2011 £'000s
	1,066	**Net Surplus or (Deficit) on the Provision of Services**		**1,984**
		Adjustments for non-cash movements		
766		Depreciation and impairmant of non-current assets	1,617	
4		Amortisation	24	
687		Increase/Decrease in Creditors	(564)	
244		Increase/Decrease in Interest and Dividend Debtors	14	
199		Increase/Decrease in Debtors	226	
(5)		Increase/Decrease in Inventories	3	
549		Pension Liability	(2,204)	
13		Contributions to/(from) Provisions	266	
1,283		Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	474	
2,000		Carrying amount of short and long term investments sold	0	
	5,740			**(144)**
		Adjustments for investing or financing activities		
(1,957)		Capital Grants credited to surplus or deficit on the provision of services	(1,142)	
(1,495)		Proceeds from the sale of property plant and equipment, investment property and intangible assets	(379)	
	(3,452)			**(1,521)**
	3,354	Net Cash Flows from Operating Activities		**319**

26. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2009/2010 £'000s		2010/2011 £'000s
(2,327)	Purchase of property, plant and equipment, investment property and intangible assets	(7,044)
1,460	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	416
1,954	Other receipts from investing activities	1,185
1,087		**(5,443)**

27. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2009/2010 £'000s		2010/2011 £'000s
(1,545)	Other receipts from financing activities	949
(10)	Repayments of of short-term and long-term borrowing	0
(1,555)		**949**

28. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Best Value Accounting Code of Practice*. However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across the key policy committees.

Derbyshire Dales District Council
Committee Income and Expenditure

2009/10				2010/11		
Community & Environment Committee	Partnership & Regeneration Committee	Total		Community & Environment Committee	Partnership & Regeneration Committee	Total
£000's	£000's	£000's		£000's	£000's	£000's
5,919	2,503	8,422	Employees	3,496	2,663	6,159
726	1,220	1,946	Premises	634	1,768	2,402
1,073	664	1,737	Transport	1,101	691	1,792
5,741	4,237	9,978	Supplies and Services	5,740	3,529	9,269
15,360	0	15,360	Transfer Payments	16,055	0	16,055
3,609	821	4,430	Support Service Charges	3,739	1,034	4,773
232	446	678	Capital Charges	523	1,118	1,641
32,660	**9,891**	**42,551**	**Total expenditure**	**31,288**	**10,803**	**42,091**
(24,274)	(8,056)	(32,330)	Income	(25,222)	(8,226)	(33,448)
8,386	**1,835**	**10,221**	**Net expenditure**	**6,066**	**2,577**	**8,643**

Reconciliation of Committee Income and Expenditure to Cost of services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to the amounts included in the Cost of services line of the Comprehensive Income and Expenditure Statement.

2009/10 £000's		2010/11 £000's
10,221	Net expenditure in the Committee Analysis	8,643
(287)	Amounts in the Cost of Services in the Comprehensive Income and Expenditure Statement not reported to management in the Committee Analysis	(125)
239	Amounts included in the Committee Analysis but not included in the Cost of Services in the Comprehensive Income and Expenditure Statement	121
10,173	**Cost of Services**	**8,639**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of committee income and expenditure relate toa subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2010/11	Committee Analysis £'000s	Amounts not reported to management in the Committee Analysis £'000s	Amounts not included in the CIES £'000s	Adjustments within CIES £'000s	Corporate Amounts £'000s	**Total £'000s**
Fees, charges and other service income	(13,748)	(125)	19	102		**(13,752)**
Financing and investment income (including expected return on pensions assets)	0			(102)	(2,268)	**(2,370)**
Income from council tax	0				(6,733)	**(6,733)**
Government grants and other contributions	(19,700)				(6,000)	**(25,700)**
Total Income	**(33,448)**	**(125)**	**19**	**0**	**(15,001)**	**(48,555)**
Employee expenses	6,159					**6,159**
Other service expenses	29,518					**29,518**
Support service recharges	4,773					**4,773**
Depreciation, amortisation and impairment	1,641					**1,641**
Interest payments (including pensions interest costs)	0				3,216	**3,216**
Town and Parish Council Precepts	0				1,169	**1,169**
Payments to Housing Capital Receipts Pool	0				1	**1**
Repayment of grants and advances	0				(15)	**(15)**
Gain or loss on Disposal of Non Current Assets	0				109	**109**
Total Expenditure	**42,091**	**0**	**0**	**0**	**4,480**	**46,571**
(Surplus) or deficit on the provision of services	**8,643**	**(125)**	**19**	**0**	**(10,521)**	**(1,984)**

Reconciliation to subjective analysis (continued)

