

Hambleton District Council

Statement of Accounts

2006/2007

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Leader's Foreword

The year to 31 March 2007 has again been very challenging for the Council. Following the decision by the Government to cap the Council's budget in 2005/06 the challenge for the Council was to make the savings necessary with the least disruption to public services. I believe that the Council has achieved this task admirably and, although regrettably some service improvements had to be put on hold, many of these are now back on the Council's agenda for implementation.

From a structural point of view further changes have been made or embedded. The Council now has an independent Audit and Governance Committee which has been in operation for the full year. This Committee strengthens the executive/scrutiny division amongst Members and ensures that the Cabinet is held accountable for its actions and decisions in line with the Code of Corporate Governance. The presentation of revenue budgets is now in line with the Council's priorities and new service plans are in place. Looking ahead, a restructure of Overview and Scrutiny Committees and Best Value Panels will complete the process of alignment to priority themes.

A number of service areas have previously been identified by the Council as requiring improvement. These include:

- Waste Management – improved recycling
- Access to Services – customer needs dealt with at the first point of contact
- Housing Benefits – improved processing times
- Affordable Housing – improving the supply
- Planning Applications – improved processing times
- Street Cleaning – cleaner streets that are free from litter

Investment has been put into all of these areas and significant improvements have been achieved. However, the Council will not rest on its laurels and further improvements are planned.

New investment in services also continues to be provided through the Council's capital programme. The year saw significant investment in a number of areas such as providing grants for community based projects, improvements to car parks and leisure facilities, home improvement grants and supported housing schemes for the young, as well as industrial development and market town regeneration.

On the financial scene the Council has once again provided quality services within budget and continues to deliver on its financial strategy, the purpose of which is to maintain the long term viability of the Council's finances and ensure stability by:

- ✓ Investing in community projects as determined by the Council's priorities
- ✓ Supporting the maintenance and enhancement of service delivery

The Statement of Accounts which follows has 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 2006/07 and have been produced very promptly after the year end by the Council's officers, and in line with target dates that have been set by Government. I commend them to you.

Councillor Arthur Barker
Leader of the Council

Explanatory Foreword

The Council's Accounting Statements and accompanying notes are set out in the following pages numbered 21 to 52.

1. The Accounting Statements

The statements consist of:

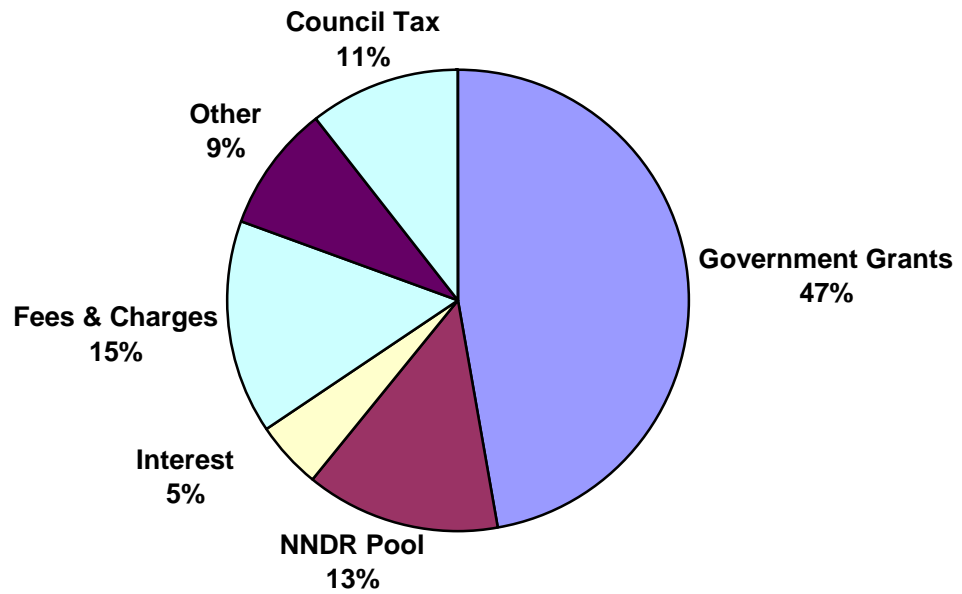
- **The Income and Expenditure Account** – the Council's main revenue account, covering expenditure and income on all services.
- **The Statement of the Movement on the General Fund Balances** – reconciles how the balance of resources generated and consumed in the year links with the statutory requirements for raising Council Tax.
- **The Total Recognised Gains and Losses Statement** - which brings together all the gains and losses of the Council during the year.
- **The 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 Collection Fund** – which summarises transactions relating to Council Tax and Business Rates.

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

2. Summary of the Financial Year

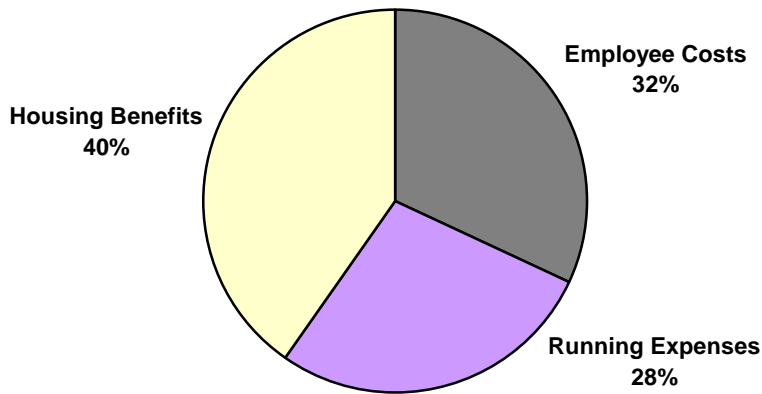
The Foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The following three charts show, in broad terms, where the Council's money comes from, what it is spent on and the cost of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

Where the money comes from - £32.8m



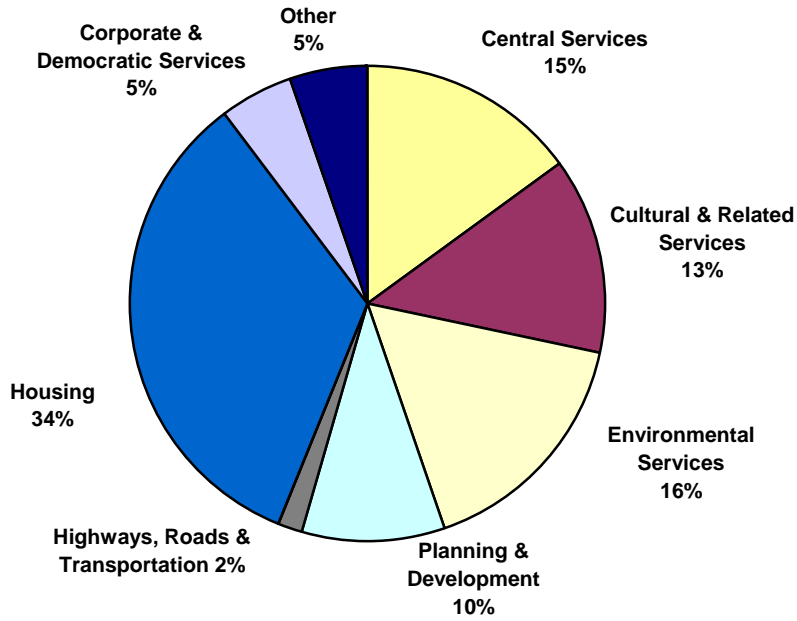
The above chart shows that approximately 47% (£15.5m) of the Council's income comes from Government grants. This includes Revenue Support Grant and Housing Benefit Grant. A further 13% (£4.4m) also comes from the Government in the form of redistributed Business Rates. 5% (£1.6m) comes from interest on balances, with a total of 24% (£7.8m) from fees and charges, and miscellaneous income from the services provided by the Council. 11% (£3.5m) comes from Council Tax.

What the money is spent on - £32.8m



The second chart shows 40% (£13.2m) of the Council's income is spent on Housing Benefit payments, which includes rent allowances and Council Tax Benefits. 32% (£10.5m) is spent on employee costs and 28% (£9.1m) is spent on running expenses, which include maintaining the Council's buildings, operating vehicles and purchasing various external supplies and services.

The services provided - £32.8m



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% (£11m) 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 2006/07 budget and how these compare with actual income and expenditure are set out below. The latest approved budget reflects changes made to the Council's budget during the financial year.

	Latest Approved Budget £	Actual £	Difference £
Net Cost of Services	13,273,107	10,836,063	(2,437,044)
Add: Precepts and Levies			
- Parish Precepts	805,984	805,984	-
- Internal Drainage Boards	57,150	57,152	2
Add: Loss on Trading Activities	74,980	95,614	20,634
Reversal of Capital Charges	(3,258,620)	(1,293,063)	1,965,557
Investment Interest - receivable	(1,492,780)	(1,595,983)	(103,203)
- payable	6,000	6,718	718
Add: Pension Interest Cost and Expected Return on Pension Assets	-	244,000	244,000
Net Operating Expenditure	9,465,821	9,156,485	(309,336)
Transfers to/(from) Reserves			
- Revenue	(486,420)	233,140	719,560
- Pensions	-	(410,224)	(410,224)
Amount to be met from Gov't Grants and Local Taxpayers	8,979,401	8,979,401	-
Financed By:			
Council Precept	(3,489,227)	(3,489,227)	-
Collection Fund Surplus	(2,937)	(2,937)	-
Revenue Support Grant	(861,592)	(861,592)	-
Business Rates	(4,463,383)	(4,463,383)	-
LABGI	(162,262)	(162,262)	-
Total	(8,979,401)	(8,979,401)	-

The above table shows the variances between the Council's latest approved budget and the actual position for 2006/07. An analysis of the main variances is shown overleaf.

