



Statement of Accounts

2005/06



HAMBLETON
DISTRICT COUNCIL

An Excellent Council Making Life Better

Hambleton District Council

Statement of Accounts

2005/2006

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Leader's Foreword

The year to 31 March 2006 has been very challenging for the Council. There was a disappointing start when the Government decided that the Council's budget was to be capped for what it considered to be an excessive rise. The Council appealed against the decision but was unsuccessful. The challenge for the Council was to make the savings necessary with the least disruption to public services. I believe the Council has achieved this task admirably although regrettably some future service improvements have had to be put on hold.

From a structural point of view the Cabinet model of local government is now well embedded and the role of Scrutiny Committees has developed significantly. This executive/scrutiny division amongst Members ensures that the Cabinet is held accountable for its actions and decisions in line with the Code of Corporate Governance. This has been strengthened during 2005/06 with the setting up of an independent Audit and Governance Committee.

Taxpayers in the north of the District are now served by new offices in Stokesley providing a one stop shop approach with the County Council. This forms a part of the Council's Access to Services programme which has already seen the development of a Customer Service Centre at the Civic Centre. The project, which will take 3 years to complete, already encompasses Council Tax, Business Rates and Street Lighting. Work is nearing completion on providing a one stop shop approach for Environmental Health, Housing Benefits, Operational Services and Licensing. The next phase will bring in the major services of Development and Building Control. The IT solution enabling this to happen is being provided by a private sector company working in partnership with Hambleton District Council and North Yorkshire County Council.

New investment in services continues to be provided through the Council's capital programme. The year saw significant investment in Industrial Development, particularly at Bedale Station, the completion of 2 new all weather pitches and the completion of the domestic wheeled bin roll out. The high-tech business centre for new businesses, Springboard, has proved particularly popular in its first year of operation.

On the financial scene the Council has once again provided quality services within budget and continues to deliver on its refreshed 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 follow have been prepared in accordance with the relevant Codes of Practice and Guidelines issued by the Chartered Institute of Public Finance and Accountancy. They set out the full financial details of the Council's activities during 2005/06 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

Councillor Arthur Barker
Leader of the Council

Explanatory Foreword

The Council's statutory Statement of Accounts for the year 1 April 2005 to 31 March 2006 is set out in the following pages numbered 21 to 54.

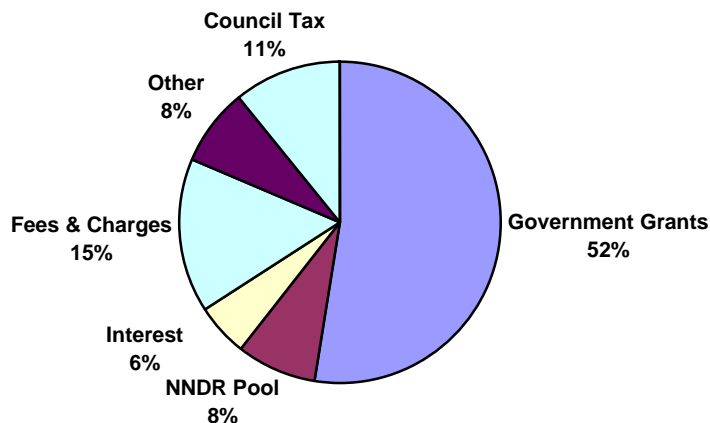
The statement consists of:

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

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

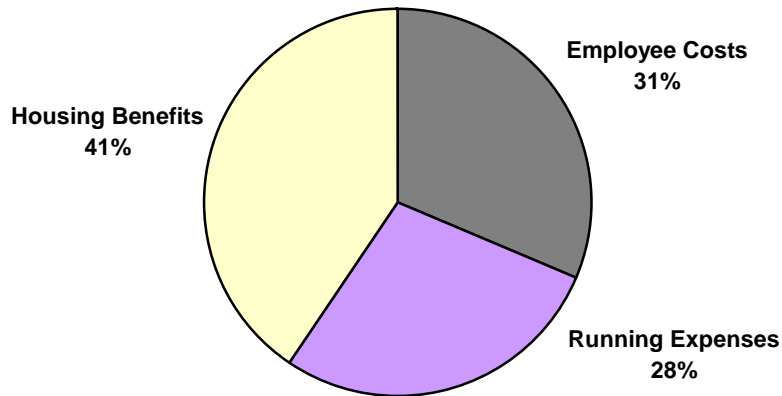
The Foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The following three charts show, in broad terms, where the Council's money comes from, what it is spent on and the cost of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

Where the money comes from - £30.4m



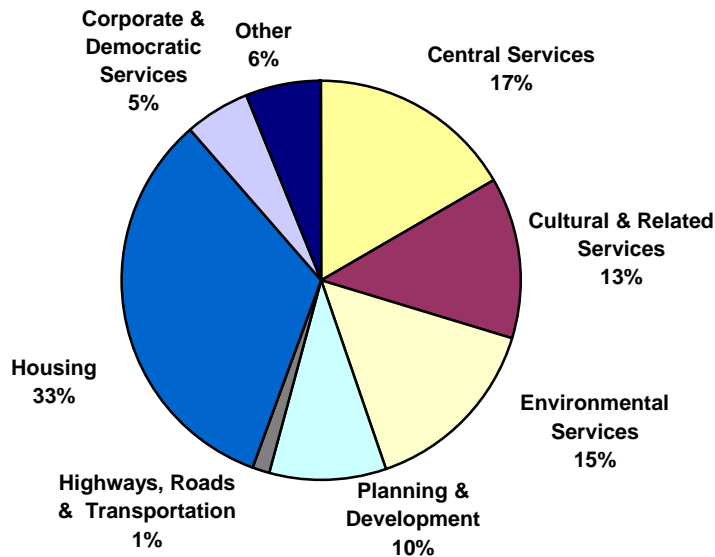
The above chart shows that approximately 52% (£16m) of the Council's income comes from Government grants. This includes Revenue Support Grant and Housing Benefit Grant. A further 8% (£2.4m) also comes from the Government in the form of redistributed Business Rates. 6% (£1.6m) comes from interest on balances, with a total of 23% (£4.7) from fees and charges, and miscellaneous income from the services provided by the Council. 11% (£3.3m) comes from Council Tax.

What the money is spent on - £30.4m



The second chart shows 41% (£12.3m) of the Council's income is spent on Housing Benefit payments, which includes rent allowances and Council Tax Benefits. 31% (£9.5m) is spent on employee costs and 28% (£8.6m) is spent on running expenses, which include maintaining the Council's buildings, operating vehicles and purchasing various external supplies and services.

The services provided - £30.4m



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 33% (£10m) 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 2005/06 budget and how these compare with actual income and expenditure are set out below. The latest approved budget reflects the financial position after the Government's decision to cap the Council's budget.