2009/10	Committee Analysis £'000s	Amounts not reported to management in the Committee Analysis £'000s	Amounts not included in the CIES £'000s	Adjustments within CIES £'000s	Corporate Amounts £'000s	**Total £'000s**
Fees, charges and other service income	(13,922)	(173)	130	109		**(13,856)**
Financing and investment income (including expected return on pensions assets)	0			(109)	(1,843)	**(1,952)**
Income from council tax	0				(6,506)	**(6,506)**
Government grants and contributions	(18,408)				(6,826)	**(25,234)**
Total Income	**(32,330)**	**(173)**	**130**	**0**	**(15,175)**	**(47,548)**
Employee expenses	8,422	3				**8,425**
Other service expenses	29,021					**29,021**
Support service recharges	4,430					**4,430**
Depreciation, amortisation and impairment	678	(117)				**561**
Interest payments (including pensions interest costs)	0				2,963	**2,963**
Town and Parish Council Precepts	0				1,108	**1,108**
Payments to Housing Capital Receipts Pool	0				1	**1**
Repayment of grants and advances	0				(12)	**(12)**
Gain or loss on Disposal of Non Current Assets	0				(15)	**(15)**
Total Expenditure	**42,551**	**(114)**	**0**	**0**	**4,045**	**46,482**
(Surplus) or deficit on the provision of services	**10,221**	**(287)**	**130**	**0**	**(11,130)**	**(1,066)**

29. ACQUIRED AND DISCONTINUED OPERATIONS

The Authority has no operations that have been acquired or discontinued in 2009/10 or 2010/11.

30. AGENCY SERVICES

The Council operates as an agent for Derbyshire County Council in respect of highways cleansing and verge mowing. In 2010/11 the expenditure was £393,000 (2009/10 £343,000).

The Council acts as an agent for Central Government in collecting National Non-Domestic Rates, and as an agent for major precepting authorities in collecting their shares of council tax. Further information of the amounts collected is given in the section for the Collection Fund, commencing on page 81.

31. TRADING OPERATIONS

Following a voluntary competitive tendering exercise, from 1st April 2008 the Council has run its street cleansing, verge mowing and vehicle maintenance operations under a single manager, who is required to meet the costs of activities by charging customers (internal and external) for services provided. The trading unit has the following financial results:

2009/10 £'000s	2009/10 £'000s		2010/11 £'000s	2010/11 £'000s
		Street Cleansing & Verge Mowing		
1,405		Turnover	1,378	
(1,291)		Expenditure	(1,339)	
	114	Surplus		39
		Vehicle Maintenance		
165		Turnover	181	
(264)		Expenditure	(213)	
	(99)	Surplus		(32)
	15	**Net surplus on trading activities**		**7**

32. OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Post Holder		Salary, Fees and Allowances £'000s	Benefits in Kind £'000s	Employer's Pension Contributions £'000s	Total Remuneration £'000s
Chief Executive	2010/11	118	5	25	148
	2009/10	118	6	24	148
Director of Planning & Development Services	2010/11	80	1	16	97
	2009/10	80	2	15	97
Director of Community Services	2010/11	80	5	16	101
	2009/10	78	5	15	98
Head of Finance	2010/11	66	1	13	80
	2009/10	66	2	13	81
Head of Planning Services	2010/11	66	2	13	81
	2009/10	66	2	13	81
Head of Organisational Development	2010/11	59	3	12	74
	2009/10	59	3	12	74
Head of Democratic Services	2010/11	54	3	10	67
	2009/10	51	3	10	64

The number of employees whose remuneration exceeded £50,000, excluding employer's pension contributions, during the year is set out below: -

Remuneration	2010/11	2009/10
£50,000 to £54,999	0	1
£55,000 to £59,999	1	0
£60,000 to £64,999	1	1
£65,000 to £69,999	2	2
£70,000 to £74,999	0	0
£75,000 to £79,999	0	0
£80,000 to £84,999	1	2
£85,000 to £89,999	1	0
£120,000 to £124,999	1	1
	7	**7**

33. MEMBERS' ALLOWANCES

Members allowances paid during 2010/11 amounted to £223,000 (2009/10 £221,000). In addition, travel expenses amounting to £8,000 were paid (2009/10 £12,000).

34. EXTERNAL AUDIT COSTS

The Authority paid the Audit Commission the following fees relating to external audit and inspection:

	2009/10 £'000s	2010/11 £'000s
Statutory External Audit Services	60	67
VFM Conclusion	16	21
Statutory Inspection	8	0
Certification of Grant Claims and Returns	29	20
Total Fees	**113**	**108**

35. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year:

