



# Statement of Accounts

**2004-05**



**HAMBLETON**  
**DISTRICT COUNCIL**



*An Excellent Council Making Life Better*

# **Hambleton District Council**

## **Statement of Accounts**

**2004/2005**

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## Leader's Foreword

The year to 31 March 2005 has been very challenging for the Council. From a structural point of view the Cabinet model of local government is now well embedded and the role of the Scrutiny Committees has developed significantly. This executive/scrutiny division amongst Members ensures that the Cabinet is held accountable for its actions and decisions in line with the Code of Corporate Governance.

The Council has moved forward with its Access to Services work. A new look Customer Services section has been established to provide a one stop shop approach for customers. The project, which will take three years to complete, already encompasses Council Tax, Business Rates and Street Lighting, and the new arrangements helped to make the wheeled bin roll-out as smooth as possible. Current work is being undertaken in Environmental Health, Housing Benefits, Operational Services and Licensing, with the other areas of the Council coming on board in 2005/06. The IT solution that will make this happen is being provided by a private sector company working in partnership with Hambleton District Council and North Yorkshire County Council.

New investment in services continues to be provided through the Council's capital programme. The year saw significant investment in a new all weather pitch in Northallerton, the completion of the workspace project at Stokesley, the purchase of Bedale Station and the continued roll out of domestic wheeled bins.

Following on from the previous year's designation as an 'excellent' Council by the Audit Commission, work has progressed on the action plan to address the identified weaknesses, and an external consultant is being used to challenge our processes. It is hoped that this work will combine to consolidate the work already done and assist in moving the Council further forward in its primary aim of making life better for our customers.

It is pleasing to report again that the Council has made progress in delivering its objectives whilst keeping to the discipline of its ten year financial strategy.

The Council continues to deliver on the three key aims of its strategy:-

- ◆ Maintaining a low Council Tax;
- ◆ Increasing and enhancing facilities;
- ◆ Ensuring that the financial position of the Council remains strong and sustainable.

The Statement of Accounts following have been prepared in accordance with the relevant Codes of Practice and guidelines issued by the Chartered Institute of Public Finance and Accountancy. They set out the full financial details of the Council's activities during 2004/05 and have been produced very promptly after year-end by the Council's officers, and in line with target dates that have been set for 2006. I commend them to you.

Councillor Arthur Barker  
Leader of the Council

## Explanatory Foreword

The Council's statutory Statement of Accounts for the year 1 April 2004 to 31 March 2005 is set out in the following pages numbered 19 to 50.

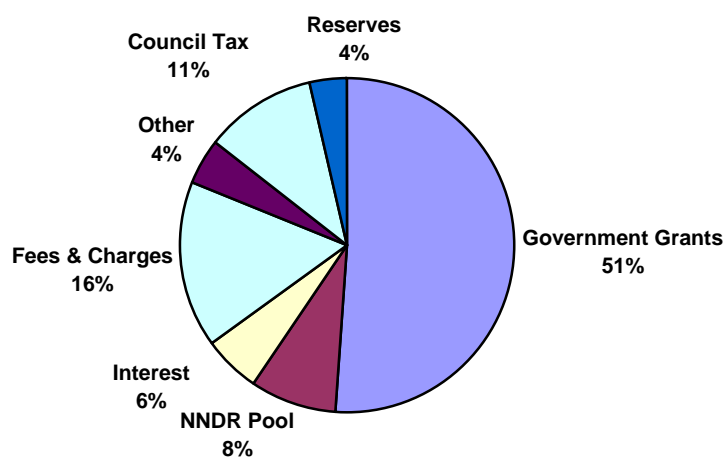
The statement consists of:

- **The Consolidated Revenue Account** – the Council's main revenue account, covering expenditure and income on all services.
- **The Consolidated Balance Sheet** – which sets out the Council's assets and liabilities.
- **The Cash Flow Statement** – which summarises the movements of the Council's funds.
- **The Statement of Total Movement in Reserves** – which brings together all the recognised gains and losses of the Council during the year.

The Statement of Accounting Policies, various notes and subsidiary accounts, which follow this Foreword, support the accounts listed above.

The Foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The following three charts show, in broad terms, where the Council's money comes from, what it is spent on and the cost of the services it provides.

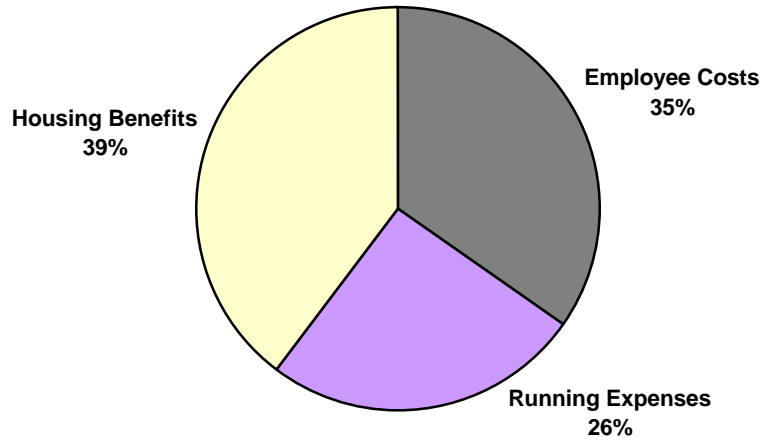
**Where the money comes from - £28.3m**



The above chart shows that approximately 51% (£14.5m) of the Council's income comes from Government grants. This includes Revenue Support Grant and Housing Benefit Grant. A further 8% (£2.3m) also comes from the Government in the form of redistributed Business Rates. 6% (£1.6m) comes from interest on balances, with a

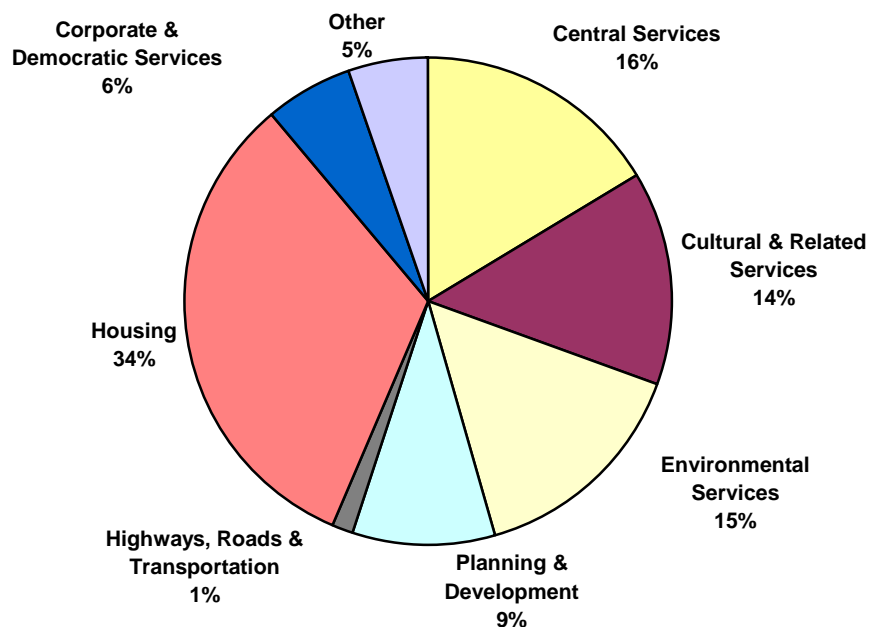
total of 20% (£5.8m) from fees and charges, and miscellaneous income from the services provided by the Council. 11% (£3.1m) comes from Council Tax and the remaining 4% (£1m) comes from the Council's reserves.

**What the money is spent on - £28.3m**



The second chart shows 39% (£11.3m) of the Council's income is spent on Housing Benefit payments, which includes rent allowances and Council Tax Benefits. 35% (£9.8m) is spent on employee costs and 26% (£7.2m) is spent on running expenses, which include maintaining the Council's buildings, operating vehicles and purchasing various external supplies and services.

**The services provided - £28.3m**



This final chart shows the gross cost of the services provided by the Council. As expected a large portion of the Council's gross expenditure 34% (£9.2m) goes on the Housing Service including rent allowances, although the majority of this is recovered through government grant (Council Tax Benefit is included in Central Services).

Other Services, covers Parish Precepts, levies paid to Internal Drainage Board and expenditure on trading activities.

## Budget

The main components of the 2004/05 budget and how these compare with actual income and expenditure are set out below.

	Latest Approved Budget £	Actual £	Difference £
Net Cost of Services	12,491,470	12,163,540	(327,930)
Add: Precepts and Levies			
- Parish precepts	724,561	724,561	-
- Internal Drainage Boards	44,120	44,123	3
Add: Loss on Trading Activities	18,390	115,859	97,469
Less: Income on Asset Management Revenue A/c	(1,194,780)	(1,306,017)	(111,237)
Investment Interest	(1,669,020)	(1,627,345)	41,675
Add: Pension Interest Cost and Expected Return on Pension Assets	-	312,000	312,000
<b>Net Operating Expenditure</b>	<b>10,414,741</b>	<b>10,426,721</b>	<b>11,980</b>
Transfers to/(from) Reserves			
- Revenue	(1,046,667)	(930,827)	115,840
- Capital	(1,665,160)	(1,355,707)	309,453
- Pensions	-	(437,273)	(437,273)
<b>Amount to be met from Gov't Grants and Local Taxpayers</b>	<b>7,702,914</b>	<b>7,702,914</b>	<b>-</b>
Financed By:			
Council Precept	(3,082,239)	(3,082,239)	-
Collection Fund Surplus	-	-	-
Revenue Support Grant	(2,308,242)	(2,308,242)	-
Business Rates	(2,312,433)	(2,312,433)	-
<b>Total</b>	<b>(7,702,914)</b>	<b>(7,702,914)</b>	<b>-</b>

The above table shows the variances between the Council's latest approved budget and the actual position for 2004/05. An analysis of the main variances is shown overleaf.