	Latest Approved Budget £	Actual £	Difference £
Net Cost of Services	12,609,665	11,663,986	(945,679)
Add: Precepts and Levies			
- Parish Precepts	759,299	759,299	-
- Internal Drainage Boards	47,220	47,218	(2)
Add: Loss on Trading Activities	94,240	89,571	(4,669)
Less: Income on Asset Management Revenue A/c	(1,462,330)	(1,541,658)	(79,328)
Investment Interest	(1,558,550)	(1,599,077)	(40,527)
Add: Pension Interest Cost and Expected Return on Pension Assets	-	373,000	373,000
Net Operating Expenditure	10,489,544	9,792,339	(697,205)
Transfers to/(from) Reserves			
- Revenue	(753,401)	(363,627)	389,774
- Capital	(1,456,870)	(1,471,815)	(14,945)
- Pensions	-	322,376	322,376
Amount to be met from Gov't Grants and Local Taxpayers	8,279,273	8,279,273	-
Financed By:			
Council Precept	(3,351,402)	(3,351,402)	-
Collection Fund Surplus	(2,865)	(2,865)	-
Revenue Support Grant	(2,350,407)	(2,350,407)	-
Business Rates	(2,451,329)	(2,451,329)	-
LABGI	(123,270)	(123,270)	-
Total	(8,279,273)	(8,279,273)	-

The above table shows the variances between the Council's latest approved budget and the actual position for 2005/06. An analysis of the main variances is shown overleaf.

2004/2005 £000's	Service	2005/2006 £000's
1,060	Central Services	1,000
701	Cultural and Related Services	368
533	Environmental Services	358
3,395	Planning and Development	822
28	Highways, Roads and Transportation	47
358	Housing	327
6,075	Total Capital Expenditure	2,922

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.

£967,000 has been spent on computer software and hardware to further develop the Council's electronic service capability, and £782,000 has delivered a range of economic development projects to promote employment opportunities in the District, including craft workshops at the former Bedale Station and further industrial land at Leeming Bar.

Examples of other capital schemes include grants for disabled adaptations to dwellings (£305,000) and provision of recreational land and cycleways (£196,000).

Further details on the cost of the main schemes contained within the capital programme are shown on page 57.

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 2005/06 £1,497,000 (2004/05 £3,300,000) of capital receipts were used in this way. Other funding came from grants and contributions £1,401,000 (2004/05 £2,900,000), and £24,000 from revenue (2004/05 £0).

Pension Liabilities

The balance sheet on page 31 shows that there is a liability of £11.8m 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 30 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 has been 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 is a credit of £696,000 and is shown as a “past service gain”. Further details are shown in Note 7 to the Consolidated Revenue Account.

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.

The accounts have been audited and the auditor’s certificate is on pages 55 and 56.

P Morton
Director of Resources

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

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

The Director of Resources' Responsibilities

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

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

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

The Director of Resources has also:

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

Statement of Internal Control

1. Scope of Responsibility

Hambleton District Council is responsible for ensuring that: -

- its business is conducted in accordance with the law;
- it maintains proper standards that ensure good governance;
- public money is safeguarded and is properly accounted for;
- its resources are used economically, efficiently and effectively.

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

In discharging this overall responsibility, Hambleton District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

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

The system of internal control has been in place at Hambleton District Council for the year ended 31 March 2006 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 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. A new approach since 2003 is to also submit cross-cutting strategies to the Hambleton Strategic Partnership for joint development with partner agencies.

Ensuring compliance with established policies procedures, laws and regulations

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

- The Head of Legal and Democratic Services has access to all draft Cabinet and Council reports and approves the minutes;
- The Legal Section monitors legal developments and notifies relevant Heads of Services;
- A protocol for the Monitoring Officer 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 2006, which has been counter-signed by their Chief Officer. 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. Risk Management became a standard element of all Cabinet reports and Service Plans. A Risk Management Group, reporting to Chief Officers Management Team, 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. 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.

Responsibility for monitoring Risk Management, at an officer level, was transferred in full to the Internal Audit Section in early 2005. Quarterly reviews of all risk registers are now undertaken by the risk owners and the Audit & Risk Manager.

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 are to receive specialist training in early/mid 2006/07.

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

The implementation of the Civil Contingencies Act 2004 places a duty upon District Councils to maintain Business Continuity Plans. A working group of officers has been established and it is anticipated that all plans will be in place in early 2006/07.

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 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, are reviewed annually.

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

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

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

4. Review of Effectiveness

Hambleton District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditor 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:-

- The Council has a Standards Committee to ensure that the Council undertakes its duties in an appropriate manner and maintains a high standard of Corporate Governance.
- Cabinet receives regular monitoring reports from Chief Officers, Overview and Scrutiny Committees and Best Value Panels.
- The Director of Resources and the Council's Monitoring Officer (the Head of Legal & Democratic Services) each have a duty, under Section 114 of the Local Government Finance Act and Section 5 of the Local Government and Housing Act 1988 respectively, to report to the Council on any proposals, decisions or omissions which may contravene legislation.
- 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 is in place within their respective areas.
- 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. (This role was formerly undertaken by the Finance & Resources Overview & Scrutiny Committee.)
- Training in risk management has been given to a significant number of officers across the Council and this will be refreshed in 2006/07. Training will also be given to members of both the Cabinet and the Audit & Governance Committee. The Council's Risk Manager ensures that risks are identified and that risk registers are maintained by appropriate risk owners. Quarterly reviews of all risks ensure they are kept to the fore. An action in plan is in place to ensure that the Council's highest (corporate) risks are addressed and hence minimised wherever possible. These corporate risks are reviewed quarterly by the Risk Management Group and progress against the action plans are reported to the Chief Officers Management Team.
- The Council is subject to external review. The External Auditor is required to review, and where appropriate, report on the Council's corporate governance arrangements as they relate to:
 - legality of transactions that might have significant financial consequences
 - financial standing
 - internal financial control
 - standards of financial conduct and the prevention and detection of fraud and corruption

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

5. Significant Internal Control Issues

The processes outlined above give an assurance that there were no significant internal control issues arising in 2005/06 that needed to be addressed.

In 2006/07 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;
- report quarterly to the Audit & Governance Committee on risk management issues;
- arrange refresher training for Members of both the Cabinet and the Audit & Governance Committee, Risk Management Group members, Risk Owners and selected other staff;
- complete the Business Continuity Planning process throughout the Council;
- complete the review of the Council's Constitution, including the Contract Procedure Rules, to ensure that they are up to date and relevant;
- continue to monitor procedures as it modernises its approach to customer access, and
- use the newly formed Audit & Governance Committee to approve the Annual Statement of Accounts for 2005/06.

Signed:

Leader

Chief Executive

Dated: June 2006

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 2005: A Statement of Recommended Practice, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of Statements of Standard Accounting Practice (SSAPs), and Financial Reporting Standards (FRSs).

2. Tangible Assets

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

3. Intangible Assets

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

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

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

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

4. Capital Charges

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

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

5. Capital Receipts

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

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

6. Accruals of Income and Expenditure

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

7. Stocks and Stores

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

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

8. Cost of Support Services

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

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

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

2004/2005 £		2005/2006 £
12,579	Computer Costs	1,316
53,499	Office Accommodation	39,538
44,158	Depots	16,853
6,341	Support Services	27,640
116,577	Total Expenditure	85,347

9. Provisions

The Council sets aside provisions for any liabilities, as a result of a past event, which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. For the year 2005/06 the Council has no such provisions.

10. Reserves

The Council maintains earmarked revenue reserves to meet future expenditure. Earmarked revenue reserves held in 2005/06 are set out in Note 14 to the Consolidated Balance Sheet and the net transfers to and from these reserves is disclosed in Note 12 to the Consolidated Revenue Account.

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

11. Retirement Benefits

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 2005 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.