2009/10 £'000s		2010/11 £'000s
	Credited to Taxation and Non specific Grant Income	
1,958	Recognised capital grants and contributions	1,142
3,899	Re-distributed National Non-Domestic Rates (NNDR)	4,212
900	Revenue Support Grant	611
40	Area Based Grant (ABG)	35
29	Local Authority Business Growth Incentive Grant	-
6,826		6,000
	Credited to Services	
	Government Grants	
3,832	Council Tax Benefits	4,046
11,463	Rent Allowances	11,978
15	Discretionary Housing Payments	12
12	Rent Rebates	-
415	Housing and Council Tax Benefits Administration	397
147	Enhanced Housing Options	83
144	Disabled Facilities Grants	174
101	Homelessness Grants	101
28	Mortgage Rescue Programme	-
148	NNDR Cost of Collection	147
107	Planning Delivery Grant	-
297	Concessionary Fares Grant	122
69	Free Swimming Grant	22
18	Counter Terrorism	-
34	New Burdens: Habitats regulations & climate change	16
15	New Burdens: Business Rates	-
-	Land charges personal search revocation	34
	Other Contrbutions	
112	Contributions towards Crime & Disorder expenses	139
82	Contributions towards Sports Development/Active Lifestyles	151
25	Regional Housing Board Contribution to Decent / Affordable Homes	285
557	Derbyshire County Council Recycling Credits	509
-	Derbyshire County Council Waste Efficiency Grant	158
357	Derbyshire County Council Homelessness Grants	203
243	Derbyshire County Council Supporting People	-
-	Grants & Contributions towards Matlock Town Centre Redevelopment	857
99	Section 106 Agreements	119
-	RIEP Housing Grant	44
20	Contributions towards Rural Housing Enabler	18
12	Contributions towards Choice Based Lettings	-
-	PCT contribution to Falls Prevention Initiative	10
10	Health Authority contribution to Hathersage Swimming Pool	10
46	*Grants and contribtions that were individually below £10,000*	65
18,408		19,700
25,234	**Total of all grants, contributions and donations**	**25,700**

36. RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. This note does not include transactions with related parties that are disclosed elsewhere in the accounts, such as:

• Precepts from other local authorities	Notes to Collection Fund
• Parish Precepts	Note 10
• Government Grants	Note 35
• Pension Contributions	Note 40
• Members Allowances	Note 33
• Officers Remuneration	Note 32

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides much of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills and housing benefits). Grants received from government departments are set out in the subjective analysis in Note 35.

Members of the Council have direct control over the Council's financial and operating policies. There are a number of Councillors who serve on outside bodies that receive some form of financial support from Derbyshire Dales District Council. During 2010/11 grants were paid to the organisations in which members have an interest:

- Derbyshire Rural Community Council
- Mid-Derbyshire Citizen's Advice Bureau

The decisions regarding the level of grant support were taken by the Head of Democratic Services, under delegated authority.

37. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below , together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

31 March 2010 £'000s		31 March 2011 £'000s
(137)	**Opening Capital Financing Requirement**	**(137)**
	Capital Investment	
1,912	Property, Plant and Equipment	6,847
1,557	Revenue Expenditure Funded from Capital	1,598
	Sources of finance	
(894)	Capital Receipts	(783)
(2,259)	Government Grants and Contributions	(3,194)
(316)	Direct revenue contributions	(973)
(137)	**Closing Capital Financing Requirement**	**3,358**
	Explanation of movements in year	
0	Increase in underlying need to borrow (unsupported by government financial assistance)	3,495
0	**Increase in Capital Financing Requirement**	**3,495**

38. LEASES

Derbyshire Dales District Council as Lessee

Finance leases

The Council holds no assets acquired under finance leases.

Operating leases

The Authority has acquired items of gym equipment and cleansing contract vehicles through operating leases, with typical lives of eight years. The Authority has a contract for refuse collection, within which there is an embedded lease for vehicles. Operating lease payments for 2010/11 amounted to £402,000 (2009/10 £402,000). The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2010 £000's		31 March 2011 £000's
402	Not later than one year	391
1,076	Later than one year and not later than five years	695
0	Later than five years	0
1,478		1,086

The expenditure is charged to the Net Cost of Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these services was in respect of minimum lease payments.

Derbyshire Dales District Council as Lessor

Finance leases

The Council does not lease out any assets on finance leases.

Operating leases

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable, affordable accommodation for local businesses.

The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2010 £000's		31 March 2011 £000's
143	Not later than one year	141
495	Later than one year and not later than five years	526
6,875	Later than five years	6,760
7,513		7,427

The minimum lease payments receivable do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews.

39. TERMINATION BENEFITS

As part of a voluntary redundancy programme, on 3 March 2011 the Council agreed to terminate the contracts of a number of employees in 2011/12. The cost of the voluntary redundancies was £438,000, comprising £281,000 for redundancy pay and £157,000 for pension benefits. The cost has been debited to the Comprehensive Income and Expenditure Statement in 2010/11 as that was when the commitment was made. However, statutory arrangements allow for the pensions element to be reversed out of the General Fund balance in the Movement in Reserves Statement. The redundancy pay element is included in a provision.

