

Statement of Accounts 2009/10

Chorley Council



2008-2009
*Transforming Services:
Citizen Engagement
and Empowerment*



2009-2010
Better outcomes for people and places



2009-2010
Cohesive and resilient communities

Contents

	Page Nos.
Auditors Report	2 - 3
Foreword	4 - 8
Statement of Responsibilities	9
The Annual Governance Statement	10 - 15
Statement of Accounting Policies	16 – 21
The Core Financial Statements:	
Income & Expenditure Account	22
Statement of the Movement on the General Fund Balance	23
Statement of Total Recognised Gains & Losses	24
Balance Sheet	25
Cash Flow Statement	26
Notes to the Core Financial Statements	27 – 56
Supplementary Financial Statement:	
The Collection Fund	57
Notes to the Supplementary Financial Statement	58 - 60
Glossary of Financial Terms	61 - 64
How to Contact us	65

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHORLEY BOROUGH COUNCIL

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Foreword by the Director of Transformation

1. Introduction



Gary Hall

The Director of Transformation, as the S151 Officer, is the statutory officer responsible for the proper administration of the Council's financial affairs, and as such, is required by law to confirm that the Council's systems can be relied on to produce an accurate statement of accounts.

This statement of assurance for 2009/10 appears on page 11 of this document.

The Council's Statement of Accounts for the year ended 31 March 2010 has been prepared in accordance with the requirements of the 'Code of Practice in Local Authority Accounting in Great Britain – A Statement of Recommended Practice' (SORP 2009) and the Best Value Accounting Code of Practice, published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Changes to Accounts 2009/10

1. In previous years the amount of Council Tax included in the Income and Expenditure Account was the amount budgeted when the Council Tax charge was fixed. The difference between this amount and that actually collected was shown as a balance on the Collection Fund. In 2009/10 this has changed. The balance on the Collection Fund at 1/4/09 has been split between Chorley and the other precepting authorities, the amounts due from the latter now appearing as debtors, and in respect of 2009/10 itself only the amount actually collected has been credited to the Income and Expenditure Account. The impact has been to increase the income by £0.015m..
2. It has been acknowledged that the Council's role in collection of National Non Domestic rate (NNDR) is effectively that of agent to the Government. The balances in respect of amounts due to or from NNDR payers and the Government (payments to the NNDR pool) have therefore been consolidated in a single account and shown as being due from the Government.
3. A number of disclosure notes are no longer required and have been removed from the Statement. These include Section 137 expenditure; expenditure on publicity, the building control account and income under the Local Authorities Goods and Services Act respectively

The above changes are fully reported in the notes.

Core Financial Statements

The Council's Statement of Accounts show the overall financial position of the Authority and the core financial statements are listed below along with a brief explanation of their purpose:

Statement of Responsibilities - sets out the respective responsibilities of the Authority and the Chief Finance Officer for the accounts.

Statement of Accounting Policies - explains the basis for recognition, measurement and disclosure of transactions and other events in the accounts.

The Annual Governance Statement. The Leader of the Council, Chief Executive, and Chief Finance Officer, supported by other senior officers and members, have responsibility to ensure that proper Corporate Governance arrangements are in place throughout the Council. This means having:

- An effective system of Internal Control; and
- Proper management of the risks that might prevent the Council achieving its stated aims, objectives and priority outcomes.

Income and Expenditure Account – shows the expenditure and income relating to all the Authority’s functions.

This statement is fundamental to the understanding of the Council’s activities, in that it reports the net cost for the year of all the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers

Statement of Movement on the General Fund Balance - provides the necessary reconciliation between the outturn on the Income & Expenditure Account and the balance established by the relevant statutory provisions that specify the net expenditure the Council needs to take into account when setting local taxes

Statement of Total Recognised Gains and Losses - brings together all the gains and losses of the Council for the year and shows the aggregate change in its net worth.

Not all gains and losses experienced by the Council are reflected in the Income & Expenditure Account and this statement considers all gains and losses recognised in order to assess the overall financial result for the period

Balance Sheet - explains the Council’s financial position at the year-end. It provides details of the Council’s balances and reserves and its long-term indebtedness. It also includes the fixed and net current assets employed in Council operations together with summarised information on the fixed assets held.

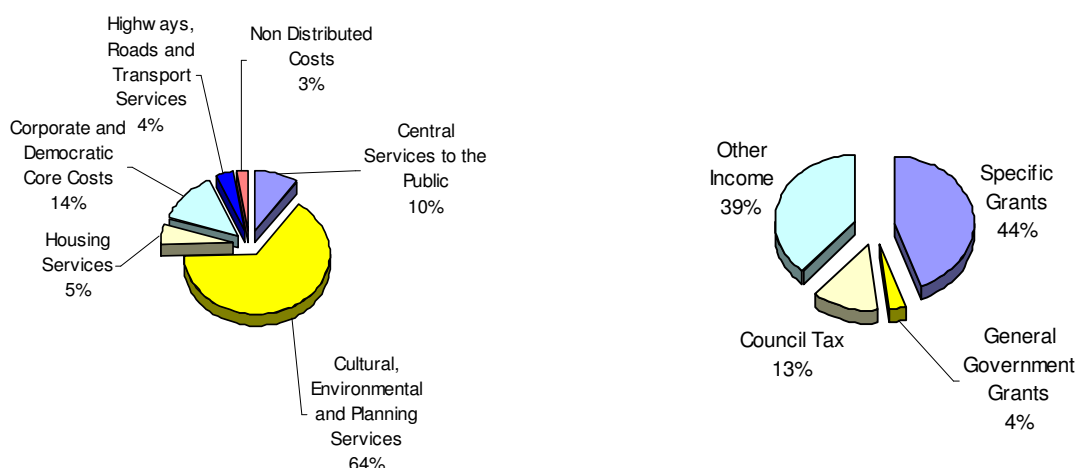
Cash Flow Statement - summarises the inflows and outflows of cash at the Authority during the accounting period, arising from transactions with third parties for revenue and capital purposes.

In addition, the Council is also required to produce one supplementary financial statement: -

Collection Fund Account - shows transactions in relation to the collection and distribution of Non Domestic Rates and Council Tax.

2. **Financial Summary 2009/10**

Revenue Expenditure & Funding



During the year the net surplus credited to the General Fund Balance was £0.62m. The main variations are shown in the following table

Figure 2 Budget Variations by Directorate						
Service	Cash Budgets 2008/09 £'000	Actual 2008/09 £'000	Cash Variation 2008/09 £'000	Cash Budgets 2009/10 £'000	Actual 2009/10 £'000	Cash Variation 2009/10 £'000
Chief Executive's Office	612	586	(26)	568	549	(19)
Corporate Governance	1,592	1,546	(46)	1,563	1,568	5
Business	1,021	971	(50)	796	872	76
Business Improvement	2,879	3,211	332	3,187	3,007	(180)
Human Resources	405	370	(35)	427	398	(29)
ICT Services	903	854	(49)	841	848	7
People	2,087	2,062	(25)	2,028	2,054	26
Policy & Performance	682	608	(74)	802	763	(39)
Neighbourhoods	5,109	5,057	(52)	4,792	4,756	(36)
Financing Transactions	845	745	(100)	1,493	1,456	(37)
Interest and Investment Income	(575)	(718)	(143)	(145)	(558)	(413)
Interest Payable and Similar						
Charges	0	275	275	249	122	(127)
Net Expenditure to Finance	15,560	15,567	7	16,601	15,835	(766)
Council Tax	(6,748)	(6,748)	(0)	(6,900)	(6,883)	17
Aggregate External Finance	(8,221)	(8,221)	0	(8,358)	(8,358)	0
Use of Reserves and Balances	(591)	(371)	220	(854)	(92)	762
Area Based Grant	0	(22)	(22)	(23)	(23)	0
LAA Reward Grant (PRG)				(158)	(158)	0
Housing & Planning Delivery				(102)	(152)	(50)
LA Business Growth Incentive Grant	0	(28)	(28)	(206)	(231)	(25)
Total Financing	(15,560)	(15,390)	170	(16,601)	(15,897)	704
Net Expenditure	0	177	177	0	(62)	(62)

Two significant revenue items, charged in 2009/10, were not included in the original budget. They were:

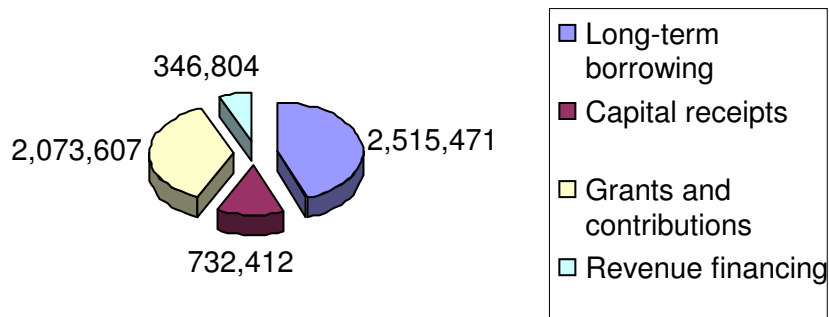
	£'000
• Receipt of a VAT refund and interest in respect of leisure facilities	(729)
• The charge in respect of impairment of Icelandic investments	510

3. Capital Spending and Financing 2009/10

The Council's capital investment programme is planned over a three year cycle and is regularly reviewed and updated. The borrowing implications of the capital programme are incorporated into the Treasury Management Strategy. During 2009/10 capital expenditure totalled £5.668m, with investment in the following key areas:

- Costs associated with making the Council more effective £1,548
- Leisure, parks and play facilities £1.106m
- Refuse services £1.283m
- Private sector housing £1.284m
- Other £0.447m

This was financed as follows:



The Council's balance sheet at March 2010 shows a capital financing requirement, or need to borrow, of £9.67m. Actual borrowings, net of investments is considerably less than this at £1.784m. Borrowing has been avoided by the use of internal balances and capital resources (receipts and contributions) planned for future use.

Its capital investment plans over the next two years are as follows:

	2010/11 £m	2011/12 £m
Capital expenditure	8.640	1.935
Funded by		
Grants	(1.300)	(0.480)
Contributions	(5.125)	(0.849)
Revenue	(1.086)	(0.091)
Capital receipts	(0.517)	(0.009)
Borrowing requirement	0.612	0.506

To meet its existing and future borrowing requirements the Council can borrow from the Public Works Loans Board, and the money market. Repayments are provided for through the Minimum Repayment Provision (MRP) which in 2009/10 totalled £0.229m.

4. **Looking Ahead – The Overall Financial Position of the Authority**

This Council, like all others, is confronted by a major problem concerning its pension liabilities. In 2009/10 the deficit on the scheme increased by £12m to £37.6m, and this has caused the net worth of the Council to become negative, in the sum of £7.4m. The triennial review of the scheme is due and this will clarify the figures, but it is clear that the present situation is unsustainable. The Government recognises this and is committed to an urgent and fundamental review of public sector pensions.

The public sector is anticipating difficult times with significant cuts in revenue and capital resources expected. In anticipation the Council has taken steps to reposition itself, achieving efficiencies of £0.5m in 2009/10, and in its Medium Term Financial Strategy it has identified areas for further efficiencies.

Gary Hall BA CPFA
CHIEF FINANCE OFFICER

September

Statement of Responsibilities for the Statement of Accounts

The following responsibilities are placed upon the Council and the Chief Finance Officer in relation to the Council's financial affairs:

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers (the Chief Finance Officer) has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Transformation.
- To manage affairs to secure economic, efficient and effective use of resources and safeguard assets.
- To approve the statement of accounts.

The Chief Finance Officer's Responsibilities

As Chief Finance Officer, I am responsible for the preparation of the Authority's Statement of Accounts. They are prepared in accordance with proper practices, as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom*.

In preparing this Statement of Accounts, as Chief Finance Officer I have

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice

I have also:

- Kept proper accounting records which are up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Financial Officer

I certify that this Statement of Accounts presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2010.

Gary Hall BA CPFA
CHIEF FINANCE OFFICER

Date: 30th June 2010

Annual Governance Statement 2009/10

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

In discharging this overall responsibility, the 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.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Good Governance in Local Government*. A copy of the Code is on our website at www.chorley.gov.uk. This statement explains how Chorley Council has complied with the Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) 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 culture, values, systems and processes by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

The governance framework has been in place at the Council for the year ended 31 March 2010 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework

The following paragraphs describe the key elements of the systems and processes that comprise the authority's governance arrangements:

Identifying & communicating the authority's vision of its purpose and intended outcomes for citizens and service users

- The Corporate Strategy sets out the Council's vision, priorities and strategic objectives. These are derived from the Community Strategy, which clearly articulates a shared vision for the Borough of Chorley.
- Long term outcomes and interim performance targets have been established for each strategic objective.
- The Community Strategy and Corporate Strategy are published widely and are also available on the Council website and intranet.