<b>Details of Major Variances</b>	<b>£000's Overs</b>	<b>£000's Under s</b>
<ul style="list-style-type: none"> <li>• Savings on CPA Consultancy Fees</li> <li>• Additional legal and Partnership costs associated with the NYICT Partnership</li> <li>• Over estimation of NNDR refund interest on the Civic Centre</li> <li>• Net saving on Housing Benefits due to additional Government grants and savings on staff costs</li> <li>• Increase in Leisure Centre income</li> <li>• Savings on coning costs on the Street Cleansing service as work done in-house this year</li> <li>• Increased vehicle running costs associated with ageing refuse fleet</li> <li>• Loss of large trade waste contract</li> <li>• Net saving on Homelessness service due to increase in Government grants</li> <li>• Increase in Building Regulation Fee income</li> <li>• Reduction in market stall rental income</li> <li>• Other minor variances</li> </ul>	<p>39</p> <p>11</p> <p>81</p> <p>20</p> <p>10</p>	<p>15</p> <p>108</p> <p>44</p> <p>12</p> <p>27</p> <p>32</p> <p>93</p>
<b>Service Over/Underspend</b>	<b>161</b>	<b>331</b>
<ul style="list-style-type: none"> <li>• Reduction in Capital Charges etc charged to services.</li> <li>• Increase in expenditure/transfer to earmarked revenue reserves</li> <li>• Increase in income from Asset Management Revenue account in respect of capital charges</li> <li>• Reduction in investment interest</li> <li>• Adjustment for pension interest cost and return on pension assets not included in budget</li> </ul>	<p>126</p> <p>42</p> <p>312</p>	<p>187</p> <p>111</p>
<b>Total Variances</b>	<b>641</b>	<b>629</b>

The above net service underspend of £170,345 has been transferred to the Council's Earmarked Reserves, as follows:

	£
• Council Taxpayers Reserve	59,550
• Service Improvement Reserve	15,000
• Repairs & Renewals Reserve	95,795

The detailed Consolidated Revenue Account and accompanying notes are shown on pages 19 to 28.

### **Capital Expenditure**

In 2004/05 the Council spent £6.1m (2003/04 £3.9m) on its capital programme. The programme is designed to enhance and supplement the Council's assets for the ultimate benefit of the residents of the District. An analysis by service area is shown below:

<b>2003/2004 £m</b>	<b>Service</b>	<b>2004/2005 £m</b>
0.6	Central Services	1.1
0.4	Cultural and Related Services	0.7
1.2	Environmental Services	0.5
1.5	Planning and Development	3.4
0.1	Highways, Roads and Transportation	0.1
0.1	Housing	0.3
<b>3.9</b>	<b>Total Capital Expenditure</b>	<b>6.1</b>

The Council has undertaken a number of capital projects during the year the most significant being industrial development projects at Leeming Bar, Stokesley and Bedale totalling £3,360,978 the construction of an All Weather Pitch and Skate park at Hambleton Leisure Centre £419,629 and the purchase of computer hardware and software to assist with the implementation of electronic services £812,863.

Further details on the cost of the main schemes contained within the capital programme are shown on page 53.

Like most authorities, the Council has been paying for a proportion of its capital expenditure from the proceeds of the sale of its assets (principally council houses and industrial land). In 2004/05 £3.3m (2003/04 £2.0m) of capital receipts were used in this way. Other funding came from grants and contributions £2.9m (2003/04 £1.5m). In 2004/05 there was no funding of schemes from revenue (2003/04 £0.4m).

## **Euro**

There has been no significant expenditure incurred on Euro preparations during the year.

The Council has prepared an outline Euro Strategy, has joined C.I.P.F.A.s Euro Forum and continues to hold a Euro Bank Account, but to date no transactions have taken place.

## **Further Information**

Further information about the accounts is available from the Resources Department, Civic Centre, Stone Cross, Northallerton. This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts when they are on deposit. The availability of the accounts for inspection is advertised in the local press.

The accounts have been audited and the auditor's certificate is on pages 51 and 52.

**P Morton**  
**Director of Resources**

## **Statement of Responsibilities for the Statement of Accounts**

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

The Authority is required:

- ◆ To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this authority, the officer is the Director of Resources;
- ◆ To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ◆ Approve the Statement of Accounts.

### **The Director of Resources' Responsibilities**

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

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

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

The Director of Resources has also:

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

# Statement of Internal Control

## 1. Scope of Responsibility

Hambleton District Council is responsible for ensuring that: -

- its business is conducted in accordance with the law;
- it maintains proper standards that ensure good governance;
- public money is safeguarded and is properly accounted for;
- its resources are 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, Hambleton District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

## 2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it 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 and impact of those risks being realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Hambleton District Council for the year ended 31 March 2005 and up to the date of approval of the Statement of Accounts.

## 3. The Internal Control Environment

### ***Establishing and monitoring the achievement of the authority's objectives***

Hambleton District Council refreshed its vision and priorities in the summer of 2003. The driver for this was to align the Council's own vision more closely to the Community Plan vision. In setting the priorities, national, regional and the public's priorities were also taken into account. To cascade this down, performance indicators are arranged under priorities in service plans. From the whole suite of performance indicators, key indicators have been selected as those that best measure achievement of the vision and priorities. These key, high level, indicators are monitored by Cabinet and Chief Officers Management Team (COMT) on a quarterly basis.

### ***The facilitation of policy and decision making***

There is a hierarchy of decision making at Hambleton District Council. Any new draft policies or strategies are developed within departments and then submitted to Chief Officers Management Team. Once any amendments have been made, the policy/strategy moves on to Cabinet and then on to the full Council. A new approach since 2003 is to also submit cross-cutting strategies to the Hambleton Strategic Partnership for joint development with partner agencies.

### ***Ensuring compliance with established policies procedures, laws and regulations***

Hambleton District Council achieves this through a number of mechanisms:-

- The Head of Legal and Democratic Services has access to all draft Cabinet and Council reports and approves the minutes;
- The Legal Section monitors legal developments and notifies relevant Heads of Services;
- A protocol for the Monitoring Officer has been developed;
- Senior Officers and Members are aware of the availability of the advice on propriety which is available from both the Monitoring Officer and the Internal Audit Section;
- The Monitoring Officer, Legal Section and Internal Audit Section have good working relations and often cross-refer matters.

### ***Embedding risk management in the activity of the authority, giving leadership to the risk management process, and training or equipping of staff to manage risk in a way appropriate to their authority and duties***

In November 2001 Hambleton District Council approved a risk management implementation strategy which saw the Council move from an ad-hoc approach to a systematic review of risk management across all its service areas. A Risk Management Group, reporting to Chief Officers Management Team, was set up to implement the strategy and embed risk management within the Council. In 2003 Cabinet nominated a Member Risk Management Champion to give further leadership and emphasis to risk management and further drive it forward.

Risk Management now forms part of all Cabinet reports and Service Plans. Furthermore it was a standing item on the Internal Audit Section's checking procedures until responsibility was transferred in full to this section. Regular quarterly reviews are now part of the Internal Audit Sections' planned work.

The Risk Management Group has a diverse departmental spread and includes the Council's Risk Manager. Each service area has a nominated Risk Owner who has been given specific training on risk management by Consultants at Zurich Municipal, the Councils insurers. The Risk Owners maintain their own service area Risk Register which, in turn, feed into the

Corporate Risk Register. Chief Officers Management Team review the key risks from the Corporate Risk Register on a quarterly basis.

With the measures mentioned above in place the Council is able to identify, assess and manage the risks to the Council's corporate objectives.

The implementation of the Civil Contingencies Act 2004 places a duty upon District Councils to maintain Business Continuity Plans. Although such plans do exist they do not cover all aspects of the Council's business. A working group of officers has been established and a report on Business Continuity Planning will be presented to Cabinet in 2005/06.

*Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the best value duty.*

Since the five year requirement to review all services was abolished, Hambleton District Council annually revisits its best value review programme to select areas appropriate for review based on a number of objective criteria such as performance, satisfaction rates, budget, or whether the service is outward facing.

Each best value review follows the Council's best value manual which has been noted as good practice. While working through the 4C's (challenge, compare, compete and consult), the way in which services are delivered is challenged and alternative methods of provision are considered with a view to becoming more efficient, effective and economical. At the end of the review, the outcome is an improvement plan which guides the service through continuous improvement.

The best value manual itself is revisited annually before reviews commence to ensure it is up to date and incorporates any new guidance.

### ***The financial management of the authority and the reporting of financial management***

Hambleton District Council has a robust system of financial management that is recognised as best practice. Senior officers (budget holders) of the Council prepare budgets before being approved by Chief Officers. These budgets are then submitted to Cabinet which makes a recommendation to the Council. are also subject to review by Overview and Scrutiny Committees before being approved by Council as part of the Council Tax setting process.

During the year the budgets are monitored monthly by the Corporate Finance Section in conjunction with budget holders. Each quarter a budget monitoring report is presented to Chief Officers Management Team and Cabinet. This allows the Council to have an assurance that spending plans are being adhered to, or highlighted where there are issues. Corrective action can therefore be taken promptly. The process, covering revenue, capital and reserve fund spending, also allows the Council to direct resources to the Council's priority areas.

In addition to the monitoring of the Council's in-year spending plans, a three year budget outlook (or medium term plan) is maintained and monitored. The budget outlook compares the medium term financial plans of the Council to

the financial strategy. The financial implications of proposals that have a medium term impact upon the Council's resources are included in Cabinet reports and allow the Council to have an early view of the affordability of those proposals.

Finally, the Council has a ten year financial strategy which brings together plans for revenue, capital and reserve fund spending and compares these with the Council's expected resources (Council Tax, business rates, government grants and capital receipts etc). The strategy, together with its aims and objectives, are reviewed annually.

*The performance management of the authority and the reporting of performance management.*

Performance at Hambleton District Council is managed using a range of national and local performance indicators. These indicators sit at the lowest level of the performance framework and are organised into scorecards relevant to the reporting hierarchy, this ensures that the right people receive the right performance information. Staff contributions to these indicators are included in individual appraisal targets. These are reviewed and monitored at least twice per annum.

Best Value Panels and Departmental Management Teams monitor the lower (service) level scorecards of indicators on a quarterly basis. The Chairmen of Best Value Panels then report to Overview and Scrutiny Committees on an exception basis. Cabinet and Chief Officers Management Team monitor high level scorecards of key indicators based on the Council's vision and priorities whereas.

#### **4. Review of Effectiveness**

Hambleton District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The process of maintaining and reviewing the effectiveness of the system of internal control is not a one-off exercise, but is a continuing process:-

- The Council has a Standards Committee to ensure that the Council undertakes its duties in an appropriate manner and maintains a high standard of Corporate Governance.
- Cabinet receives regular monitoring reports from Chief Officers, Overview and Scrutiny Committees and Best Value Panels.
- The Director of Resources and the Council's Monitoring Officer (the Head of Legal & Democratic Services) each have a duty, under Section 114 of the Local Government Finance Act and Section 5 of the Local Government and Housing Act 1988 respectively, to report to the Council

on any proposals, decisions or omissions which may contravene legislation.

- Internal Audit acts as an independent review section. The work of the section is determined using a risk assessment model that is used to derive a 5-year Strategic Plan which results in a detailed Annual Plan. The Finance & Resources Overview & Scrutiny Committee, acting in its role as an audit committee, considers and approves both the strategic and annual plans and receives a half-year update of actual performance against the plan and an outturn report when the audit year is completed.
- Training in risk management has been given to a significant number of senior officers across the Council. The Council's Risk Manager ensures that risks are identified and that risk registers are maintained by appropriate risk owners. Quarterly reviews of all risks ensure they are kept to the fore. An action in plan is in place to ensure that the Council's highest (corporate) risks are addressed and hence minimised wherever possible. These corporate risks are reviewed quarterly by the Risk Management Group and progress against the action plans are reported to the Chief Officers Management Team.
- The Council is subject to external review. The External Auditor is required to review, and where appropriate, report on the Council's corporate governance arrangements as they relate to:
  - legality of transactions that might have significant financial consequences
  - financial standing
  - internal financial control
  - standards of financial conduct and the prevention and detection of fraud and corruption.