12. Grants

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

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

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

13. Leases

Expenditure on operational leases is charged to the relevant service revenue account. Expenditure in 2005/06 along with undischarged obligations under these leases is disclosed in Note 9 to the Consolidated Revenue Account.

No assets have been acquired under finance leases.

14. Interest

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

15. Investments

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

16. Value Added Tax

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

The Consolidated Revenue Account

	2005/2006			2004/2005
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
Continuing Operations				
Central Support and Overheads	175,656	90,309	85,347	116,578
Central Services to the Public	4,977,791	3,950,828	1,026,963	955,521
Cultural and Related Services	4,868,946	2,552,026	2,316,920	2,370,807
Environmental Services	5,337,926	1,211,061	4,126,865	4,066,856
Planning and Development	3,318,656	1,825,437	1,493,219	1,574,238
Highways Roads and Transportation	612,551	42,840	569,711	548,806
Housing	10,329,910	9,506,680	823,230	674,653
Corporate and Democratic Core	1,723,155	12,874	1,710,281	1,681,726
Non-Distributed Costs	211,702	700,252	(488,550)	174,355
Total Continuing Operations	31,556,293	19,892,307	11,663,986	12,163,540
Discontinued Operations	-	-	-	-
Net Cost Of Services	31,556,293	19,892,307	11,663,986	12,163,540
Other Operating Expenditure/(Income)				
Precepts and Levies			806,517	768,684
(Surplus)/Deficit from Trading Activities (Note 3)			89,571	115,859
Net Income on Asset Management Revenue Account (Note 11)			(1,541,658)	(1,306,017)
Interest and Investment Income			(1,599,077)	(1,627,345)
Pension Interest Cost and Expected Return on Pension Assets (Note 7)			373,000	312,000
Net Operating Expenditure			9,792,339	10,426,721
Appropriations to/(from) Reserves				
- Earmarked Revenue Reserves (Note 12)			(363,627)	(930,827)
- Capital Financing Account (Note 13)			(1,471,815)	(1,355,707)
- Contributions to/(from) Pension Reserve (Note 7)			322,376	(437,273)
Amount To Be Met From Gov't Grants And Local Taxpayers			8,279,273	7,702,914
Sources Of Finance				
Hambleton District Council Precept			(3,351,402)	(3,082,239)
Transfer from the Collection Fund			(2,865)	-
Revenue Support Grant			(2,350,407)	(2,308,242)
Distribution from NNDR Pool			(2,451,329)	(2,312,433)
LABGI			(123,270)	-
Net General Fund (Surplus)/Deficit For The Year			-	-
Balance Brought Forward at 1 April			(2,000,000)	(2,000,000)
Balance On General Fund Carried Forward			(2,000,000)	(2,000,000)

Notes to the Consolidated Revenue Account

1. Income and Expenditure

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

2. Related Party Transactions

In the financial year to 31 March 2006 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	2005/06 Payment £	Nature of Payments
A Barker	Yorwaste	Non-Exec Director	280,802	Recycling Payments
D Murkett	Abbeyfield, Thirsk & Sowerby Soc.	Trustee	19,882	Housing Benefit
J Prest	John Prest Property Management	Director	24,191	Housing Benefit

3. Trading Operations

The authority operates three market undertakings at Northallerton, Bedale and Thirsk. The total turnover, which was largely rents from stallholders, amounted to £221,921(2004/05 £207,580), and the deficit charged to the General Fund was £82,385(2004/05 surplus £55,482).

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

In addition the Council operates a trade waste collection service which had a turnover of £458,945(2004/05 £428,733) and made a loss of £171,956 (2004/05 loss of £171,341).

4. S.137 Local Government Act 1972

Under Section 137(3) of the Local Government Act 1972 (amended) the Council is empowered to spend up to £1.90 x the relevant population of the district to finance projects which are in the interests of the district or some of its inhabitants, when £163,301(2004/05 £161,253). In 2005/06 the Council had expenditure under this power of £390 (2004/05 £2,890).

5. Publicity

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

2004/2005 £	Publicity Memorandum Account	2005/2006 £
52,446	Staff Advertising	30,882
129,149	General Advertising	128,800
181,595	Total Expenditure	159,682

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

6. Partnerships

North Yorkshire ICT Partnership

Hambleton District Council is a member of the North Yorkshire ICT Partnership 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 2005/06 include contract payments to Agilisys totalling £437,566 (£91,841 Revenue and £345,725 Capital) which represents 1/3 of the contract price payable in the year, with 2/3 being paid by North Yorkshire County Council.

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

Concessionary Fares Partnership

The Council provides a Concessionary Fares Bus Pass Scheme in conjunction with the North Yorkshire Concessionary Fares Partnership, under legislation enacted in the Transport Act 2000. Men and women over 60, together with disabled persons (as defined in the Act) are entitled to a free bus pass which gives them half-fare anywhere within North Yorkshire. The gross expenditure of the Scheme was £91,451 (2004/05 £88,983) of which £80,122 (2004/05 £80,896) related to operator reimbursements.

The expenditure of the scheme includes a share of the administration cost incurred by the Partnership – these totalled £105,981 (2004/05 £77,011), and Hambleton's share was £11,330 (2004/05 £8,087).

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 2005/06:

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

The total cost of the Partnership for 2005/06 was £186,376 (2004/05 £208,183) and Hambleton's contribution was £10,000 (2004/05 £10,000).

7. Retirement Benefits

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

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

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

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

2004/2005 £	Local Government Pension Scheme	2005/2006 £
997,000	Net Cost of Service:	
-	- Current Service Costs	1,090,000
13,000	- Past Service Costs	(696,000)
	- Curtailment Costs	1,000
	Net Operating Expenditure:	
1,805,000	- Interest Cost	1,950,000
(1,493,000)	- Expected Return on Assets	(1,577,000)
	Amounts to be met from Government Grant and Local Taxation:	
(437,273)	Contribution to / (from) Pension Reserve	322,376
884,727	Actual Amount Charged Against Council Tax	1,090,376

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

An analysis of the movement in the Pension Reserve over 2005/06 is shown in Note 1 to the Statement of Total Movement in Reserves.

8. Employees Emoluments

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

Total Emoluments	Number of Employees	
	2004/05	2005/06
£50,000 - £59,999	0	0
£60,000 - £69,999	2	2
£70,000 - £79,999	0	0
£80,000 - £89,000	1	1
Total	3	3

9. 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 revenue account.

The amount paid under these arrangements totalled £157,721 in 2005/06 (£172,284 2004/05) however the amount charged to revenue was £160,748 (£180,264 2004/05) reflecting the accrual of lease expenditure within the Council's accounts. Details of outstanding commitments under these leases are shown in Note 2 to the Consolidated Balance Sheet.

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

10. Members Allowances

A total of £249,980 was paid in Members Allowances during 2005/06 (£238,636 2004/05).