Reviewing the authority's vision & its implications for the authority's governance arrangements

- The Community Strategy and Corporate Strategy are regularly reviewed and the Council's vision and strategic objectives have been refined to reflect changing aspirations, both locally and nationally.

- A performance management framework is in place for both the Council and the Local Strategic Partnership, the latter providing clear arrangements for joint working, including specific LSP projects.

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

- Service level Business Improvement Plans contain key projects that are geared towards achieving overall strategic objectives. They also contain challenging targets in respect of both national performance indicators and local performance targets.
- This system is in turn supported by individual staff performance and development reviews to ensure that everyone understands their individual and service unit contribution to corporate goals.
- The Council has an in-house performance management system from which reports are produced to ensure that trends in performance can be identified and corrective action introduced if appropriate. This is supported by a robust data quality control system, which ensures the accuracy of the reported information.
- Performance against targets is monitored at officer and member levels, by Strategy Group, Executive Cabinet, Overview & Scrutiny and the Audit Committee.
- The Council achieved a maximum score of 4 for the 2009 Use of Resources assessment by the Audit Commission which demonstrates that the above arrangements are effective.

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

- The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.
- Policy and decision-making is facilitated through the Executive Cabinet supported by a framework of Statutory and Overview & Scrutiny Committees.
- The Constitution also sets out the situations where senior officers of the Council can make decisions under delegated authority
- The Council publishes a Forward Plan containing details of key decisions to be made by the Council, its committees and chief officers under their delegated powers (and has specified what is significant expenditure in terms of the definition of a key decision).

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

- The Council's Constitution contains formal Codes of Conduct that articulate the standards of ethical behaviour that are expected from members and officers. These incorporate procedures for the disclosure of personal interests and offers of gifts and hospitality.
- Both members and officers have been extensively briefed on personal conduct and disclosure requirements.
- An automated system has been established on the Council's intranet for officer disclosures.

Reviewing & 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 to manage risks

- The Head of Governance arranges for the review and re-adoption of the Council Constitution on an annual basis. This includes a review of Standing Orders, Contract Procedure Rules, Financial Procedure Rules and Responsibilities for Functions.
- The standard member reporting procedure requires a consideration of risk for all significant decisions. This is also underpinned by a robust structure and system for identifying and evaluating all significant business risks at both the strategic and operational levels, the key elements of which are a Strategic Risk Register and service level risk assessments built into the business planning process.

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

- The Council has appointed an Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring the Council's governance and risk management framework and include reviewing the adequacy of the governance framework.

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

- The Council aims to ensure compliance with established policies, procedures, laws and regulations through a variety of mechanisms, including:
 - Monitoring Officer;
 - Section 151 Officer;
 - Internal Audit;
 - External Audit;
 - Performance management system.
- The Council has designated the Head of Governance as Monitoring Officer, who plays a key role in ensuring compliance. After consulting with the Chief Executive, the Monitoring Officer will report to the full Council if he/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 standard committee reporting procedure and template now requires the monitoring officer to consider legality and compliance in respect of all decisions made by members.

Arrangements for whistle blowing and for receiving and investigating complaints from the public

- The Council has an up to date Whistle Blowing Policy, which has been widely publicised via the Council web site, intranet and other channels. All members of staff have been fully briefed on the Policy including how, and whom they should make a disclosure.
- The Council also operates a formal Corporate Complaints Procedure, which has been widely publicised.

Identifying the development need of members and senior officers in relation to their strategic roles, supported by appropriate training

- Formal induction programmes and training & development plans are in place for both members and senior officers.
- All senior officers participate in the corporate staff appraisal scheme.

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

- Up to date strategies are in place in respect of communications, marketing and consultation.

Incorporating good governance arrangements in respect of partnerships and other group working as identified in the Audit Commission's report on the governance of partnerships, and reflecting these in the authorities overall governance arrangements

- The Council has adopted a formal Framework for Partnership Working which specifies the minimum governance requirements in respect of all the Council's partnerships and the enhanced requirements in respect of its key partnerships.

4. Review of Effectiveness

Chorley Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Annual Report of the Head of Shared Assurance Services and also by comments made by the external auditors and other review agencies and inspectorates.

The following paragraphs describe the processes that have been applied in maintaining and reviewing the effectiveness of the Council's governance framework:

Corporate Level Review

- A management group consisting of the following officers has been established for some time to oversee the compilation of the Annual Governance Statement:
 - Head of Governance (Monitoring Officer)
 - Director of Transformation (S151 Officer)
 - Director of Partnerships, Planning & Policy
 - Head of Shared Assurance Services
 - Internal Audit Manager
- The group have conducted a detailed corporate level review of the Council's system of governance in accordance with the guidance provided by CIPFA / SOLACE.

Service Level Review

- The Council has also introduced Service Assurance Statements requiring Heads of Service to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues. These are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.

Monitoring Officer

- As the Council's Monitoring Officer, The Head of Governance 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.

Scrutiny Committee

- The Council has an Overview and Scrutiny Committee and two subsidiary panels which can challenge a decision which has been made by the Executive Cabinet or a statutory committee but not yet implemented, to enable them to consider whether the decision is appropriate.

Audit Committee

- The Council has appointed an Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring the Council's governance and risk management framework and include reviewing the adequacy of the governance framework.

Standards Sub-Committee

- The Council has appointed a Standards Sub-Committee whose terms of reference comply with the guidance set out by the Standards Board for England, including the statutory functions in respect of the local Code of Conduct for Members.

Internal Audit

- Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Service. The report includes recommendations for improvements that are included within a Management Action Plan and require agreement or rejection by service managers. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon.
- The Internal Audit Annual Report contains a statement / judgement on overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).
- The Internal Audit Team is subject to regular inspection by the Council's external auditors, who place reliance on the work carried out by them.

External Audit

- In accordance with the Audit Commission's Code of Audit Practice, the Council receive regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

5. Enhancing Our Governance Arrangements

The Council will take the following steps in the forthcoming financial year to build and strengthen our corporate governance arrangements:

- Establish clear terms of reference and feedback mechanisms for members working on outside bodies.
- Continue to develop the Audit Committee including visits to other bodies to gain an understanding of their working practices
- Provide financial training for appropriate members.
- Review all the key governance policies and provide awareness and refresher training for officers and members.
- Carry out service area self-assessments of compliance with the information management policies, including data protection, freedom of information and document retention and arrange officer training on the same
- Introduce impact assessments for health inequalities and sustainability for major policies and significant projects.
- Ensure that risk management including health and safety continues to be embedded in the culture of the Council.
- Review, update and test emergency plans & business continuity plans.

The majority of the above improvement actions are not new but represent work in progress or the need to further embed frameworks or systems that have been previously introduced.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements through the corporate business improvement planning process. 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.

Cllr P Goldsworthy
Leader of the Council

D Hall
Chief Executive

G Hall
Director of Transformation
(Section 151 Officer)

C Moister
Head of Governance
(Monitoring Officer)

Statement of Accounting Policies

Introduction

Accounting policies can be defined as the principles, bases, conventions, rules and practices applied, that specify how the transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code of Practice specifies the principles and practices of accounting required to prepare a Statement of Accounts which give a “true and fair” view of the financial position and transactions of a local authority.

In accordance with the CIPFA Statement of Recommended Practice (SORP), the Authority has adopted a number of principles to be followed in selecting accounting policies to be used and the corresponding use of disclosures needed to help users to understand those adopted policies and how they have been implemented.

In doing so, the Authority intends that the policies adopted are those most appropriate to its particular circumstances for the purpose of presenting a true and fair view of the financial position and transactions of the Authority. Policies are reviewed regularly to ensure they remain appropriate, and are changed when a new policy becomes more appropriate to the Authority’s circumstances – a full disclosure of any such changes will always be provided.

The concepts that the Authority has regard to in selecting and applying the most appropriate policies and estimation techniques are:

- The qualitative characteristics of financial information
 - relevance – to enable the assessment of stewardship of public funds
 - reliability – the statement is free from bias and material error, is complete and prudently prepared.
 - comparability – it can be compared against previous years performance
 - comprehensibility – all reasonable efforts are used to make the statement easy to understand
- Materiality – Information of significance size and nature is included
- Pervasive accounting concepts
 - accruals – the effects of transactions are reflected in the period they relate to rather than the period when any cash is received or paid
 - going concern – an assumption the authority will continue to exist for the foreseeable future
 - primacy of legislative requirements – overrides other accounting concepts

Policies

1. Accruals of Revenue and Capital Income and Expenditure

i. Customer and client receipts

Customer and client receipts in the form of sales, fees and charges and rents are accrued and accounted for at cost in the period to which they relate. Revenue is only recognised to the extent that performance of contractual obligation has taken place. Payments received in advance of such performance are recognised as a liability in the balance sheet.

See Note 20 to the Core Financial Statements.

2. Interest

Interest paid on external borrowings is accrued and charged to the Income and Expenditure Account. Interest earned on the external investment of surplus funds is accrued and credited to the Income and Expenditure Account

3. Contingent Assets

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control. Contingent assets are not recognised in the accounting statements, but are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

See Note 27 to the Core Financial Statements.

4. Contingent Liabilities

A contingent liability is either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

See Note 27 to the Core Financial Statements.

5. Events after the Balance Sheet Date

Where an event (favourable or unfavourable) occurs after the Balance Sheet date and it provides evidence of conditions that existed at the Balance Sheet date, the amounts recognised in the Statement of Accounts would be adjusted. Any disclosures affected by the new information about such an 'adjusting event' would be updated as a consequence.

Where an event that occurs after the Balance Sheet date is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted. However, there would be a disclosure for each material category of 'non-adjusting' event after the balance sheet date to indicate the nature of the effect and an estimate of the financial effect, or a statement that such an estimate cannot be made reliably. (See Note 35 to the Core Financial Statements)

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue

See Note 36 to the Core Financial Statements.

6. **Exceptional Items Extraordinary Items and Prior Period Adjustments**

The effect of Prior Period Adjustments arising from changes in accounting policies or from the correction of fundamental errors are disclosed in the Statement of Accounts showing the effect of the change on the results of the current period and explaining the necessity for the adjustments.

7. **Financial Instruments**

The term Financial Instruments covers both financial assets and liabilities, and includes both the most straightforward instruments such as trade receivables and payables and more complex borrowing arrangements.

i. Financial Liabilities

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

Any gains or losses on the repurchase or early settlement of borrowing are charged to the Income & Expenditure Account. However where repurchase has taken place as part of a restructure the premium or discount is added to the amortised cost and charged over the life of the new or modified loan.

ii. Financial Assets

These are classified into two types:

- **Loans and Receivables** – These are assets that have fixed or determinable payments but are not quoted in an active market. They are measured at fair value and carried at amortised cost. Annual credits to the Income & Expenditure Account are based on the carrying amount multiplied by the effective rate of interest. If an asset is identified as impaired it is written down and a charge made to the Income & Expenditure Account.
- **Available for sale assets** – assets that have a quoted market price and/or do not have fixed or determinable payments. These are initially measured, and carried, at fair value. Gains or losses are posted to the Available for Sale Reserve. On derecognition gains or losses are charged to the Income and Expenditure Account

8. **Grants**

Revenue grants are accounted for in the year in which they arise and are credited to the relevant service in the Income and Expenditure Account. Grants made to finance the general activities of the Council or to compensate for a loss of income are credited to the revenue account of the period in respect of which they are payable.

Where the acquisition or enhancement of a fixed asset is financed wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is credited to the Government Grants – Deferred account. (See Note 23 to the Core Financial Statement.) This is subsequently amortised over the useful life of the asset to match the depreciation of the asset to which it relates. (See Note 10 to the Core Financial Statement.)

Government grants or other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

9. **Intangible Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised at cost if it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. The charge for amortisation is reversed through the Reconciling Items for the Statement of Movement on the General Fund Balance.

See Note 14 to the Core Financial Statements for amortisation of intangible assets to revenue and Note 10.

i. Receipts arising from the sale of Intangible and tangible fixed assets

Receipts in excess of £10,000 are categorised as capital receipts and are held in the Capital Receipts Reserve to be used for new capital expenditure or to reduce the need to borrow.

Gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account, but an adjustment is made to the General Fund Balance to avoid this impacting on council tax.

10. Leasing

The Council may acquire items under leasing arrangements that fall within the following categories:

- Finance leases - whereby the risks and responsibilities of ownership are substantially transferred to the Council
- Operating leases - whereby the lessor retains the risks and responsibilities of ownership.

Assets acquired under finance leases that have not been fully depreciated are capitalised in the Authority's accounts.

The amount of lease rentals paid during 2009/10 and the amount of undischarged leasing obligations are shown at Note 15 to the Core Financial Statements. Finance and operating lease rentals are charged to revenue. The Council had no finance leases in operation during 2009/10. In line with the SORP, operating leases are not shown as assets or liabilities on the Authority's balance sheet.

11. Overheads

A full allocation of Central Support Service and Administrative Expenses is made to all services and accounts. This allocation is based on an estimation of resource consumption. Where full allocation has not been made, the balances on those support service and administrative expenses accounts are immaterial. The costs are charged out using the principles of the CIPFA Best Value Accounting Code of Practice. The total absorption principle is used, with the exception of:

- Corporate and Democratic core costs
- Non distributed costs

12. Pension Costs

Employees of the Council are members of the Local Government Pensions Scheme administered by Lancashire County Council. The scheme provides defined benefits to members. The accounting policies are explained in note 29 to the Core Financial Statements.

13. Reserves and Provisions

Reserves can be split into two categories – those which are usable and those which are not. The first category consists of the General Reserve, effectively the Council's working balance, earmarked reserves, being sums allocated to meet specific future costs, the capital receipts reserve and the revaluation reserve.

Reserves which are not usable are those required by statute to accommodate the difference between charges determined by accounting regulation, and those specified by statute for Council Tax purposes. Full details are given in note 25.

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. They are required to be recognised when the Council has a present obligation as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and a

reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision is recognised. Provisions are charged to the appropriate revenue account. When payments for expenditure are incurred to which the provision relates they are charged direct to the provision. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

14. **Revenue Expenditure Funded from Capital Under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes even though it does not result in expenditure being carried on the Balance Sheet as a fixed asset. The purpose is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund and impact on the council tax. This category of expenditure includes grants for works to property not owned by the Council, website development costs, and items capitalised under direction from the Secretary of State.

See Note 11 to the Core Financial Statements.

15. **Stocks and Stores**

Some stores held by the Council are shown in the accounts at estimated current replacement value. All other stocks are shown at cost price. (See Note 19 to the Core Financial Statements.) This is a departure from the SSAP9, which requires that stocks be valued at the lower of cost and net realisable value. The potential impact on the accounts is that stocks could be overstated in the statements, although investigation of the impact has shown that any overstatement would not be material in the accounts.

16. **Tangible Fixed Assets**

i. Recognition and Measurement

All expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis in the accounts. Expenditure on tangible fixed assets is capitalised provided that it exceeds the "de minimis" threshold and the asset yields benefits to the Council, for a period of more than one year.

Expenditure that is capitalised includes the following:

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

Tangible fixed assets are valued on the basis recommended by CIPFA, and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS), by a qualified valuer. Tangible fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting, Statement of Recommended Practice. They are included in the Balance Sheet on the following basis:

- Infrastructure assets and community assets are at historical cost
- Land, operational properties and other operational assets are included at the lower of net current replacement cost and net realisable value.
- Non-operational assets, consisting of investment and surplus properties are included at the lower of net current replacement cost and net realisable value. In the case of investment properties this is normally market value.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in value, but as a minimum every five years.

ii. Impairment

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Examples of events and changes in circumstance that indicate an impairment may have occurred include :

- A significant decline in a fixed asset's market value during the period
- Evidence of obsolescence or physical damage
- A significant change in the statutory or regulatory environment in which the authority operates

Any reduction in value is charged to the service revenue account if it is attributable to the clear consumption of economic benefit. Otherwise the reduction is written off against any accrued revaluation gains or, if inadequate, charged to the service revenue account.

iii. Depreciation

Depreciation is provided for on all tangible fixed assets with a finite useful life (determined at the time of acquisition or revaluation), calculated using the straight-line method. Where the asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life. (See Note 11 to the Core Financial Statements.)

The estimated useful lives used in the calculation of depreciation are as follows

Traditionally built buildings	15 to 80 years
Portable office facilities	10 to 15 years
Vehicles	10 years
IT & other equipment	5 years

Revaluation gains are also depreciated.

17. Value Added Tax

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Income and Expenditure Account for the year ended 31 March 2010

This account is fundamental to the understanding of the Council's activities. It reports the net cost for the year of all services for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Restated 2008/09 Net Expenditure £'000	Income and Expenditure Account			Note	
	DESCRIPTION OF SERVICE	2009/10 Gross Expenditure £'000	2009/10 Gross Income £'000		2009/10 Net Expenditure £'000
1,049	Central Services to the Public	8,799	(7,028)	1,771	
11,572	Cultural, Environmental and Planning services	14,089	(3,388)	10,701	
878	Highways, Roads and Transport services	2,447	(1,831)	616	
1,269	Housing services	23,089	(22,228)	861	
2,476	Corporate and Democratic core costs	2,335	(15)	2,320	
(458)	Non Distributed Costs	1,368	(993)	375	
16,786	NET COST OF SERVICES	52,127	(35,483)	16,644	
(535)	Gains or losses on the sale of fixed assets			(44)	
575	Precepts paid to Parish Councils			594	
(104)	Surplus or deficit of trading operations			101	3
798	Interest payable and similar charges			326	
16	Contribution to Housing Pooled Capital Receipts			8	
(724)	Interest and investment income			(573)	
1,336	Pensions interest cost & expected return on pensions asset			2,065	
(698)	Other income			(708)	4
17,450	NET OPERATING EXPENDITURE			18,413	
	Sources of Finance				
(1,055)	General government grants			(2,006)	5
(7,216)	Non-Domestic Rates redistribution			(6,790)	
(6,736)	Precept demanded from Collection Fund			(6,899)	
2,443	(SURPLUS)/DEFICIT FOR THE YEAR			2,718	

The Statement of Movement on the General Fund Balances

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources generated and consumed over the last twelve months.

However, this accounting basis is currently out of line with the statutory provisions that specify the net expenditure that authorities need to take into account when setting local taxes.

The main differences are:

- For Council Tax purposes capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

These differences, and movements in Earmarked Reserves, are adjusted by movements in the General Fund balance. The increase or decrease in Fund balances represents the true financial surplus or deficiency for the year. Full details of the movements are shown in Note 10 to the Core Financial Statements.

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

Restated 2008/09 £'000	Statement of Movement on the General Fund Balances	2009/10 £'000	Notes
2,443	(Surplus)/deficit for the year	2,718	10
(2,266)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the Fund for the year	(2,780)	
177	(Increase)/Decrease in General Fund Balance for the Year	(62)	
(1,886)	Fund Balance brought forward	(1,601)	
108	Transfers in year to earmarked reserves		
(1,601)	BALANCE ON FUND CARRIED FORWARD	(1,663)	25f

Statement of Total Recognised Gains and Losses

Not all gains and losses experienced by the Council are reflected in the Income & Expenditure Account. This statement brings together all other gains and losses and shows the aggregate increase in its net worth.

Restated 2008/09 £'000	Statement of Total Recognised Gains and Losses	2009/10 £'000	Notes
2,443	(Surplus)/deficit for the year on the Income and Expenditure Account	2,718	
(1,516)	(Surplus)/deficit arising on revaluation of fixed assets	(29)	25a
(2,543)	Actuarial (gains)/losses on pension fund assets and liabilities	10,659	29
83	(Surplus)/deficit for the year on the Collection Fund	0	
(356)	Collection Fund deficit attributed to Major Preceptors	0	
2	Deferred capital receipts, discharged in the year, treated as de minimis revenue receipts	3	
(1,887)	TOTAL RECOGNISED (GAINS)/LOSSES FOR THE YEAR	13,351	

Balance Sheet as at 31 March 2010

The Balance Sheet provides an overall summary of the financial position of the Council as at 31 March 2010. It shows the Council's balances and reserves and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

Restated 31/3/09 £'000	Balance Sheet	£'000	31/03/10 £'000	Notes
509	Intangible Assets		544	14
	Operational assets			
26,233	- Other land and buildings	26,634		
1,614	- Vehicles, plant, furniture & equipment	2,713		
301	- Infrastructure	423		
4,036	- Community assets	4,194		
	Non-operational assets			
2,432	- Investment properties	2,432		
2,905	- Surplus assets held for disposal	2,556		
37,521	Tangible fixed Assets		38,952	11
8	Long-term investments		8	17
75	Long-term debtors		68	18
38,113	Total long-term assets		39,572	
41	Stocks and work in progress	41		19
6,597	Debtors	7,695		20
5,009	Investments	1,896		26
383	Cash and bank	380		
12,030	Total current assets	10,012		
(2,389)	Short-term borrowing	(2,780)		26
(4,594)	Creditors	(6,073)		20
(449)	Bank Overdraft	(867)		
(7,432)	Total current liabilities	(9,720)		
42,711	Total assets less current liabilities		39,864	
(2,280)	Long term borrowing	(900)		26
(14)	Deferred liabilities	(13)		22
0	Provisions	0		21
(3,254)	Government grants-deferred account	(3,603)		23
(5,690)	Unapplied grants and contributions	(5,078)		24
(25,508)	Liability related to defined benefit pension scheme	(37,656)		29
(36,746)			(47,250)	
5,965	TOTAL ASSETS LESS LIABILITIES		(7,386)	
	Financed by:			
2,779	Revaluation reserve		2,740	25a
25,533	Capital adjustment account		24,399	25b
(405)	Financial Instruments Adjustment Account		0	25c
(53)	Collection Fund Adjustment Account		(38)	25d
680	Capital receipts reserve		0	25e
19	Deferred Capital Receipts		15	18
(25,508)	Pensions reserve		(37,656)	29
2,920	General Fund balance		3,154	25f
0	Collection Fund Balance		0	
5,965	TOTAL NET WORTH		(7,386)	

Cash Flow Statement for the year ended 31 March 2010

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

Restated 2008/09 £'000	Cash Flow Statement	2009/10 £'000	Notes
1,053	Net Cash Inflow/(Outflow) From Operating Activities	(86)	30
	Return on Investments and Servicing of Finance		
(196)	<i>Cash Outflows</i> Interest paid	(349)	
640	<i>Cash Inflows</i> Interest received	62	
444	Net Cash Inflow from Returns on Investments and Servicing of Finance	(287)	
	Capital Activities		
(2,987)	<i>Cash Outflows</i> Purchase of fixed assets	(2,141)	
(2,899)	Other capital cash payments	(2,931)	
315	<i>Cash Inflows</i> Sale of fixed assets	56	
50	Proceeds from long term investments matured in year	0	
660	Capital grants received	918	34
2,059	Other capital cash receipts	1,476	
(2,802)	Net Cash Inflow/(Outflow) from Capital Activities	(2,622)	
(1,305)	Net cash Inflow/(Outflow) Before Financing	(2,995)	
	Management of Liquid Resources		
4,966	Net decrease/(increase) in short-term deposits	0	
0	Net decrease/(increase) in Other liquid resources - investments	3,014	
(1,936)	Net decrease/(increase) in Other liquid resources – Council Tax And NNDR	527	
	Financing		
(2,367)	<i>Cash Outflows</i> Repayments of amounts borrowed	(2,367)	32
0	<i>Cash Inflows</i> New loans raised	1,400	
(2,367)	Net Cash Inflow/(Outflow) from Financing	(967)	
(642)	Net Increase/(Decrease) in Cash	(421)	

Notes to the Core Financial Statements

1. Reconciliation of restatement adjustments made to the 2008/9 accounts.

Changes have been made to the methods of accounting for National Non Domestic Rates (NNDR) and Council Tax in 2009/10. Details of the changes are given in the Collection Fund Account notes. This necessitated a restatement of the 2008/9 accounts. The changes made are as follows:

	2008/9 Accounts £'000	Council Tax £'000	NNDR £'000	Restated 2008/9 £'000
Income & Expenditure Account				
Demand on the Collection Fund	(6,748)	12		(6,736)
(Surplus)/deficit for the year	2,431	12		2,443
Statement of Movement on the General Fund Balance				
(Surplus)/deficit for the year	2,431	12		2,443
Net additional amount	(2,254)	(12)		(2,266)
Decrease in GF balance for the year	177	0		177
Balance Sheet				
Debtors	7,087	(152)	(338)	6,597
Creditors	(5,440)	508	338	(4,594)
Total Assets less Current Liabilities	42,355	356	0	42,711
Total Assets less Liabilities	5,609	356	0	5,965
Financed by				
Collection Fund Adjustment Account	0	(53)	0	(53)
Collection Fund Balance	(409)	409	0	0
Total Net Worth	5,609	356	0	5,965

2. The amounts of outstanding undischarged obligations arising from long-term contracts

In 2010/11 the Council is committed to making payments estimated at £2.81 million under a contract with Veolia Environmental Services (UK) Limited for the collection of refuse and recyclable waste from the authority's residents. The actual level of payments will depend upon the volumes collected and Veolia's performance in providing the service. The new contract has been awarded to Veolia for ten years from 2009/10, at an estimated total cost of £30 million

Active Nation manage four indoor leisure facilities on behalf of the Council. The Council is committed to making contract payments estimated to total £0.32 million in 2010/11, excluding payments in respect of improvements to leisure facilities, which are included in Note 13 to the Core Financial Statements. The contract expires at the end of 2011 for the Coppull Leisure Facility and continues until 2020 for the other three. See also Note 10 to the Core Financial Statements (Related Parties).