40. DEFINED BENEFIT PENSION SCHEMES

Participation in pensions scheme

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post employment 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 employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS), which is administered by Derbyshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and participating employees pay contributions into a fund, calculated at a level that is intended to balance the pension liabilities with investment assets.

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against the council tax (determined by statute) is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

2009/10 £000s		**2010/11 £000s**
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
667	Current service cost	1,077
0	Past service costs	(2,871)
0	Settlements and curtailments	24
	Financing and Investment income and Expenditure	
2,733	Interest cost	2,990
(1,505)	Expected return on scheme assets	(2,086)
1,895	*Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services*	(866)
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(5,572)	Actuarial gains and (losses)	3,580
(3,677)	*Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement*	**2,714**
	Movement in Reserves Statement	
(1,895)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(866)
	Actual amount charged against the General Fund balance for pensions in the year:	
1,346	Employer's contributions payable to scheme	1,338
(549)		**472**

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement is a loss of £1,103,000.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public sector pensions would be up-rated in line with the consumer prices index (CPI) rather than the retail prices index (RPI). This has the effect of reducing Derbyshire Dales District Council's liabilities in the Pension Fund By £3,028,000. It has been recognised in the accounts as a negative past service cost, since the change is considered to be a change in benefit entitlement. There is no impact on the General Fund Balance or the level of council tax.

Assets and Liabilities in Relation to Post-employment Benefits

At the end of the financial year the Council had the following overall assets and liabilities for pensions that have been included in the balance sheet:

31 March 2010 £000s		**31 March 2011 £000s**
51,994	Present value of funded benefit obligations	48,063
1,473	Present value of unfunded benefit obligations	1,383
53,467	**Total present value of benefit obligations (liabilities)**	**49,446**
(32,969)	**Fair value of plan assets**	**(34,732)**
20,498	**(Surplus) / Deficit**	**14,714**

Some of the scheme liabilities are "unfunded". This means that they are not a liability of the Local Government Pension Scheme, and are instead met by the employer out of its own financial resources. At this Council, unfunded liabilities are mostly Compensatory Added Years benefits awarded to current pensioners when they first retired.

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2009/10 £000s		**2010/11 £000s**
38,742	Opening balance at 1 April	53,467
667	Current service cost	1,077
2,733	Interest cost	2,990
380	Member Contributions	375
12,494	Actuarial (gains) and losses on liabilities	(4,031)
(1,549)	Benefits paid	(1,585)
0	Past service costs	(2,871)
0	Settlements and curtailments	24
53,467	Closing balance at 31 March	**49,446**

Reconciliation of fair value of the scheme (plan) assets:

2009/10 £000s		2010/11 £000s
24,365	Opening balance at 1 April	32,969
1,505	Expected rate of return	2,086
6,922	Actuarial gains and (losses) on assets	(451)
1,346	Employer contributions	1,338
380	Member Contributions	375
(1,549)	Benefits paid	(1,585)
32,969	Closing balance at 31 March	**34,732**

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 £2,519,000 (2009/10 £8,427,000).

The values of each main class of assets held by the Fund in respect of Derbyshire Dales District Council's proportion of the scheme as at 31 March, and the percentage for each category, are set out in the following table:

31 March 2010			**31 March 2011**	
Fair value £000s	**Pecentage %**		**Fair value £000s**	**Pecentage %**
22,420	68.0%	Equities	23,792	68.5%
4,813	14.6%	Government bonds	2,362	6.8%
1,912	5.8%	Other bonds	1,945	5.6%
1,681	5.1%	Property	1,771	5.1%
1,912	5.8%	Cash/Liquidity	2,188	6.3%
231	0.7%	Other	2,674	7.7%
32,969	**100%**	**(Surplus) / Deficit**	**34,732**	**100%**

Scheme History

	2006/07 £000s	2007/08 £000s	2008/09 £000s	2009/10 £000s	2010/11 £000s
Present value of scheme liabilities	42,963	45,881	38,742	53,467	49,446
Fair value of scheme assets	(30,886)	(29,696)	(24,365)	(32,969)	(34,732)
(Surplus) / Deficit on the scheme	12,077	16,185	14,377	20,498	14,714

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £14.7m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a positive overall balance of £48.3m. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- the deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

During 2011/12 the Council expects to pay £1,223,000 in respect of normal pension contributions to the pension scheme; expected contributions for the Discretionary Benefits scheme in 2011/12 are £97,000.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Mercer Limited, an independent firm of actuaries, has assessed the pension scheme liabilities with estimates for the Council being based on the latest full valuation of the scheme as at 31st March 2010 and an interim valuation as at 31st December 2010.