Details of Major Variances	£000's Overs	£000's Unders
<ul style="list-style-type: none"> • Concessionary Fares – lower than expected operator payments • Council Tax and NNDR – increase in costs recovered from taxpayers • Housing Benefit paid and Subsidy received • Recycling – improved tonnage on recycling and composting • Homelessness – increased benefit income • Development Control – increase in planning application income • Technical Services – more time charged to capital schemes • Reduction in financing of capital programme from revenue resources • Minor variances 	67	25 26 22 21 21 32 43 231
Service Over/Underspends	67	421
<ul style="list-style-type: none"> • Decrease in expenditure financed from earmarked revenue reserves • Adjustment for pension interest and return on pension assets not included in budget. 	244	199
Total Variances	311	620

The above net service underspend of £354,036 has been transferred to the Council's Earmarked Reserves, as follows:

	£
• Service Improvement Reserve	275,629
• One-Off Reserve	78,407

The detailed Income and Expenditure Account is shown on page 21.

Capital Expenditure

In 2006/07 the Council has continued to invest in new or improved assets to support the delivery of its services. In total £2,729,829 (2005/06 £2,922,233) was spent on schemes and projects for the ultimate benefit of the residents of the district. An analysis of spend by service area is shown below:

2005/2006 £000's	Service	2006/2007 £000's
1,000	Central Services	532
368	Cultural and Related Services	431
358	Environmental Services	178
822	Planning and Development	1,161
47	Highways, Roads and Transportation	238
327	Housing	190
2,922	Total Capital Expenditure	2,730

Whilst expenditure is lower than the previous year due to the completion of a number of industrial developments projects, the Council has undertaken a variety of projects.

£512,000 has been spent on computer software and hardware to further develop the Council's electronic service capability, and £1,009,000 has delivered a range of economic development projects to promote employment opportunities in the District, including craft workshops at the former Bedale Station, and to regenerate market towns.

Other capital expenditure included grants for disabled adaptations to dwellings (£190,000) and grants for community schemes (£117,000).

Further details on the cost of the main schemes contained within the capital programme are shown on page 55.

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 2006/07 £1,884,000 (2005/06 £1,497,000) of capital receipts were used in this way. Other funding came from grants and contributions £834,000 (2005/06 £1,401,000), and £12,000 from revenue (2005/06 £24,000).

Pension Liabilities

The balance sheet on page 24 shows that there is a liability of £9,638,121 in respect of the Pension Fund. This represents the difference between the estimated assets and liabilities in the Pension Fund in respect of Hambleton employees. It is intended that this position will be rectified over the next 29 years.

Material Charges or Credits in the Accounts

The provisions of Local Government Pension Scheme were changed just before the end of 2005/06, by the introduction of the Local Government Pension Scheme (Amendment) Regulations 2006. The change allows members to take a higher lump sum than the standard "3/80ths" basis by commuting part of their pension. This has been introduced as part of the cost-saving measures following the revocation of the Rule of 85 changes in 2005.

The commutation terms are such that it is less costly for the scheme to provide the lump sum than the pension, so to the extent that members take up the option it will reduce the employers' pension costs. An allowance for this was made on the assumption that 50% of members will take up the option to increase their lump sum to the maximum available. The 50% assumption is purely an estimate, but it is consistent with the basis on which the potential cost savings have so far been estimated.

The effect of this change was a credit of £696,000 in 2005/06 shown as a "past service gain". This was a one-off provision and no entry has been recommended by the Actuary in 2006/07. Further details are shown in Note 12 to the Accounts.

Euro

There has been no significant expenditure incurred on Euro preparations during the year. The Council has prepared an outline Euro Strategy, 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.

P Morton
Executive Director

Statement of Responsibilities for the Statement of Accounts

1. 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 Executive Director;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

2. The Executive Director's Responsibilities

The Executive Director 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 Executive Director 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 Executive Director has also:

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

P Morton
Executive Director

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 2007 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 (with a further review in 2006) and aligned 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. In addition, cross cutting strategies are submitted 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 is in place;
- 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;
- All Heads of Service have completed an Assurance Statement for the 12 months to 31 March 2007 which has been counter-signed by their Chief Officer, and;
- The Chair of the Council, Leader of the Council (as Chair of Cabinet) and the Chairs of the 7 main committees have each completed an Assurance Statement for the 12 months to 31 March 2007.

This gives Members assurance as to the soundness of the system on internal controls that is in place.

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

A risk management implementation strategy was approved by Hambleton District Council in November 2001. In March 2006 the newly formed Audit & Governance Committee assumed responsibility for all aspects of Corporate Risk Management. At its inaugural meeting it nominated its Chairman to act as the Council's Member Champion on risk management and endorsed the suggestion that he become a member of the Risk Management Group.

Members of the Cabinet and the Audit & Governance Committee, Risk Management Group members, Risk Owners and other selected staff received specialist training in June and November 2006.

Risk Management is a standard element of all Cabinet reports and Service Plans. A Risk Management Group, reporting to Chief Officers Management Team and the Audit & Governance Committee, was set up to implement the strategy and embed risk management within the Council.

The Risk Management Group has a diverse departmental spread and includes the Council's Risk Manager, as well as the Chairman of the Audit and Governance Committee.

Each service area has a nominated Risk Owner who has been given specific training on risk management by Consultants at Zurich Municipal, the Council's 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, and Departmental Management Teams also review improvement plans. Progress is reported to the Audit and Governance Committee.

In the early months of 2007 a Corporate Plan risk register was created which identifies the risks to the Councils' Corporate Objectives under each priority theme. This will be reviewed quarterly by the Heads of Service Team and the Audit and Governance Committee.

Responsibility for monitoring Risk Management, at an officer level, is the responsibility of the Internal Audit Section and quarterly reviews of all risk registers are undertaken in conjunction with the risk owners.

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

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 which are now subject to challenge before being approved by Chief Officers. These budgets are then submitted to Cabinet which makes a recommendation to the Council. The budgets are also subject to review by Overview and Scrutiny Committees before being approved by Council as part of the Council Tax setting process. During 2006 these budgets were realigned with the Council's priority themes.

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 four 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, is 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.

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 Audit Section 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:-

- A new requirement under the Accounts & Audit regulations 2003 is that every local authority undertakes a review of the effectiveness of its system of internal audit annually. The review for 2006/07 was undertaken by an officer from the North Yorkshire Audit Partnership who concluded the section provides an effective internal audit service. This was reported to the Audit & Governance Committee in March 2007.
- 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 Executive Director 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.

- Every Head of Service signs a statement, counter-signed by their Chief Officer, which gives an assurance as to the soundness of the system of internal controls that are in place within their respective areas.
- The Chair of the Council, Leader of the Council (As Chair of Cabinet) and the Chairs of the 7 main Committees sign a statement giving an assurance as to the conduct of Council/Committee business being both lawful and in a manner prescribed by the Councils' Constitution.
- 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 Audit & Governance Committee considers and approves both the strategic and annual plans and will receive a half-year update of actual performance against the plan and an outturn report when the audit year is completed.
- Training in risk management for a significant number of officers across the Council has been refreshed in 2006/07. Training has also been given to members of both the Cabinet and the Audit & Governance Committee. Quarterly reviews are undertaken to ensure risk registers are maintained by appropriate risk owners. An action 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 is reported to the Chief Officers Management Team and Audit & Governance Committee.
- During 2006/07 a Corporate Plan risk register was created which identifies the risks to the Councils' Corporate Objectives under each priority theme and will be reviewed quarterly by the Heads of Service Team. This will also be reported to the Audit & Governance Committee on a quarterly basis.
- 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, and;
 - 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 2006/07 that needed to be addressed.

In 2007/08 Hambleton District Council will:

- maintain and reinforce its risk management processes to ensure that there continues to be a robust approach embedded within the authority;
- review the Risk Management Strategy and produce a Risk Management Guidance Manual;
- report quarterly to the Audit & Governance Committee on risk management issues;
- arrange training for all Members of the Council and any officer requiring refresher training;
- undertake a review of the Council's Constitution, including the Procurement 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 Audit & Governance Committee to approve the Annual Statement of Accounts for 2006/07.

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Councillor Arthur Barker
Leader of the Council

.....

Peter Simpson
Chief Executive

Date:

Date:

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 2006: 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). There have been 3 changes to Accounting Policies, all of which have come from the drive to bring Local Authority Accounting in line with UK Generally Accepted Accounting Practice (UK GAAP):-

Gains and Losses on Disposal of Fixed Assets

The gain/loss on disposal is calculated by taking the proceeds for the asset and deducting its fair value and disposal costs. Any surplus or deficit on disposal is credited or debited to the Income and Expenditure Account. However, as the cost of the fixed asset will have been fully provided for under separate arrangements for capital financing, the surplus or deficit on disposal should not be a charge or credit against Council Tax, therefore these charges and credits are appropriated back out via the Statement of Movement on the General Fund Balance.