Glendale Grounds Management Limited manage Duxbury Park Golf Course on behalf of the Council under the terms of a twenty-five year contract, which commenced on the 20 March 2006. Glendale pay an annual rental to the Council. Glendale collect all fees and charges and fund any maintenance out of the cash collected.

In 2009/10 the Council entered into a contract with Liberata UK for the provision of property management services. The contract runs until 2014/15. Estimated payments in 2010/11 are £0.486 million, excluding payments in respect of improvements to fixed assets, which are included in Note 13 to the Core Financial Statements.

The Council is committed to make payments for Parking Enforcement to Chipside Ltd and The Legion FM Ltd. The contract with Chipside Ltd runs to 2014/15 and payments are dependent on the number of penalty charge notices issued. The Legion FM Ltd contract runs to 2014/15. Estimated payments for parking enforcement are £0.077 million in 2010/11

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Refuse collection/recycling	2,810	3,000	3,000	3,000
Indoor leisure management	320	320	320	320
Property management	486	486	486	486
Parking Enforcement	77	77	77	77
Total	3,693	3,883	3,883	3,883

3. Trading Operations

To demonstrate the competitiveness of trading operations, the overall surplus or deficit is shown separately from the Net Cost of Services in the Income and Expenditure Account. The Council operates two markets in Chorley, and the Investment Portfolio consists of commercial properties such as industrial units and other premises rented by third parties. Detailed information about the expenditure and income of these trading operations is presented in the following table.

2008/09 Total £'000		2009/10		Total £'000
		Markets £'000	Investment Portfolio £'000	
(791)	Income	(324)	(428)	(752)
167	Employee Related	124	23	147
127	Premises Related	103	46	149
10	Supplies & Services	12	9	21
(487)	Contribution to Overhead Costs	(85)	(350)	(435)
263	Support Services	122	200	322
1	Current Service Pensions	(4)	(1)	(5)
119	Capital Charges	200	19	219
(104)	Net (Surplus)/Deficit	233	(132)	101

The market capital charges includes £0.177m for impairment following extensive works to the Market Hall, and £0.011m for capitalised redundancy costs.

4. Other Income

2008/09 £'000		2009/10 £'000	
63	Capital receipts not arising from disposal of an interest in a fixed asset	11	
635	Income from Chorley Community Housing under VAT sharing arrangement	389	(a)
0	Income recovered from HM Revenues & Customs	308	(b)
698		708	

(a) See Note 27 Contingent Assets.

(b) Interest of £0.421 million was also received from HMRC. This is included in 'Interest and investment income' in the Income & Expenditure Account. See also Note 27 Contingent Assets.

5. **General Government Grants**

General government grants received consist of

2008/09 £'000		2009/10 £'000
22	Area Based Grant	23
28	Business Growth Incentive Grant	25
	Housing & Planning Delivery Grant	152
	Performance Reward Grant	239
1,005	Revenue Support Grant	1,567
1,055		2,006

6. **Members' Allowances**

Allowances paid to Members in 2009/10 totalled £285,637 (2008/09 £280,449).

7. **Officer's Remuneration**

The numbers of employees whose remuneration, including taxable benefits and redundancy payments, but excluding pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Band	2008/09 Number of Employees	2009/10 Number of Employees		
	Total	Total	Left during year	In post at year end
£50,000 - £54,999	1	3	-	3
£55,000 - £59,999	1	3	1	1
£60,000 - £64,999	1	-	-	-
£65,000 - £69,999	-	-	-	-
£70,000 - £74,999	3	2	1	1
£75,000 - £79,999	-	1	-	1
£80,000 - £84,999	1	-	-	-
£85,000 - £89,999	2	3	2	2
£90,000 - £94,999	-	-	-	-
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	-	-	-	-
£105,000 - £109,999	-	1	1	-
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	-	-	-	-
£130,000 - £134,999	1	-	-	-
£135,000 - £139,999	-	1	-	1

The following tables set out the remuneration disclosure for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 during the 2009/2010 and 2008/2009 financial years.

Senior Officer Salaries between £50,000 and £150,000 during 2009/10

Post Title	Salary (Inc Fees and Allow's)	Expense Allowances (P11D Figures inc Leased cars)	Benefits in Kind Profess'l Subscrip t's	Comp' for loss of office	Total excluding pensions contributions 2009/10	Pension Contrib'ns	Total Remuneration including Pension contributions 2009/10
	£	£	£	£	£	£	£
Chief Executive	129,976	5,236	-	-	135,212	21,932	157,144
Corporate Director (Governance)	70,561	6,881	-	31,577	109,019	12,431	121,450
Assistant Chief Executive (Business Transformation and Improvement)	84,211	4,856	275	-	89,342	14,596	103,938
Assistant Chief Executive (Policy and Performance)	88,609	125	-	-	88,734	14,596	103,330
Corporate Director (ICT and Information Management)	64,866	8,779	-	12,226	85,871	10,511	96,382
Corporate Director (Human Resources)	53,818	5,237	-	26,794	85,849	9,544	95,393
Corporate Director (People)	75,079	4,493	-	-	79,572	13,129	92,701
Corporate Director (Business Revenues and Benefits Manager)	70,484	2,980	-	-	73,464	12,008	85,472
Head of Shared Financial Services	44,999	4,034	-	22,236	71,269	8,010	79,279
Corporate Director (Neighborhoods)	53,093	5,811	275	-	59,179	9,451	68,630
Service manager – Environment	51,936	5,003	-	-	56,939	9,103	66,042
Planning Policy Manager	48,226	4,507	-	-	52,733	8,553	61,286
Legal Services Manager	50,646	1,952	-	-	52,598	9,015	61,613
	44,756	6,225	-	-	50,981	7,966	58,947
	931,260	66,119	550	92,833	1,090,762	160,845	1,251,607

Senior Officer Salaries between £50,000 and £150,000 during 2008/09

Post Title	Salary (Including Fees and Allowances)	Expense Allowances (P11D Figures inc Leased cars)	Benefits in Kind Professional Subscriptions	Compensation for loss of office	Total Remuneration excl. pensions contributions 2009/10	Pension Contributions	Total Remuneration including Pension contributions 2009/10
	£	£	£	£	£	£	£
Chief Executive	127,457	5,625	-	-	133,082	20,288	153,370
Assistant Chief Executive (Business Transformation and Improvement)	81,011	4,856	270	-	86,137	13,254	99,391
Assistant Chief Executive (Policy and Performance)	85,636	189	-	-	85,825	13,254	99,079
Corporate Director (Governance)	73,659	7,148	-	-	80,807	12,294	93,101
Corporate Director (People)	68,579	4,713	-	-	73,292	11,333	84,625
Corporate Director (Business)	70,362	2,914	-	-	73,276	11,333	84,609
Corporate Director (Neighborhoods)	71,100	17	-	-	71,117	11,333	82,450
Corporate Director (ICT and Information Management)	57,168	5,292	-	-	62,460	9,604	72,064
Corporate Director (Human Resources)	50,778	4,580	-	-	55,358	8,531	63,889
Revenues and Benefits Manager	46,403	4,204	-	-	50,607	7,796	58,403
	732,153	39,538	270	-	771,961	119,020	890,981

8. **Related Party Transactions**

The Council is required to disclose material transactions with related parties, i.e. bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. The following related party transactions have been identified:

Central Government has effective control of the Council by providing both the statutory framework for the Council, and the majority of its funding. Grants from Central Government are detailed in the cash flow statement and in Note 34.

Other local authorities

The Council has responsibility for collecting the precepts of the Lancashire County Council, the Lancashire Combined Fire Authority, and the Lancashire Police Authority. These are detailed in the Collection Fund accounts. It also makes payments to the Local Government Pension Scheme, administered by the County Council, which are detailed in Note 29.

The Council has a wide range of other financial and working relationships with the County Council. The only material transaction is the receipt of £0.760m in respect of waste collection and recycling (2008/09 £0.719m).

Shared Services Partnership

In January 2009, the Financial and Assurance Shared Services Partnership was established under an Administrative Collaboration Agreement entered into by South Ribble and Chorley Borough Councils. This provides for the provision of accountancy, exchequer, treasury management, procurement and assurance services across the administrative areas of the two Councils.

A Shared Services Joint Committee has been established to discharge the Chorley and South Ribble Council's functions of providing the services detailed in the Shared Services Agreement.

In 2009/10 gross expenditure of £2.052m was incurred on the shared services (2008/09 £448,227), which was fully funded by recharges of £1.017m to South Ribble Borough Council (2008/09 £198,620) and £1.035m to Chorley Borough Council (2008/09 £249,607)

Members & Chief Officers

The Council's Standing Orders require Members who believe they have an interest in a matter to be discussed at a Council or Committee meeting to declare that interest and, in general, to withdraw from the meeting while the particular matter is being discussed. It is considered that transactions involving Members and officers with related parties are not material.

Other related parties

- Active Nation, formerly Community Leisure Services, are contracted to act as agents of the Council to provide indoor sports and leisure facilities management. In 2009/10 payments totalled £0.588m (2008/09 £0.374m). Of the expenditure in 2009/10, £0.120m was in respect of free swimming funded by Government grant; and £0.081m was a one-off contribution to an energy efficiency project. See also Note 2 to the Core Financial Statement for details of future payments under the terms of the contract.
- The Council's housing stock was transferred to Chorley Community Housing (CCH) in 2006/07. Pursuant to that transfer: in 2009/10 CCH purchased services valued at £0.160m from the Council (2008/09 £0.289m); and CCH paid over a proportion of the receipts from the preserved "right to buy" sales of dwellings to former Chorley Council tenants, totalling £0.011m (2008/09 £0.064m). In addition, the Council received income totalling £0.389m from CCH (2008/09 £0.635m) under a VAT sharing arrangement. See also Note 27 on Contingent Assets.
- In the following cases the Council made grants and payments for services that were significant relative to the size of the recipient organisation:

	2008/09 £'000	2009/10 £'000
South Ribble Business Venture Ltd./Business Venture Group	36	71
Lancashire Economic Partnership	20	21
Groundwork Lancashire West & Wigan	42	43
The Arts Partnership	23	18
Chorley South Ribble & District Citizen Advice Bureau	94	106
Chorley & South Ribble Shop-mobility	11	10
North West Local Authorities Employers Organisation	9	7
Chorley & South Ribble CVS	14	8
	249	284

Creditors and Debtors

The following sums were owed at 31 March 2010 by the Council to related parties (creditors) and by related parties to the Council (debtors).

	Creditors £'000	Debtors £'000
South Ribble Borough Council	282	785

9. Disclosure of Audit Fees

The sums due from Chorley Borough Council to the Audit Commission for works carried out relating to the year of account 2009/10 were:

	2008/09 £'000	2009/10 £'000
Fees payable in respect of statutory inspection	20	8
Fees payable in respect of the audit of accounts	111	132
Fees payable for the certification of grant claims and returns	22	21
	153	161

10. Reconciling Items for the Statement of Movement on the General Fund Balances

This statement shows in detail the amounts additional to the surplus or deficit on the Income and Expenditure Account that are required, by statute and non-statutory proper practices, to be debited or credited to the General Fund for the year.