We have been advised of the result of the review of the effectiveness of the system of internal control and are satisfied that there are no significant internal control issues. Hambleton District Council will continue to review the system of internal control and seek continuous improvement where weaknesses are identified.

## **5. Significant Internal Control Issues**

The processes outlined above give an assurance that there were no significant internal control issues arising in 2004/05 that needed to be addressed.

In 2005/06 Hambleton District Council will:

- further review its risk management procedures to ensure that there continues to be a robust system of internal control within the authority. [This review started in May 2005];
- introduce Business Continuity Planning throughout the Council;
- review the Council's Constitution, including the Contract Procedure Rules, to ensure that they are up to date and relevant;

- continue to monitor procedures as it modernises its approach to customer access; and
- use the Finance and Resources Overview and Scrutiny Committee to approve the final accounts.

Signed:

**Leader**

**Chief Executive**

Dated: June 2005

## Statement of Accounting Policies

### 1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2004: A Statement of Recommended Practice, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of Statements of Standard Accounting Practice (SSAPs), and Financial Reporting Standards (FRSs).

### 2. Tangible Assets

All capital expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis. Generally operational and non-operational assets are recorded in the balance sheet at the lower of net current replacement cost or net realisable value. Value is determined in accordance with a rolling programme of revaluations. Infrastructure and community assets are held at historic cost.

### 3. Intangible Assets

Not all capital expenditure is incurred on an asset that is tangible. Some expenditure relates to assets from which the Council receives a long term benefit, but where the asset is of an intangible nature. Examples of intangible assets include software licences and training costs associated with a project. It is still proper for this expenditure to be capitalised.

Intangible assets are capitalised at cost and do not require revaluation as they do not have a readily ascertainable market value.

Included within intangible assets are deferred charges. These are payments of a capital nature where no tangible asset is created, but which may properly be financed over a number of years. They included grants paid to housing associations and other grants.

All deferred charges have been discharged and written off to services through the Consolidated Revenue Account.

### 4. Capital Charges

In respect of both tangible and intangible assets, the General Fund account is charged with a capital charge covering depreciation, where applicable, and a capital financing charge determined by applying a specified notional interest rate to net asset values. Depreciation is calculated using a straight-line method based on the estimated useful lives of the assets.

Capital charges do not fall as a charge on the taxpayer as these charges are negated in the Consolidated Revenue Account through transfers from the Asset Management Revenue Account and Capital Financing Account – See Notes 11 and 13 to the Consolidated Revenue Account respectively.

## 5. Capital Receipts

Under the Local Government and Housing Act 1989 capital receipts from the sale of assets must be split into a “usable” and a “reserved” (or set-aside) part. As the Council has debt-free status, all capital receipts from the disposal of fixed assets are credited to the Usable Capital Receipts Reserve.

Social Housing Grants receipts from the Housing Corporation are required to be 100% set-aside and the expenditure associated with these grants is financed from the Council’s Usable Capital Receipts.

## 6. Accruals of Income and Expenditure

Revenue and capital transactions are included in the accounts on an accruals basis. That is, sums due to or from the Council during the year are recorded in the accounts whether or not the cash has actually been received or paid during the year.

## 7. Stocks and Stores

Stocks and stores are valued at latest notified price or cost.

The main basis of valuation is at variance with SSAP9, which requires stocks to be valued at the lower of cost and net realisable value. The Council carries relatively small values of stock and therefore this is not a material variance.

## 8. Cost of Support Services

The majority of the costs of management and administration have been allocated to services. The basis of allocation used for these services are outlined below:

Cost	Main Basis of Allocation
Central Departments (Resources, Chief Executive’s Planning and Environmental Services)	Time spent
Administrative Buildings and Depots	Floor area of occupation
Computing	Actual use

The balance of unallocated costs remaining in the General Fund Revenue Account is as follows:

2003/2004 £		2004/2005 £
13,142	Computer Costs	12,579
31,731	Office Accommodation	53,499
18,979	Depots	44,158
1,206	Support Services	6,341
<b>65,058</b>	<b>Total</b>	<b>116,577</b>

## **9. Provisions**

The Council sets aside provisions for any liabilities, as a result of a past event, which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. For the year 2004/05 the Council has no such provisions.

## **10. Reserves**

The Council maintains earmarked revenue reserves to meet future expenditure. Earmarked revenue reserves held in 2004/05 are set out in Note 14 to the Consolidated Balance Sheet and the net transfers to and from these reserves is disclosed in Note 12 to the Consolidated Revenue Account.

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes. Two of these reserves are non distributable reserves and are therefore referred to as accounts. The fixed asset restatement account and capital financing account are examples of such reserves (it should be noted that these reserves have been renamed as accounts as from 1 April 2004, there is no requirement to change the accounting treatment of these reserves). The usable capital receipts reserve is a reserve established for specific statutory purposes.

## **11. Retirement Benefits**

In assessing liabilities for retirement benefits at 31 March 2004 for the 2003/04 Statement of Accounts, the actuary was required by the SORP to use a discount rate of 3.5%. For the 2004/05 Statement of Accounts, a rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities is to be used. The actuary has advised that a rate of 6.3% is appropriate. Application of this rate has resulted in an increase in liabilities measured at today's prices of £4.229m, adjusted for by an increase in actuarial losses recognised for the year in the Statement of Total Movement in Reserves.

## **12. Grants**

Specific revenue grants from central government or other bodies are included in the income of the services to which they relate.

Capital grants, which have been received towards the cost of a project, have been applied to reduce the total cost of the project to the Council.

Where such grants relate to depreciating fixed assets, these are credited to a Capital Contributions Deferred Account (see Note 9 to the Consolidated Balance Sheet) and released to the Asset Management Revenue Account in line with depreciation. Where an asset is not depreciated the grants are transferred to the Capital Financing Account (see Note 12 to the Consolidated Balance Sheet).

**13. Leases**

Expenditure on operational leases is charged to the relevant service revenue account. Expenditure in 2004/05 along with undischarged obligations under these leases is disclosed in Note 9 to the Consolidated Revenue Account.

No assets have been acquired under finance leases.

**14. Interest**

Interest on any investments is accrued and credited to the General Fund Revenue Account for the period to which it relates.

**15. Investments**

Investments are shown in the Consolidated Balance Sheet at the lower of cost or market value. Further details are shown in Note 7 to the Consolidated Balance Sheet.

**16. Value Added Tax**

In accordance with SSAP5, Value Added Tax is not included in expenditure or income whether of a capital or revenue nature except where it is irrecoverable.

## The Consolidated Revenue Account

	2004/2005			2003/2004
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<b>Continuing Operations</b>				
Central Support and Overheads	253,513	136,935	116,578	65,058
Central Services to the Public	4,489,873	3,534,352	955,521	1,017,412
Cultural and Related Services	4,905,635	2,534,828	2,370,807	2,147,747
Environmental Services	4,899,438	832,582	4,066,856	3,640,545
Planning and Development	2,870,688	1,296,450	1,574,238	1,283,278
Highways Roads and Transportation	604,456	55,650	548,806	473,285
Housing	9,563,561	8,888,908	674,653	917,643
Corporate and Democratic Core	1,693,391	11,665	1,681,726	1,650,010
Non-Distributed Costs	201,042	26,687	174,355	211,906
<b>Total Continuing Operations</b>	<b>29,481,597</b>	<b>17,318,057</b>	<b>12,163,540</b>	<b>11,406,884</b>
<b>Discontinued Operations</b>	-	-	-	-
<b>Net Cost Of Services</b>	<b>29,481,597</b>	<b>17,318,057</b>	<b>12,163,540</b>	<b>11,406,884</b>
<b>Other Operating Expenditure/(Income)</b>				
Precepts and Levies			768,684	807,246
Surplus from Trading Activities (Note 3)			115,859	(95,486)
Net Income on Asset Management Revenue Account (Note 11)			(1,306,017)	(1,134,522)
Interest and Investment Income			(1,627,345)	(1,183,154)
Pension Interest Cost and Expected Return on Pension Assets (Note 7)			312,000	424,000
<b>Net Operating Expenditure</b>			<b>10,426,721</b>	<b>10,224,968</b>
<b>Appropriations to/(from) Reserves</b>				
- Earmarked Revenue Reserves (Note 12)			(930,827)	(999,796)
- Capital Financing Account (Note 13)			(1,355,707)	(794,904)
- Contributions to/(from) Pension Reserve (Note 7)			(437,273)	(400,000)
<b>Amount To Be Met From Gov't Grants And Local Taxpayers</b>			<b>7,702,914</b>	<b>8,030,268</b>
<b>Sources Of Finance</b>				
Hambleton District Council Precept			(3,082,239)	(2,825,252)
Transfer from the Collection Fund			-	(1,519)
Revenue Support Grant			(2,308,242)	(2,266,511)
Distribution from NNDR Pool			(2,312,433)	(2,936,986)
<b>Net General Fund (Surplus)/Deficit For The Year</b>			<b>-</b>	<b>-</b>
Balance Brought Forward at 1 April			(2,000,000)	(2,000,000)
<b>Balance On General Fund Carried Forward</b>			<b>(2,000,000)</b>	<b>(2,000,000)</b>

## Notes to the Consolidated Revenue Account

### 1. Income and Expenditure

The Consolidated Revenue Account incorporates the income and expenditure relating to all the authority's revenue functions in one consolidated statement. Revenue Support Grant and amounts distributed from the National Non-Domestic Rate Pool are now paid to the Council direct. Parish Precepts are paid from the General Fund.

### 2. Related Party Transactions

In the financial year to 31 March 2005 material transactions between the Council and the following related parties took place that are not wholly explained specifically in the Statement of Accounts.

North Yorkshire County Council - A range of receipts and payments relating to Collection Fund, Pension Fund and contractual payments in both directions. The County Council is a separate entity but does have several common members with the District Council.

Thirsk and Sowerby Swimming Baths Charity – operationally this is run by Hambleton District Council for a management fee. The Charity is a separate entity but does have several Council Members who are Trustees of the Charity.

Members of the Council have interests in other related parties such as Parish Councils and other public bodies. None of the relationships involve any material transactions.

One member of the Council Councillor John Prest is the Director of a property management company which acts as an agent for housing associations and private landlords. This agency received payments of housing benefit on behalf of landlords and claimants amounting to £27,503.78 in 2004/05.

### 3. Trading Operations

The authority operates three market undertakings at Northallerton, Bedale and Thirsk. The total turnover, which was largely rents from stallholders, amounted to £207,580 (2003/04 £225,371), and the surplus contributed to the General Fund was £55,482 (2003/04 £102,774).