The principal assumptions used by the actuary have been:

31 March 2010		31 March 2011
	Long-term expected rate of return on assets in the scheme:	
7.5%	Equities	7.5%
4.5%	Government Bonds	4.4%
5.2%	Other Bonds	5.1%
6.5%	Property	6.5%
0.5%	Cash/Liquidity	0.5%
7.5%	Other	7.5%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.2	Men	21.7
24.1	Women	24.3
	Longevity at 65 for future pensioners:	
22.2	Men	23.1
25.0	Women	25.9
3.3%	Rate of retail price index (RPI) inflation	3.4%
2.8%	Rate of consumer price index (CPI) inflation	2.9%
4.8%	Rate of increase in salaries	4.65%
3.3%	Rate of increase in pensions	2.9%
5.6%	Rate used to discount scheme liabilities	5.5%
50%	Take-up of option to convert annual pension into retirement lump sum	50%

History of experience gains and losses

The actuarial gains and losses identified as movements on the pensions reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at the year-end:

	2006/07 %	2007/08 %	2008/09 %	2009/10 %	2010/11 %
Experience (gains) / losses on scheme liabilities expressed as a percentage of the liabilities at the Balance Sheet date	(5.1)	1.9	(25.2)	23.4	(8.2)
Experience gains / (losses) on scheme assets expressed as a percentage of the scheme assets at the Balance Sheet date	(0.3)	(9.5)	(29.7)	21.0	(1.3)

41. CONTINGENT LIABILITIES

As part of the Housing Stock Transfer in March 2002, the Council gave warranties for sewers and environmental pollution to Dales Housing.

The environmental warranty means that the Council is responsible for the remediation costs of environmental pollution at any of the transferred properties until March 2033. At 31st March 2011 the cost of remediation work is estimated at £2.6m. No claims have been received to date. The risk of the warranty being called is considered to be low. No specific financial provision has been made in the accounts at this time, but the situation will be monitored annually.

The Council retained responsibilities for two unadopted sewer systems until March 2022. Legislation is currently passing through parliament that will transfer responsibility for these sewers to Severn Trent Water on 1st October 2011. The sum of £170,000 has been included in the capital programme as a contingency.

42. CONTINGENT ASSETS

The Council has lodged a claim for overpaid VAT with HMRC. The claim relates to off-street parking and it has not been determined at the balance sheet date. At the present time it is not known whether the Council will receive payments. The outcome will be determined by HMRC or a decision of the VAT tribunal or courts. The Council has lodged claims totalling £3m (plus interest) for the period ending 31 January 2009. A further claim for the period 1 February 2009 to 31 March 2011 is due to be submitted; this amounts to £0.6m (plus interest). The probability of success in this case is uncertain.

43. 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
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in measures such as interest rates and stock market movements.

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, as laid down in the Treasury Management Strategy. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the authority are detailed below:

	Limit per Organisation
National Westminster Bank PLC (Council's Bankers)	£5m
Major Banks and their wholly owned subsidiaries	£3m
Building Societies with assets in excess of £0.75 billion	£3m
Local Authorities and other major precepting Authorities	£3m
Debt Management Account Deposit Facility	No Limit

Customers for goods and services 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 Derbyshire Dales District Council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal lump sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2011 that this was likely to crystallise.

No credit limits were exceeded during the reporting period.

The Authority does not allow credit for customers. The past due but not impaired amount can be analysed by age as follows:

31 March 2010 £000's		31 March 2011 £000's
351	Less than three months	838
30	Three to six months	19
26	Six months to one year	27
123	More than one year	90
530		974

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has easily redeemable investments in the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. There is also no risk that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates as its one borrowed loan matures in 2056. The Council keeps under review the possibility of redeeming its loan early where it would be economic to do so.

The maturity analysis of financial liabilities is as follows:

31 March 2010 £000's		31 March 2011 £000's
175	Less than one year	175
0	Between one and twenty five years	0
5,450	More than twenty five years	5,450
5,625		5,625

All trade and other payables are due to be paid in less than one year.

Market Risk – Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services 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 Surplus or Deficit on the Provision of Services will rise

- Investments at fixed rates – the fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council does not currently borrow for its financial needs as it has funds invested in the money markets. These funds are invested in short term fixed rate loans. The principal amount invested at 31st March 2011 was £2 million. The Council does not have any variable rate loans.

The treasury management team has an active strategy for assessing interest risk exposure that feeds into the setting of the annual budget.

Price Risk

The Authority does not invest in equity shares and thus has no exposure to loss arising from movements in the prices of shares.

Foreign Exchange Risk

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

44. ERNEST BAILEY TRUST FUND

The Council is the Trustee of the Ernest Bailey Charity. It discharges its functions as Trustee through a Committee, comprised of the ward members for the area of benefit from the Charity. The fund has not been consolidated in the accounts of the Council. At the 31st March 2011 it has invested £150,000 with the Council and receives interest. The table below sets out the working balance of the Charity.