Government Grants Deferred

The treatment of government grants deferred has been amended for 2006/07. Where an asset is purchased using either grant funding, or contributions, the amount of grant is credited to the government grants account. This grant is released to revenue over the life of the asset to offset the depreciation charge. In previous years this release has always been to the now defunct Asset Management Revenue Account. For 2006/07 the grant has been released to the service account using the asset. The 2005/06 comparative figures have also been amended to reflect this change.

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 used to be determined by applying a specified notional interest rate to net asset values. The 2006 Statement of Recommended Practice has abolished the capital financing charge from 2006/07 onwards. The 2005/06 comparative figures have been amended to reflect the change. Notional interest calculations will still be undertaken for the purpose of costing capital projects. 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 Statement of the Movement on the General Fund Balance.

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 include grants paid to housing associations and other grants.

All deferred charges have been discharged and written off to services through the Income and Expenditure Account.

4. 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.

5. 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.

6. 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.

7. 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 Computing	Floor area of occupation Actual use

The balance of unallocated costs remaining in the Income and Expenditure Account is as follows:

2005/2006 £		2006/2007 £
1,316	Computer Costs	543
(113,978)	Office Accommodation	21,758
10,597	Depots	(15,918)
(7,120)	Support Services	(31,765)
(109,185)	Total Expenditure	(25,382)

8. 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 2006/07 the Council has no such provisions.

9. Reserves

The Council maintains earmarked revenue reserves to meet future expenditure. Earmarked revenue reserves held in 2006/07 are set out in Note 17 to the Accounts and the net transfers to and from these reserves is disclosed in Note 2 to the Accounts.

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 and 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.

10. Retirement Benefits

The pension liabilities of the Council are accounted for using FRS 17 principles.

The Council's pension scheme provides participants with defined benefits related to pay and service. In line with the accounting policies outlined in the 2006 Statement of Recommended Practice (SORP), the Council has complied with the requirements of Financial Reporting Standard 17 – Accounting for Retirement Benefits and in particular:

- the assets of the scheme are measured at fair value;
- the attributable liabilities of the scheme are measured on an actuarial basis;
- the scheme liabilities are discounted at a rate based upon long dated, AA rated, corporate bonds which reflects the time value of money and the characteristic of the liability;
- the deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- the current service cost is based on the most recent actuarial valuation at the beginning of the period;
- the interest cost is based on the discount rate and present value of liabilities at the beginning of the period;

- the expected return on assets is based on long-term expectations at the beginning of the period;
- actuarial gains and losses may arise from a new valuation or updates to the latest valuation;
- past service costs are disclosed on a straight-line basis over the period the increased benefits vest;
- Gains/Losses arising on settlement or curtailment are measured at the date all parties become irrevocably committed to the transaction.

11. 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 Government Grants Deferred Account (see Note 11 to the Accounts) and released to the Income and Expenditure Account in line with depreciation. Where an asset is not depreciated the grants are transferred to the Capital Financing Account (see Note 14 to the Accounts).

12. Leases

Expenditure on operational leases is charged to the relevant service revenue account. Expenditure in 2006/07 along with undischarged obligations under these leases is disclosed in Note 29 to the Accounts.

No assets have been acquired under finance leases.

13. Interest

Interest on any investments is accrued and credited to the Income and Expenditure Account for the period to which it relates.

14. Investments

Investments are shown in the Balance Sheet at the lower of cost or market value. Further details are shown in Note 9 to the Accounts.

15. 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.

Income and Expenditure Account

2005/2006		2006/2007		
Net Expenditure £		Gross Expenditure £	Income Expenditure £	Net Expenditure £
	Continuing Operations			
996,104	Central Services to the Public	4,917,264	4,032,151	885,113
1,819,142	Cultural and Related Services	4,725,213	2,931,926	1,793,287
3,816,294	Environmental Services	5,645,807	1,916,522	3,729,285
1,293,966	Planning and Development	3,463,690	1,969,323	1,494,367
443,144	Highways Roads & Transportation	542,782	58,022	484,760
783,920	Housing	11,190,811	10,466,873	723,938
1,667,145	Corporate and Democratic Core	1,726,740	94,059	1,632,681
(693,626)	Non-Distributed Costs	117,983	25,351	92,632
10,126,089	Total Continuing Operations	32,330,290	21,494,227	10,836,063
-	Discontinued Operations	-	-	-
-	Exceptional Items	-	-	-
10,126,089	Net Cost Of Services	32,330,290	21,494,227	10,836,063
	Other Operating Expenditure / (Income)			
(438,842)	(Gain)/Loss on Sale of Fixed Assets			(434,026)
806,517	Precepts and Levies			863,136
85,810	(Surplus)/Deficit from Trading Activities (Note 1)			95,614
1,977	Interest Payable and Similar Charges			6,718
-	Investment Losses			-
(1,601,054)	Interest and Investment Income			(1,595,983)
373,000	Pension Interest Cost and Expected Return on Pension Assets			244,000
9,353,497	Net Operating Expenditure			10,015,522
	Sources of Finance			
(3,351,402)	Hambleton District Council Precept			(3,489,227)
(2,865)	Demand on the Collection Fund (Surplus)/Deficit			(2,937)
(2,350,407)	Revenue Support Grant			(861,592)
(123,270)	LABGI			(162,262)
(2,451,329)	Non Domestic Rates Redistribution			(4,463,383)
1,074,224	(Surplus)/Deficit for the Year			1,036,121

Statement of the Movement on the General Fund Balance

2005/2006 £		2006/2007 £
1,074,224 (1,074,224)	(Surplus)/Deficit for the Year on the Income and Expenditure Account Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the Year	1,036,121 (1,036,121)
-	Increase in General Fund Balance for the Year generally available for new expenditure	-
(2,000,000)	General Fund Balance at Start of Year	(2,000,000)
(2,000,000)	General Fund Balance at End of Year generally available for new expenditure	(2,000,000)

Note of Reconciling Items for the Statement of Movement on the General Fund Balance

2005/2006 £		2006/2007 £
	Amounts included in the Income and Expenditure Account but required by Statute to be excluded when determining the Movement on the General Fund Balance for the Year	
(306,612)	Amortisation of Intangible Fixed Assets (Write Downs of Deferred Charges)	(365,709)
(1,022,091)	Depreciation and Impairment of Fixed Assets	(942,117)
278,275	Government Grants Deferred Amortisation (Note 11)	346,948
(445,235)	Write Downs of Deferred Capital Receipts financed from Capital Resources	(344,335)
438,842	Net Gain/(Loss) on Sale of Fixed Assets	434,026
(768,000)	Net Charges made for Retirement Benefits in accordance with FRS 17	(1,532,000)
(1,824,821)		(2,403,187)
	Amounts not included in the Income and Expenditure Account but required to be included by Statute when determining the Movement on the General Fund Balance for the Year	
1,090,376	Employers contributions payable to NYCC Pension Fund and Retirement payments payable direct to Pensioners	1,121,776
23,848	Capital Expenditure charged in*+- year to General Fund Balance	12,150
1,114,224		1,133,926
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the Year	
	Net Transfer to/(from) Earmarked Reserves	
(363,627)	Earmarked Revenue Reserves (Note 2)	233,140
(363,627)		233,140
(1,074,224)	Net Additional amount required to be credited to the General Fund Balance for the Year	(1,036,121)

Statement of Total Recognised Gains and Losses

2005/2006 £		2006/2007 £
1,074,224	(Surplus)/Deficit for the Year on the Income and Expenditure Account	1,036,121
(2,450,658)	(Surplus)/Deficit arising on Revaluation of Fixed Assets	(1,180,265)
51,000	Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities (Note 12)	(2,577,000)
(1,325,434)		(2,721,144)
(889,611)	Any Other (Gains)/Losses	(876,546)
(2,215,045)	Total Recognised (Gains)/Losses for the Year	(3,597,690)

The Balance Sheet

31 March 2006 £		31 March 2007 £	
	Fixed Assets		
1,232,529	Intangible Fixed Assets (Note 3)	1,067,940	
	Tangible Fixed Assets (Note 4)		
	Operational Assets:		
25,089,309	- Land and Buildings	25,801,849	
2,626,504	- Vehicles, Plant and Equipment	2,496,844	
2,154,963	- Infrastructure Assets	2,122,007	
41,669	- Community Assets	68,934	
	Non-Operational Assets:		
6,314,342	- Investment Properties	7,610,341	
124,696	- Assets Under Construction	272,779	
37,584,012	Total Fixed Assets		39,440,694
25,360	Long Term Investments (Note 5)		24,940
333,680	Long Term Debtors (Note 6)		116,000
37,943,052	Total Long Term Assets		39,581,634
	Current Assets		
80,576	Stocks (Note 7)	97,089	
2,659,844	Debtors (Note 8)	2,469,426	
28,344,009	Investments (Note 9)	29,953,806	
296,418	Cash	259,734	
			32,780,055
69,323,899	Total Assets		72,361,689
	Current Liabilities		
(4,584,979)	Creditors (Note 10)		(6,427,229)
64,738,920	Total Assets Less Current Liabilities		65,934,460
	Long Term Liabilities		
(3,504,383)	Government Grants Deferred (Note 11)	(3,269,009)	
(11,804,897)	Defined Benefit Pension Scheme (Note 12)	(9,638,121)	
(15,309,280)			(12,907,130)
49,429,640	Total Assets Less Liabilities		53,027,330
	Financed By		
(11,542,227)	Fixed Asset Restatement Account (Note 13)	(12,579,971)	
(22,540,733)	Capital Financing Account (Note 14)	(23,497,639)	
(12,274,805)	Usable Capital Receipts Reserve (Note 15)	(11,484,004)	
(6,898)	Deferred Capital Receipts (Note 16)	(4,897)	
11,804,897	Pension Reserve (Note 12)	9,638,121	
(2,000,000)	General Fund Balance	(2,000,000)	
5,726	Collection Fund Balance (Note 8)	9,800	
(12,875,600)	Other Reserves (Note 2/17)	(13,108,740)	
(49,429,640)	Total Net Worth		(53,027,330)

Chairman and Executive Director's Certificate

We certify that the accounts set out between pages 21 to 52 inclusive present fairly the true financial position of the authority as at 31 March 2007.