In addition the Council operates a trade waste collection service which had a turnover of £428,733 (2003/04 £443,142) and made a loss of £171,341 (2003/04 loss of £7,288).

### 4. S.137 Local Government Act 1972

Under Section 137(3) of the Local Government Act 1972 (amended) the Council is empowered to spend up to £1.90 x the relevant population of the district to finance projects which are in the interests of the district or some of its inhabitants, when not otherwise authorised. For Hambleton District Council the relevant sum is £161,253 (2003/04 £161,301). In 2004/05 the Council had expenditure under this power of £2,890 (2003/04 £390).

## Notes to the Consolidated Revenue Account (Cont'd 1)

### 5. Publicity

Section 5, of the Local Government Act 1986, which came in force on 1 April 1988, requires a local authority to keep a separate account of expenditure on publicity. Hambleton has complied with the Act and the Publicity Account is operated as a memorandum account (as jointly recommended by the Chartered Institute of Public Finance and Accountancy and the Office of the Deputy Prime Minister). Consequently the account does not appear in this Statement of Accounts, but is summarised below:

<b>2003/2004 £</b>	<b>Publicity Memorandum Account</b>	<b>2004/2005 £</b>
51,489	Staff Advertising	52,446
142,003	General Advertising	129,149
<b>193,492</b>	<b>Total Expenditure</b>	<b>181,595</b>

Section 5(2) of the Act provides that ..... "Any person interested may at any time and without payment inspect the account and make copies of it or any part of it".

### 6. Partnerships

#### North Yorkshire ICT Partnership

Hambleton District Council is a member of the North Yorkshire ICT Partnership. The Partnership has been set up to procure a Customer Relationship Management System and Transactional Web-Site to meet the Government's target for electronic service delivery by 2005.

During the year a number of partners withdrew from the Partnership leaving North Yorkshire County Council and Hambleton District Council to work together with the private sector provider Agilisys.

In 2004/05 the Partnership incurred total costs of £1,366,208 (2003/04 £264,452) and Hambleton's contribution towards these costs was £171,393 (2003/04 £37,933). In addition Hambleton made provision for legal costs of £14,442 not yet paid.

## Notes to the Consolidated Revenue Account (Cont'd 2)

### Concessionary Fares Partnership

The Council provides a Concessionary Fares Bus Pass Scheme in conjunction with the North Yorkshire Concessionary Fares Partnership, under legislation enacted in the Transport Act 2000. Men and women over 60, together with disabled persons (as defined in the Act) are entitled to a free bus pass which gives them half-fare anywhere within North Yorkshire. The gross expenditure of the Scheme was £88,983 (2003/04 £92,269) of which £80,896 (2003/04 £83,258) related to operator reimbursements.

The expenditure of the scheme includes a share of the administration cost incurred by the Partnership – these totalled £77,011 (2003/04 £69,290), and Hambleton's share was £8,087 (2003/04 £9,011).

### Community Safety Partnership

The Hambleton Community Safety Partnership has been set up to reduce crime and disorder and promote community safety in Hambleton. Hambleton District Council, as accountable body, is working with the following organisations to achieve the Partnership's aims for 2003/04:

- ◆ North Yorkshire Police
- ◆ North Yorkshire County Council
- ◆ North Yorkshire Police Authority
- ◆ Hambleton & Richmondshire Primary Care Trust
- ◆ North Yorkshire Probation Service
- ◆ Broadacres Housing Association
- ◆ North Yorkshire Fire and Rescue Service
- ◆ North Yorkshire Fire and Rescue Authority
- ◆ A Representative of the Business Community
- ◆ A Representative of the Voluntary Sector

The total cost of the Partnership for 2004/05 was £208,183 (2003/04 £157,147) and Hambleton's contribution was £10,000 (2003/04 £10,000).

## **7. Retirement Benefits**

The Council offers retirement benefits as part of the overall terms and conditions of employment under a defined benefits scheme. This is a funded scheme, administered by North Yorkshire County Council on behalf of a range of employers and contributions are payable by both employees and employers, calculated at a level designed to balance the pension liabilities with investment assets.

The Net Cost of Service includes the cost of retirement benefits as they are earned by employees, rather than the cash contributions paid by employers. However the charge against Council Tax is based upon the cash payable in the year so that the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after net Operating Expenditure.

The following table summarises the transactions included in the Consolidated Revenue Account:

## Notes to the Consolidated Revenue Account (Cont'd 3)

2003/2004 £	Local Government Pension Scheme	2004/2005 £
711,000	Net Cost of Service:	997,000
-	- Current Service Costs	-
-	- Past Service Costs	13,000
-	- Curtailment Costs	
	Net Operating Expenditure:	
1,625,000	- Interest Cost	1,805,000
(1,201,000)	- Expected Return on Assets	(1,493,000)
	Amounts to be met from Government Grant and Local Taxation:	
(400,000)	Contribution to / (from) Pension Reserve	(437,273)
<b>735,000</b>	<b>Actual Amount Charged Against Council Tax</b>	<b>884,727</b>

Note 15 to the Consolidated Balance Sheet contains details on the assumptions used in estimating the figures included in this note and shows the Council's net liability in relation to Retirement Benefits.

An analysis of the movement in the Pension Reserve over 2004/05 is shown in Note 1 to the Statement of Total Movement in Reserves.

### 8. Employees Emoluments

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:-

Total Emoluments	Number of Employees	
	2003/04	2004/05
£50,000 - £59,999	1	0
£60,000 - £69,999	1	2
£70,000 - £79,999	1	0
£80,000 - £89,000	0	1
<b>Total</b>	<b>3</b>	<b>3</b>

### 9. Leasing

The Council uses various vehicles and equipment, which are financed through operational lease. These are mainly refuse collection vehicles, street sweepers, tractors and vans.

The amount paid under these arrangements in 2004/05 was £180,264 (2003/04 £193,941). The expenditure is included in the Consolidated Revenue Account under the service headings. Undischarged obligations under these leases at 31 March 2005 amounted to £159,086 (2003/04 £323,910).

## Notes to the Consolidated Revenue Account (Cont'd 4)

### 10. Members Allowances

A total of £238,636 was paid in Members Allowances during 2004/05 (£217,200 2003/04).

### 11. Asset Management Revenue Account

The Asset Management Revenue Account is an account that is required under the system for capital accounting. The following transactions show how the balance was calculated and credited to the Consolidated Revenue Account.

2003/2004 £	Asset Management Revenue Account	2004/2005 £
(1,939,173)	Capital Charges to Services	(2,228,840)
-	Impairment Loss Charged to Services	(32,933)
884,806	Provision for Depreciation	887,098
-	Amortisation Charges	208,034
(80,155)	Release of Deferred Grant	(172,309)
-	Impairment Loss on Fixed Assets	32,933
<b>(1,134,522)</b>	<b>Balance Transferred to Consolidated Revenue A/c</b>	<b>(1,306,017)</b>

### 12. Other Earmarked Revenue Reserves

Other Earmarked Revenue Reserves	Appropriations		Net Movement £
	To £	From £	
Council Taxpayers Reserve	9,082,725	(3,443,277)	5,639,448
Computer Purchase Reserve	466,707	(4,847,609)	(4,380,902)
Repairs and Renewals Reserve	410,795	(3,085,946)	(2,675,151)
VAT Reserve	-	(180,000)	(180,000)
One-Off Reserve	138,978	(119,495)	19,483
Vehicle Replacement Reserve	103,740	-	103,740
Community Safety Partnership	-	(12,211)	(12,211)
Local Plan Reserve	320,000	(127,389)	192,611
Promotion of Tourism Reserve	-	(12,489)	(12,489)
Building Control Reserve	71,497	(11,853)	59,644
Insurance Reserve	250,000	-	250,000
Service Improvement Reserve	65,000	-	65,000
<b>Total Movement Reserves</b>	<b>10,909,442</b>	<b>(11,840,269)</b>	<b>(930,827)</b>

## Notes to the Consolidated Revenue Account (Cont'd 5)

### 13. Capital Financing Account

2003/2004 £	Capital Financing Account	2004/2005 £
357,985	Direct Revenue Financing of Capital Expenditure	11,192
(204,635)	Reversal of Amortisation Charges on Intangible Assets	(208,034)
	Reversal of Deferred Charges	(411,142)
(884,806)	Reversal of Depreciation	(887,099)
-	Reversal of Impairment Loss on Fixed Assets	(32,933)
80,155	Reversal of Deferred Grant	172,309
(143,603)	Commutation Loss Adjustment	-
<b>(794,904)</b>	<b>Total Transfer from Capital Financing Account</b>	<b>(1,355,707)</b>

## Notes to the Consolidated Revenue Account (Cont'd 6)

### 14. Building Regulations Charging Account

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

2003/2004				2004/2005		
Chargeable £	Non Chargeable £	Total Bld Control £		Chargeable £	Non Chargeable £	Total Bld Control £
19,005		19,005	<b>Expenditure</b>			
21,698	10,086	31,784	Supplies and Services	26,672	-	26,672
			Capital Charges	13,740	24,112	37,852
			<b>Internal Recharges:</b>			
258,724	124,601	383,325	Building Control	301,445	150,642	452,087
9,327	-	9,327	Support Services	915	-	915
<b>308,754</b>	<b>134,687</b>	<b>443,441</b>	<b>Total Expenditure</b>	<b>342,772</b>	<b>174,754</b>	<b>517,526</b>
			<b>Less Income</b>			
364,842	-	364,842	Building Regulation Fees	411,836	-	411,836
168	-	168	Miscellaneous Income	2,433	-	2,433
<b>(56,256)</b>	<b>134,687</b>	<b>78,431</b>	<b>Net (Surplus)/Deficit in Year</b>	<b>(71,497)</b>	<b>174,754</b>	<b>103,257</b>
			<b>(Surplus)/Deficit Brought Forward at 1 April</b>	<b>(53,410)</b>		
			<b>(Surplus)/Deficit in Year</b>	<b>(71,497)</b>		
			<b>(Surplus)/Deficit C/Fwd at 31 March</b>	<b>(124,907)</b>		

## Notes to the Consolidated Revenue Account (Cont'd 7)

### 15. Audit Fees

The Council incurred the following fees relating to external audit and inspection:

2003/2004 £	Audit Fees	2004/2005 £
107,000	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor.	49,560
15,200	Fees payable to the Audit Commission in respect of statutory inspection.	3,000
17,913	Fees payable to the Audit Commission for the certification of grant claims and returns.	17,540
800	Fees payable in respect of other services provided by the appointed auditor.	1,600
<b>140,913</b>	<b>Total Audit Fees</b>	<b>71,700</b>

The fees for other services payable relate to Thirsk and Sowerby Swimming Baths Charity (£800 in 2004/05 and 2003/04) and the National Benefit Fraud Initiative (£800 in 2004/05).