Restated 2008/09 £'000		2009/10 £'000
	Amounts to be included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the Fund balance for the year	
(245)	Amortisation of intangible assets	(147)
(1,415)	Depreciation and impairment of fixed assets	(1,335)
300	Government grants deferred amortisation matching depreciation and impairments	228
(677)	Revenue Expenditure Funded from Capital Under Statute	(1,252)
536	Net gains or losses on the sale of fixed assets	44
(405)	Difference between debits and credits to the Income and Expenditure account and amounts payable/receivable to be recognised under statutory provisions relating to soft loans, premiums and discounts on the early repayment of debt, and the impairment of investments	405
(2,949)	Net charges made for retirement benefits as per FRS 17	(3,978)
(12)	Council Tax income adjusted to precepted amount	15
63	Preserved Right to Buy receipts to be treated as capital receipts	11
(4,804)		(6,009)
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the movement on the Fund balance for the year	
74	Minimum revenue provision for capital financing	229
142	Capital expenditure charged-in year to revenue	347
(16)	Transfer from usable capital receipts to meet payments to the housing capital receipts pool	(8)
2,232	Employers contribution to Lancashire Pension Fund and retirement benefits payable direct to pensioners	2,489
2,432		3,057
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund balance for the year	
0	Voluntary revenue provision for capital financing	0
106	Net transfers to and from earmarked reserves	172
106		172
(2,266)	NET ADDITIONAL AMOUNT TO BE (CREDITED) OR DEBITED TO THE FUND BALANCE FOR THE YEAR	(2,780)

11. Summary of Capital Expenditure and Fixed Asset Disposals

Movement on Fixed Assets

Operational Assets						
	Other Land and Buildings £'000	Vehicles, Equipment, Plant, etc £'000	Infra-structure £'000	Community Assets £'000	Non-Operational Assets £'000	Total Fixed Assets £'000
Gross Valuations						
Balance as at 1 April 2009	27,880	3,575	309	4,226	5,337	41,327
<i>Movement in 2009/10</i>						
Additions/expenditure in year	632	1,460	150	476	19	2,737
Appropriations	208	0	0	(208)	0	0
Disposals	0	0	0	0	0	0
Revaluations	194	0	0	32	0	226
Impairment	(341)	0	0	(2)	(368)	(711)
Balance as at 31 March 2010	28,573	5,035	459	4,524	4,988	43,579
Depreciation						
Balance at 1 April 2009	(1,626)	(1,961)	(8)	(190)	0	(3,785)
<i>Movement in 2009/10</i>						
Charge for the year	(567)	(361)	(28)	(123)	0	(1,079)
Appropriations	17	0	0	(17)	0	0
Disposals	0	0	0	0	0	0
Revaluations	166	0	0	0	0	166
Impairment	92	0	0	0	0	92
Balance as at 31 March 2010	(1,918)	(2,322)	(36)	(330)	0	(4,606)
Impairment						
Balance at 1 April 2009	(21)	0	0	0	0	(21)
Charge for the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Balance as at 31 March 2010	(21)	0	0	0	0	(21)
Net Book Value						
As at 31 March 2009	26,233	1,614	301	4,036	5,337	37,521
As at 31 March 2010	26,634	2,713	423	4,194	4,988	38,952

Capital Expenditure and Financing

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

2008/09 £'000		2009/10 £'000
679	Leisure and play facilities	440
1,448	Environmental improvements (including Astley Park)	477
382	Improvements to Council premises	306
73	Waste collection and recycling	1,283
330	ICT and other equipment	140

The Council has entered into contracts to deliver the following capital investment on its assets over the next three years:

		2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
Leisure facilities	Improvements to leisure centres and golf course	381	230	235	846
Other Council premises	Planned enhancements to offices and other fixed assets	529	200	200	929
		910	430	435	1,775

The capital expenditure for the year was financed as follows:

2008/09 £'000		2009/10 £'000
	<u>Capital Expenditure</u>	
216	Intangible Assets (a)	182
2,941	Fixed Assets	2,737
2,078	Revenue Expenditure Financed From Capital Under Statute	2,749
5,235		5,668
	<u>Sources of Finance</u>	
1,143	Long-term borrowing	2,515
1,223	Capital receipts	732
2,727	Capital grants and contributions	2,074
142	Revenue	347
5,235		5,668

a) See Note 14 (Intangible Assets) below.

12. Tangible Fixed Assets Analysis

The analysis of the Council's principal tangible fixed assets is:

	31 March 2009		31 March 2010	
	Number	Area	Number	Area
Hostel	1		1	
Town Hall (including Lancastrian Room)	1		1	
Other administrative buildings	1		1	
Depots and workshops	1		1	
Off-street car parks (charged weekdays)	12	(1,396 spaces)	12	(1,396 spaces)
Leisure centres and pools	4	**	4	**
Museum	1		1	
Allotments	105	(8 acres)	105	(8 acres)
Parks and recreation grounds		(360 acres)		(360 acres)
Amenity open spaces		(454 acres)		(454 acres)
Markets	2		2	
Cemeteries	2		2	
Community Centres	5		5	
Golf Course	1		1	
Public conveniences	4		4	

** The Council operates four leisure centres and pools, one of which is leased and is not included within the Balance Sheet value of fixed assets, Coppull Community Leisure Centre.

13. Fixed Asset Valuation

The Council re-values its assets on a rolling basis over a five-year period. The following statement analyses assets by year of valuation. The valuations are carried out by Liberata UK Limited, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

	Other Land and Buildings £'000	Vehicles, Plant, etc £'000	Infra-structure £'000	Community Assets £'000	Non-Operational Assets £000	Total £'000
Valued at historic cost	156	5,035	459	3,135	0	8,785
Valued at current value:						
Current year	3,492	0	0	217	301	4,010
2008/09	5,034	0	0	0	1,598	6,632
2007/08	13,874	0	0	7	974	14,855
2006/07	0	0	0	0	113	113
2005/06	6,017	0	0	1,165	2,002	9,184
Total	28,573	5,035	459	4,524	4,988	43,579

The gross historic cost of these assets is no longer identifiable. However since April 2007 councils have been required to account for revaluation gains in the revaluation reserve, and maintain records

of cost or value, excluding those revaluation gains. The cost/value of the above assets excluding these gains was £42.413m.

14. Intangible Assets

	Computer software licences £'000	Licences, trademarks etc. £'000	Patents £'000	Total £'000
Gross Valuations				
Balance as at 1 April 2009	2,171	0	0	2,171
<i>Movement in 2009/10</i>				
Additions/expenditure in year	182	0	0	182
Disposals	(487)	0	0	(487)
Balance as at 31 March 2010	1,866	0	0	1,866
Amortisation				
Balance at 1 April 2009	(1,662)	0	0	(1,662)
<i>Movement in 2009/10</i>				
Amortisation in year	(147)	0	0	(147)
Disposals	487	0	0	487
Balance as at 31 March 2010	(1,322)	0	0	(1,322)
Net Book Value				
As at 31 March 2009	509	0	0	509
As at 31 March 2010	544	0	0	544

Amortisation of computer software licences is calculated by the straight-line method, using estimated useful lives (up to 7 years maximum).

15. Finance and Operating Leases – Disclosure by Lessees

Lease rental payments (the Council as lessee)

The Council uses cars, plant and vehicles, computer equipment and software, and other office equipment under the terms of operating leases. The payments for the use of these assets are included in the net cost of services.

Payments 2008/09 £'000		Payments 2009/10 £'000
59	Land and other buildings	72
370	Other operating leases	348
429	Total rental payments	420

The Council was committed at 31 March 2010 to making payments of £370,106 in 2010/11, under operating leases, comprising the following elements:

	Other land & Buildings £'000	Vehicles, Plant & Equipment £'000	Total £'000
Leases expiring in 2010/11	29	61	90
Leases expiring between 2011/12 and 2014/15	42	238	280
Leases expiring after 2014/15	0	0	0
Total rental payments	71	299	370

Premises and other vehicles and equipment financed under the terms of operating leases are not the property of the Council and are not included in the Balance Sheet.

16. Finance and Operating Leases – Disclosure by Lessors

Lease rental income (the Council as lessor)

The Council has a number of premises that it makes available on an operating lease basis, for lease terms substantially less than the expected lives of the assets. Rental income receivable during the year was as follows:

2008/09 £'000		2009/10 £'000
54	Industrial premises	33
302	Offices and other premises	271
356	Total rental income	304

The Council holds a number of properties for use in operating leases, i.e. where the Council is the lessor. The gross value at 31 March 2010 was £2,470m (2008/09 £2.392m) and the accumulated depreciation was £0.131m (2008/09 £0.107m).

17. Long Term Investments

Long-term investments at 31 March are as follows:

31 March 2009 £'000		31 March 2010 £'000	
8	4% Manchester Corporation Stock	8	Market value
8		8	

18. Long-Term Debtors

The analysis of outstanding long-term debtors is:

	Balance at 31 March 2009 £'000	Advances/ Additions £'000	Repayments/ Reductions £'000	Balance at 31 March 2010 £'000
Mortgages (sale of Council houses)	19	0	(4)	15
Housing Act Advances	4	0	(4)	0
Car Loans	6	4	(3)	7
Land Charges	33	0	0	33
Private Street Work charges	13	0	0	13
Total Long Term Debtors	75	4	(11)	68

19. Valuation of Stocks

Included in the total value of stocks and work in progress at 31 March 2010 is an amount of £10,471 representing stocks valued at the estimated current replacement cost (2008/09 £11,343). The remaining value of stocks totalling £30,520 is shown at cost price (2008/09 £29,267). The requirement of the SSAP9 is that the value of stocks should be the lower of cost and net realisable value. (see accounting policy 14)

20. Revenue and Capital Accruals

	Creditors		Debtors	
	Restated 31 March 2009 £'000	31 March 2010 £'000	Restated 31 March 2009 £'000	31 March 2010 £'000
Analysis of Creditors and Debtors				
Government departments	742	1,757	1,194	1,878
Other local authorities	818	2,017	253	3,423
Sundry creditors/debtors	1,213	1,868	2,745	2,261
Rate and Taxpayers	922	0	2,166	201
Payments in advance	0	0	1,007	505
Receipts in advance	899	431	0	0
	4,594	6,073	7,365	8,268
<u>Less</u> provision for impairment			(768)	(573)
Total Accruals	4,594	6,073	6,597	7,695

All these assets and liabilities are carried at cost. See Note 26v to the Core Financial Statements for an analysis of the credit risk.

21. Provisions

There were no provisions as at 31 March 2010 (2008/09 nil).

22. **Deferred Liabilities**

	Balance at 1 April 2009 £'000	Additions £'000	Reductions £'000	Balance at 31 March 2010 £'000
Private Street Works	14	0	(1)	13
Total Deferred Liabilities	14	0	(1)	13

23. **Deferred Government Grants and Contributions**

The balance on this account represents the value of capital grants and contributions that have been applied to finance the acquisition or enhancement of fixed assets. The balance is released to revenue accounts over the life of the asset.

2008/09 £'000		2009/10 £'000
2,229	Balance at 1 April	3,254
1,325	Add grants and contributions applied in year	577
(300)	Less: Transfer to Reconciling Items for the Statement of Movement on General Fund Balance (a)	(228)
3,254	Balance at 31 March	3,603

(a) See Note 10 to the Core Financial Statements.

24. **Unapplied Grants and Contributions**

This consists largely of Section 106 receipts (i.e. monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission). The sums are restricted to being spent by the Council only in accordance with the agreements concluded with developers. The Section 106 receipts and similar contributions held by the Council are analysed in the following table:

	Balance at 31 March 2009 £'000	Income £'000	Expenditure £'000	Balance at 31 March 2010 £'000
Section 106 Receipts				
Affordable Housing	738	80	(319)	499
Transport Infrastructure	3,713	(207)	(29)	3,477
Recreational Facilities	486	115	(11)	590
Environmental Improvements	5	0	(5)	0
Various Purposes	748	(90)	(146)	512
Total	5,690	(102)	(510)	5,078

The balance of £3.477m for Transport Infrastructure is in respect of the Buckshaw Village Railway Station and will be paid to Lancashire County Council during 2010/11.

Additional Section 106 monies were received for the maintenance of facilities provided by developers, such as public open space, play areas and community centres. These contributions are treated as "receipts in advance" within creditors (Note 20 above) and are released to revenue to fund the maintenance expenditure over a number of years.

25. Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Purpose of Reserve	Restated Balance at 31 March 2009 £'000	Net Movement in year £'000	Balance at 31 March 2010 £'000	Further Detail of Movements
Revaluation Reserve	Store of gains on revaluation of fixed assets not yet realised through sales	2,779	(39)	2,740	(a) below
Capital Adjustment Account	Store of capital resources set aside to meet past expenditure	25,533	(1,134)	24,399	(b) below
Financial Instruments Adjustment Account	This account holds balances resulting from differences between accounting standards and statute, in accounting for financial assets and liabilities	(405)	405	0	(c) below
Collection Fund Adjustments Account	Records the difference between accrued Council Tax income, as in I&E account, and statutory precept.	(53)	15	(38)	(d) below
Capital Receipts Reserve	Proceeds of fixed asset sales available to meet future capital investment	680	(680)	0	(e) below
Deferred Capital Receipts	The agreed capital income still to be received relating to the disposal of fixed assets	19	(4)	15	Matches long term mortgage debtor
Pensions Reserve	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	(25,508)	(12,148)	(37,656)	Note 29 to Core Financial Statements
General Fund	Resources available to meet future running costs	2,920	234	3,154	(f) below
Total		5,965	(13,351)	(7,386)	

(a) **Revaluation Reserve**

This reserve replaced the Fixed Asset Restatement Account (FARA) from 1 April 2007. The reserve therefore only shows unrealised revaluation gains accumulated since that date.

		2009/10 £'000
Balance as at 1 April 2009		2,779
Revaluation of fixed assets in year	392	
Impairment charged to the reserve	(363)	
Depreciation adjustment	(68)	
		(39)
Balance at 31 March 2010		2,740

(b) **Capital Adjustment Account**

	£'000	£'000
Balance as at 1 April 2009		25,533
Amortisation of intangible fixed assets	(147)	
Depreciation of fixed assets	(1,079)	
Impairment of fixed assets	(256)	
Depreciation adjustment	68	
Government Grants Deferred amortisation	228	
Revenue Expenditure funded from Capital Under Statute	(1,252)	
Revenue provision for the repayment of debt	229	
Capital expenditure charged in the year to the General Fund	347	
Capital expenditure financed from usable capital receipts	732	
Transfers (to)/from other reserves	(4)	
		(1,134)
Balance at 31 March 2010		24,399

This account is required because there is a difference between the requirements of accounting practice for the amortisation of fixed assets (e.g. depreciation and charges following derecognition), and the rate at which capital charges should be made according to statute. The balance therefore represents the effect of this timing difference.

(c) **Financial Instruments Adjustment Account**

	£'000	£'000
Balance as at 1 April 2009 – being 2008/09 deferred impairment charge net of interest		(405)
Impairment charged against the General Fund balance in 2009/10		405
Balance at 31 March 2010		0

(d) **Collection Fund Adjustment Account**

	£'000	£'000
Transfer from Collection Fund – being Chorley's share of deficit at 1 April 2008	41	
Transfer to/from General Fund balance – reversal of Council Tax income accrual	12	
Balance as at 1 April 2009		53
Transfer to/from General Fund balance – reversal of Council Tax income accrual		(15)
Balance as at 31 March 2010		38

(e) **Capital Receipts Reserve**

2008/09 £'000		2009/10	
		£'000	£'000
1,070	Capital Receipts as at 1 April		680
721	Capital receipts during year from sale of assets	55	
(16)	Less pooled housing capital receipts	(8)	
128	Other capital receipts	5	
833			52
(1,223)	<i>Less:</i> Capital receipts applied in capital financing during year		(732)
680	Balance at 31 March		0

(f) **General Fund**

	Balance at 31 March 2009 £'000	Gain or losses in year £'000	Transfers between reserves £'000	Balance at 31 March 2010 £'000
General Reserves	1,601	62	0	1,663
Earmarked Reserves				
- future revenue expenditure	843	251	0	1,094
- new developments	476	(79)	0	397
Total Earmarked Reserves	1,319	172	0	1,491
Total General Fund Reserves	2,920	234	0	3,154

26. Financial Instruments

i Borrowings and Investments

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

	Long-Term		Current	
	31 March 2009 £'000	31 March 2010 £'000	31 March 2009 £'000	31 March 2010 £'000
Financial liabilities at amortised cost	2,280	900	2,389	2,780
Financial liabilities at fair value through profit & loss	0	0	0	0
Total borrowings	2280	900	2,389	2,780
Loans and receivables	0	0	5,009	1,896
Available - for – sale financial assets	8	8	0	0
Unquoted equity investment at cost	0	0	0	0
Total investments	8	8	5,009	1,896

There has been no reclassification of assets and no pledges of collateral have been made.

ii Fair Value of Assets and Liabilities carried at Amortised Cost

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

- The fair value for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each Balance Sheet date, and include accrued interest.
- Where an instrument has a maturity of less than one year or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount.
- The fair value of Available for Sale assets has been determined by reference to published prices.

The carrying amounts and the fair values of financial assets and liabilities are as follows:

	Carrying Amounts		Fair Values	
	2009 £'000	2010 £'000	2009 £'000	2010 £'000
Financial Assets				
Loans and receivables - investments	0		0	
- short term investments	5,009	1,896	5,009	1,896
- Long Term Debtors	75	68	75	68
- current debtors (restated)	6,597	7,695	6,597	7,695
Available – for – Sale financial assets	8	8	8	8
Financial Liabilities				
Long and short term borrowing	4,669	3,680	4,845	3,770
Creditors	4,594	6,073	4,594	6,073

iii Gains and Losses on Financial Instruments

The total gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are detailed below. The figures include the interest receivable and payable on investments and borrowings, the impairment losses include that arising on the Icelandic investment, and the provision for other debtor write offs in 2008/09.

	Financial Liabilities		Financial Assets			
	Measured at amortised cost		Loans & receivables		Available for Sale assets	
	2008/09 £'000	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000	2009/10 £'000
Interest expenses	(228)	(135)	0	0	0	0
Impairment Icelandic	0	0	(570)	(190)	0	0
Impairment bad debt provision	0	0	(49)	(407)	0	0
Interest income	0	0	725	571	0	0
Gain/(loss) on revaluation	0	0	0	0	0	0
	(228)	(135)	106	(26)	0	0

iv Impairment Review

In October 2008 various Icelandic banks went into administration. The authority has the following deposit with one of these institutions.

Bank	Date Invested	Maturity Date	Amount Invested	Interest rate	Carrying value inc. interest at 31/3/2010	Impairment
Landsbanki	09/09/2008	09/12/2008	£2,000,000	5.81%	£1,489,690	£759,386

It is currently assumed that 95%, or £1.965m, of the amount due at the date of claim (22 April 2009) will be recovered in instalments stretching to 2018. In accounting for the loan, interest continues to accrue, and the assumed repayments are discounted, at the rate of 5.81%. This generates the impairment loss of £0.759m shown in the above table.

In 2008/9 the Council took advantage of a statutory discretion to defer the impairment charge for that year of £0.570m. In 2009/10 this has also been charged against the General Fund Balance, and the 2009/10 impairment charge of £0.190m has been charged to the Income and Expenditure Account. Effectively writing off notional interest accruing on the deposit.

Estimates of the recoverable amount depend on whether authorities' deposits have priority status. This will be decided by the Icelandic courts, but judgement is not expected until the second quarter of 2011. If priority status is not confirmed it is estimated that recovery will fall to an estimated 38%. This would result in an additional £0.84m impairment charge.

Authorities' debts were converted to Icelandic Krona (ISK) in April 2009, there is therefore an exchange rate risk. At this stage the risk is adjudged to be largely offset in that many of the banks assets are held in currencies other than ISK.

v Risk Analysis

Key Risks

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

- **Credit risk** - that other parties might fail to pay amounts due to the council.
- **Liquidity risk** - that the Authority might not have liquid funds available to make payments when due
- **Re-financing risk** - that the Council might have to renew a financial instrument on maturity at disadvantageous terms.
- **Market risk** - the possibility of financial loss arising from movements in interest rates.

Overall procedures for managing risk

In managing investment risk the Council works within the legal framework set out in the Local Government Act 2003 and associated regulations. This requires compliance with the CIPFA Code of Practice, the Prudential Code, and Investment Guidance issued through the Act. A key requirement is that the Council should annually consider its Treasury Management Strategy, which incorporates the following:

The determination of Prudential Indicators specifying

- Maximum and minimum exposures to fixed and variable rates.
- Limits on the maturity structure of the debt portfolio.
- Limits on total borrowing.

An Investment Strategy specifying

- The use that should be made of credit ratings to determine the financial standing of counterparties.
- The use of sovereign ratings to limit investments to specific countries.
- The maximum amounts that might be deposited with any institution.
- The lengths of time for which deposits can be made.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and non-collection, adjusted to reflect current market conditions.

	Amount at 31 March £'000	Default risk	Exposure to default £'000
Investments			
Impaired bank deposit at carrying value	1,490		840
Other deposits with banks and financial institutions	396		0
Sundry Debtors	2,261	10%	220
	4,147		1,060

The Council seeks to mitigate this risk through the limits, regularly reviewed, in its Investment Strategy. The further default exposure shown above of £0.840m would result if the recoverable amount fell from 95% to 38% (see Note 26iv to the Core Financial Statements (Financial Instruments – Impairment)). No provision for this has been made. The provision of £0.22m in respect of sundry debtors has been made.

The sundry debtors are further analysed in the following table:

	£'000
Not yet past due	755
Up to three months past due	249
Three to six months past due	55
Six months to one year past due	317
Beyond one year	885
	2,261

No collateral is held as security

Liquidity risk

The Council has ready access to borrowings from both the Public Works Loans Board and the money markets. There is therefore no significant risk that it will be unable to raise finance to meet its obligations.

The Council manages its liquidity position through the risk management procedures outlined above as well as through cash flow management procedures required by the Code of Conduct.

Refinancing risk

The approved prudential limits for the maturity structure of debt, and the limits placed on investments greater than one year in duration, are the key parameters used to address this risk.

The maturity analysis of financial liabilities is as follows:

	Total outstanding 31 March	
	2009 £'000	2010 £'000
Analysis of Loans by Source:		
Public Works Loan Board	2,280	900
Total Outstanding	2,280	900
Analysis of loans by maturity:		
Between 1 and 2 years	1,380	900
Between 2 and 5 years	900	0
Between 5 and 10 years	0	0
Total Outstanding	2,280	900

The Council has only a single irredeemable financial asset valued at £8k.

Market Risk

- (a) **Interest Rate risk** – The Council has limited exposure to interest rate movements on its borrowings and investments. Borrowings and short term investments are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings and investments do not impact on the Income and Expenditure Account or the Statement of Total Recognised Gains and Losses

To mitigate risk the Treasury Strategy reviews interest rate forecasts and fixes prudential indicators for fixed and variable interest rate exposure.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	73
Impact on Income and Expenditure Account	73
Decrease in fair value of fixed rate investments (no impact on I&E or STRGL)	0
Decrease in fair value of fixed rate borrowing (no impact in I&E account or STRGL)	25

- (b) **Price risk** - The Council's exposure to this risk is minimal, since it only holds one small investment that is Available for Sale, and subject to annual revaluation to fair value.

27. Contingent Assets and Contingent Liabilities

Contingent Asset

The Council has claimed an amount of £1.03m from HM Revenue and Customs in relation to Value Added Tax charged on car parking for previous financial years. A further claim for £0.187m is to be submitted in 2010/11. The claim is subject to a judicial review, which will determine its validity. There is no indication as to when this will be finally resolved.

The Council has also submitted a claim to HMRC regarding VAT overpaid over many years, mainly at its leisure centres. This has been largely settled but claims for compound interest, which could total £400k, are still outstanding.

Under the terms of the Voluntary Stock Transfer Agreement dated 26 March 2007, the Council is entitled to receive a further sum, estimated at £3.4m, from Chorley Community Housing. This sum only becomes payable if the Association is successful in reclaiming VAT on the qualifying works (i.e. those works it intends to do to the houses transferred over a period of roughly ten years). The cumulative total receivable by the Council to 31 March 2010 was £1.039m. There is no reason at the moment to believe that the works will not be done, nor that the further VAT reclaim will be contested by HM Revenues and Customs.

The Council is also entitled to a share of the proceeds from the sale of dwellings transferred to the Association. This agreement has a further twelve years to run. The amount will depend upon the numbers sold and cannot be predicted.