Chairman of Audit &
Governance Committee

Executive Director

The Cash Flow Statement

2005/2006 £	Cash Flow	2006/2007 £ £	
	Revenue Activities		
	Cash Outflows		
10,261,776	Cash Paid to and on Behalf of Employees	10,316,072	
6,403,823	Other Operating Cash Payments	8,058,943	
9,168,138	Housing Benefit Paid Out	9,922,664	
19,205,479	NNDR Payments to National Pool	20,554,985	
38,617,045	Precepts Paid	40,513,712	
33,489	Contributions to Collection Fund Surplus (NYCC/NYPA)	33,182	
			89,399,558
	Cash Inflows		
(38,109,857)	Council Tax Receipts	(40,028,269)	
(19,506,214)	NNDR Receipts	(22,456,446)	
(4,225,624)	NNDR Receipts from National Pool	(4,313,618)	
(2,350,407)	Revenue Support Grant	(861,592)	
(12,967,289)	DWP Grants for Benefits (Note 19)	(13,878,031)	
(787,937)	Other Government Grants (Note 19)	(647,764)	
(4,649,593)	Cash Received for Goods and Services	(5,427,979)	
(2,208,940)	Other Operating Cash Receipts	(2,711,788)	
			(90,325,487)
(1,116,111)	Net Cash Flow from Revenue Activities (Note 18)		(925,929)
	Servicing of Finance		
	Cash Outflows		
1,977	Interest Paid		5,631
	Cash Inflows		
(1,603,031)	Interest Received		(1,594,896)
(1,601,054)	Net Cash Flow from Servicing of Finance		(1,589,265)
	Capital Activities		
	Cash Outflows		
2,303,250	Purchase of Fixed Assets	1,767,546	
1,189,737	Other Capital Payments	750,995	
			2,518,541
	Cash Inflows		
(1,855,807)	Sale of Fixed Assets	(957,045)	
(347,208)	Government Grants Received (Note 19)	(283,750)	
(598,299)	Other Capital Receipts	(335,665)	
			(1,576,460)
691,673	Net Cash Flow from Capital Activities (Note 18)		942,081
	Management of Liquid Resources		
1,237,058	Net Cash (Inflow)/Outflow (Note 20)		(12,365,203)
1,237,058	Net Cash Flow from Liquid Resources		(12,365,203)
(788,434)	Net Cash Outflow/(Inflow) for the year (Note 21)		(13,938,316)

Notes to the Accounts

INTRODUCTION

Prior Year Adjustments

In the 2006/07 Statement of Accounts, Hambleton District Council has adopted three new accounting policies that impact on the comparative figures for 2005/06 in the Income and Expenditure Account:

- Capital Financing Charges for the use of fixed assets are no longer made to service revenue accounts, support services and trading accounts.
- Credits for Government Grants Deferred are now charged to service revenue accounts, support services and trading accounts rather than credited as a corporate income item.
- Gains and Losses on the disposal of fixed assets are recognised in the Income and Expenditure Account.

In addition to the above changes the Central Support and Overheads line in the Continued Operations section of the Income and Expenditure account has been removed. These changes have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts.

	2005/06 Original Statement of Accounts	Capital Financing charges	Gov Grants Deferred	Gains & Losses on Disposal of Fixed Assets AMRA & Interest	Central Support & Overheads Re- apportioned	2005/06 Income & Expenditure Account
	£	£	£	£	£	£
Central Support & Overheads	85,347	(159,535)	(34,997)	-	109,185	-
Central Public Services	1,026,963	(3,283)	(13,631)	-	(13,945)	996,104
Cultural & Related Services	2,316,920	(472,461)	(18,004)	-	(7,313)	1,819,142
Environmental Services	4,126,865	(179,894)	(111,201)	-	(19,476)	3,816,294
Planning & Development	1,493,219	(100,389)	(67,963)	-	(30,901)	1,293,966
Highways, Roads & Transportation	569,711	(126,386)	(181)	-	-	443,144
Housing	823,230	(6,561)	(19,221)	-	(13,528)	783,920
Corporate & Democratic Core	1,710,281	(6,037)	(13,077)	-	(24,022)	1,667,145
Non Distributed Costs	(488,550)	(205,076)	-	-	-	(693,626)
Net Cost of Service	11,663,986	(1,259,622)	(278,275)	-	-	10,126,089
Disposal of Fixed Assets	-	-	-	(438,842)	-	(438,842)
Precepts and Levies	806,517	-	-	-	-	806,517
(Surplus)/Deficit from Trading Activities	89,571	(3,761)	-	-	-	85,810
Interest Payable	-	-	-	1,977	-	1,977
Asset Management Rev Acc	(1,541,658)	-	-	1,541,658	-	-
Interest & Investment Income	(1,599,077)	-	-	(1,977)	-	(1,601,054)
Pension Interest Cost	373,000	-	-	-	-	373,000
Net Operating Expenditure	9,792,339	(1,263,383)	(278,275)	1,102,816	-	9,353,497

Notes to the Accounts (Cont'd 1)

Changes to Accounting Practice

During the 2006/07 financial year there have been some significant changes to the way Local Government Accounts are presented. There is a strong drive to bring Local Government Accounting Practice in line with UK Generally Accepted Accounting Practice (UK GAAP).

In previous years the Statement of Accounts has always contained a Consolidated Revenue Account. The aim of this account was two-fold. Firstly, it set out the authority's financial performance for the year as measured in accordance with proper accounting practices, secondly it determined the net expenditure to be charged against Council Tax for the year.

The Consolidated Revenue Account has been replaced by two new statements, the Income and Expenditure Account and the Statement of the Movement on the General Fund Balance.

Income and Expenditure Account

The purpose of the Income and Expenditure Account is to show a summary of the resources generated and consumed within the year. This Account is split into three sections. The first section provides information on the income and expenditure of the authority's different operations. The second section comprises of income and expenditure relating to the authority as a whole. The third section shows income from local taxation and general government grants in the period, to give the net surplus or deficit for the year.

Statement of the Movement on the General Fund Balance

The purpose of the Statement of the Movement on the General Fund Balance is to reconcile how the balance of resources generated/consumed in the year links in with the statutory requirements for raising Council Tax.

The Income and Expenditure Account discloses the income receivable and expenditure incurred by the Council for the year. The surplus or deficit achieved on the Income and Expenditure Account represents the amount by which income is greater than or less than expenditure. Both income and expenditure are measured using essentially the same accounting conventions (i.e. UK GAAP) that a large (but unlisted) company would use in preparing its audited annual financial statements.

However, the items of 'income' and 'expenditure' that are required to be credited or charged to the General Fund and which therefore must be taken into account in determining a local authority's budget requirement and in turn its Council Tax demand is determined by statute and non-statutory proper practices rather than being in accordance with UK GAAP. While the amounts that the Statement of Recommended Practice (SORP) requires to be included in the Income and Expenditure Account and statute and non-statutory proper practices requires to be included in the General Fund are largely the same, there are a number of differences. For example, depreciation of fixed assets is charged to the Income and Expenditure Account but cannot be charged to the General Fund.

The Statement of the Movement on the General Fund Balance shows the amount to be credited or debited to the General Fund in total as a one line entry. Therefore a note is

Notes to the Accounts (Cont'd 2)

required to this statement to break this entry down into its component parts. This note is known as the **Note of Reconciling Items for the Statement of Movement on the General Fund Balance**.

Statement of Total Recognised Gains and Losses

The Statement of Total Recognised Gains and Losses is another new statement, whose purpose is to demonstrate how the movement in the net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.

Not all the gains and losses experienced by a local authority are reflected in the Income and Expenditure Account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are excluded as they are treated under UK GAAP as arising from asset and liability valuation changes rather than from an entity's operating performance. It is necessary to consider all gains and losses recognised in a period when assessing the financial result for the period. FRS 3 Reporting Financial Performance requires all gains and losses to be included in the Statement of Total Recognised Gains and Losses (STRGL). More detailed explanations relating to specific items within the accounts follow in the notes below.

1. Trading Operations

The authority operates two market undertakings at Northallerton and Thirsk. The total turnover, which was largely rents from stallholders, amounted to £212,625 (2005/06 £221,921), and the surplus charged to the General Fund was £76,726 (2005/06 surplus £82,656).

In addition the Council operates a trade waste collection service which had a turnover of £475,846 (2005/06 £458,945) and made a loss of £172,340 (2005/06 loss of £168,466).