11. Asset Management Revenue Account

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

2004/2005 £	Asset Management Revenue Account	2005/2006 £
(2,228,840)	Capital Charges to Services	(2,592,086)
(32,933)	Impairment Loss Charged to Services	-
887,098	Provision for Depreciation	1,022,091
208,034	Amortisation Charges	306,612
(172,309)	Release of Deferred Grant	(278,275)
32,933	Impairment Loss on Fixed Assets	-
(1,306,017)	Balance Transferred to Consolidated Revenue A/c	(1,541,658)

12. Other Earmarked Revenue Reserves

Other Earmarked Revenue Reserves	Appropriations		Net Movement £
	To £	From £	
Council Taxpayers Reserve	3,447,487	(2,147,929)	1,299,558
Computer Purchase Reserve	95,135	(1,365,706)	(1,270,571)
Insurance Reserve	-	(250,000)	(250,000)
Repairs and Renewals Reserve	125,500	(766,725)	(641,225)
One-Off Reserve	293,066	(189,946)	103,120
Vehicle Replacement Reserve	-	(1,353,178)	(1,353,178)
Community Safety Partnership	19,902	-	19,902
Local Plan Reserve	289,188	(199,642)	89,546
Promotion of Tourism Reserve	-	(10,269)	(10,269)
Building Control Reserve	11,853	(2,516)	9,337
Service Improvement Reserve	140,362	(20,862)	119,500
Hambleton Strategic Partnership Reserve	70,475	-	70,475
Capital Fund	1,450,178	-	1,450,178
Total Movement Reserves	5,943,146	(6,306,773)	(363,627)

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

13. Capital Financing Account

2004/2005 £	Capital Financing Account	2005/2006 £
11,192	Direct Revenue Financing of Capital Expenditure	23,848
(208,034)	Reversal of Amortisation Charges on Intangible Assets	(306,612)
(411,142)	Reversal of Deferred Charges	(445,235)
(887,099)	Reversal of Depreciation	(1,022,091)
(32,933)	Reversal of Impairment Loss on Fixed Assets	-
172,309	Reversal of Deferred Grant	278,275
(1,355,707)	Total Transfer from Capital Financing Account	(1,471,815)

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

14. Building Regulations Charging Account

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

2004/2005				2005/2006		
Chargeable £	Non Chargeable £	Total Bld Control £		Chargeable £	Non Chargeable £	Total Bld Control £
26,672	-	26,672	Expenditure			
13,740	24,112	37,852	Supplies and Services	32,041	-	32,041
			Capital Charges	32,591	17,830	50,421
			Internal Recharges:			
301,445	150,642	452,087	Building Control	324,435	179,374	503,809
915	-	915	Support Services	1,051	-	1,051
342,772	174,754	517,526	Total Expenditure	390,118	197,204	587,322
			Less Income			
411,836	-	411,836	Building Regulation Fees	387,337	-	387,337
2,433	-	2,433	Miscellaneous Income	265	-	265
(71,497)	174,754	103,257	Net (Surplus)/Deficit in Year	2,516	197,204	199,720
			(Surplus)/Deficit Brought Forward at 1 April	(124,907)		
			(Surplus)/Deficit in Year	2,516		
			(Surplus)/Deficit C/Fwd at 31 March	(122,391)		

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

15. Audit Fees

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

2004/2005 £	Audit Fees	2005/2006 £
49,560	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor.	54,008
3,000	Fees payable to the Audit Commission in respect of statutory inspection.	3,100
17,540	Fees payable to the Audit Commission for the certification of grant claims and returns.	16,318
1,600	Fees payable in respect of other services provided by the appointed auditor.	910
71,700	Total Audit Fees	74,336

The fees for other services payable relate to Thirsk and Sowerby Swimming Baths Charity (£500 in 2005/06 and £800 in 2004/05) and the National Benefit Fraud Initiative (£410 in 2005/06 and £800 in 2004/05).

The Consolidated Balance Sheet

31 March 2005 £		31 March 2006	
		£	£
783,308	Fixed Assets at Net book Value		
	Intangible Fixed Assets (Note 1)	1,232,529	
	Tangible Fixed Assets (Note 2)		
	Operational Assets:		
23,262,255	- Land and Buildings	25,089,309	
2,648,452	- Plant and Equipment	2,626,504	
2,079,983	- Infrastructure Assets	2,154,963	
41,669	- Community Assets	41,669	
	Non-Operational Assets:		
3,346,895	- Investment Properties	6,314,342	
3,004,198	- Assets Under Construction	124,696	
35,166,760	Total Fixed Assets		37,584,012
24,804	Long Term Investments (Note 3)		25,360
423,720	Long Term Debtors (Note 4)		333,680
35,615,284	Total Long Term Assets		37,943,052
	Current Assets		
102,978	Stocks (Note 5)	80,576	
4,664,623	Debtors (Note 6)	2,593,993	
26,776,951	Investments (Note 7)	28,344,009	
-	Cash	296,418	
			31,314,996
	Current Liabilities		
(4,363,131)	Creditors (Note 8)	(4,584,979)	
(162,016)	Cash Overdrawn	-	
			(4,584,979)
62,634,689	Total Assets Less Current Liabilities		64,673,069
	Long Term Liabilities		
(12,076,273)	Liability Related to Defined Benefit Pension Scheme (Note 15)		(11,804,897)
50,558,416	Total Assets Less Liabilities		52,868,172
	Financed By		
(3,411,400)	Capital Contributions Deferred (Note 9)		(3,504,383)
(8,816)	Deferred Capital Receipts (Note 10)		(6,898)
(10,133,895)	Fixed Asset Restatement Account (Note 11)		(11,542,227)
(21,624,796)	Capital Financing Account (Note 12)		(22,540,733)
(12,290,010)	Usable Capital Receipts Reserve (Note 13)		(12,274,805)
(2,000,000)	Balances - General Fund		(2,000,000)
73,455	- Collection Fund		71,577
12,076,273	Pension Reserve (Note 15)		11,804,897
(13,239,227)	Other Reserves (Note 14)		(12,875,600)
(50,558,416)	Total Net Worth		(52,868,172)

Chairman and Director of Resources' Certificate

We certify that the accounts set out between pages 21 to 54 inclusive present fairly the true financial position of the authority as at 31 March 2006.

Chairman of Audit &
Governance Committee

Director of Resources

Notes to the Consolidated Balance Sheet

1. Intangible Fixed Assets

2004/2005 £	IT Software and Services	2005/2006 £
820,531 (295,198)	Original Cost Amortisations to 31 March	1,286,540 (503,232)
525,333 466,009 - (208,034)	Balance at 1 April Expenditure in Year Adjustments Written off to Revenue in Year	783,308 755,448 385 (306,612)
783,308	Balance at 31 March	1,232,529

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 2005/06. This included Home Improvement Grants (£184,808 in 2005/06 and £158,333 in 2004/05), Housing Association Grants (£142,000 in 2005/06 and £200,000 in 2004/05) and other schemes (£257,802 in 2005/06 and £295,830 in 2004/05).