## The Consolidated Balance Sheet

31 March 2004 £		31 March 2005	
		£	£
-	<b>Fixed Assets at Net book Value</b>		
	Intangible Fixed Assets (Note 1)	783,308	
	Tangible Fixed Assets (Note 2)		
	Operational Assets:		
20,697,590	- Land and Buildings	23,262,255	
2,448,528	- Plant and Equipment	2,648,452	
2,141,907	- Infrastructure Assets	2,079,983	
15,750	- Community Assets	41,669	
	Non-Operational Assets:		
4,847,578	- Investment Properties	3,346,895	
1,641,379	- Assets Under Construction	3,004,198	
<b>31,792,732</b>	<b>Total Fixed Assets</b>		<b>35,166,760</b>
24,753	Long Term Investments (Note 3)		24,804
417,658	Long Term Debtors (Note 4)		423,720
<b>32,235,143</b>	<b>Total Long Term Assets</b>		<b>35,615,284</b>
	<b>Current Assets</b>		
82,166	Stocks (Note 5)	102,978	
3,929,749	Debtors (Note 6)	4,664,623	
29,882,913	Investments (Note 7)	26,776,951	
28,634	Cash	4,586	
			31,549,138
	<b>Current Liabilities</b>		
(4,792,618)	Creditors (Note 8)	(4,363,131)	
-	Cash Overdrawn	(166,602)	
			(4,529,733)
<b>61,365,987</b>	<b>Total Assets Less Current Liabilities</b>		<b>62,634,689</b>
	<b>Long Term Liabilities</b>		
(6,820,000)	Liability Related to Defined Benefit Pension Scheme (Note 15)		(12,076,273)
<b>54,545,987</b>	<b>Total Assets Less Liabilities</b>		<b>50,558,416</b>
	<b>Financed By</b>		
(834,510)	Capital Contributions Deferred (Note 9)		(3,411,400)
(13,706)	Deferred Capital Receipts (Note 10)		(8,816)
(11,210,676)	Fixed Asset Restatement Account (Note 11)		(10,133,895)
(21,724,872)	Capital Financing Account (Note 12)		(21,624,796)
(11,528,197)	Usable Capital Receipts Reserve (Note 13)		(12,290,010)
(2,000,000)	Balances - General Fund		(2,000,000)
116,028	- Collection Fund		73,455
6,820,000	Pension Reserve (Note 15)		12,076,273
(14,170,054)	Other Reserves (Note 14)		(13,239,227)
<b>(54,545,987)</b>	<b>Total Net Worth</b>		<b>(50,558,416)</b>

### Chairman and Director of Resources' Certificate

We certify that the accounts set out between pages 19 to 50 inclusive represent the true financial position of the authority as at 31 March 2005.

Chairman of Finance & Resources

Director of Resources

## Notes to the Consolidated Balance Sheet

### 1. Intangible Fixed Assets

	<b>IT Software and Services £</b>
Original Cost	820,531
Amortisations to 31 March 2004	(295,198)
Balance at 1 April 2004	525,333
Expenditure in Year	466,009
Written off to Revenue in Year	(208,034)
<b>Balance at 31 March 2005</b>	<b>783,308</b>

From 2004/05 the Deferred Charges heading has been removed from the Consolidated Balance Sheet following the designation of the new Intangible Fixed Assets category.

IT Software and Services are held for most the Council's services including Housing Benefits, Council Tax, CAD and GIS systems etc. These have been acquired over a number of years and are generally written off over five years. The main exception to this is software and services acquired as part of the North Yorkshire ICT Partnership contract with Agilisys which is written off over the ten year life of the contract.

In addition to expenditure on Intangible Assets the Council incurred expenditure of £496,233 on Deferred Charges. This included Home Improvement Grants (£158,333), Housing Association Grants (£200,000) and Other Schemes (£295,830) was incurred in 2004/05. The expenditure on these Deferred Charges is written off in the year the expenditure is incurred. Other Schemes includes grants for Village Halls, Voluntary Sporting Organisations, Rural Transport and other community schemes.

## Notes to the Consolidated Balance Sheet (Cont'd 1)

### 2. Movement in Tangible Fixed Assets

	Operational Assets		Non-Op Investment Assets	Non-Op Assets Under Construction	Infra-structure Assets	Community Assets	Total
	Land and Buildings	Plant and Equipment					
	£	£	£	£	£	£	£
Gross Book Value at 1 April 2004	21,266,100	5,323,227	4,847,578	1,641,379	2,657,061	15,750	35,751,095
Additions	2,312,401	865,392	36,158	1,851,991	21,004	25,919	5,112,865
Disposals	-	(38,400)	(1,408,841)	-	-	-	(1,447,241)
Adjustments	587,172	(820,531)	(98,000)	(489,172)	-	-	(820,531)
Revaluations	366,977	(5,000)	(30,000)	-	-	-	331,977
<b>Gross Book Value at 31 March 2005</b>	<b>24,532,650</b>	<b>5,324,688</b>	<b>3,346,895</b>	<b>3,004,198</b>	<b>2,678,065</b>	<b>41,669</b>	<b>38,928,165</b>
Depreciation at 1 April 2004	(568,510)	(2,874,699)	-	-	(515,154)	-	(3,958,363)
Depreciation for Year	(669,035)	(135,135)	-	-	(82,928)	-	(887,098)
Depreciation on Assets Sold	-	38,400	-	-	-	-	38,400
Adjustments	83	295,198	-	-	-	-	295,281
<b>Depreciation at 31 March 2005</b>	<b>(1,237,462)</b>	<b>(2,676,236)</b>	<b>-</b>	<b>-</b>	<b>(598,082)</b>	<b>-</b>	<b>(4,511,780)</b>
Accumulated Impairment at 31 March 2005	-	-	-	-	-	-	-
Impairment in Year	(32,933)	-	-	-	-	-	(32,933)
<b>Accumulated Impairment at 31 March 2005</b>	<b>(32,933)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,933)</b>
<b>Net Book Value at 31 March 2005</b>	<b>23,262,255</b>	<b>2,648,452</b>	<b>3,346,895</b>	<b>3,004,198</b>	<b>2,079,983</b>	<b>41,669</b>	<b>34,383,452</b>

## Notes to the Consolidated Balance Sheet (Cont'd 2)

### 2. Movement in Tangible Fixed Assets (cont'd)

The Council operates a rolling programme of valuations which is designed to spread the burden of valuation in terms of cost and number over a 5 year period. The last full valuation was carried out in March 2003. The valuations in 2004/05 were carried out by an external valuer –

R. Farr Bsc FRICS MCI Arb.of Sanderson Townend and Gilbert.

The valuation basis for each category of assets is as follows:

- Operational Land and Buildings - Lower of net realisable value in existing use and net current replacement cost.
- Operational Plant and Equipment - Historic cost as a proxy for current cost.
- Non Operational Assets - Lower of net realisable value for an alternative use and net current replacement cost.
- Infrastructure Assets - Historic cost.
- Community Assets - Historic cost.

An analysis of the Council's major fixed assets at 31 March includes:

31 March 2004 Numbers	Assets	31 March 2005 Numbers	Estimated Useful Lives Years
3	Offices	3	60
4	Depots	4	15-40
9	Public Conveniences	9	60
13	Off Street Car Parks	13	60
1	Community Centres	1	60
4	Sports & Leisure Facilities	4	25-50
4	Industrial Estates	5	N/A
3	Industrial Workshop Buildings	4	N/A
-	Managed Workspace Building	1	60
1	Visitor Centre	1	60
5	TICs	5	60
11	Vehicles	18	5-8
55,594	Domestic Wheeled Bins	67,544	10

Capital expenditure was financed as follows:

	31 March 2005 £		31 March 2005 £
Capital Receipts	3,347,371	Tangible Fixed Assets	5,112,865
Revenue Contributions	11,192	Intangible Fixed Assets	466,009
Capital Creditors	(167,050)	Deferred Charges	496,233
Grants	2,883,594		
<b>Total</b>	<b>6,075,107</b>		<b>6,075,107</b>

Further details on the Council's capital expenditure incurred during 2004/05 are shown in the Capital Accounts Summary on page 53.

### Notes to the Consolidated Balance Sheet (Cont'd 3)

During 2004/05 the Council entered into the following contracts which have an ongoing commitment beyond the year-end.

Contract	Purpose	Value	Expected Completion
Access to Services	To deliver a fully integrated 2tier E-Government solution for Hambleton District Council and North Yorkshire County Council.	£746,000	December 2005
Leeming Bar Indus. Estate, Leases Rd.	Site Works	£1,158,000	July 2005

#### 3. Long Term Investments

The investments consist of:

31 March 2004 £	Long Term Investments	31 March 2005 £
20,000	ADC Debenture	20,000
4,753	3 ½ War Loan Stock	4,804
<b>24,753</b>	<b>Total Long Term Investments</b>	<b>24,804</b>

#### 4. Long Term Debtors

31 March 2004 £	Long Term Debtors	31 March 2005 £
13,706	Housing Mortgages - Council Houses	8,816
209,769	- Housing Associations	209,402
194,183	Car Loans to Employees	205,502
<b>417,658</b>	<b>Total Long Term Debtors</b>	<b>423,720</b>

## Notes to the Consolidated Balance Sheet (Cont'd 4)

### 5. Stocks

The main items of stock relate to:

31 March 2004 £	Stocks	31 March 2005 £
27,984	Central Stocks - Stationery etc.	22,689
27,648	Herriot Visitor Centre	32,525
1,840	TICs	3,629
5,010	Operational Services	19,578
19,684	Leisure Facilities	24,557
<b>82,166</b>	<b>Total Stocks</b>	<b>102,978</b>

Central stocks in 2003/04 included £6,152 for Operational Services clothing which should have been classified as Operational Services stocks. This has been corrected in 2004/05.

### 6. Debtors

31 March 2004 £	Debtors	31 March 2005 £
	<b>Amounts falling due in one year :-</b>	
181,026	HM Customs & Excise	226,420
455,492	Government Departments	2,290,210
225,892	Other Local Authorities	202,773
110,375	Other Public Sector Organisations	295,311
1,705,420	Housing Associations	546,756
843,418	Council Taxpayers	841,886
427,814	Business Ratepayers	289,740
1,005,037	Sundry Debtors	897,543
4,954,474		5,590,639
(1,024,725)	Less Provision For Doubtful Debts	(926,016)
<b>3,929,749</b>	<b>Net Debtors</b>	<b>4,664,623</b>

## Notes to the Consolidated Balance Sheet (Cont'd 5)

### 7. Short Term Investments

The investments consist of:

31 March 2004 £	Investments	31 March 2005		
		Specified £	Non Specified £	Total £
9,912,700	Cazenove Fund Man		-	
10,058,329	Investec Asset Man	13,118,393	336,378	13,454,771
9,911,884	Invesco Asset Man	13,322,180	-	13,322,180
<b>29,882,913</b>	<b>Total Investments</b>	<b>26,440,573</b>	<b>336,378</b>	<b>26,776,951</b>

The total £10,128,967 investments (including accrued interest of £216,267), held by Cazenove were returned during the year and reinvested with the two remaining Fund Managers.