2005/2006 £	Trading Activity	2006/2007 £
(82,656)	Markets	(76,726)
168,466	Trade Waste	172,340
85,810	(Surplus) / Deficit	95,614

2. Earmarked Revenue Reserves

Earmarked Revenue Reserves	Appropriations		Net Movement £
	To £	From £	
Council Taxpayers Reserve	(1,270,774)	1,696,847	426,073
One-Off Reserve	(78,407)	97,539	19,132
Community Safety Partnership	(33,911)	-	(33,911)
Local Plan Reserve	(267,245)	281,075	13,830
Promotion of Tourism Reserve	(682)	27,603	26,921
Building Control Reserve	-	5,730	5,730
Service Improvement Reserve	(638,866)	145,376	(493,490)
Hambleton Strategic Partnership Reserve	-	42,475	42,475
Capital Fund	(239,900)	-	(239,900)
Total Movement Reserves	(2,529,785)	2,296,645	(233,140)

Notes to the Accounts (Cont'd 3)

3. Intangible Fixed Assets

2005/2006 £	IT Software and Services	2006/2007 £
1,286,540	Original Cost	2,042,373
(503,232)	Amortisations to 31 March	(809,844)
783,308	Balance at 1 April	1,232,529
755,448	Expenditure in Year	201,121
385	Adjustments	-
(306,612)	Written off to Revenue in Year	(365,710)
1,232,529	Balance at 31 March	1,067,940

Intangible Fixed Assets cover IT services and software that are used for most of 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.

Expenditure on deferred charges was written off to revenue in 2006/07. This included Home Improvement Grants (£189,881 in 2006/07 and £184,808 in 2005/06), Housing Association Grants (£79,200 in 2006/07 and £142,000 in 2005/06) and other schemes (£333,983 in 2006/07 and £257,802 in 2005/06). The 2006/07 Housing Association Grant was given to support Young Persons Housing.

Notes to the Accounts (Cont'd 4)

4. 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	Vehicles, Plant and Equipment					
	£	£	£	£	£	£	£
Gross Book Value at 1 April 2006	26,753,679	5,810,232	6,314,342	124,696	2,837,039	41,669	41,881,657
Additions	547,895	440,131	449,047	434,169	52,422	1,980	1,925,644
Disposals	-	(5,744)	(138,500)	-	-	-	(144,244)
Adjustments	24,654	-	16,337	(66,276)	-	25,285	-
Revaluations	163,112	-	969,115	(219,810)	-	-	912,417
Gross Book Value at 31 March 2007	27,489,340	6,244,619	7,610,341	272,779	2,889,461	68,934	44,575,474
Depreciation at 1 April 2006	(1,631,437)	(3,183,728)	-	-	(682,076)	-	(5,497,241)
Depreciation for Year	(323,902)	(565,770)	-	-	(85,378)	-	(975,050)
Depreciation on Assets Sold	-	1,723	-	-	-	-	1,723
Depreciation written back on Revalued Assets	267,848	-	-	-	-	-	267,848
Depreciation at 31 March 2007	(1,687,491)	(3,747,775)	-	-	(767,454)	-	(6,202,720)
Accumulated Impairment at 1 April 2006	(32,933)	-	-	-	-	-	(32,933)
Impairment in Year	32,933	-	-	-	-	-	32,933
Accumulated Impairment at 31 March 2007	-	-	-	-	-	-	-
Net Book Value at 31 March 2007	25,801,849	2,496,844	7,610,341	272,779	2,122,007	68,934	38,372,754

Notes to the Accounts (Cont'd 5)

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 2006/07 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 2006 Numbers	Assets	31 March 2007 Numbers	Estimated Useful Live Years
3	Offices	3	60
4	Depots	4	11-36
9	Public Conveniences	9	60
13	Off Street Car Parks	13	40
1	Community Centres	1	60
4	Sports & Leisure Facilities	4	25-50
5	Industrial Estates	5	N/A
5	Industrial Workshop Buildings	5	N/A
2	Managed Workspace Buildings	2	60
1	Visitor Centre	1	60
5	TICs	4	60
21	Vehicles	23	5-8
75,048	Domestic Wheeled Bins	75,938	10

Capital expenditure was financed as follows:

Financed By:-	31 March 2007 £	Expenditure	31 March 2007 £
Capital Receipts	1,883,929	Tangible Fixed Assets	1,925,644
Revenue Contributions	12,150	Intangible Fixed Assets	201,121
Grants	833,750	Deferred Charges	603,064
Total	2,729,829		2,729,829

Further details on the Council's capital expenditure incurred during 2006/07 are shown in the Capital Accounts Summary on page 55.

Notes to the Accounts (Cont'd 6)

At the end of 2006/07 the Council had the following capital commitments outstanding.

Contract	Contractor	Contract Value £	Outstanding Commitment £	Expected Completion
Stokesley Managed Workspace	T Armstrong (Conts) Ltd	1,896,551	29,654	July 07
Northallerton AWP	Blakedown Sport & Play Ltd	385,622	31,149	July 07
Grass Cutting	M Feasby Services	62,496	60,254	March 09
17 Market Place, Bedale	D Hare (Construction) Ltd	428,647	233,856	August 07
CCTV Stokesley	Quadrant Video System	46,664	15,225	Sept 07

Operating Leases

The Council was committed at 31 March 2007, to make a leasing agreement in 2007/08 under operating leases for a number of vehicles – an analysis by expiration date is shown below. The amount to be charged to revenue in 2007/08 will be £24,359 reflecting the amount of leasing payments attributable to the year but prepaid in 2006/07.

	Vehicles Plant and Equipment £
Leases Expiring in 2007/08	24,359
Leases Expiring Between 2008/09 and 2011/12	-
	24,359

5. Long Term Investments

The investments consist of:

31 March 2006 £	Long Term Investments	31 March 2007 £
20,000	ADSC Debenture	20,000
5,360	3 ½ War Loan Stock	4,940
25,360	Total Long Term Investments	24,940

Notes to the Accounts (Cont'd 7)

6. Long Term Debtors

31 March 2006 £	Long Term Debtors	31 March 2007 £
6,898	Housing Mortgages - Council Houses	4,897
208,980	- Housing Associations	-
117,802	Car Loans to Employees	111,103
333,680	Total Long Term Debtors	116,000

7. Stocks

The main items of stock relate to:

31 March 2006 £	Stocks	31 March 2007 £
21,559	Central Stocks - Stationery etc.	21,272
24,042	Herriot Visitor Centre	24,981
3,157	TICs	5,791
11,494	Operational Services	15,720
20,324	Leisure Facilities	29,325
80,576	Total Stocks	97,089

8. Debtors

The 2006 SORP states that the Collection Fund Balance shown on the Balance Sheet should only be Hambleton District Council's share of the total Collection Fund Balance. The remainder of the balance due to or from other authorities should be included as a debtor or creditor on the Balance Sheet. The table below shows the calculation for Hambleton District Council's share for both years:-

31 March 2006 £	Collection Fund Analysis	31 March 2007 £
	Other Authorities	
51,535	North Yorkshire County Council 73% (2005/06 72%)	89,425
10,737	North Yorkshire Police Authority 15% (2005/06 15%)	18,375
3,579	North Yorkshire Fire & Rescue Auth. 4% (2005/06 5%)	4,900
65,851	Amount included in Debtors (other Local Authorities)	112,700
5,726	Hambleton District Council share 8% (2005/06 8%)	9,800
71,577	Total Collection Fund Balance	122,500

Notes to the Accounts (Cont'd 8)

31 March 2006 £	Debtors	31 March 2007 £
	Amounts falling due in one year :-	
664,014	Government Departments	365,140
385,596	Other Local Authorities	442,682
141,485	Other Public Sector Organisations	72,334
183,087	Housing Associations	150,048
927,389	Council Taxpayers	1,010,299
251,517	Business Ratepayers	349,387
1,091,187	Sundry Debtors	1,123,089
3,644,275		3,512,979
(984,431)	Less Provision For Doubtful Debts	(1,043,553)
2,659,844	Net Debtors	2,469,426

Notes to the Accounts (Cont'd 9)

9. Short Term Investments

The investments consist of:

31 March 2006			Investments	31 March 2007		
Specified	Non Specified	Total		Specified	Non Specified	Total
£	£	£		£	£	£
10,087,028	3,987,131	14,074,159	Investec Investment Management	10,862,150	4,786,656	15,648,806
12,413,089	1,526,761	13,939,850	Alliance Capital	-	-	-
330,000	-	330,000	Money Market	14,305,000	-	14,305,000
22,830,117	5,513,892	28,344,009	Total Investments	25,167,150	4,786,656	29,953,806

The total £14,312,879 investments (including accrued interest of £373,029), held by Alliance Capital were returned during the year and was reinvested in-house in the money market.

In total the investments held by the Fund earned £947,676 in interest profits and this was left with the Fund Managers for further investment.

Notes to the Accounts (Cont'd 10)

10. Creditors

31 March 2006 £	Creditors	31 March 2007 £
(482,311)	Other Local Authorities	(271,345)
(102,908)	Other Public Sector Organisations	(83,553)
(416,053)	Government Departments	(197,708)
(23,925)	Water Companies	(13,554)
(106,560)	Housing Associations	(114,539)
(721,487)	Council Taxpayers	(768,334)
(337,904)	Business Ratepayers	(2,046,616)
(2,393,831)	Sundry Creditors	(2,931,580)
(4,584,979)	Total Creditors	(6,427,229)

11. Government Grants Deferred

The 2005 Code required that government grants and other contributions were credited to a Government Grants 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 related. This has changed in 2006/07 and they are now credited to the continuing operations section of the Income and Expenditure Account. The 2005/06 comparatives have been amended to reflect this change.