The proceeds from this trust fund may only be used for charitable purposes for the benefit of the inhabitants of the Matlock area (which includes Darley Dale, Tansley, Matlock Bath and Cromford).

31 March 2010 £'000s		31 March 2011 £'000s
4	**Balance at 1st April**	8
9	Interest on Investment	2
10	Partial Repayment of Investment	0
23	Total	10
(15)	Less: Grants	(2)
8	**Balance at 31st March**	**8**

OTHER FINANCIAL STATEMENTS

THE COLLECTION FUND

As the billing authority for the area, Derbyshire Dales District Council acts as an agent for other major preceptors. The Collection Fund is an agent's statement that reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of non-domestic rates and council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. Administration costs are borne by the General Fund.

2009/10 £000s		Notes	2010/11 £000s
	Income and Expenditure for the year		
	Income		
40,548	Income from Council Tax payers	Note 2	41,352
3,824	Council Tax Benefts from General Fund		3,999
15,857	Income from Business Ratepayers	Note 3	14,636
164	Contribution towards previous year's estimated deficit	Note 4	286
60,393	**Total Income**		**60,273**
	Expenditure		
44,612	Precepts and Demands	Note 5	45,938
15,709	Payment of business rates to the national pool	Note 3	14,489
148	Business rates cost of collection allowance	Note 3	147
69	Allowance for impairment	Note 6	120
60,538	**Total Expenditure**		**60,694**
(145)	**Increase/(decrease) in Fund balance for the year**		**(421)**
(317)	**Surplus / (deficit) brought forward**		**(462)**
(462)	**Surplus / (deficit) carried forward**	Note 7	**(883)**

NOTES TO THE COLLECTION FUND

1. Accounting Policies for the Collection Fund

- Revenue support grant and amounts distributed from the NNDR national pool are paid directly to all billing and precepting authorities and are not credited to the Collection Fund statement. They will be disclosed on the face of the Comprehensive Income and Expenditure Account Statements of the recipient authorities.
- Precepts for major preceptors and the billing authority's demand on the fund are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Account Statements of the respective precepting and billing authorities. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the full financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out the full surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and are disclosed on the face of the Comprehensive Income and Expenditure Account Statement.
- Interest is not payable on cash flow transfers between the General Fund and the Collection Fund.

- The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of the estimates made on 15 January of the year-end balance.

Note 2: Council Tax

The council tax base is the amount that setting a Council Tax of £1 for a band D property the standard band) would raise in revenue. The table below shows the council tax base used in setting the Council Tax for 2010/11:

Band	Number of Dwellings on valuation list	Number of Dwellings, adjusted for discounts, exemptions and reliefs	Ratio to Band D	Equivalent number of Band D full charge properties	Council Tax Base (assuming 99.3% collection rate)
X*	4	3.75	5/9	2.10	2.10
A	3,435	2,781.75	6/9	1,854.52	1,841.59
B	6,799	6,016.92	7/9	4,679.81	4,647.13
C	7,152	6,511.36	8/9	5,787.93	5,747.41
D	5,431	5,087.10	9/9	5,087.10	5,051.46
E	4,676	4,349.61	11/9	5,316.21	5,279.02
F	2,875	2,707.55	13/9	3,910.87	3,883.50
G	2,068	1,955.22	15/9	3,258.75	3,235.95
H	109	101.46	18/9	202.92	201.60
Total	**32,549**	**29,514.72**		**30,100.21**	**29,889.76**

* Properties in Band A that receive disabled relief.

The total precepts and demands (£45,937,717, see Note 5) were divided by the tax base to derive the Council Tax for the year for a Band D property. Thus, in 2010/11 the Council set a Band D Council Tax of £1,536.91, including the average parish council charge of £39.12 (2009/10 £1,509.89 including £37.52 for average parish). The council tax for a band D property can be analysed as follows:

2009/10 £s		2010/11 £s
1,061.30	Derbyshire County Council	1,077.22
161.32	Derbyshire Police Authority	163.74
65.52	Derbyshire Fire & Rescue	67.17
184.23	Derbyshire Dales District Council	189.66
1,472.37		1,497.79
37.52	Average parish council	39.12
1,509.89	**Average Band D Council Tax**	**1,536.91**

The council tax income collected from taxpayers can be analysed as follows:

2009/10 £000s		2010/11 £000s
49,610	Debit for year	50,670
(101)	Increased/(reduced) charges	21
(52)	Disabled persons reductions	(51)
(1,373)	Exemptions	(1,518)
(3,424)	Sole resident discounts	(3,493)
(155)	Discounts for empty properties and second homes	(153)
(133)	Disregarded persons discount	(125)
(3,824)	Council tax benefits	(3,999)
40,548		**41,352**