A total of £4,500,000 was recalled from Fund Managers during 2004/05 to support the Council's expenditure.

In total, the investments held by the Fund Managers earned £1,394,038 in interest and profits (net of fees from Investec) and this was left with the Fund Managers for further investment.

The figures shown in the accounts for investments are the lower of cost or market value and include interest accrued on Certificates of Deposit.

### 8. Creditors

31 March 2004 £	Creditors	31 March 2005 £
(356,844)	Other Local Authorities	(385,897)
(354,374)	Other Public Sector Organisations	(333,588)
(703,822)	Government Departments	(500,386)
(14,537)	Water Companies	(13,959)
(427)	Housing Associations	(248,106)
(698,021)	Council Taxpayers	(722,018)
(306,499)	Business Ratepayers	(220,004)
(2,358,094)	Sundry Creditors	(1,939,173)
<b>(4,792,618)</b>	<b>Total Creditors</b>	<b>(4,363,131)</b>

## Notes to the Consolidated Balance Sheet (Cont'd 6)

### 9. Capital Contributions Deferred

The 2004 Code requires that government grants and other contributions are credited to a Capital Contributions Deferred Account and released to the Asset Management Revenue Account over the useful life of the asset to match the depreciation of the asset to which it relates.

2003/2004 £	Capital Contributions Deferred	2004/2005 £
(180,637)	Balance Brought Forward at 1 April	(834,510)
(1,493,522)	Grants Received in the Year	(2,798,502)
759,494	Grants Applied to Capital Expenditure transferred to Capital Financing Reserve	504,900
80,155	Grants Released to Revenue Account	172,309
-	Previous Year's Adjustment	(455,597)
<b>(834,510)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(3,411,400)</b>

### 10. Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise from mortgages on sales of Council Houses and are included within Long Term Debtors shown at Note 4 to the Consolidated Balance Sheet.

2003/2004 £	Deferred Capital Receipts	2004/2005 £
(16,204)	Balance Brought Forward at 1 April	(13,706)
2,498	Amount received in year	4,890
<b>(13,706)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(8,816)</b>

## Notes to the Consolidated Balance Sheet (Cont'd 7)

### 11. Fixed Asset Restatement Account

The Fixed Asset Restatement Account was established in 1994/95 following the introduction of a new capital accounting system. The balance represents the difference between the valuation of assets under the previous system of capital accounting (which was nil as there was no debt outstanding) and subsequent revaluations. The reserve is written down by the net book value of assets as they are disposed of and debited or credited with deficits or surpluses arising upon revaluations.

2003/2004 £	Fixed Asset Restatement Account	2004/2005 £
(11,836,969)	Balance Brought Forward at 1 April	(11,210,676)
(109,590)	Revaluation of Fixed Assets	(332,060)
735,883	Disposal of Fixed Assets	1,408,841
<b>(11,210,676)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(10,133,895)</b>

### 12. Capital Financing Account

2003/2004 £	Capital Financing Account	2004/2005 £                      £	
(21,760,281)	Balance Brought Forward at 1 April	(21,724,872)	
-	<b>Capital Receipts set-aside</b> - Housing Association Grant	-	
-	<b>Capital Financing</b> - Usable Capital Receipts	(1,206,327)	
(2,064,354)	- Debt Redemption Reserve	(2,141,045)	
(357,985)	- Direct Revenue Financing	(11,192)	
(759,494)	- Grants Applied	(504,900)	
		(3,863,464)	
2,064,354	Use of Debt Redemption Reserve for Capital Expenditure	2,141,045	
204,634	Amortisation of Intangible Assets and Deferred Charges to Consolidated Revenue Account	619,176	
-	Impairment Loss on Fixed Assets	32,933	
884,806	Provision for Depreciation	887,098	
(80,155)	Deferred Grant Release	(172,309)	
		3,507,943	
143,603	<b>Other</b> Commutation Adjustment	-	
-	Adjustment for Deferred Grants received in 2003/04	455,597	
<b>(21,724,872)</b>	<b>Balance Carried Fwd at 31 March</b>	<b>(21,624,796)</b>	

## Notes to the Consolidated Balance Sheet (Cont'd 8)

### 13. Usable Capital Receipts Reserve

2003/2004 £	Usable Capital Receipts Reserve	2004/2005 £
(8,507,119)	Balance Brought Forward at 1 April	(11,528,197)
(3,021,078)	Capital Receipts in Year	(1,968,140)
-	Financing of Capital Expenditure	1,206,327
<b>(11,528,197)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(12,290,010)</b>

### 14. Other Reserves

Other Reserves	1 April 2004 £	Increases in Year £	Decreases in Year £	31 March 2005 £
Council Taxpayers Reserve	(3,248,746)	(9,082,725)	3,443,277	(8,888,194)
Superannuation Reserve	-	-	-	-
Computer Purchase Reserve	(5,651,473)	(466,707)	4,847,609	(1,270,571)
Repairs & Renewals Reserve	(3,316,376)	(410,795)	3,085,946	(641,225)
VAT Reserve	(180,000)	-	180,000	-
One Off Reserve	(205,604)	(138,978)	119,495	(225,087)
Vehicle Replacement Reserve	(1,249,438)	(103,740)	-	(1,353,178)
Community Safety Partnership	(34,838)	-	12,211	(22,627)
Local Plan Reserve	(180,490)	(320,000)	127,389	(373,101)
Promotion of Tourism	(49,679)	-	12,489	(37,190)
Building Control Reserve	(53,410)	(71,497)	11,853	(113,054)
Insurance Reserve	-	(250,000)	-	(250,000)
Service Improvement Reserve	-	(65,000)	-	(65,000)
<b>Total Other Reserves</b>	<b>(14,170,054)</b>	<b>(10,909,442)</b>	<b>11,840,269</b>	<b>(13,239,227)</b>

The purposes of the above reserves are as follows:

**Council Taxpayer Reserve** - To keep Council Tax low and support revenue spending above Standard Spending Assessment.

**Superannuation Reserve** - To offset increases in superannuation payments by Hambleton District Council.

**Computer Purchase Reserve** – To invest in Information and Communications Technology to help deliver efficient services to the public.

**Repairs and Renewals Reserve** - To ensure Council buildings are maintained to a high standard.

**VAT Reserve** - To mitigate increases in VAT payments made by the Council.

## Notes to the Consolidated Balance Sheet (Cont'd 9)

**One Off Reserve** - To finance items of expenditure not included in the base budget which relate to unexpected or policy issues and are of a non recurring nature.

**Vehicle Replacement Reserve** -To enable all vehicles to be purchased and thereby give greater flexibility not afforded by other financing methods e.g. leasing.

**Community Safety Partnership** - Accumulated surpluses of the Hambleton Community Safety Partnership.

**Local Plan** – To finalise the cost of the 10 year local plan.

**Promotion of Tourism** – To assist with the promotion of an investment in Tourism throughout Hambleton District Council.

**Building Control Charging Account Reserve** – To receive Surpluses and Deficits from the Building Control Account.

**Insurance Reserve** - To provide financial cover for those policies which the Council self insures.

**Service Improvement Reserve** – to finance improvements to service delivery.

### 15. Retirement Benefits

Note 7 to the Consolidated Revenue Account contains details of the Council's participation in the Local Government Pensions Scheme administered by North Yorkshire County Council.

The underlying assets and liabilities for retirement benefits attributable to the Council as at 31 March are as follows:

31 March 2004 £	Local Government Pension Scheme	31 March 2005 £
21,822,000 (28,642,000)	Estimated Assets in Scheme Estimated Liabilities in Scheme	23,824,273 (35,900,000)
<b>(6,820,000)</b>	<b>Net Asset/(Liability)</b>	<b>(12,076,273)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £35,900,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet, resulting in a negative overall balance of £12,076,273. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

## Notes to the Consolidated Balance Sheet (Cont'd 10)

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

The attributable liabilities of the Scheme have been assessed on an actuarial basis using an estimate of the pensions that will be payable in future years, dependant upon assumptions about mortality rates, salary levels etc. This assessment has been carried out by the Fund Actuary Wm Mercer, who is independent of both the District and County Council.

The assumptions used by the actuary are:

	31 March 2005	31 March 2004
◆ Rates of Inflation	2.9%	2.8%
◆ Rate of Increase in Salaries	4.65%	4.3%
◆ Rate of Increase in Pensions	2.9%	2.8%
◆ Discount Rate	5.4%	6.3%

The assets attributable to the Council in the Scheme are £23,824,273 (£21,822,000 2003/04) valued at fair value (principally market value for investments) as at 31 March 2005. The proportion of assets held with expected rates of return is shown below:-

	Long Term Expected Rate of Return %	Proportion of Assets Held	
		31 March 2005 %	31 March 2004 %
- Equities	7.5	77.0	77.3
- Government Bonds	4.7	11.6	12.2
- Other Bonds	5.5	6.2	5.7
- Other	4.0	5.2	4.8
		<b>100.0</b>	<b>100.0</b>

Note 1 to the Statement of Total Movement in Reserves provides an analysis of the Movement on the Pension Reserve.

The overall position of the Pension Fund in relation to Hambleton District Council is £12,076,273 deficit and current contribution rates have been increased with a view to funding this deficit over the medium term. The position of the Fund will continue to be monitored by the Council and the Fund's Actuary.

### 16. Trust Funds

The Council acts as one of several trustees for the Thirsk and Sowerby Swimming Baths Charity, and administers the Charity's funds on its behalf. The Capital value of the fund is £2,303,705 as at 31 March 2005 (£2,252,891 31 March 2004). This Fund does not represent assets of the Council and therefore is not included in the Consolidated Balance Sheet.

## Notes to the Consolidated Balance Sheet (Cont'd 11)

### 17. Debt Redemption Reserve (Memorandum Account)

2003/2004 £	Debt Redemption Reserve	2004/2005 £
(4,349,002)	Balance Brought Forward at 1 April	(2,141,045)
2,064,354	Financing Capital Expenditure	2,141,045
143,603	Commutation Loss Adjustment	-
<b>(2,141,045)</b>	<b>Balance Carried Forward at 31 March</b>	<b>-</b>

This memorandum reserve represents the Council's set-aside capital receipts and is contained within the Capital Financing Account shown at Note 12.



