



APPENDIX A
Draft (Unaudited)
Core Financial Statements
2021/22
Chorley Borough Council

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This is not the amount to be funded from taxation, since authorities raise taxation to cover expenditure in accordance with regulations. The taxation position is shown in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21				2021/22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,826	(1,382)	2,444	Commercial and Property	4,322	(1,693)	2,629
3,340	(1,355)	1,985	Communities	3,239	(1,536)	1,703
21,200	(19,997)	1,203	Customer & Digital	20,847	(19,974)	873
1,740	(1,036)	704	Planning and Development	2,264	(1,296)	968
5,649	(1,335)	4,314	Policy & Governance	6,021	(1,752)	4,269
388	(253)	135	Major Projects	936	(413)	523
11,379	(4,824)	6,555	Corporate	13,521	(9,228)	4,293
3,331	(5,247)	(1,916)	Covid	9,019	(10,219)	(1,200)
50,853	(35,429)	15,424	Cost of Services	60,169	(46,111)	14,058
600	0	600	Other operating expenditure (note 12)			606
8,868	(4,263)	4,605	Financing and investment income and expenditure (note 13)			922
6,845	(28,318)	(21,473)	Taxation and non-specific grant income (note 14)			(19,122)
		(844)	(Surplus)/deficit on provision of services			(3,536)
		(623)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			(5,846)
		11,999	Re-measurement of the net defined benefit liability (note 37d)			(14,575)
		11,376				(20,421)
		10,532				(23,957)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year following those adjustments.

	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2020	(10,762)	(973)	(13,223)	(24,958)	(171)	(25,129)
<u>Movements in 2020/21</u>						
Total Comprehensive Income & Expenditure	(844)	0	0	(844)	11,376	10,532
Adjustments between accounting basis & funding basis (note 10)	(5,382)	84	(729)	(6,027)	6,027	0
(Increase) / Decrease in year	(6,226)	84	(729)	(6,871)	17,403	10,532
Balance at 31 March 2021	(16,988)	(889)	(13,952)	(31,829)	17,232	(14,597)
<u>Movements in 2021/22</u>						
Total Comprehensive Income & Expenditure	(3,536)	0	0	(3,536)	(20,421)	(23,957)
Adjustments between accounting basis & funding basis (note 10)	4,579	165	3,589	8,333	(8,333)	0
(Increase) / Decrease in year	1,043	165	3,589	4,797	(28,754)	(23,957)
Balance at 31 March 2022	(15,945)	(724)	(10,363)	(27,032)	(11,522)	(38,554)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. It shows the net assets of the authority which are matched by the reserves held. Reserves are reported in two categories. 'Usable Reserves' includes reserves available to provide services and other reserves which may only be used to fund capital expenditure or repay debt. 'Unusable Reserves' fall into two categories. The first consists of the Revaluation Reserve which holds unrealised gains and losses in asset values. The second category holds amounts resulting from the "adjustments between the accounting basis and the funding basis", as shown in the Movement in Reserves Statement (MiRS).

31 March 2021 £'000		Notes	31 March 2022 £'000
96,589	Property, Plant & Equipment	15	120,598
2,530	Heritage Assets	16	2,531
32,783	Investment Property	17	32,782
36	Intangible Assets	18	24
5,323	Long-Term Debtors	19	4,939
137,261	Long-Term Assets		160,874
13,157	Short-Term Debtors	20	8,864
9,276	Cash and Cash Equivalents	21	9,460
22,433	Current Assets		18,324
(2,182)	Short-Term Borrowing	19	(2,215)
(23,768)	Short-Term Creditors	22	(22,345)
(1,222)	Provisions	23	(1,317)
(27,172)	Current Liabilities		(25,877)
(1,438)	Long-Term Creditors	19	(1,481)
(60,264)	Long-Term Borrowing	19	(68,341)
(55,561)	Other Long-Term Liabilities – pensions	37	(43,978)
(16)	Other Long-Term Liabilities – other		(16)
(646)	Grant Receipts in Advance - Capital	33	(951)
(117,925)	Long Term Liabilities		(114,767)
14,597	Net Assets		38,554
31,829	Usable Reserves	MiRS, 24	27,032
(17,232)	Unusable Reserves	25	11,522
14,597	Total Reserves		38,554

The unaudited accounts were issued on xx July 2022.

Louise Mattinson
 Director of Finance
 Date: xx July 2022

Cash Flow Statement

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

2020/21 £'000		2021/22 £'000
844	Net surplus or (deficit) on the provision of services	3,536
23,032	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26a)	7,481
(6,709)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities (Note 26b)	(4,590)
17,167	Net cash flows from Operating Activities (Note 26)	6,427
(2,264)	Investing Activities (Note 27)	(19,181)
(14,560)	Financing Activities (Note 28)	12,938
343	Net increase or (decrease) in cash and cash equivalents	184
8,933	Cash and cash equivalents at the beginning of the reporting period	9,276
9,276	Cash and cash equivalents at the end of the reporting period (Note 21)	9,460

Cash and Cash Equivalents at the beginning and end of the 2021/22 reporting period have been defined to be net of the bank overdraft.