2005/2006 £	Government Grants Deferred	2006/2007 £
(3,411,400)	Balance Brought Forward at 1 April	(3,504,383)
(1,262,253)	Grants Received in the Year	(686,595)
890,995	Grants Applied to Capital Expenditure transferred to Capital Financing Account	575,021
278,275	Grants Released to Income and Expenditure Account	346,948
(3,504,383)	Balance Carried Forward at 31 March	(3,269,009)

12. 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.

Notes to the Accounts (Cont'd 11)

The Net Cost of Services 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 in the Statement of the Movement on the General Fund Balance.

The following table summarises the transactions included in the Income and Expenditure Account:

2005/2006 £	Local Government Pension Scheme	2006/2007 £
1,090,000	Net Cost of Service:	1,282,000
(696,000)	- Current Service Costs	-
1,000	- Past Service Costs	6,000
	- Curtailment Costs	
1,950,000	Net Operating Expenditure:	2,079,000
(1,577,000)	- Interest Cost	(1,835,000)
	- Expected Return on Assets	
768,000	Net Charge to the Income and Expenditure Account	1,532,000
(768,000)	Statement of Movement in the General Fund Balance	(1,532,000)
	- reversal of Net Charges made for Retirement Benefits in accordance with FRS17	
(322,376)	- Contribution (to) / from Pension Reserve	410,224
(1,090,376)	Actual Amount Charged Against the General Fund Balance for pensions in the year (Employers Contributions payable to the Scheme)	(1,121,776)

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

31 March 2006 £	Local Government Pension Scheme	31 March 2007 £
30,473,103	Estimated Assets in Scheme	32,637,879
(42,278,000)	Estimated Liabilities in Scheme	(42,276,000)
(11,804,897)	Net Asset/(Liability)	(9,638,121)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £42,276,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. Statutory arrangements for funding the pension deficit mean that the financial position of the Council remains healthy.

The deficit on the Local Government Pension Scheme (LGPS) will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme actuary. Assets in the LGPS are revalued every three years, the latest valuation being applicable from 31 March 2004.

Notes to the Accounts (Cont'd 12)

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 2006	31 March 2007
◆ Rates of Inflation	2.90%	3.10%
◆ Rate of Increase in Salaries	4.65%	4.85%
◆ Rate of Increase in Pensions	2.90%	3.10%
◆ Discount Rate	4.90%	5.40%

The assets attributable to the Council in the Scheme are £32,637,879 (£30,473,103 2005/06) valued at fair value (principally market value for investments) as at 31 March 2007. 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 2006		31 March 2007	
		£000's	%	£000's	%
Equities	7.0	22,855	75.00	25,132	77.00
Gov't Bonds	4.3	2,316	7.60	2,350	7.20
Other Bonds	4.9	4,266	14.00	4,830	14.80
Cash/Liquidity	4.5	1,036	3.40	326	1.00
		30,473	100.00	32,638	100.00

The overall position of the Pension Fund in relation to Hambleton District Council is £9,638,121 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.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme.

Notes to the Accounts (Cont'd 13)

The movement in the net pension liability for the year to 31 March 2007 is as follows:-

2005/06 £	Movement in Net Pension Liability	2006/07 £
(12,076,273)	Net pensions liability at 1 April	(11,804,897)
	Movement in the year:	
(1,090,000)	Current Service Cost	(1,282,000)
1,090,376	Employers contributions including unfunded retirement benefits	1,121,776
695,000	Past Service Costs/Curtailment Costs	(6,000)
1,577,000	Expected Return on Assets	1,835,000
(1,950,000)	Interest on Pension Liabilities	(2,079,000)
(51,000)	Actuarial Gain / (loss)	2,577,000
(11,804,897)	Net Pension Liability at 31 March	(9,638,121)

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 three accounting periods are shown.

Analysis of Actuarial Gain/(Loss)	2003/04		2004/05		2005/06		2006/07	
	£	% of Assets / Liabilities	£	% of Assets / Liabilities	£	% of Assets / Liabilities	£	% of Assets / Liabilities
Difference between the expected and actual return on assets	3,344,000	15.3	765,000	3.2	4,640,000	15.2	160,000	0.5
Difference between the actuarial assumptions about liabilities and actuarial experience	-	-	1,072,000	3.0	(949,000)	2.2	-	-
Changes in the demographic and financial assumptions used to estimate liabilities	-	-	(6,656,000)	18.5	(3,742,000)	8.9	2,417,000	5.7
	(3,344,000)		(4,819,000)		(51,000)		2,577,000	

Notes to the Accounts (Cont'd 14)

13. 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.

2005/2006 £	Fixed Asset Restatement Account	2006/2007 £
(10,133,895)	Balance Brought Forward at 1 April	(11,542,227)
(2,451,042)	Revaluation of Fixed Assets	(1,316,280)
1,042,710	Disposal of Fixed Assets	142,521
-	Impairments (expenditure not adding value)	136,015
(11,542,227)	Balance Carried Forward at 31 March	(12,579,971)

14. Capital Financing Account

2005/2006 £	Capital Financing Account	2006/2007 £ £
(21,624,796)	Balance Brought Forward at 1 April	(22,540,733)
(1,496,757)	Capital Financing	
(23,848)	- Usable Capital Receipts	(1,883,929)
(890,995)	- Direct Revenue Financing	(12,150)
(2,411,600)	- Grants Applied	(575,021)
		(2,471,100)
-	Use of Debt Redemption Reserve for Capital Expenditure	-
751,847	Amortisation of Intangible Assets and Charges to Income and Expenditure Account	710,045
-	Impairment Loss on Fixed Assets	(32,933)
1,022,091	Provision for Depreciation	975,050
(278,275)	Deferred Grant Release	(346,948)
1,495,663		1,305,214
-	Other	
	In Year Adjustment	208,980
(22,540,733)	Balance Carried Fwd at 31 March	(23,497,639)

Notes to the Accounts (Cont'd 15)

15. Usable Capital Receipts Reserve

2005/2006 £	Usable Capital Receipts Reserve	2006/2007 £
(12,290,010)	Balance Brought Forward at 1 April	(12,274,805)
(1,481,552)	Capital Receipts in Year	(1,093,128)
1,496,757	Financing of Capital Expenditure	1,883,929
(12,274,805)	Balance Carried Forward at 31 March	(11,484,004)

16. 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 6 to the Accounts.

2005/2006 £	Deferred Capital Receipts	2006/2007 £
(8,816)	Balance Brought Forward at 1 April	(6,898)
1,918	Amount received in year	2,001
(6,898)	Balance Carried Forward at 31 March	(4,897)

17. Other Reserves

Other Reserves	1 April 2006 £	Increases in Year £	Decreases in Year £	31 March 2007 £
Council Taxpayers Reserve	(10,187,752)	(1,270,774)	1,696,847	(9,761,679)
One Off Reserve	(328,207)	(78,407)	97,539	(309,075)
Community Safety Partnership	(42,529)	(33,911)	-	(76,440)
Local Plan Reserve	(462,647)	(267,245)	281,075	(448,817)
Promotion of Tourism	(26,921)	(682)	27,603	-
Building Control Reserve	(122,391)	-	5,730	(116,661)
Service Improvement Reserve	(184,500)	(638,866)	145,376	(677,990)
Hambleton Strategic P'ship	(70,475)	-	42,475	(28,000)
Capital Fund	(1,450,178)	(239,900)	-	(1,690,078)
Total Other Reserves	(12,875,600)	(2,529,785)	2,296,645	(13,108,740)

The purposes of the above reserves are as follows:

Notes to the Accounts (Cont'd 16)

Council Taxpayer Reserve - To support Council Tax levels and revenue spending.

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.

Community Safety Partnership – To receive surpluses and deficits from the Community Safety Partnership Accounts.

Local Plan – To assist in the funding of a continuous programme of Local Plan preparation and review.

Promotion of Tourism – To assist with the promotion of an investment in Tourism throughout Hambleton District Council. This Reserve was closed during 2006/07 with the final balance of £465 being transferred into the Council Taxpayers Reserve.

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

Service Improvement Reserve – To finance improvements to service delivery, including the cost of cyclical events.

Hambleton Strategic Partnership Reserve – To receive surpluses and deficits from the Hambleton Strategic Partnership Accounts.

Capital Fund – To provide revenue support to assist funding of the Capital Programme.