## The Cash Flow Statement

2003/2004 £	Cash Flow	2004/2005 £                      £	
	<b>Revenue Activities</b>		
	<b>Cash Outflows</b>		
9,127,898	Cash Paid to and on Behalf of Employees	9,698,770	
7,658,889	Other Operating Cash Payments	7,166,626	
7,795,295	Housing Benefit Paid Out	8,334,044	
18,193,188	NNDR Payments to National Pool	16,927,466	
34,144,690	Precepts Paid	36,752,996	
16,753	Contributions to Collection Fund Surplus (NYCC/NYPA)	-	
			78,879,902
	<b>Cash Inflows</b>		
(33,700,905)	Council Tax Receipts	(36,326,051)	
(19,010,148)	NNDR Receipts from National Pool	(17,122,926)	
(4,775,522)	NNDR Receipts	(119,984)	
(2,266,511)	Revenue Support Grant	(2,308,242)	
(10,458,201)	DSS Grants for Benefits (Note 5)	(11,521,651)	
(303,815)	Other Government Grants (Note 5)	(236,231)	
(3,773,314)	Cash Received from Goods and Services	(4,398,564)	
(1,858,532)	Other Operating Cash Receipts	(1,166,680)	
			(73,200,329)
<b>789,765</b>	<b>Net Cash Flow from Revenue Activities (Note 2)</b>		<b>5,679,573</b>
	<b>Servicing of Finance</b>		
	<b>Cash Outflows</b>		
4,389	Interest Paid		5,095
	<b>Cash Inflows</b>		
(1,187,543)	Interest Received		(1,632,439)
<b>(1,183,154)</b>	<b>Net Cash Flow from Servicing of Finance</b>		<b>(1,627,344)</b>
	<b>Capital Activities</b>		
	<b>Cash Outflows</b>		
3,682,729	Purchase of Fixed Assets	4,471,515	
655,241	Other Capital Payments	890,292	
			5,361,807
	<b>Cash Inflows</b>		
(1,203,648)	Sales of Fixed Assets	(3,255,020)	
(734,519)	Government Grants Received (Note 5)	(1,218,407)	
(1,016,853)	Other Capital Receipts	(1,643,997)	
			(6,117,424)
<b>1,382,950</b>	<b>Net Cash Flow from Capital Activities (Note 3)</b>		<b>(755,617)</b>
	<b>Management of Liquid Resources</b>		
926,345	Net Cash (Inflow)/Outflow		(3,105,962)
<b>926,345</b>	<b>Net Cash Flow from Liquid Resources</b>		<b>(3,105,962)</b>
<b>1,915,906</b>	<b>Net Cash Outflow for the year (Note 4)</b>		<b>190,650</b>

## Notes to the Cash Flow Statement

1. The Cash Flow statement is an analysis of the Consolidated Revenue Account, Collection Fund and Consolidated Balance Sheet. It seeks to bring together both cash in-flows and out-flows during the year and excludes internal transfers and recharges.

### 2. Cash Flow Reconciliation – Revenue

2003/2004 £	Cash Flow Reconciliation	2004/2005	
		£	£
-	<b>Revenue Activities</b>	-	
81,415	Consolidated Revenue Account Balance	(42,573)	(42,573)
	Collection Fund Balance		
312,250	Contributions (to)/from Provisions	98,709	
(357,985)	Financing of Capital Expenditure	(11,192)	
1,183,154	Investment Interest	1,627,345	
1,143,398	Transfers (to)/ from Reserves	930,827	2,645,689
(10,424)	Increase/(Decrease) in Stock	20,812	
(1,856,858)	Increase/(Decrease) in Debtors	2,020,494	
294,815	(Increase)/Decrease in Creditors	1,035,151	3,076,457
<b>789,765</b>	<b>Net Cash Flow from Revenue Activities</b>		<b>5,679,573</b>

### 3. Cash Flow Reconciliation – Capital

2003/2004 £	Cash Flow Reconciliation	2004/2005	
		£	£
3,910,810	<b>Capital Expenditure</b>	6,075,107	
427,160	Gross Capital Expenditure	(713,300)	5,361,807
	(Increase)/Decrease in Creditors		
	<b>Total Capital Payments</b>		
(4,573,755)	<b>Capital Income</b>	(4,851,734)	
	Gross Capital Income		
1,991,424	Increase/(Decrease) in Debtors	(1,373,326)	
(372,689)	(Increase)/Decrease in Creditors	107,636	
	<b>Total Capital Receipts</b>		(6,117,424)
<b>1,382,950</b>	<b>Net Cash Flow from Capital Activities</b>		<b>(755,617)</b>

## Notes to the Cash Flow Statement (Cont'd 1)

### 4. Movement in Cash and Cash Equivalents

	31 March 2004 £	31 March 2005 £	Movement £
Cash with Officers	4,737	4,586	151
Cash at Bank/Overdrawn (-)	23,897	(166,602)	190,499
Short Term Investments	-	-	-
<b>Total Cash and Cash Equivalents</b>	<b>23,634</b>	<b>(162,016)</b>	<b>190,650</b>

### 5. Government Grants

31 March 2004 £	Government Grants	31 March 2005 £
	<b>Revenue</b>	
(2,752,355)	Council Tax Benefit	(3,134,931)
(7,705,846)	Rent Allowances and Rent Rebates	(8,386,720)
(148,803)	Community Safety	(116,593)
(33,327)	Homelessness	(40,453)
(121,685)	Planning Delivery	(79,185)
<b>(10,762,016)</b>	<b>Total Revenue Grants</b>	<b>(11,757,882)</b>
	<b>Capital</b>	
(102,844)	Renovation Grants	(96,000)
(56,906)	Community Safety	(28,414)
(200,000)	Implementing Electronic Government	(350,000)
-	DWP Grant for Benefit Software	(25,990)
(137,401)	ERDF – Stokesley Managed Workshops	(439,133)
(211,636)	Wheeled Bins	(274,620)
(25,732)	Planning Delivery	-
-	Homelessness	(4,250)
<b>(734,519)</b>	<b>Total Capital Grants</b>	<b>(1,218,407)</b>



## Collection Fund Income and Expenditure Account

2003/2004 £		2004/2005	
		£	£
32,991,691	<b>Income</b> - Council Tax		35,552,722
2,514,872	Transfers from General Fund - Council Tax benefits		2,919,340
18,771,292	Income Collectable from Business Ratepayers (Note 3)		17,071,347
704,819	Ministry of Defence Payment in Lieu of Council Tax		747,800
48,365	Provision for Bad Debts		-
<b>55,031,039</b>	<b>Total Income for the Year</b>		<b>56,291,209</b>
	<b>Expenditure</b>		
28,088,255	Precept Payments		
5,362,388	- North Yorkshire County Council	28,329,924	
2,825,252	- North Yorkshire Police Authority	5,946,202	
-	- Hambleton District Council	3,082,239	
	- North Yorkshire Fire and Rescue Authority	1,752,309	
			39,110,674
18,627,411	Business Rates		
143,881	- Payment to National Pool	16,927,466	
	- Costs of Collection	143,881	
			17,071,347
-	Increase in Provision for Bad Debt	1,812	
46,995	Write Offs	64,803	
			66,615
18,272	Transfer to General Fund - Surplus Estimated for Previous Year		-
<b>55,112,454</b>	<b>Total Expenditure for the Year</b>		<b>56,248,636</b>
<b>81,415</b>	<b>(Surplus)/Deficit for the Year</b>		<b>(42,573)</b>
34,613	(Surplus)/Deficit Brought Forward at 1 April		116,028
<b>116,028</b>	<b>(Surplus)/Deficit Carried Forward at 31 March</b>		<b>73,455</b>

## Notes to the Collection Fund Income and Expenditure Account

### 1. General

These accounts represent the transactions of the Collection Fund which is a statutory fund prepared on an accruals basis.

The Collection Fund accounts are consolidated with the other accounts of the Council.

2. The Council Tax is a property based tax with properties allocated to valuation bands from A to H. The tax base for Hambleton was calculated at £34,671.73 for 2004/05 being the total number of properties converted to an equivalent number of band D dwellings. The number in each band shown as band D equivalents was:-

A	B	C	D	E	F	G	H	Total
1,656.66	5,003.99	6,609.02	5,660.87	6,290.92	4,909.55	3,602.44	244.93	33,978.38
Add Contributions in Lieu – MOD (Band D equivalent)								693.35
								<b>34,671.73</b>

The average Council Tax for Hambleton at Band D was £1,128.03, made up as follows:

2003/2004 £	Precepting Authorities	2004/2005 £
62.00	Hambleton District Council	68.00
817.13	North Yorkshire County Council	817.09
156.00	North Yorkshire Police Authority	171.50
20.19	Parish	20.90
-	North Yorkshire Fire Authority	50.54
<b>1,055.32</b>	<b>Total Average Band D Council Tax</b>	<b>1,128.03</b>

3. Under the arrangements for uniform business rates, the Council collects non-domestic rates from its area, which are based on local rateable values multiplied by a uniform rate. At 31 March 2005 the non-domestic rateable value was £47,301,118 which when multiplied by a uniform business rate of 45.6p gives a total collectable of £21,569,310.

After taking into account prior year adjustments, transitional adjustments, small property relief, empty property rate and mandatory and discretionary relief this gives a net total collectable during 2004/05 of £17,071,347.

## Statement of Total Movement in Reserves

	Capital Reserves				Revenue Reserves				Total £000s
	Fixed Asset Restatement Account £000s	Capital Financing Account £000s	Usable Capital Receipts £000s	Deferred Capital Receipts £000s	General Fund £000s	Collection Fund £000s	Pension Reserve (Note 1) £000s	Other Reserves £000s	
Balance at 1 April 2004	(11,211)	(21,725)	(11,528)	(13)	(2,000)	116	6,820	(14,170)	(53,711)
Net (Surplus)/Deficit for Year		1,789		4		(43)	5,256	920	7,926
Unrealised (Gains)/Loss from Revaluation of Fixed Assets	(332)								(332)
Impairment Losses on Fixed Assets Arising from Revaluations		33							33
<b>Effects of Disposals of Fixed Assets:-</b>									
Cost or Value of Assets Disposed of	1,409								1,409
Proceeds of Disposals			(1,968)						(1,968)
<b>Net(Surplus)/Deficit</b>	1,409	-	(1,968)	-	-	-	-	-	(559)
Financing of Fixed Assets		(1,722)	1,206					11	(505)
<b>Balance at 31 March 2005</b>	<b>(10,134)</b>	<b>(21,625)</b>	<b>(12,290)</b>	<b>(9)</b>	<b>(2,000)</b>	<b>73</b>	<b>12,076</b>	<b>(13,239)</b>	<b>(47,148)</b>

## Notes to the Statement of Total Movement in Reserve

### 1. Pension Reserve

The movement in the net pension liability for the year to 31 March 2005 is as follows:-

2003/04 £	Movement in Net Pension Liability	2004/05 £
(9,764,000)	Net pensions liability at 1 April	(6,820,000)
(711,000)	Movement in the year:	
	Current Service Cost	(997,000)
735,000	Employers contributions including unfunded retirement benefits	884,727
-	Past Service Costs/Curtailment Costs	(13,000)
1,201,000	Expected Return on Assets	1,493,000
(1,625,000)	Interest on Pension Liabilities	(1,805,000)
3,344,000	Actuarial Gain / (loss)	(4,819,000)
<b>(6,820,000)</b>	<b>Net Pension Liability at 31 March</b>	<b>(12,076,273)</b>

The actuarial gain/(loss) can be analysed into the following categories, measured as absolute amounts and as a percentage of assets at 31 March. For comparative purposes, figures for the current and previous two accounting periods are shown.