Note 3: Business Rates

Business rates are organised on a national basis. The Government specifies an amount (in 2010/11 this was 41.4p) and, subject to the effects of reliefs, local businesses pay rates calculated by multiplying their rateable value by that amount. The total non-domestic rateable value at 31st March 2011 was £46,047,936 for 3,713 properties. The Council is responsible for collecting business rates due from the ratepayers in its area but pays the proceeds into a national pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population. This income is credited to the comprehensive Income and Expenditure Statement on Page 22. The business rate income collected on behalf of the Government and paid into the Pool can be analysed as follows:

2009/10 £000s		2010/11 £000s
19,013	Debit for year	18,664
(484)	Increased/(reduced) charges	(798)
52	Transitional Loss/ Relief	(315)
(838)	Small Business Rate Relief	(1,223)
130	Small Business Rate Relief Supplement	273
(1,654)	Other Mandatory Reliefs	(1,524)
(293)	Discretionary Reliefs and Remissions	(259)
(90)	Deferral Scheme Reductions (introduced 2009/10)	45
(86)	Debts Written Off or Provided For	(298)
(13)	Interest Payable in Respect of Reduced Assessments	(36)
120	General Fund Contribution to Discretionary Reliefs	107
15,857	**Net Business Rate Income**	**14,636**
(148)	Cost of Collection Allowance Payable to General Fund	(147)
15,709	**Amount Payable to National Pool**	**14,489**

Note 4: Contribution towards previous year's estimated (surplus)/deficit

2009/10 £000s		2010/11 £000s
116	Derbyshire County Council	201
17	Derbyshire Police Authority	31
7	Derbyshire Fire & Rescue	12
24	Derbyshire Dales District Council (including parish councils)	42
164		**286**

Note 5: Precepts and Demands

2009/10 £000s		2010/11 £000s
31,358	Derbyshire County Council	32,198
4,766	Derbyshire Police Authority	4,894
1,936	Derbyshire Fire & Rescue	2,008
6,552	Derbyshire Dales District Council (including parish councils)	6,838
44,612		**45,938**

Note 6: Allowance for impairment

The allowance made for impairment of council tax debts stands at £158,000 at 31st March 2011 (£145,000 at 31st March 2010). The allowance is based on the level of arrears outstanding at 31st March and the anticipated collection rates. Write offs in 2010/11 totalled £107,000 (2009/10 £61,000). The amount shown as expenditure in the Collection Fund on Page 81 represents the contribution required for the year.

Note 7: Deficit Carried Forward

The deficit on the collection fund is shared between the General Fund, Derbyshire County Council, Derbyshire Police Authority and Derbyshire Fire and Rescue pro-rata to precepts issued. The contribution due from each authority is set out in the table below:

31 March 2010 £000s		31 March 2011 £000s
325	Derbyshire County Council	619
49	Derbyshire Police Authority	94
20	Derbyshire Fire & Rescue	39
68	Derbyshire Dales District Council (including parish councils)	131
462		**883**

When setting the level of the Council Tax for 2011/12 it was anticipated that there would be a Collection Fund deficit of £795,000 at 31st March 2011. The difference between the estimated and actual deficit will be reflected when setting the tax for 2012/13.

GLOSSARY OF TERMS

Accounting Period
The period of time covered by the accounts. Normally this is the 12 months commencing on 1 April and finishing on 31 March the following year. The end of the accounting period is the Balance Sheet date.

Accrual
A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods or services received but paid for by the end of the accounting period.

Agency
The provision of services by one local authority (the agent) on behalf of the responsible body. The Authority carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution towards administrative costs.

Appropriation
The transfer of ownership of land or a building between one service and another.

Auditor
An independent expert who examines the Council's processes and accounts to ensure that statutory requirements and non-statutory Codes of Practice have been followed.

Balance Sheet
This shows the financial position of the Council as a whole (excluding amounts attributable to the Ernest Bailey Trust Fund) and summarises its assets, liabilities and reserves as at the end of the accounting period.

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

Capital Charge
A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure that enhances and not merely maintains the value of an existing fixed asset, such as land and buildings.

Capital Receipts
The proceeds from the disposal of land or other fixed assets and repayment of certain grants and advances. Capital receipts can be used to finance new capital expenditure within rules set down by the Government, but they cannot be used to finance revenue expenditure.

Code (of Practice)
Within the context of this document, this refers to the Code of Practice on Local Authority Accounting in in the United Kingdom 2010/2011 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting that must be followed to prepare a set of accounts that "presents fairly" the financial position of a Council.

Collection Fund
A separate account, required by statute, to show the transactions of a billing authority in relation to Council Tax and non-domestic rates.

Community Assets

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

Contingency

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Creditors

Amounts owed by the Council to others for work done, goods received or services rendered for which payment has not been made at the balance sheet date.