18. Net Cash Flow - Reconciliations

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

Revenue

2005/2006 £	Cash Flow Reconciliation	2006/2007	
		£	£
-	Revenue Activities		
(1,878)	Income and Expenditure Account Balance	-	
	Collection Fund Balance	50,923	50,923
(58,415)	Contributions (to)/from Provisions	(59,122)	
(23,848)	Financing of Capital Expenditure	(12,150)	
1,601,054	Investment Interest	1,589,265	
363,627	Transfers (to)/ from Reserves	(233,140)	1,284,853
(22,402)	Increase/(Decrease) in Stock	16,513	
(1,817,431)	Increase/(Decrease) in Debtors	(580,501)	
(1,156,818)	(Increase)/Decrease in Creditors	(1,697,717)	(2,261,705)
(1,116,111)	Net Cash Flow from Revenue Activities		(925,929)

Notes to the Accounts (Cont'd 17)

Capital

2005/2006 £	Cash Flow Reconciliation	2006/2007	
		£	£
2,922,233	Capital Expenditure Gross Capital Expenditure	2,729,829	
549,789	(Increase)/Decrease in Creditors	(193,195)	
20,965	Increase/(Decrease) in Debtors	(18,093)	
	Total Capital Payments		2,518,541
(2,883,180)	Capital Income Gross Capital Income	(1,943,200)	
(303,315)	Increase/(Decrease) in Debtors	317,050	
385,181	(Increase)/Decrease in Creditors	49,690	
	Total Capital Receipts		(1,576,460)
691,673	Net Cash Flow from Capital Activities		942,081

19. Government Grants

31 March 2006 £	Government Grants	31 March 2007 £
	Revenue	
(3,307,808)	Council Tax Benefit	(3,422,768)
(9,659,481)	Rent Allowances and Rent Rebates	(10,455,263)
(129,850)	DWP – Benefit Partnership	95,000
(97,270)	Bellwin	(38,699)
(52,338)	Community Safety	(214,646)
(18,750)	Homelessness	(25,000)
(289,188)	Planning Delivery	(267,245)
(123,270)	LABGI	(162,262)
(50,725)	Local E-Gov	-
(26,546)	Waste Performance	(34,912)
(13,755,226)	Total Revenue Grants	(14,525,795)
	Capital	
(62,155)	Renovation Grants	(93,252)
(12,500)	Art Projects at Stokesley & Neasham Lane	(14,950)
(199,276)	Implementing Electronic Government	(19,133)
(73,277)	DWP Grant for Benefit Software	(38,307)
-	ERDF – Stokesley Managed Workspaces	85,665
-	Yorkshire Forward N'ton Managed Workspaces	(24,901)
-	Yorkshire Forward – Bedale Station	(44,904)
-	Yorkshire Forward – 17/17A Market Place, Bedale	(130,478)
-	Defra – North Yorkshire Waste Management	(34,910)
-	Community Safety	31,420
(347,208)	Total Capital Grants	(283,750)

Notes to the Accounts (Cont'd 18)

20. Management of Liquid Resources

	31 March 2006 £	31 March 2007 £	Movement £
Investments	28,344,009	29,953,806	1,609,797
Less Internally Managed Funds (treated as a cash equivalent)	(330,000)	(14,305,000)	(13,975,000)
Total Cash and Cash Equivalent	28,014,009	15,648,806	(12,365,203)

21. Movement in Cash and Cash Equivalents

	31 March 2006 £	31 March 2007 £	Movement £
Cash with Officers	4,736	4,765	(29)
Cash at Bank/Overdrawn (-)	291,682	254,969	36,713
Short Term Investments	330,000	14,305,000	(13,975,000)
Total Cash and Cash Equivalents	626,418	14,564,734	(13,938,316)

22. 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:

2005/2006 £	Publicity Memorandum Account	2006/2007 £
30,882	Staff Advertising	26,668
128,800	General Advertising	96,222
159,682	Total Expenditure	122,890

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".

Notes to the Accounts (Cont'd 19)

23. 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 12) £000s	Other Reserves £000s	
Balance at 1 April 2006	(11,542)	(22,541)	(12,275)	(7)	(2,000)	6	11,805	(12,876)	(49,430)
Net (Surplus)/Deficit for Year	-	1,514	-	2	-	4	(2,167)	(233)	(880)
Unrealised (Gains)/Loss from Revaluation of Fixed Assets	(1,316)	-	-	-	-	-	-	-	(1,316)
Impairment Losses on Fixed Assets Arising from Revaluations	136	-	-	-	-	-	-	-	136
Effects of Disposals of Fixed Assets:-									
Cost or Value of Assets Disposed of	143	-	-	-	-	-	-	-	143
Proceeds of Disposals	-	-	(1,093)	-	-	-	-	-	(1,093)
Net(Surplus)/Deficit	143	-	(1,093)	-	-	-	-	-	(950)
Financing of Fixed Assets	-	(2,471)	1884	-	-	-	-	-	(587)
Balance at 31 March 2007	(12,579)	(23,498)	(11,484)	(5)	(2,000)	10	9,638	(13,109)	(53,027)

* The figures shown here are Hambleton District Council's share of the Collection Fund only, as per the changes introduced by the 2006 SORP (see Note 8 for further explanation).

Notes to the Accounts (Cont'd 20)

24. 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.

2005/2006				2006/2007		
Chargeable £	Non Chargeable £	Total Bld Control £		Chargeable £	Non Chargeable £	Total Bld Control £
32,041	-	32,041	Expenditure			
32,591	17,830	50,421	Supplies and Services	37,269	-	37,269
			Capital Charges	27,618	11,125	38,743
			Internal Recharges: *			
324,435	171,776	496,211	Building Control	323,407	151,839	475,246
1,051	7,598	8,649	Support Services	2,427	6,845	9,272
390,118	197,204	587,322	Total Expenditure	390,721	169,809	560,530
			Less Income			
387,337	-	387,337	Building Regulation Fees	384,991	-	384,991
265	-	265	Miscellaneous Income	-	-	-
2,516	197,204	199,720	Net (Surplus)/Deficit in Year	5,730	169,809	175,539
			(Surplus)/Deficit Brought Forward at 1 April	(122,391)		
			(Surplus)/Deficit in Year	5,730		
			(Surplus)/Deficit C/Fwd at 31 March	(116,661)		

* Comparative figures for Internal Recharges have been amended to show the revised split between Chargeable and Non-Chargeable.

Notes to the Accounts (Cont'd 21)

25. Related Party Transactions

In the financial year to 31 March 2007 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.

However the following Members are involved in other organisations with which the Council has material transactions:-

Councillor	Organisation	Relationship	2006/07 Payment £	Nature of Payments
A Barker	Yorwaste	Non-Exec Director	223,437	Recycling Payments
D Murkett	Abbeyfield, Thirsk & Sowerby Soc.	Trustee	21,258	Housing Benefit
J Prest	John Prest Property Management	Director	25,106	Housing Benefit

26. 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 £5.30 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 £455,524 (2005/06 £163,301). In 2006/07 the Council had expenditure under this power of £390 (2005/06 £390).

Notes to the Accounts (Cont'd 22)

27. Partnerships

North Yorkshire ICT Partnership

Hambleton District Council is a member of the North Yorkshire ICT Partnership with North Yorkshire County Council. The Partnership was set up to procure a Customer Relationship Management System and Transactional Web-Site, through a joint contract with a private sector provider – Agilisys, in order to meet the Government's target for electronic service delivery by December 2005.

The Partnership costs for piloting these electronic services and administering the Partnership were incurred in 2004/05 (£1,366,208) with Hambleton paying a proportion of these costs (£171,393 plus a provision for legal costs of £14,442).

Hambleton's accounts for 2006/07 include contract payments to Agilisys totalling £42,780 (£42,780 Revenue and Nil Capital) which represents 1/3 of the contract price payable in the year, with 2/3 being paid by North Yorkshire County Council. The Agilisys contract ended during the financial year.

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 bus pass which allows them to travel free by bus anywhere within North Yorkshire (previously this was a half-fare concession). The gross expenditure of the Scheme was £205,797 (2005/06 £91,451) of which £188,129 (2005/06 £80,122) related to operator reimbursements.

The expenditure of the scheme includes a share of the administration cost incurred by the Partnership – these totalled £142,865 (2005/06 £105,981), and Hambleton's share was £17,668 (2005/06 £11,330).

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 2006/07:

- ◆ 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

Notes to the Accounts (Cont'd 23)

- ◆ A Representative of the Business Community
- ◆ A Representative of the Voluntary Sector

The total cost of the Partnership for 2006/07 was £224,318 (2005/06 £186,376) and Hambleton's contribution was £10,000 (2005/06 £10,000).

28. 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	
	2005/06	2006/07
£50,000 - £59,999	0	0
£60,000 - £69,999	2	0
£70,000 - £79,999	0	2
£80,000 - £89,999	1	0
£90,000 - £90,999	0	1
Total	3	3

29. Leasing

The Council uses a number of vehicles under terms of operating leases, to provide Refuse Collection and Street Cleaning services.

Leasing payments are accounted for on an accruals basis and therefore the amount paid in the year differs from that shown in the Income and Expenditure Account.

The amount paid under these arrangements totalled £154,778 in 2006/07 (£157,721 2005/06) however the amount charged to revenue was £155,232 (£160,748 2005/06) reflecting the accrual of lease expenditure within the Council's accounts. Details of outstanding commitments under these leases are shown in Note 4 to the Accounts.

30. Members Allowances

A total of £252,991 was paid in Members Allowances during 2006/07 (£249,980 2005/06).

31. 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 £2,304,582 as at 31 March 2007 (£2,272,245 31 March 2006). This Fund does not represent assets of the Council and therefore is not included in the Balance Sheet.

Notes to the Accounts (Cont'd 24)

32. Audit Fees

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

2005/2006 £	Audit Fees	2006/2007 £
54,008	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor.	60,565
3,100	Fees payable to the Audit Commission in respect of statutory inspection.	4,355
16,318	Fees payable to the Audit Commission for the certification of grant claims and returns.	21,444
910	Fees payable in respect of other services provided by the appointed auditor.	960
74,336	Total Audit Fees	87,324

The fees for other services payable relate to Thirsk and Sowerby Swimming Baths Charity (£960 in 2006/07 and £500 in 2005/06) and the National Benefit Fraud Initiative (Nil in 2006/07 and £410 in 2005/06).