Analysis of Actuarial Gain/(Loss)	2002/03		2003/04		2004/05	
	£	% of Assets/Liabilities	£	% of Assets/Liabilities	£	% of Assets/Liabilities
Difference between the expected and actual return on assets	(6,843,000)	39.4	3,344,000	15.3	765,000	3.2
Difference between the actuarial assumptions about liabilities and actuarial experience	-	-	-	-	1,072,000	3.0
Changes in the demographic and financial assumptions used to estimate liabilities	-	-	-	-	(6,656,000)	18.5
	<b>(6,843,000)</b>		<b>3,344,000</b>		<b>(4,819,000)</b>	

## **Independent Auditors Report to Hambleton District Council**

We have audited the statement of accounts on pages 8 to 50 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 15 to 18.

This report is made solely Hambleton District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

### **Respective Responsibilities of the Chief Financial Officer and Auditors**

As described on page 8 the Chief Financial Officer (Director of Resources) is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. Our responsibilities, as independent Auditors, are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the statement of accounts present fairly the financial position of the Council and its income and expenditure for the year.

We review whether the statement on internal control on pages 9 to 14 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003 published on 2 April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the statement of accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

### **Basis of audit opinion**

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

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

## **Opinion**

In our opinion the statement of accounts presents fairly the financial position of Hambleton District Council as at 31 March 2005 and its income and expenditure for the year then ended.

## **Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

**Signature:**

**Date:**

Name: Mark J Kirkham

Address: Audit Commission  
Kernel House  
Killingbeck Drive  
Leeds

## Capital Accounts Summary 2004/2005

Committee and Service	Total Expenditure £	Capital Creditors £	Usable Receipts £	Set-aside Receipts £	Revenue Contributions £	Capital Grants and Contributions £
<b>Finance &amp; Resources Scrutiny Committee</b>						
Offices and Depots	246,509	(8,736)	255,245			
Computer Equipment	812,863	(5,805)	460,885		11,192	346,591
Rural Transport Grants	17,200		17,200			
<b>Sub-total Finance &amp; Resources</b>	<b>1,076,572</b>	<b>(14,541)</b>	<b>733,330</b>	<b>-</b>	<b>11,192</b>	<b>346,591</b>
<b>Cultural &amp; Social Scrutiny Committee</b>						
Housing Renovation Grants	158,333		36,434	36,808		85,091
Housing Association Grants	200,000		200,000			
Sports & Leisure Facilities	498,333	(1,776)	13,972	183,028		303,109
Playing Fields and Open Spaces & Other Environmental Works	108,944	(6,177)		115,121		
Leisure Grants	69,832			69,832		
CCTV	4,541	(1,572)		6,113		
Tourism	23,857	(55,003)		78,860		
Footway Lighting	21,004	(36,965)		57,969		
Car Parks	10,777	(2,484)		13,261		
Refuse Collection and Recycling	257,158			257,158		
Public Conveniences	11,162		11,162			
Vehicles	211,429		211,429			
Community Safety	28,414	(6,000)		6,000		28,414
<b>Sub-total Social &amp; Cultural</b>	<b>1,603,784</b>	<b>(109,977)</b>	<b>472,997</b>	<b>824,150</b>	<b>-</b>	<b>416,614</b>
<b>Environment &amp; Economy Scrutiny Committee</b>						
Industrial Development	3,394,751	(42,533)		1,316,895		2,120,389
<b>Sub-total Environment &amp; Economy</b>	<b>3,394,751</b>	<b>(42,533)</b>	<b>-</b>	<b>1,316,895</b>	<b>-</b>	<b>2,120,389</b>
<b>GRAND TOTAL</b>	<b>6,075,107</b>	<b>(167,050)</b>	<b>1,206,327</b>	<b>2,141,045</b>	<b>11,192</b>	<b>2,883,594</b>

## General Fund Revenue Account – Committee Analysis

This statement supplements the Consolidated Revenue Account on page 19, and gives an analysis of the Council's expenditure and income by Scrutiny Committee.

Details	2004/2005			2003/2004
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<b>Finance &amp; Resources Scrutiny Committee</b>				
Democratic Representation	928,660	-	928,660	879,495
Corporate Management	783,768	30,702	753,066	770,515
- Chief Executive's - Corporate	767,778	766,351	1,427	(1,542)
- Chief Executive's – Personnel & Training	166,438	166,226	212	572
Financial Support Services	1,048,766	1,052,219	(3,453)	(964)
Planning & Environmental Support Service	1,127,555	1,118,423	9,132	3,183
Computer Costs	1,064,528	1,051,949	12,579	13,142
Administrative Buildings	405,217	357,996	47,221	31,731
Depots	98,743	48,306	50,437	18,979
Unapportionable Central Overheads	201,042	26,687	174,355	211,906
Local Taxation Collection	4,160,975	3,320,765	840,210	882,513
Housing Benefits	9,150,950	9,052,546	98,404	553,956
Elections	219,876	78,451	141,425	187,391
Emergency Planning	384	165	219	344
Land Charges	176,441	237,281	(60,840)	(83,805)
Grants & Subscriptions	34,507	-	34,507	30,969
Public Transport	145,463	1,200	144,263	130,853
Customer Services	1,051,614	1,052,591	(977)	(43)
<b>Sub-total</b>	<b>21,532,705</b>	<b>18,361,858</b>	<b>3,170,847</b>	<b>3,629,195</b>
<b>Cultural &amp; Social Scrutiny Committee</b>				
Museums	20,090	-	20,090	22,315
Hambleton Forum	188,929	47,487	141,442	136,280
Swimming Pools & Leisure Centres	3,410,268	2,056,687	1,353,581	1,134,423
Thirsk All Weather Pitch	65,314	25,483	39,831	39,765
Open Spaces	94,059	8,739	85,320	65,388
Tourism	310,169	31,926	278,243	290,902
World of James Herriot	381,471	213,435	168,036	163,623
Leisure Services	324,050	40,082	283,968	295,700
Facilities Unit	121,263	120,967	296	(649)
Cemeteries	9,222	2,620	6,602	6,851
Environmental Health Services	811,693	196,507	615,186	629,260
Health & Safety	105,714	-	105,714	102,465
Chief Executives Licensing	123,818	80,426	43,392	20,607
Pest Control	132,027	80,237	51,790	50,841
Public Conveniences	233,253	16,363	216,890	205,883
Footway Lighting	471,519	110	471,409	415,097
CCTV	219,315	99,247	120,068	123,410
Community Safety	302,001	168,181	133,820	113,086
Defences Against Flooding	19,756	130	19,626	53,783
Street Cleansing	525,895	2,844	523,051	433,605
Waste Collection	1,768,867	8,965	1,759,902	1,424,243
Recycling	415,650	416,209	(559)	62,264

## General Fund Revenue Account – Committee Analysis (Cont'd)

Details	2004/2005			20003/2004
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<b>Cultural &amp; Social (Continued)</b>				
Operational Services	695,103	695,138	(35)	(850)
Car Parks	458,993	54,450	404,543	342,432
Housing Strategy	77,685	8	77,677	56,073
Registered Social Landlords	205,406	-	205,406	6,828
Housing Act Advances	1,162	31,549	(30,387)	(30,458)
Housing Advice	39,108	-	39,108	30,367
Private Sector Housing Renewal	124,509	-	124,509	121,867
Homelessness	334,554	174,636	159,918	179,318
Housing Services	187,808	187,790	18	(308)
<b>Sub-total</b>	<b>12,178,671</b>	<b>4,760,216</b>	<b>7,418,455</b>	<b>6,494,411</b>
Building Control	573,714	445,908	127,806	102,397
Development Control	1,133,666	664,744	468,922	483,594
Planning Policy etc	904,958	337,688	567,270	402,913
Community Development	205,817	22,258	183,559	124,969
Industrial Development	436,581	209,900	226,681	169,405
<b>Sub-total</b>	<b>3,254,736</b>	<b>1,680,498</b>	<b>1,574,238</b>	<b>1,283,278</b>
<b>Grand Total</b>	<b>36,966,112</b>	<b>24,802,572</b>	<b>12,163,540</b>	<b>11,406,884</b>

### Note:

The net costs of support services have been transferred to the Consolidated Revenue Account on page 19, in accordance with the Code of Practice on Local Authority Accounting, as the recharged cost of these services is reflected in the Accounts of the service receiving it.

## **Glossary of Terms**

### **Accruals:**

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

### **Capital Charge:**

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

### **Capital Expenditure:**

Payments made for the purchase or provision of assets of long term value to the Council e.g. land, buildings, plant and machinery.

### **Capital Receipt:**

The money received from the sale of assets

### **Collection Fund:**

A fund administered by the Billing Authority (District Councils) into which is paid Council Tax it collects together with the payment it receives for National Non Domestic (Business) Rates (NNDR) collected from business ratepayers. Precepts are paid from the fund to precepting authorities including the billing authority.

### **Contingency:**

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

### **Creditors:**

Amounts incurred by the Council but not yet paid.

### **Debtors:**

Amounts due to the Council but not yet received.

### **Defined Benefit Scheme:**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

### **Deferred Capital Receipts:**

Amounts due to the Council from the sale of fixed assets which are not receivable immediately on sale e.g. repayments on mortgages granted on the sale of Council houses.

### **Deferred Charges:**

Capital expenditure for which the Council either never had, or no longer holds a capital asset.

### **Direct Revenue Financing:**

A method of financing capital expenditure from revenue resources in the year of account instead of spreading the cost over a period of years.

### **Expected Rate of Return on Pension Assets:**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**General Fund:**

The main account of the council which records the cost of services.

**Government Grants:**

Payments by central government towards the cost of local authority services either specifically, such as house improvements grants, or generally, in the form of Revenue Support Grant.

**Intangible Assets:**

Non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights, e.g. software licences.

**Investments (Non Pensions Fund):**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

**Investments (Pension Fund):**

The investments of the Pension Fund will be accounted for in the statements of that Fund. However, authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

**Operational Assets:**

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

**Precepting Authorities:**

Local authorities that cannot levy Council Tax and Non-Domestic Rates directly on the public but have the power to precept. Billing authorities (District Councils) subsequently pass on the requirements of precepting authorities (County Councils and Parish Councils) in the total Council Tax levy. The Non-Domestic Rate levy is set by Central Government.

**Prudence:**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

**Retirement Benefits:**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employer's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

**Revenue Expenditure:**

Recurring expenditure on day to day expenses such as salaries, wages, electricity and telephones.

**Revenue Support Grant:**

Paid by central government to assist in the provision of local government services.

**Scheme Liabilities:**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Set-aside Capital Receipts:**

The money received from the sale of assets which is required to be set aside to redeem debt or defray future borrowing.

**Support Service Costs:**

The cost of certain departments that provide professional and administrative services to the Council e.g. legal and accountancy.