Contingent Liabilities

During 1992/93 Municipal Mutual Insurance Limited (MMI), the insurer to Chorley Borough Council and many other Local Authorities, experienced trading difficulties. The company's creditors agreed a "Scheme of Arrangement", which allowed MMI to work towards a solvent run-off until all outstanding claims were settled. If the company becomes insolvent, there is a "claw back" arrangement whereby the creditors may be required to repay a proportion of the claims paid. The creditors committee of MMI envisages that there will be a solvent run-off and therefore no "claw back" claims will be made against the Council.

The Council gave warranties to Chorley Community Housing Limited against certain environmental risks. The Council's liability is restricted to a maximum loss of £18m arising over a period of 18 years. It has paid a single premium to insure against claims of up to £15m for a period of 10 years, and is covering the remaining 8 years by payment of an additional annual premium. At 31 March 2010 there are 15 years of the liability period outstanding.

The Council's leisure centres are managed by Active Nation. The company has incurred borrowings, repayable over 10 years, to finance the refurbishment of Clayton Green Leisure Centre, borrowings which have been guaranteed by the Council. In the event of the Company defaulting the Council

would become liable to repay the borrowings, but the cost would be offset by the ending of its contractual obligations to Active Nation.

28. Trust Funds

The Council acts as sole or custodian trustee for five funds and the Mayor of Chorley's fundraising activities. The funds have arisen from legacies given by inhabitants of the Borough and the proceeds of the sale of the Former Free Library.

	Balance at 1 April 2009 £'000	Revaluation of Investments £'000	Income £'000	Expenditure £'000	Balance at 31 March 2010 £'000
HT Parke's Baths Fund <i>(Maintenance of Brinscall Baths)</i>	£ 2	£ 0	£ 0	£ 0	£ 2
William Cocker Charity <i>(Provision of recreation grounds in Chorley)</i>	2	1	0	0	3
WB Park's Charity <i>(Extension of Infectious Diseases Hospital, Withnell)</i>	2	0	0	0	2
Proceeds of Sale of Former Free Library <i>(General benefit of Chorley Borough residents)</i>	78	20	3	0	101
Edward McKnight Memorial Fund <i>(Educational lectures in memory of E McKnight)</i>	5	0	0	0	5
Total Trust Funds	89	21	3	0	113

The total value of these funds at 31 March 2010 was £0.113m (31 March 2009 £0.089m), of which £0.086m was invested in external listed securities (31 March 2009 £0.065m). The funds are not assets of the Council so the external investments are not included in the Balance Sheet.

29. Retirement Benefits

Participation in the Scheme

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

The Local Government Pension Scheme for civilian employees, administered by Lancashire County Council, is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Transactions Relating to Retirement Benefits

This Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Income and Expenditure Account after Net Operating Expenditure. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in General Fund Balance during the year:

Income and Expenditure Account	2008/09 £'000	2009/10 £'000
Net cost of services:		
Current service cost	(1,398)	(885)
Curtailments	0	(1,004)
Past service costs	(215)	(24)
Net operating expenditure:		
Interest cost	(4,884)	(4,751)
Expected return on assets in the scheme	3,548	2,686
Net charge to the Income & Expenditure Account	(2,949)	(3,978)
Statement of Movement in General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	2,949	3,978
Actual amount charged against General Fund balance for pensions in the year:		
Employers' contribution payable to scheme	(2,232)	(2,489)

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £10.659m (2008/9 gain £2.543m) were included in the Statement of Total Gains and Losses. The cumulative amount of actuarial losses recognised in the Statement of Total Recognised Gains and Losses is £26.785m.

Reconciliation of present value of the scheme liabilities

	Funded liabilities: Local Government Pension Scheme	
	2008/9 £'000	2009/10 £'000
1 April	(80,435)	(67,700)
Current service costs	(1,398)	(885)
Interest costs	(4,884)	(4,751)
Contributions by scheme participants	(500)	(524)
Actuarial gains & losses	17,088	(21,904)
Benefits paid	2,644	2,988
Curtailments	(215)	(1,004)
Settlements	0	0
Past service costs	0	(24)
31 March	(67,700)	(93,804)

Reconciliation of fair value of the scheme assets

	Local Government Pension Scheme	
	2008/9 £'000	2009/10 £'000
1 April	52,993	42,192
Expected return on plan assets	3,548	2,686
Actuarial gains & losses	(14,437)	11,245
Employer contributions	2,232	2,489
Settlements	0	0
Contributions by scheme participants	500	524
Benefits paid	(2,644)	(2,988)
31 March	42,192	56,148

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 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/(fall in value) on scheme assets in the year was £13.931m (2008/9 fall in value £10.889m).

Analysis of scheme assets

	Proportion of total assets 2008/09 %	Proportion of total assets 2009/10 %
Equity investments	61.2	66.0
Government Bonds	7.8	7.0
Other Bonds	12.3	12.0
Property	7.4	5.0
Cash/Liquidity	4.9	4.0
Other Assets	6.4	6.0
	100.0	100.0

Scheme history

	2005/06	2006/07 As restated	2007/08 As restated	2008/09	2009/10
Present value of liabilities	(82,007)	(75,587)	(80,435)	(67,700)	(93,804)
Fair value of assets	59,971	57,747	52,993	42,192	56,148
Surplus/(deficit) in the scheme	(22,036)	(17,840)	(27,442)	(25,508)	(37,656)

The liabilities show the underlying commitments that the Authority has in the long term to pay retirement benefits. The total liability of £93.804m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet.

The statutory arrangements for funding the deficit require a three yearly actuarial review of the fund and a consequential reappraisal of the contributions paid to it. This review is in progress. The Government has also committed itself to a fundamental review of public sector pensions.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in 2010/11 is £1.779m.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March each year.

	2005/06	2006/07 as restated	2007/08 As restated	2008/09	2009/10
	%	%	%	%	%
Difference between the expected and actual return on assets	12.7	(0.7)	(14.0)	(34.2)	(20.0)
Experienced gains and (losses) on liabilities	(1.8)	0	3.9	0	0

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Mercers, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2007. The main assumptions used in their calculations are as follows.

	2008/09	2009/10
Long term expected rate of return on assets in the scheme		
Equity investments	7.50%	7.50%
Government bonds	4.00%	4.50%
Other bonds	6.00%	5.20%
Property	6.50%	6.50%
Cash/Liquidity	0.50%	0.50%
Other	7.50%	7.50%
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	21.20	21.20
Women	24.00	24.10
Longevity at 65 for future pensioners		
Men	22.20	22.20
Women	25.00	25.00
Rate of inflation	3.30%	3.30%
Rate of increase in salaries	5.05%	5.05%
Rate of increase in pensions	3.30%	3.30%
Rate for discounting scheme liabilities	7.10%	5.6%
Take up option to convert annual pension into retirement lump sum	50%	50%

Prepaid or Accrued Pension Contributions

An amount of £162k is included in the creditors section of the Balance Sheet. This represents accrued pension contributions as at 31 March 2010. These were paid to Lancashire County Pension Fund in April 2010.

30. Reconciliation of Surplus or Deficit to Net Cash Flow from Operating Activities

Restated 2008/09 £'000		2009/10	
		£'000	£'000
	Surplus/(deficit) for the year		
(2,443)	Income & Expenditure Account	(2,718)	
(95)	Collection Fund	0	
(2,538)			(2,718)
	Non-cash transactions		
1,300	Depreciation & impairment	1,483	
502	Revaluation decreases written off to I & E Account in the year		
(300)	Deferred grants amortised in the year	(228)	
(1,402)	Grants funding REFfCUS amortised/written off in the year	(1,497)	
717	Pension Fund adjustment	1,489	
	Material impairment losses on investments charged to I&E	189	
817			1,436
	Adjustment for items reported separately on the Cash Flow		
(725)	Interest and investment income	(573)	
603	Interest payable and similar charges	326	
2,078	Revenue expenditure funded from capital under statute	2,749	
(535)	(Gains) or losses on the disposal of fixed assets	(44)	
1,421			2,458
	Items on an accrual basis		
27	(Increase)/decrease in stock	0	
1,000	(Increase)/decrease in debtors	(1,363)	
326	Increase/(decrease) in creditors	101	
1,353			(1,262)
1,053	Net cash inflow/(outflow) from operating activities		(86)

31. Analysis of Net Debt (Reconciliation of Net Debt to Related Items in the Balance Sheet)

	Restated Balance 1/4/09 £'000	Receipt/Payment Of interest accrued At 1/4/09 £'000	Other Cash flows In year £'000	Other Non- cash Changes £'000	Balance 31/3/10 £'000
Cash	(66)	0	(421)	0	(487)
Short term deposits	0	0	0	0	0
Short term investments	5,009	(18)	(3,014)	(81)	1,896
Major preceptors & NNDR	(1,936)	0	527	0	(1,409)
Total	3,007	(18)	(2,908)	(81)	0
Loans due within one year	(2,389)	36	(414)	(13)	(2,780)
Loans due in more than one year	(2,280)	0	1,380	0	(900)
Deferred Liabilities	(14)	0	1	0	(13)
Net Debt	(1,676)	18	(1,941)	(94)	(3,693)

32. **Reconciliation of Changes in Cash to Movement in Net Debt**

Restated 2008/09 £'000		2009/10	
		£'000	£'000
(642)	Increase/(decrease) in cash in year		(421)
(6,902))	Cash inflow/(outflow) from management of liquid resources		313
	Cash inflow from:		
0	New loans raised		(1,400)
	Cash outflow from:		
2,367	Loans repaid		2,366
	Payment of interest accrued at last balance sheet date		36
	Deferred liabilities repaid		1
(5,177)	Change in net debt resulting from cash flows		895
	Other non-cash changes:		
183	Interest accrued at year end on Short Term Investments	108	
(570)	Adjustments to fair value and impairment of Short Term Investments	(189)	
(1)	Increase in deferred liabilities	0	
(36)	Interest accrued at year end on loans carried at nominal value	(13)	
(424)			(94)
3,925	Net debt brought forward		(1,676)
(1,676)	Net debt carried forward		(875)

33. **Analysis of Changes in Cash and Liquid Resources in the Year**

	Balance at 01/04/09 £'000	Balance at 31/03/10 £'000	Movement in the year £'000
Short term investments	5,009	1,896	(3,113)
Short term deposits	0	0	0
Amounts relating to Council tax & NNDR	(1,936)	(1,409)	527
Cash	383	380	(3)
Bank overdraft	(449)	(867)	(418)
Increase/(decrease) in year	3,007	0	(3,007)

Included in the management of liquid resources section of the Cash Flow Statement is the net movement on current asset investments that are managed in accordance with the Council's Treasury Management Policy.

34. **Analysis of Government Grants**

i) The categories of government grants shown in the Cash Flow Statement are:

2008/09 £'000		2009/10 £'000
660	Capital activities	918
31,889	Revenue activities	35,897
0	European grants	0
32,549	Total government grants	36,815

ii) Analysis of revenue government grants

2008/09 £'000		2009/10 £'000
23,108	Community Service	27,059
0	Environmental Health	0
0	Sports Development	0
4	Waste Management	0
7,216	NNDR receipt from pool	6,791
1,004	Revenue Support Grant	1,567
557	Other Government Grants	480
31,889	Total revenue government grants received	35,897

35. **Non-Adjusting Events after the Balance Sheet Date**

There were no material non-adjusting post balance sheet events as at the date of authorisation for issue (see Note 36 below).

36. **Date of Authorisation for Issue**

The Statement of Accounts includes any necessary disclosures in respect of events after the balance sheet date up to the date indicated below:

Gary Hall BA CPFA
CHIEF FINANCE OFFICER

Date: 21 June 2010

Supplementary Financial Statements

Restated 2008/09 £'000	Collection Fund Account	2009/10		Note
		£'000	£'000	
	Income			
45,830	Income from Council Tax		46,883	
	<i>Transfers from General Fund:</i>			
5,592	Council Tax Benefits	6,244		
(3)	Transitional Relief	(1)	6,243	
20,741	Income Collectable from Business Ratepayers		22,681	2
72,160	Total Income		75,807	
	Expenditure			
	<i>Precepts and Demands:</i>			
38,016	Lancashire County Council	38,900		
6,736	Chorley Borough Council	6,900		
4,799	Lancashire Police Authority	4,987		
2,124	Lancashire Combined Fire Authority	2,191		
51,675			52,978	
	<i>Business Rate:</i>			
20,618	Payment to National Pool	22,556		
123	Costs of Collection to the General Fund	125		
20,741			22,681	2
	<i>Bad and Doubtful Debts</i>			
(191)	Write Offs/(Ons)	123		
18	Provision	34		
(173)			157	
	<i>Contributions:</i>			
0	Distribution of Estimated Collection Fund Deficit	(124)		
			(124)	5
72,243	Total Expenditure		75,692	
(83)	Surplus/(Deficit) for the year		115	
(313)	Surplus/(Deficit) brought forward as at 1 April		0	
41	Transfer to Collection Fund Adjustment account		(15)	
355	Net transfer to Major Preceptors Account		(100)	
0	Surplus/(Deficit) carried forward as at 31 March		0	

Notes to the Supplementary Financial Statements

1. The Collection Fund

Section 89 of The Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) requires the Council to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet. Instead Collection Fund balances are consolidated into the Balance Sheet.