33. Authorisation of the Statement of Accounts

The Statement of Accounts 2006/07 were formally tabled before the Audit and Governance Committee for approval on 27 June 2007 and authorised for issue by Phil Morton and Councillor Mark Robson. The statements being subject to the External Audit process. Events after the Balance Sheet date have been considered up to this time.

Collection Fund Income and Expenditure Account

2005/2006 £		2006/2007 £	£
37,422,726	Income - Council Tax		39,308,462
3,138,931	Transfers from General Fund - Council Tax benefits		3,248,702
19,350,091 773,165	Income Collectable from Business Ratepayers (Note 3) Ministry of Defence Payment in Lieu of Council Tax		20,701,308 755,870
60,684,913	Total Income for the Year		64,014,342
	Expenditure		
29,889,712	Precept Payments		
6,135,156	- North Yorkshire County Council	31,511,906	
3,351,402	- North Yorkshire Police Authority	6,306,095	
1,832,878	- Hambleton District Council	3,489,227	
	- North Yorkshire Fire and Rescue Authority	1,889,726	
			43,196,954
19,205,479	Business Rates		
144,612	- Payment to National Pool	20,554,985	
	- Costs of Collection	146,322	
			20,701,308
60,830	Increase in Provision for Bad Debt	65,470	
26,612	Write Offs	65,414	
			130,884
36,354	Transfer to General Fund - Surplus Estimated for Previous Year		36,119
60,683,035	Total Expenditure for the Year		64,065,265
(1,878)	(Surplus)/Deficit for the Year		50,923
73,455	(Surplus)/Deficit Brought Forward at 1 April		71,577
71,577	(Surplus)/Deficit Carried Forward at 31 March		122,500

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 £35,033.86 for 2006/07 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
1,678.82	5,076.13	6,745.54	5,654.83	6,337.38	5,003.38	3,641.80	245.42	34,383.30
Add Contributions in Lieu – MOD (Band D equivalent)								650.56
								35,033.86

The average Council Tax for Hambleton at Band D was £1,233.01, made up as follows:

2005/2006 £	Precepting Authorities	2006/2007 £
74.36	Hambleton District Council	76.59
857.45	North Yorkshire County Council	899.47
176.00	North Yorkshire Police Authority	180.00
21.78	Parish	23.01
52.58	North Yorkshire Fire Authority	53.94
1,182.17	Total Average Band D Council Tax	1,233.01

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 2007 the non-domestic rateable value was £54,640,322 which when multiplied by a uniform business rate of 42.6p gives a total collectable of £23,276,777.

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 2006/07 of £20,701,308.

Independent Auditors Report to Hambleton District Council

Opinion on the Financial Statements

I have audited the financial statements of Hambleton District Council for the year ended 31 March 2007 under the Audit Commission Act 1998. The financial statements comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. The financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Hambleton District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective Responsibilities of the Executive Director and Auditors

The Executive Director's responsibilities for preparing the financial statements, including the pension fund accounts, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements presents fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Council and its income and expenditure for the year.

I review whether the statement on internal control reflects compliance with CIPFA's guidance: 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland), issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

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

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Council as at 31 March 2007 and its income and expenditure for the year then ended.

Signature:

Date:

Name: Mark J Kirkham

Address: Audit Commission
Kernel House
Killingbeck Drive
Leeds
LS14 6UF

Capital Accounts Summary 2006/2007

Committee and Service	Total Expenditure £	Usable Receipts £	Set-aside Receipts £	Revenue Contributions £	Capital Grants & Contributions £
Finance & Resources Scrutiny Committee					
Offices and Depots	20,112	20,112	-	-	-
Computer Equipment	511,912	436,411	-	2,300	73,201
Rural Transport Grants	9,200	9,200	-	-	-
Sub-total Finance & Resources	541,224	465,723	-	2,300	73,201
Cultural & Social Scrutiny Committee					
Housing Renovation Grants	189,881	96,629	-	-	93,252
Housing Association Grants	-	-	-	-	-
Sport & Leisure Facilities	291,833	275,515	-	-	16,318
Playing Fields, Open Spaces & Other	17,085	14,312	-	-	2,773
Environmental Enhancements	716	716	-	-	-
Cemeteries	1,980	1,980	-	-	-
Leisure Grants	84,166	84,166	-	-	-
Art Projects	35,183	6,020	-	-	29,163
CCTV	795	795	-	-	-
Tourism	1,043	1,043	-	-	-
Footway Lighting	40,230	40,230	-	-	-
Car Parks	228,500	191,000	-	4,500	33,000
Refuse Collection and Recycling	47,552	47,552	-	-	-
Public Conveniences	2,500	2,500	-	-	-
Vehicles	54,953	54,953	-	-	-
Inverters (Energy Management)	12,236	12,236	-	-	-
Community Safety	19,290	-	-	-	19,290
Sub-total Cultural & Social	1,027,943	829,647	-	4,500	193,796
Environment & Economy Scrutiny Committee					
Industrial Development	1,016,557	444,453	-	5,350	566,754
Community Grants	144,105	144,105	-	-	-
Sub-total Environment & Economy	1,160,662	588,558	-	5,350	566,754
GRAND TOTAL	2,729,829	1,883,928	-	12,150	833,751

Income and Expenditure Account – Committee Analysis

This statement supplements the Income and Expenditure Account on page 21, and gives an analysis of the Council's expenditure and income by Scrutiny Committee.

Details	2006/2007			2005/2006
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
Finance & Resources Scrutiny Committee				
Democratic Representation	922,954	-	922,954	970,563
Corporate Management	779,370	67,538	711,832	739,718
- Chief Executive's – Corporate	681,446	685,857	(4,411)	441
- Chief Executive's – Personnel & Training	265,045	266,095	(1,050)	202
Financial Support Services	825,856	833,022	(7,166)	1,883
Planning & Environmental Support Service	1,141,726	1,146,764	(5,038)	27,922
Computer Costs	1,117,362	1,116,819	543	1,316
Administrative Buildings	379,108	357,350	21,758	39,538
Depots	45,748	61,666	(15,918)	16,853
Unapportionable Central Overheads	117,983	25,351	92,632	(488,550)
Local Taxation Collection	4,620,307	3,773,580	846,727	971,370
Housing Benefits	10,664,011	10,456,418	207,593	275,819
Elections	215,317	96,006	119,311	100,362
Emergency Planning	31,057	-	31,057	32,524
Land Charges	132,621	276,138	(143,517)	(110,424)
Grants & Subscriptions	32,515	-	32,515	33,131
Public Transport	249,605	923	248,682	141,119
Customer Services	1,303,021	1,317,121	(14,100)	(2,808)
Sub-total	23,525,052	20,480,648	3,044,404	2,750,979
Cultural & Social Scrutiny Committee				
Museums	5,043	-	5,043	20,697
Hambleton Forum	146,667	59,882	86,785	126,008
Swimming Pools & Leisure Centres	3,211,356	2,261,225	950,131	1,380,302
Thirsk All Weather Pitch	52,037	23,711	28,326	9,576
Open Spaces	61,096	590	60,506	69,911
Tourism	320,968	38,039	282,929	284,283
World of James Herriot	339,065	208,656	130,409	166,264
Leisure Services	321,990	58,278	263,712	259,194
Facilities Unit	122,245	123,448	(1,203)	685
Cemeteries	7,180	2,432	4,748	6,138
Environmental Health Services	873,880	231,297	642,583	668,840
Health & Safety	157,394	7,378	150,016	109,565
Chief Executives Licensing	153,116	167,389	(14,273)	35,696
Pest Control	150,705	79,694	71,011	70,878
Public Conveniences	213,252	21,665	191,587	225,805
Footway Lighting	343,362	-	343,362	432,191
CCTV	199,753	121,157	78,596	116,256
Community Safety	351,206	238,939	112,267	145,411
Defences Against Flooding	14,743	-	14,743	74,112
Street Cleansing	760,309	4,361	755,948	634,886
Waste Collection	1,442,059	13,258	1,428,801	1,651,454
Recycling	592,691	632,655	(39,964)	(44,726)

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

Details	2006/2007			20005/2006
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
Cultural & Social (Continued)				
Operational Services	543,669	548,475	(4,806)	359
Car Parks	290,084	53,863	236,221	428,592
Housing Strategy	99,709	-	99,709	98,669
Registered Social Landlords	1,866	-	1,866	144,429
Housing Act Advances	1,451	21,078	(19,627)	(30,518)
Housing Advice	50,346	-	50,346	46,938
Private Sector Housing Renewal	315,957	93,252	222,705	134,383
Homelessness	378,915	213,407	165,508	153,508
Housing Services	216,799	219,550	(2,751)	2
Sub-total	11,738,913	5,443,679	6,295,234	7,419,788
Planning and Development				
Building Control	615,457	399,390	216,067	233,463
Development Control	1,088,201	885,514	202,687	208,474
Planning Policy etc	1,136,325	386,403	749,922	652,227
Community Development	359,146	58,723	300,423	150,073
Industrial Development	552,044	524,718	27,326	248,982
Sub-total	3,751,173	2,254,748	1,496,425	1,493,219
Grand Total	39,015,138	28,179,075	10,836,063	11,663,986

Note:

The net costs of support services have been transferred to the Income and Expenditure Account on page 21, 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.

Local Authority Business Growth Incentive (LABGI) Scheme:

In 2005 the Government introduced this scheme whereby local authorities could share in any excess business rate income above a pre-determined growth rate.

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.