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

2. Movement in Tangible Fixed Assets

	Operational Assets		Non-Op Investment Assets	Non-Op Assets Under Construction	Infra-structure Assets	Community Assets	Total
	Land and Buildings	Plant and Equipment					
	£	£	£	£	£	£	£
Gross Book Value at 1 April 2005	24,532,650	5,324,688	3,346,895	3,004,198	2,678,065	41,669	38,928,165
Additions	163,894	519,424	762,432	85,018	129,097	-	1,659,865
Disposals	(80,000)	(33,880)	(965,460)	-	-	-	(1,079,340)
Adjustments	157,929	-	2,698,036	(2,963,533)	29,877	-	(77,691)
Revaluations	1,979,206	-	472,439	(987)	-	-	2,450,658
Gross Book Value at 31 March 2006	26,753,679	5,810,232	6,314,342	124,696	2,837,039	41,669	41,881,657
Depreciation at 1 April 2005	(1,237,462)	(2,676,236)	-	-	(598,082)	-	(4,511,780)
Depreciation for Year	(396,725)	(541,372)	-	-	(83,994)	-	(1,022,091)
Depreciation on Assets Sold	2,750	33,880	-	-	-	-	36,630
Adjustments	-	-	-	-	-	-	-
Depreciation at 31 March 2006	(1,631,437)	(3,183,728)	-	-	(682,076)	-	(5,497,241)
Accumulated Impairment at 1 April 2005	(32,933)	-	-	-	-	-	(32,933)
Impairment in Year	-	-	-	-	-	-	-
Accumulated Impairment at 31 March 2006	(32,933)	-	-	-	-	-	(32,933)
Net Book Value at 31 March 2006	25,089,309	2,626,504	6,314,342	124,696	2,154,963	41,669	36,351,483

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

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

The Council operates a rolling programme of valuations which is designed to spread the burden of valuation in terms of cost and number over a 5 year period. The last full valuation was carried out in March 2003. The valuations in 2005/06 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 2005 Numbers	Assets	31 March 2006 Numbers	Estimated Useful Live Years
3	Offices	3	60
4	Depots	4	15-40
9	Public Conveniences	9	60
13	Off Street Car Parks	13	60
1	Community Centres	1	60
4	Sports & Leisure Facilities	4	25-50
5	Industrial Estates	5	N/A
4	Industrial Workshop Buildings	5	N/A
1	Managed Workspace Building	2	60
1	Visitor Centre	1	60
5	TICs	5	60
18	Vehicles	21	5-8
67,544	Domestic Wheeled Bins	75,048	10

Capital expenditure was financed as follows:

	31 March 2006 £		31 March 2006 £
Capital Receipts	1,496,757	Tangible Fixed Assets	1,659,866
Revenue Contributions	23,848	Intangible Fixed Assets	755,448
Grants	1,401,628	Deferred Charges	506,919
Total	2,922,233		2,922,233

Further details on the Council's capital expenditure incurred during 2005/06 are shown in the Capital Accounts Summary on page 56.

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

At the end of 2005/06 the Council had the following capital commitment outstanding

Contract	Purpose	Contract Value	Outstanding Commitment	Expected Completion
Bedale Station	Construction of Craft Units	£603,000	£189,000	May 2006

Operating Leases

The Council was committed at 31 March 2006 to make payments of £3,625 in 2006/07 under operating leases for a number of vehicles – an analysis by expiration date is shown below. However, the amount to be charged to revenue in 2006/07 will be £134,002 reflecting the amount of leasing payments attributed to the year but prepaid in 2005/06 (see also Note 9 to the Consolidated Revenue Account).

	Vehicles Plant and Equipment £
Leases Expiring in 2006/07	3,625
Leases Expiring Between 2007/08 and 2010/11	-
	3,625

3. Long Term Investments

The investments consist of:

31 March 2005 £	Long Term Investments	31 March 2006 £
20,000 4,804	ADSC Debenture 3 ½ War Loan Stock	20,000 5,360
24,804	Total Long Term Investments	25,360

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

4. Long Term Debtors

31 March 2005 £	Long Term Debtors	31 March 2006 £
8,816	Housing Mortgages - Council Houses	6,898
209,402	- Housing Associations	208,980
205,502	Car Loans to Employees	117,802
423,720	Total Long Term Debtors	333,680

5. Stocks

The main items of stock relate to:

31 March 2005 £	Stocks	31 March 2006 £
22,689	Central Stocks - Stationery etc.	21,559
32,525	Herriot Visitor Centre	24,042
3,629	TICs	3,157
19,578	Operational Services	11,494
24,557	Leisure Facilities	20,324
102,978	Total Stocks	80,576

6. Debtors

31 March 2005 £	Debtors	31 March 2006 £
	Amounts falling due in one year :-	
2,516,630	Government Departments	664,014
202,773	Other Local Authorities	319,745
295,311	Other Public Sector Organisations	141,485
546,756	Housing Associations	183,087
841,886	Council Taxpayers	927,389
289,740	Business Ratepayers	251,517
897,543	Sundry Debtors	1,091,187
5,590,639		3,578,424
(926,016)	Less Provision For Doubtful Debts	(984,431)
4,664,623	Net Debtors	2,593,993

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

7. Short Term Investments

The investments consist of:

31 March 2005			Investments	31 March 2006		
Specified	Non Specified	Total		Specified	Non Specified	Total
£	£	£		£	£	£
13,118,393	336,378	13,454,771	Investec Investment Management	10,087,028	3,987,131	14,074,159
13,322,180	-	13,322,180	Invesco Asset Management	-	-	-
-	-	-	Alliance Capital	12,413,089	1,526,761	13,939,850
-	-	-	Money Market	330,000	-	330,000
26,440,573	336,378	26,776,951	Total Investments	22,830,117	5,513,892	28,344,009

The total £13,496,259 investments (including accrued interest of £174,079), held by Invesco were returned during the year and £13,500,000 was reinvested with a new Fund Manager – Alliance Capital.

In total the investments held by the Fund earned £1,233,318 in interest profits and this was left with the Fund Managers for further investment.

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

8. Creditors

31 March 2005 £	Creditors	31 March 2006 £
(385,897)	Other Local Authorities	(482,311)
(333,588)	Other Public Sector Organisations	(102,908)
(500,386)	Government Departments	(416,053)
(13,959)	Water Companies	(23,925)
(248,106)	Housing Associations	(106,560)
(722,018)	Council Taxpayers	(721,487)
(220,004)	Business Ratepayers	(337,904)
(1,939,173)	Sundry Creditors	(2,393,831)
(4,363,131)	Total Creditors	(4,584,979)

9. Capital Contributions Deferred

The 2005 Code requires that government grants and other contributions are credited to a Capital Contributions Deferred Account and released to the Asset Management Revenue Account over the useful life of the asset to match the depreciation of the asset to which it relates.

2004/2005 £	Capital Contributions Deferred	2005/2006 £
(834,510)	Balance Brought Forward at 1 April	(3,411,400)
(2,798,502)	Grants Received in the Year	(1,262,253)
504,900	Grants Applied to Capital Expenditure transferred to Capital Financing Account	890,995
172,309	Grants Released to Revenue Account	278,275
(455,597)	Previous Year's Adjustment	-
(3,411,400)	Balance Carried Forward at 31 March	(3,504,383)

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

10. Deferred Capital Receipts

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

2004/2005 £	Deferred Capital Receipts	2005/2006 £
(13,706)	Balance Brought Forward at 1 April	(8,816)
4,890	Amount received in year	1,918
(8,816)	Balance Carried Forward at 31 March	(6,898)

11. Fixed Asset Restatement Account

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

2004/2005 £	Fixed Asset Restatement Account	2005/2006 £
(11,210,676)	Balance Brought Forward at 1 April	(10,133,895)
(332,060)	Revaluation of Fixed Assets	(2,451,042)
1,408,841	Disposal of Fixed Assets	1,042,710
(10,133,895)	Balance Carried Forward at 31 March	(11,542,227)