2. Accounting for Council Tax

The key accounting features relating to council tax are:

- (a) In its capacity as a billing authority an authority acts as an agent, collecting the tax on behalf of the major preceptors and itself.
- (b) The amount to be credited to the General Fund, under statute, is an authority's precept or demand for the year plus its share of the previous years Collection Fund deficit or surplus. This may be more or less than the income actually accrued in the year in the Collection Fund.

3. Change in accounting practice

Prior to 2009/10 the income included in the Income & Expenditure Account was the amount specified in sub paragraph 2 above. However for the year commencing April 1 2009, for both billing and major precepting authorities, the accrued income is to be brought into account. The difference between the regulatory charge and the accrued income, is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund balance.

Since the collection of Council tax is in substance an agency arrangement, any debtor or creditor balances belong proportionately to the billing authority and the major preceptors. There is therefore a debtor/creditor position between the billing authority and each major preceptor.

4. Council Tax Base

The gross amount of Council Tax payable for a property is based upon a band allocated to it by the Listing Officer, who is an official of the Valuation Office Agency. There are 8 bands, A to H, and each band attracts a different level of Council Tax based on the charge at band D.

The Council set a band D Council Tax of £1,472.78 (2008/09 £1,428.66). This was calculated by dividing the total of the Council's net expenditure to be met from the Council Tax and the precepts of Lancashire County Council, Lancashire Police Authority and Lancashire Combined Fire Authority by the Council Tax base. The Council Tax base is the number of band D equivalent properties in the Council's area. It represents the amount of income that would be raised by a Council Tax levy of £1.00 at band D. The Council Tax base has been calculated as follows:

BAND	RATIO TO BAND D	TOTAL NO OF PROPERTIES	TOTAL EQUIVALENT NO AFTER DISCOUNTS	BAND D EQUIVALENTS
A	6/9	14,245	11,865.25	7,908.80
B	7/9	10,111	8,952.00	6,962.70
C	8/9	8,527	7,765.75	6,904.70
D	1	5,765	5,327.25	5,327.30
E	11/9	4,199	3,947.50	4,824.70
F	13/9	1,682	1,594.00	2,302.40
G	15/9	728	679.50	1,132.50
H	18/9	61	44.50	89.00
		45,318	40,177.75	35,452.10
Less adjustments for anticipated changes to the base and losses on collection				(353.10)
Band D Equivalent Number of Properties				35,099.00

5. Band D Council Tax

The Band D Council Tax set by the Council has been calculated as follows:

2008/09 £		2009/10 £
38,016,160	Lancashire County Council Precept	38,900,181
4,798,965	Lancashire Police Authority Precept	4,986,995
2,123,413	Lancashire Combined Fire Authority Precept	2,190,529
*5,487,977	Chorley Borough Council Demand	*5,615,404
50,426,515	TOTAL TO BE MET FROM COUNCIL TAX	51,693,109
35,296.10	Divided by the Council Tax Base	35,099.00
1,428.66	Band D Council Tax	1,472.78

*The Chorley Borough Council demand on the Collection Fund excludes parish precepts of £594,337 (2008/09 £575,386) and excludes special expenses of £690,019 (2008/09 £684,617).

6. Distribution of Estimated Collection Fund Surplus or deficit

Each January the Council estimates what the Collection Fund balance will be at the year end. If there is an estimated surplus or deficit at 31 March, it has to be shared between, or recovered from, the Council and the major precepting authorities during the following financial year. Chorley Borough Council estimated that the Collection Fund would be in deficit at 31 March 2009, and that the deficit would be recovered during 2009/10:

Estimated Surplus at 31 March 2008 distributed in 2008/09 £		Estimated (Deficit) at 31 March 2009 recovered in 2009/10 £
0	Lancashire County Council	(91,097)
0	Lancashire Police Authority	(11,500)
0	Lancashire Combined Fire Authority	(5,088)
0	Chorley Borough Council	(16,170)
<u>0</u>		<u>(123,855)</u>

The estimated Collection Fund deficit at 31 March 2010, calculated in January 2010, was £154,288. This will be recovered from the precepting authorities during 2010/11 in proportion to the value of their respective precepts on the Collection Fund.

7. Accounting for National Non Domestic rates (NNDR)

Up to 2008/9 amounts due to or from business taxpayers appeared as debtors and creditors in the Council's accounts.

However with effect from 2009/10 it has been acknowledged that billing authorities collect NNDR under what is in substance an agency arrangement. It therefore follows that:

- (a) NNDR income does not belong to the billing authority and is not included in its I&E account
- (b) NNDR debtor and creditor balances with taxpayers are not recognised in the authority's balance sheet.
- (c) Cash collected belongs to **the** Government and any amounts over or under paid are recognised in the balance sheet as a Government debtor or creditor.

8. Income from National Non-Domestic Rates

The Council collects non-domestic rates from local businesses, which are based on the rateable values of business premises multiplied by an amount specified by Central Government (the non-domestic rating multiplier). The gross amount due from ratepayers, less certain reliefs and other deductions, is paid into a national pool administered by Central Government. The national pool is then used to distribute business rates income back to local authorities as a standard amount per head of local adult population.

2008/2009		2009/10
46.2p	Non-Domestic Rating Multiplier	48.5p
45.8p	Small Business Non-Domestic Rating Multiplier	48.1p
£43,205,110	Total Rateable Value at 31 March	54,788,563
2,969	Total Number of Hereditaments at 31 March	3,043

Glossary of Financial Terms

Accounting Standards Board (ASB)

The role of the Accounting Standards Board (ASB) is to issue accounting standards. Accounting standards developed by the ASB are contained in 'Financial Reporting Standards' (FRSs). Soon after it started its activities in 1990, the ASB adopted the standards issued by the Accounting Standards Committee (ASC), so that they also fall within the legal definition of accounting standards. These are designated 'Statements of Standard Accounting Practice' (SSAPs). Whilst some of the SSAPs have been superseded by FRSs, some remain in force. Accounting standards apply to all companies, and other kinds of entities that prepare accounts that are intended to provide a true and fair view.

Accruals

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

Auditor's Opinion

The opinion required by statute from the Council's external auditors, indicating whether the Statement of Accounts presents fairly the financial position of the Authority.

Annual Governance Statement

See STATEMENT ON INTERNAL CONTROL.

Balance Sheet

The combined fund balance sheets of the Council.

Budget

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

Capital Expenditure

Spending on the acquisition or enhancement of fixed or intangible assets, either directly by the Council or indirectly in the form of grants to other persons or bodies. The definition of expenditure that may be capitalised is set out in the SORP. Previously the Local Government and Housing Act 1989 contained a similar definition, but this has been replaced in the Local Government Act 2003 by a reference to expenditure which falls to be capitalised under proper practices. As the SORP is identified as a source of proper practice in England and Wales by regulations under section 21 of the Local Government Act 2003 this definition has taken on

statutory status, except in cases where the Government issues regulations or makes directions, modifying the items to be classified as capital expenditure for financing purposes.

Capital Receipts

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

Capital Receipts Unapplied

The proportion of capital receipts received which may be used to finance capital expenditure or to repay debt, but not to finance revenue expenditure.

Chief Finance Officer

In England and Wales the Chief Finance Officer is colloquially known as the 'S151 officer', as the relevant provisions are contained in section 151 of the Local Government Act 1972. Section 151 requires every Local Authority to 'make arrangements for the proper administration of their financial affairs' and give one of their officers responsibility for this. That officer has specific duties under other statutes, including issuing a preventative report if there is, or is likely to be, unlawful expenditure or an unbalanced budget, and reporting to the authority at budget-setting time on the robustness of estimates made and the adequacy of the financial reserves. Under the Prudential Code, the Chief Finance Officer has responsibility for ensuring that the Authority is given information on all 'matters required to be taken into account' when making decisions on capital investment. Chorley Borough Council's Chief Finance Officer is the Director of Transformation

Collection Fund

The account which shows the transactions of the Council in relation to non-domestic rates and Council Tax, and the distribution of these to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the Council.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal.

Examples of community assets are parks and historic buildings.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Local Authority's control. Contingent assets are not recognised in the accounting statements, they but are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent Liability

A contingent liability is either:

- (a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control, or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Cost of Management and Administration

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

Creditor

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

Debt Redemption

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

Debtor

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

Deferred Capital Receipts

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

Depreciation

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

Financial Reporting Standard (FRS) 17

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

Fixed Assets

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

General Fund

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

Infrastructure Assets

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

Intangible Assets

An intangible item may meet the definition of an asset when access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Purchased intangible assets (e.g. software licences) should be capitalised as assets. Intangible assets should be amortised on a systematic basis over their economic lives.

Leasing

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

Loans Outstanding

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

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue account each year and be set aside for the repayment of external loans.

National Non-Domestic Rates (NNDR)

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

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, ie their historical cost of current value, less the cumulative amounts provided for depreciation.

Non-Operational Assets

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

Operational Assets

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

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Taxpayers on their behalf.

Provision

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

Public Works Loan Board (PWLB)

A Government agency that provides longer-term loans to Local Authorities.

Rent Allowance

A subsidy payable by the Council to a low-income tenant in private rented accommodation.

Reserve

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

Revenue Account

An account that records an Authority's day-to-day expenditure and income on such items as salaries and wages and other running costs of services.

Revenue Expenditure Funded from Capital under Statute

Revenue expenditure classified as capital for funding purposes even though it does not result in expenditure being carried on the Balance Sheet as a fixed asset. The purpose is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund and impact on the council tax. This category of expenditure includes grants for works to property not owned by the Council, website development costs, and items capitalised under direction from the Secretary of State.

Statement on Internal Control (SIC)

Regulation 4(2) of The Accounts and Audit Regulations 2003 requires English Authorities to 'conduct a review at least once in a year of the effectiveness of its system of internal control' and include a statement on internal control with any statement of accounts. The statement should relate to the system of internal control as it applied during the financial year for the accounts that it accompanies.

An Authority may decide to publish a wider-ranging statement on internal control than that required by legislation and/or a statement on the adoption of a local code of corporate governance and how they have complied with such a code and monitored its effectiveness. Where this is the case the Authority may choose to include these statements, signed on behalf of the Authority, with their Statement of Accounts in place of the legislative requirement to include a SIC or SORP requirement to include a Statement on the System of Internal Financial Control (SIFC).

Statement of Recommended Practice (SORP)

A Statement of Recommended Practice (SORP) on Accounting Practices for Local Authorities is prepared regularly, and the SORP's form enables it to be related to the Financial Reporting

Standards issued by the Accounting Standards Board. The SORP 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 Chartered Institute of Public Finance and Accountancy (CIPFA) is the recognised SORP setting body for Local Government in England and Wales.

How to Contact Us

The Council is open to take your telephone calls Monday to Thursday 8.45am to 5.15pm and 8.45am to 4.45pm on a Friday. If you have any general enquiries, please contact our Customer Contact Centre on:



Tel: 01257 515151



Fax: 01257 515150

Further information about this statement of accounts is available from:

Director of Transformation – Gary Hall
Head of Shared Financial Services – Susan Guinness
Town Hall, Market Street, Chorley, Lancashire, PR71DP



Fax: 01257 515491

Website: www.chorley.gov.uk

This information can be made available to you in larger print or on audiotape, or can be translated into your own language. Please telephone 01257 515660 to access this service.

આ માહિતીનો અનુવાદ આપની પોતાની ભાષામાં કરી શકાય છે. આ સેવા સરળતાથી મેળવવા માટે કૃપા કરી, આ નંબર પર ફોન કરો: 01257 515822

ان معلومات کا ترجمہ آپ کی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون کیجئے: 01257 515823

In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