Notes to the Main Financial Statements

1 EXPENDITURE AND FUNDING ANALYSIS – NOTE TO MAIN FINANCIAL STATEMENT

The Expenditure and Funding Analysis, which is a note to the Main Financial Statements, shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21			Directorate	2021/22		
Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
1,436	1,008	2,444	Commercial and Property	3,226	(597)	2,629
1,600	385	1,985	Communities	1,500	203	1,703
1,009	194	1,203	Customer & Digital	690	183	873
638	66	704	Planning and Development	822	146	968
3,797	517	4,314	Policy & Governance	4,065	204	4,269
123	12	135	Major Projects	491	32	523
3,478	3,077	6,555	Corporate	(312)	4,605	4,293
(1,924)	8	(1,916)	Covid	(1,203)	3	(1,200)
10,157	5,267	15,424	Net Cost of Service	9,279	4,779	14,058
(16,383)	115	(16,268)	Other Income and Expenditure	(8,236)	(9,358)	(17,594)
(6,226)	5,382	(844)	(Surplus)/Deficit in year	1,043	(4,579)	(3,536)
(10,762)			Opening General Fund Balance at 1 April	(16,988)		
(6,226)			Add (Surplus)/Less Deficit on General Fund Balance in Year	1,043		
(16,988)			Closing General Fund Balance at 31 March	(15,945)		

8 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis, which forms Note 1 to the accounts, can be found on page **XX**.

This note provides a reconciliation of the main adjustments to the Net Expenditure Chargeable to the General Fund Balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2021/22						
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Statutory Adjustments	Other Adjustments (Note D)	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Commercial and Property	900	171	(1)	1,070	(1,667)	(597)
Communities	11	192	0	203	0	203
Customer & Digital	0	180	(7)	173	10	183
Planning and Development	0	155	(9)	146	0	146
Policy & Governance	0	127	(12)	115	89	204
Major Projects	0	32	0	32	0	32
Corporate	4,022	553	(9)	4,566	39	4,605
Covid	0	0	3	3	0	3
Cost of Services	4,933	1,410	(35)	6,308	(1,529)	4,779
Other Income and Expenditure from the Expenditure and Funding Analysis	(10,253)	1,149	(1,783)	(10,887)	1,529	(9,358)
deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(5,320)	2,559	(1,818)	(4,579)	0	(4,579)

2020/21	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Statutory Adjustments	Other Adjustments (Note D)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Commercial and Property	946	60	2	1,008	0	1,008
Communities	307	66	12	385	0	385
Customer & Digital	0	71	13	84	110	194
Planning and Development	0	60	6	66	0	66
Policy & Governance	303	116	4	423	94	517
Major Projects	0	11	1	12	0	12
Corporate	2,307	326	6	2,639	438	3,077
Covid	0	6	2	8	0	8
Cost of Services	3,863	716	46	4,625	642	5,267
Other Income and Expenditure from the Expenditure and Funding Analysis	(5,182)	967	4,972	757	(642)	115
deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,319)	1,683	5,018	5,382	0	5,382

Note A Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service lines, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- Finance and investment income and expenditure – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP).
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

Note B Net Change for Pension Adjustments

The net change for the removal of pension contributions and the addition of the IAS 19 Employee Benefits pension related expenditure and income are reflected as follows:

- For services this represents the removal of the employer pension contributions made by the authority as determined by statute and their replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES).

Note C Other Statutory Adjustments

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are:

- For taxation and non-specific grant income - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

Note D Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement. These are:

- For financing and investment income and expenditure, adjustments in respect of charges for the provision for non-collection of outstanding debts.

This adjustment category is additional to those shown in the Statement of Accounts for 2018/19. Please see footnote to Comprehensive Income and Expenditure Statement for more detail.

10 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2021/22	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement				
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25d)	(2,560)	0	0	2,560
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	0	0	0	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25e)	1,783	0	0	(1,783)
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25f)	35	0	0	(35)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)	64	0	0	(64)
Total Adjustments to Revenue Resources	(678)	0	0	678
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)	97	(97)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 26b)	1,435	0	0	(1,435)
Additional provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 26b)	4,188	0	0	(4,188)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 26b)	820	0	0	(820)
Total Adjustments between Revenue and Capital Resources	6,540	(97)	0	(6,443)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	262	0	(262)
Application of capital grants to finance capital expenditure (MiRS)	(1,283)	0	3,589	(2,306)
Total Capital Resources	(1,283)	262	3,589	(2,568)
Total Adjustments	4,579	165	3,589	(8,333)