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

12. Capital Financing Account

2004/2005 £	Capital Financing Account	2005/2006 £	£
(21,724,872)	Balance Brought Forward at 1 April	(21,624,796)	
	Capital Financing		
(1,206,327)	- Usable Capital Receipts	(1,496,757)	
(2,141,045)	- Debt Redemption Reserve	-	
(11,192)	- Direct Revenue Financing	(23,848)	
(504,900)	- Grants Applied	(890,995)	
			(2,411,600)
2,141,045	Use of Debt Redemption Reserve for Capital Expenditure	-	
619,176	Amortisation of Intangible Assets and Deferred Charges to Consolidated Revenue Account	751,847	
32,933	Impairment Loss on Fixed Assets	-	
887,098	Provision for Depreciation	1,022,091	
(172,309)	Deferred Grant Release	(278,275)	
			1,495,663
455,597	Other Adjustment for Deferred Grants received in 2003/04		-
(21,624,796)	Balance Carried Fwd at 31 March		(22,540,733)

13. Usable Capital Receipts Reserve

2004/2005 £	Usable Capital Receipts Reserve	2005/2006 £
(11,528,197)	Balance Brought Forward at 1 April	(12,290,010)
(1,968,140)	Capital Receipts in Year	(1,481,552)
1,206,327	Financing of Capital Expenditure	1,496,757
(12,290,010)	Balance Carried Forward at 31 March	(12,274,805)

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

14. Other Reserves

Other Reserves	1 April 2005 £	Increases in Year £	Decreases in Year £	31 March 2006 £
Council Taxpayers Reserve	(8,888,194)	(3,447,487)	2,147,929	(10,187,752)
Computer Purchase Reserve	(1,270,571)	(95,135)	1,365,706	-
Repairs & Renewals Reserve	(641,225)	(125,500)	766,725	-
One Off Reserve	(225,087)	(293,066)	189,946	(328,207)
Vehicle Replacement Reserve	(1,353,178)	-	1,353,178	-
Community Safety Partnership	(22,627)	(19,902)	-	(42,529)
Local Plan Reserve	(373,101)	(289,188)	199,642	(462,647)
Promotion of Tourism	(37,190)	-	10,269	(26,921)
Building Control Reserve	(113,054)	(11,853)	2,516	(122,391)
Insurance Reserve	(250,000)	-	250,000	-
Service Improvement Reserve	(65,000)	(140,362)	20,862	(184,500)
Hambleton Strategic P'ship	-	(70,475)	-	(70,475)
Capital Fund	-	(1,450,178)	-	(1,450,178)
Total Other Reserves	(13,239,227)	(5,943,146)	6,306,773	(12,875,600)

The purposes of the above reserves are as follows:

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

Computer Purchase Reserve – To invest in Information and Communications Technology to help deliver efficient services to the public. Due to a restructuring of the Council's finances during 2005/06, this Reserve has been closed.

Repairs and Renewals Reserve - To ensure Council buildings are maintained to a high standard. Due to a restructuring of the Council's finances during 2005/06, this Reserve has been closed.

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

Vehicle Replacement Reserve -To enable all vehicles to be purchased and thereby give greater flexibility not afforded by other financing methods e.g. leasing. Due to a restructuring of the Council's finances during 2005/06, this Reserve has been closed.

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

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

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

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

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

Insurance Reserve - To provide financial cover for the following policies which the Council self insurers:-

- Loss of Revenue
- Money
- Theft
- Public Health Act
- Motor Car Credit Guarantee

The losses associated with these risks have been historically low and no claims were made during the year, therefore this reserve has been closed. Any future losses will be charged to the appropriate service revenue account and met from the Council Taxpayers Reserve.

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.

15. Retirement Benefits

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

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

31 March 2005 £	Local Government Pension Scheme	31 March 2006 £
23,823,727 (35,900,000)	Estimated Assets in Scheme Estimated Liabilities in Scheme	30,473,103 (42,278,000)
(12,076,273)	Net Asset/(Liability)	(11,804,897)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £42,278,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet, resulting in a negative overall balance of £11,805,000. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

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

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

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

The assumptions used by the actuary are:

	31 March 2005	31 March 2006
◆ Rates of Inflation	2.90%	2.90%
◆ Rate of Increase in Salaries	4.65%	4.65%
◆ Rate of Increase in Pensions	2.90%	2.90%
◆ Discount Rate	5.40%	4.90%

The assets attributable to the Council in the Scheme are £30,473,103 (£23,823,727 2004/05) valued at fair value (principally market value for investments) as at 31 March 2006. The proportion of assets held with expected rates of return is shown below:-

	Long Term Expected Rate of Return %	Proportion of Assets Held			
		31 March 2005 %		31 March 2006 %	
		£000's	%	£000's	%
Equities	7.0	18,343	77.00	22,855	75.00
Gov't Bonds	4.3	2,763	11.60	2,316	7.60
Other Bonds	4.9	1,477	6.20	4,266	14.00
Cash/Liquidity	4.5	1,239	5.20	1,036	3.40
		23,822	100.00	30,473	100.00

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

The overall position of the Pension Fund in relation to Hambleton District Council is £11,804,897 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. Our actuaries have advised that this will reduce the value of the Council's

Notes to the Consolidated Balance Sheet (Cont'd 12)

pension liabilities by £696,000 and this has been included within Non Distributed Costs on the face of the Consolidated Revenue Account.

16. Trust Funds

The Council acts as one of several trustees for the Thirsk and Sowerby Swimming Baths Charity, and administers the Charity's funds on its behalf. The Capital value of the fund is £2,356,550 as at 31 March 2006 (£2,303,705 31 March 2005). This Fund does not represent assets of the Council and therefore is not included in the Consolidated Balance Sheet.

17. Debt Redemption Reserve (Memorandum Account)

2004/2005 £	Debt Redemption Reserve	2005/2006 £
(2,141,045)	Balance Brought Forward at 1 April	-
2,141,045	Financing Capital Expenditure	-
-	Commutation Loss Adjustment	-
-	Balance Carried Forward at 31 March	-

This memorandum reserve represented the Council's set-aside capital receipts and was contained within the Capital Financing Account shown at Note 12. All set-aside receipts were fully utilised to fund capital expenditure in 2004/05.

18. Authorisation of the Statement of Accounts

The Statement of Final Accounts 2005/06 were formally tabled before the Audit and Governance Committee for approval on 27 June 2006 and authorised for issue by Phil Morton and Councillor David Murkett. The statements being subject to the External Audit process. Events after the Balance Sheet date have been considered up to this time.