Current Assets

Assets whose value tends to vary on a day-to-day basis, e.g. physical stockholdings, cash and bank balances. It is reasonable to expect that assets under this head on a balance sheet will be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become payable or could be called in within the next accounting period, e.g. creditors.

Debtors

Amounts due to the Council from others for goods and services that they have received but not paid for at the balance sheet date.

Deferred Liabilities

These are items shown on the balance sheet that reflect amounts owed to others, where the sums are payable over future financial years.

Deferred Premium

This is an amount due to be paid by an authority on the early redemption of debt where losses have been made. It can arise as part of a restructuring package and can be written off to revenue over the life of the replacement loans.

Depreciation

This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets due to age or deterioration through usage.

Earmarked Reserves

Amounts put aside to meet specific liabilities in the future. The main Council reserves are its Capital and Insurance Reserves.

Financial Year

The Council's financial year commences on 1st April and finishes on 31st March the following year.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The Government's capital control system treats this as a credit arrangement, as if it were similar to borrowing.

Financial Instruments Adjustment Account

This provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the SORP and are required by statute to be met from the General Fund.

Fleming Claims

Fleming Claims relate to overpaid VAT paid to HM Revenue and Customs prior to 4th December 1996. The House of Lords ruled that the 3-year cap (that normally applies to claims) did not apply prior to 4th December 1996. Following this ruling, a new transitional period gave all businesses the opportunity to submit Fleming Claims up to 31st March 2009.

FRS

This refers to Financial Reporting Standards, which set out the proper accounting practices with which the Council must comply when preparing its accounts.

General Fund

The statutory revenue account of the Council which summarises the cost of all services provided by the Council which are funded from the precept, government grants and other income.

General Reserves

Amounts put aside, but not allocated to meet, any future spending commitments. The Council's General Reserves include a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow.

Government Grants

Part of the cost of the Council's services is paid for by central government from its own tax income. These grants are of two main types. Some (Specific Grants and Supplementary Grants) are for particular services such as Housing Benefits. Others are in aid of services generally such as the Revenue Support Grant.

Impairment

The reduction in the value of a fixed asset caused by a change in circumstances such as a decline in market value, physical damage, obsolescence etc. The impairment must be written off to the Comprehensive Income and Expenditure Account.

Liquid Resources

Current asset investments that are readily disposable by the Council without disrupting its business and are either readily converted to known amounts of cash at or close to the carrying amount, or traded in an active market.

Minimum Revenue Provision

The minimum amount which must be charged to an authority's revenue account each year, as a provision to repay borrowing and finance leases.

Net Book Value

The amount at which fixed assets are included (valued) in the Balance Sheet i.e. their historical cost or their current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating a fixed asset in its existing condition or existing use.

Net Debt

The Council's borrowings less cash and liquid resources.

Net Realisable Value

The open market value of the asset in its existing use.

Net Worth

This represents the Council's reserves and balances, both capital and revenue.

Non Current Assets

Items that have a monetary value and are expected to yield benefits to the Council and the services it provides for a period of more than one year. Examples of fixed assets would be land and buildings or vehicles. The amounts shown in the Balance Sheet are the current valuations less depreciation.

Non Distributed Costs

These are central costs that are unapportionable over service heads. For example certain retirement benefits and unused shares of IT facilities and other assets

Operating Lease

A lease other than a finance lease. This type of lease, usually for office equipment, is similar to renting and does not come into the Government's capital control system. Ownership of the asset must remain with the lessor.

Precept

The levying of an amount by one authority that requires another authority to collect income on its behalf. The Council's Collection Fund meets the precepts from the County Council, Police Authority and Fire and Rescue Service as well as making a payment to the Council's own General Fund. Precepts raised by Town and Parish Councils are paid from the Council's General Fund.

Provisions

A liability of uncertain timing or amount.

Prudential Code

Prudential Code for Capital Accounting in Local Authorities. To ensure within a clear framework that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that the Treasury Management decisions are taken in accordance with good practice.

Public Works Loans Board

A central government agency, which provides loans to local authorities.

Residual Value

The net realisable value of an asset at the end of its useful life.

Revenue Expenditure

Expenditure to meet the day-to-day running costs incurred in providing services e.g. wages and salaries, purchase of materials and capital charges.

Revenue Expenditure Funded from Capital Under Statute

Expenditure classified as capital for funding purpose, when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. This is to enable it to be funded from capital resources rather than charged to the General Fund and impact on the Council Tax.

Revenue Support Grant

A general government grant paid to the Council as a contribution towards the cost of its services.

INVITATION FOR FEEDBACK

In preparing the Statement of Accounts the District Council has attempted to present details of its finances in a way, which is accurate, in accordance with appropriate Codes of Practice, meets statutory obligations, and is reasonably easy to understand. However efforts are continuing to improve the presentation of financial information, so if you have any views, comments, questions or suggestions for improvement, please write to:

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