2020/21	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement				
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25d)	(1,684)	0	0	1,684
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	0	0	0	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25e)	(4,972)	0	0	4,972
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25f)	(46)	0	0	46
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)	(2,200)	0	0	2,200
Total Adjustments to Revenue Resources	(8,902)	0	0	8,902
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)	120	(120)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 26b)	1,713	0	0	(1,713)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 26b)	958	0	0	(958)
Total Adjustments between Revenue and Capital Resources	2,791	(120)	0	(2,671)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	204	0	(204)
Application of capital grants to finance capital expenditure (MiRS)	729	0	(729)	0
Total Capital Resources	729	204	(729)	(204)
Total Adjustments	(5,382)	84	(729)	6,027

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

11 TRANSFERS TO/FROM EARMARKED RESERVES

The movements in reserves during the year were as follows

Type of Earmarked Reserve	Balance 1 April 2020 £'000	Transfers		Balance 31 March 2021 £'000	Transfers		Balance 31 March 2022 £'000
		Out £'000	(In) £'000		Out £'000	(In) £'000	
Rephasing of planned expenditure	(898)	183	(162)	(877)	243	(118)	(752)
Rephasing of New Investment Projects	(909)	212	0	(697)	95	(460)	(1,062)
Grants reserved for specific expenditure	(298)	106	0	(192)	8	0	(184)
Financing of capital expenditure	(1,911)	946	(870)	(1,835)	910	(1,362)	(2,287)
Planning purposes including appeals	(346)	110	(184)	(420)	140	(150)	(430)
Restructuring of services	(250)	0	0	(250)	0	0	(250)
Retail Investment	(46)	29	(112)	(129)	31	0	(98)
Apprenticeships and Graduates	(62)	41	0	(21)	17	(200)	(204)
Resource equalisation	(1,622)	0	(711)	(2,333)	0	(69)	(2,402)
Maintenance of Council buildings	(400)	73	0	(327)	222	0	(105)
Maintenance of Grounds	(34)	0	(10)	(44)	0	0	(44)
Elections	(31)	0	(70)	(101)	0	0	(101)
Covid-19 funding	0	0	(901)	(901)	601	(207)	(507)
Business Rates grants exceptional payments	0	0	(4,923)	(4,923)	4,383	(2,948)	(3,488)
Other	45	106	(32)	119	57	(67)	109
Total Earmarked Reserves	(6,762)	1,806	(7,975)	(12,931)	6,707	(5,581)	(11,805)
General Reserve	(4,000)	0	(57)	(4,057)	0	(83)	(4,140)
Total General Fund Reserves	(10,762)	1,806	(8,032)	(16,988)	6,707	(5,664)	(15,945)

26 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2020/21 £'000	2021/22 £'000
Interest received	36	33
Interest paid	(1,431)	(1,401)
	(1,395)	(1,368)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

Note 26a: Non-cash movements	2020/21 £'000	2021/22 £'000
Depreciation	2,227	2,082
Impairment and downward valuations	1,616	2,388
Amortisation	14	12
Increase/(decrease) in creditors	22,840	(4,359)
(Increase)/decrease in debtors	(7,123)	4,271
Movement in pension liability	801	2,992
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	20	0
Other non-cash items charged to the net surplus or deficit on the provision of services	2,637	95
	23,032	7,481

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

Note 26b: Investing and financing activities	2020/21 £'000	2021/22 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(119)	(97)
Any other items for which the cash effects are investing or financing cash flows	(6,590)	(4,493)
	(6,709)	(4,590)

27 CASH FLOW STATEMENT – INVESTING ACTIVITIES

The following items have been included within investing activities in the cash flow statement.

	2020/21 £'000	2021/22 £'000
Purchase of property, plant & equipment, investment property and intangible assets.	(8,445)	(24,155)
Other payments for investing activities	(668)	384
Proceeds from the sale of assets.	119	97
Other receipts from investing activities	6,730	4,493
Net cash flows from investing activities	(2,264)	(19,181)

28 CASH FLOW STATEMENT – FINANCING ACTIVITIES

The following have been included within financing activities in the cash flow statement.

	2020/21 £'000	2021/22 £'000
Cash receipts from short- and long-term borrowing	0	10,000
Other Receipts from Financing Activities	(11)	5
Repayment of Short and Long Term Borrowing	(6,366)	(1,895)
Other receipts from financing activities	(8,183)	4,828
Net cash flows from financing activities	(14,560)	12,938

Reconciliation of Liabilities arising from Financing Activities

	1 April 2020 £'000	Financing cash flows		Other non-cash changes £'000	31 March 2021 £'000
		Acquisition £'000	Repayment £'000		
Long-term borrowing	60,264	10,000		(1,923)	68,341
Short-term borrowing	2,182	0	(1,895)	1,928	2,215
Total borrowing	62,446	10,000	(1,895)	5	70,556
Creditors - Council Tax & NNDR due to Preceptors & Central Government	(5,243)	4,828			(415)
Total	57,203	14,828	(1,895)	5	70,141