The Cash Flow Statement

2004/2005 £	Cash Flow	2005/2006 £ £	
	Revenue Activities		
	Cash Outflows		
9,698,770	Cash Paid to and on Behalf of Employees	10,261,776	
7,166,626	Other Operating Cash Payments	6,403,823	
8,334,044	Housing Benefit Paid Out	9,168,138	
16,927,466	NNDR Payments to National Pool	19,205,479	
36,752,996	Precepts Paid	38,617,045	
-	Contributions to Collection Fund Surplus (NYCC/NYPA)	33,489	
			83,689,750
	Cash Inflows		
(36,326,051)	Council Tax Receipts	(38,109,857)	
(17,122,926)	NNDR Receipts	(19,506,214)	
(119,984)	NNDR Receipts from National Pool	(4,225,624)	
(2,308,242)	Revenue Support Grant	(2,350,407)	
(11,521,651)	DWP Grants for Benefits (Note 5)	(12,967,289)	
(236,231)	Other Government Grants (Note 5)	(787,937)	
(4,398,564)	Cash Received for Goods and Services	(4,649,593)	
(1,166,680)	Other Operating Cash Receipts	(2,208,940)	
			(84,805,861)
5,679,573	Net Cash Flow from Revenue Activities (Note 2)		(1,116,111)
	Servicing of Finance		
	Cash Outflows		
5,095	Interest Paid		1,977
	Cash Inflows		
(1,632,439)	Interest Received		(1,603,031)
(1,627,344)	Net Cash Flow from Servicing of Finance		(1,601,054)
	Capital Activities		
	Cash Outflows		
4,471,515	Purchase of Fixed Assets	2,303,250	
890,292	Other Capital Payments	1,189,737	
			3,492,987
	Cash Inflows		
(3,255,020)	Sale of Fixed Assets	(1,855,807)	
(1,218,407)	Government Grants Received (Note 5)	(347,208)	
(1,643,997)	Other Capital Receipts	(598,299)	
			(2,801,314)
(755,617)	Net Cash Flow from Capital Activities (Note 3)		691,673
	Management of Liquid Resources		
(3,105,962)	Net Cash (Inflow)/Outflow (Note 6)		1,237,058
(3,105,962)	Net Cash Flow from Liquid Resources		1,237,058
190,650	Net Cash Outflow/(Inflow) for the year (Note 4)		(788,434)

Notes to the Cash Flow Statement

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

2. Cash Flow Reconciliation – Revenue

2004/2005 £	Cash Flow Reconciliation	2005/2006	
		£	£
-	Revenue Activities	-	
(42,572)	Consolidated Revenue Account Balance	(1,878)	(1,878)
	Collection Fund Balance		
98,709	Contributions (to)/from Provisions	(58,415)	
(11,192)	Financing of Capital Expenditure	(23,848)	
1,627,344	Investment Interest	1,601,054	
930,827	Transfers (to)/ from Reserves	363,627	1,882,418
20,812	Increase/(Decrease) in Stock	(22,402)	
2,020,494	Increase/(Decrease) in Debtors	(1,817,431)	
1,035,151	(Increase)/Decrease in Creditors	(1,156,818)	(2,996,651)
5,679,573	Net Cash Flow from Revenue Activities		(1,116,111)

3. Cash Flow Reconciliation – Capital

2004/2005 £	Cash Flow Reconciliation	2005/2006	
		£	£
6,075,107	Capital Expenditure	2,922,233	
(713,300)	Gross Capital Expenditure		
-	(Increase)/Decrease in Creditors	549,789	
	Increase/(Decrease) in Debtors	20,965	
	Total Capital Payments		3,492,987
(4,851,734)	Capital Income	(2,883,180)	
	Gross Capital Income		
(1,373,326)	Increase/(Decrease) in Debtors	(303,315)	
107,636	(Increase)/Decrease in Creditors	385,181	
	Total Capital Receipts		(2,801,314)
(755,617)	Net Cash Flow from Capital Activities		691,673

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

4. Movement in Cash and Cash Equivalents

	31 March 2005 £	31 March 2006 £	Movement £
Cash with Officers	4,586	4,736	(150)
Cash at Bank/Overdrawn (-)	(166,602)	291,682	(458,284)
Short Term Investments	-	330,000	(330,000)
Total Cash and Cash Equivalents	(162,016)	626,418	(788,434)

5. Government Grants

31 March 2005 £	Government Grants	31 March 2006 £
	Revenue	
(3,134,931)	Council Tax Benefit	(3,307,808)
(8,386,720)	Rent Allowances and Rent Rebates	(9,659,481)
-	DWP – Benefit Partnership	(129,850)
-	Bellwin	(97,270)
(116,593)	Community Safety	(52,338)
(40,453)	Homelessness	(18,750)
(79,185)	Planning Delivery	(289,188)
-	LABGI	(123,270)
-	Local E-Gov	(50,725)
-	Waste Performance	(26,546)
(11,757,882)	Total Revenue Grants	(13,755,226)
	Capital	
(96,000)	Renovation Grants	(62,155)
(28,414)	Community Safety	-
(350,000)	Implementing Electronic Government	(199,276)
(25,990)	DWP Grant for Benefit Software	(73,277)
(439,133)	ERDF – Stokesley Managed Workshops	-
(274,620)	Wheeled Bins	-
(4,250)	Homelessness	-
-	Arts Council – Art Project at Stokesley	(12,500)
(1,218,407)	Total Capital Grants	(347,208)

Notes to the Cash Flow Statement (Cont'd 2)

6. Management of Liquid Resources

	31 March 2005 £	31 March 2006 £	Movement £
Investments	28,344,009	26,776,951	1,567,058
Less Internally Managed Funds (treated as a cash equivalent)	(330,000)	-	(330,000)
Total Cash and Cash Equivalent	28,014,009	26,776,951	1,237,058

Collection Fund Income and Expenditure Account

2004/2005 £		2005/2006 £	£
35,552,722	Income - Council Tax		37,422,726
2,919,340	Transfers from General Fund - Council Tax benefits		3,138,931
17,071,347 747,800	Income Collectable from Business Ratepayers (Note 3) Ministry of Defence Payment in Lieu of Council Tax		19,350,091 773,165
56,291,209	Total Income for the Year		60,684,913
	Expenditure		
28,329,924	Precept Payments		
5,946,202	- North Yorkshire County Council	29,889,712	
3,082,239	- North Yorkshire Police Authority	6,135,156	
1,752,309	- Hambleton District Council	3,351,402	
	- North Yorkshire Fire and Rescue Authority	1,832,878	
			41,209,148
16,927,466	Business Rates		
143,881	- Payment to National Pool	19,205,479	
	- Costs of Collection	144,612	
			19,350,091
1,812	Increase in Provision for Bad Debt	60,830	
64,803	Write Offs	26,612	
			87,442
-	Transfer to General Fund - Surplus Estimated for Previous Year		36,354
56,248,636	Total Expenditure for the Year		60,683,035
(42,573)	(Surplus)/Deficit for the Year		(1,878)
116,028	(Surplus)/Deficit Brought Forward at 1 April		73,455
73,455	(Surplus)/Deficit Carried Forward at 31 March		71,577

Notes to the Collection Fund Income and Expenditure Account

1. General

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

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

2. The Council Tax is a property based tax with properties allocated to valuation bands from A to H. The tax base for Hambleton was calculated at £34,858.84 for 2005/06 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
1,663.70	5,075.26	6,686.86	5,625.13	6,316.02	4,948.58	3,626.12	246.41	34,188.09
Add Contributions in Lieu – MOD (Band D equivalent)								670.75
								34,858.84

The average Council Tax for Hambleton at Band D was £1,182.17, made up as follows:

2004/2005 £	Precepting Authorities	2005/2006 £
68.00	Hambleton District Council	74.36
817.09	North Yorkshire County Council	857.45
171.50	North Yorkshire Police Authority	176.00
20.90	Parish	21.78
50.54	North Yorkshire Fire Authority	52.58
1,128.03	Total Average Band D Council Tax	1,182.17

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 2006 the non-domestic rateable value was £54,399,538 which when multiplied by a uniform business rate of 41.5p gives a total collectable of £22,575,808.

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 2005/06 of £19,350,091.

Statement of Total Movement in Reserves

	Capital Reserves				Revenue Reserves				Total £000s
	Fixed Asset Restatement Account £000s	Capital Financing Account £000s	Usable Capital Receipts £000s	Deferred Capital Receipts £000s	General Fund £000s	Collection Fund £000s	Pension Reserve (Note 1) £000s	Other Reserves £000s	
Balance at 1 April 2005	(10,134)	(21,625)	(12,290)	(9)	(2,000)	73	12,076	(13,239)	(47,148)
Net (Surplus)/Deficit for Year	-	1,496	-	2	-	(1)	(271)	349	1,575
Unrealised (Gains)/Loss from Revaluation of Fixed Assets	(2,451)	-	-	-	-	-	-	-	(2,451)
Impairment Losses on Fixed Assets Arising from Revaluations	-	-	-	-	-	-	-	-	-
Effects of Disposals of Fixed Assets:-									
Cost or Value of Assets Disposed of	1,043	-	-	-	-	-	-	-	1,043
Proceeds of Disposals	-	-	(1,482)	-	-	-	-	-	(1,482)
Net(Surplus)/Deficit	1,043	-	(1,482)	-	-	-	-	-	(439)
Financing of Fixed Assets	-	(2,412)	1,497	-	-	-	-	14	(901)
Balance at 31 March 2006	(11,542)	(22,541)	(12,275)	(7)	(2,000)	72	11,805	(12,876)	(49,364)

Notes to the Statement of Total Movement in Reserve

1. Pension Reserve

The movement in the net pension liability for the year to 31 March 2006 is as follows:-

2004/05 £	Movement in Net Pension Liability	2005/06 £
(6,820,000)	Net pensions liability at 1 April	(12,076,273)
(997,000)	Movement in the year:	
	Current Service Cost	(1,090,000)
884,727	Employers contributions including unfunded retirement benefits	1,090,376
(13,000)	Past Service Costs/Curtailment Costs	695,000
1,493,000	Expected Return on Assets	1,577,000
(1,805,000)	Interest on Pension Liabilities	(1,950,000)
(4,819,000)	Actuarial Gain / (loss)	(51,000)
(12,076,273)	Net Pension Liability at 31 March	(11,804,897)

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)	2002/03		2003/04		2004/05		2005/06	
	£	% of Assets / Liabilities	£	% of Assets / Liabilities	£	% of Assets / Liabilities	£	% of Assets / Liabilities
Difference between the expected and actual return on assets	(6,843,000)	39.4	3,344,000	15.3	765,000	3.2	4,640,000	15.2
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
	(6,843,000)		3,344,000		(4,819,000)		(51,000)	

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 2006 under the Audit Commission Act 1998, which comprises the Consolidated Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These 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 Director of Resources and Auditor

The Director of Resources' responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 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 the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA's guidance. 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 Explanatory Foreword. 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 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 Statements of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Council as at 31 March 2006 and its income and expenditure for the year then ended.

Signature:

Date: 28 September 2006

Name: Mark J Kirkham
Address: Audit Commission
Kernel House
Killingbeck Drive
Leeds
LS14 6UF

Capital Accounts Summary 2005/2006

Committee and Service	Total Expenditure £	Usable Receipts £	Set-aside Receipts £	Revenue Contributions £	Capital Grants and Contributions £
Finance & Resources Scrutiny Committee					
Offices and Depots	33,346	33,346			
Computer Equipment	966,955	433,344	-	23,848	509,763
Rural Transport Grants	9,667	9,667			
Sub-total Finance & Resources	1,009,968	476,357	-	23,848	509,763
Cultural & Social Scrutiny Committee					
Housing Renovation Grants	184,808	87,133			97,675
Housing Association Grants	142,000	142,000			
Sport & Leisure Facilities	125,211	105,211			20,000
Playing Fields, Open Spaces & Other	181,801	42,991			138,810
Environmental Works					
Leisure Grants	42,296	42,296			
Art Projects	5,025	-			5,025
CCTV	20,835	20,835			
Tourism	13,872	13,872			
Footway Lighting	42,870	42,870			
Car Parks	37,217	37,217			
Refuse Collection and Recycling	111,468	111,468			
Public Conveniences	-	-			
Vehicles	131,868	131,868			
Community Safety	50,710	-			50,710
Sub-total Social & Cultural	1,089,981	777,761	-	-	312,220
Environment & Economy Scrutiny Committee					
Industrial Development	782,285	202,639			579,646
Community Grants	39,999	39,999			
Sub-total Environment & Economy	822,284	242,638	-	-	579,646
GRAND TOTAL	2,922,233	1,496,756	-	23,848	1,401,629

General Fund Revenue Account – Committee Analysis

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

Details	2005/2006			2004/2005
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
Finance & Resources Scrutiny Committee				
Democratic Representation	970,563	-	970,563	928,660
Corporate Management	769,410	29,692	739,718	753,066
- Chief Executive's - Corporate	697,894	697,453	441	1,427
- Chief Executive's – Personnel & Training	142,739	142,537	202	212
Financial Support Services	897,000	895,117	1,883	(3,453)
Planning & Environmental Support Service	1,167,351	1,139,429	27,922	9,132
Computer Costs	1,098,071	1,096,755	1,316	12,579
Administrative Buildings	451,190	411,652	39,538	47,221
Depots	54,823	37,970	16,853	50,437
Unapportionable Central Overheads	211,702	700,252	(488,550)	174,355
Local Taxation Collection	4,581,060	3,609,690	971,370	840,210
Housing Benefits	10,046,408	9,770,589	275,819	98,404
Elections	323,215	222,853	100,362	141,425
Emergency Planning	32,524	-	32,524	219
Land Charges	138,663	249,087	(110,424)	(60,840)
Grants & Subscriptions	33,131	-	33,131	34,507
Public Transport	142,249	1,130	141,119	144,263
Customer Services	1,258,324	1,261,132	(2,808)	(977)
Sub-total	23,016,317	20,265,338	2,750,979	3,170,847
Cultural & Social Scrutiny Committee				
Museums	20,697	-	20,697	20,090
Hambleton Forum	179,661	53,653	126,008	141,442
Swimming Pools & Leisure Centres	3,606,185	2,225,883	1,380,302	1,353,581
Thirsk All Weather Pitch	32,039	22,463	9,576	39,831
Open Spaces	70,997	1,086	69,911	85,320
Tourism	318,904	34,621	284,283	278,243
World of James Herriot	352,277	186,013	166,264	168,036
Leisure Services	303,256	44,062	259,194	283,968
Facilities Unit	127,082	126,397	685	296
Cemeteries	7,851	1,713	6,138	6,602
Environmental Health Services	885,536	216,696	668,840	615,186
Health & Safety	109,565	-	109,565	105,714
Chief Executives Licensing	204,102	168,406	35,696	43,392
Pest Control	147,277	76,399	70,878	51,790
Public Conveniences	249,104	23,299	225,805	216,890
Footway Lighting	432,191	-	432,191	471,409
CCTV	213,330	97,074	116,256	120,068
Community Safety	300,798	155,387	145,411	133,820
Defences Against Flooding	210,096	135,984	74,112	19,626
Street Cleansing	637,019	2,133	634,886	523,051
Waste Collection	1,660,014	8,560	1,651,454	1,759,902
Recycling	513,900	558,626	(44,726)	(559)

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

Details	2005/2006			20004/2005
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
Cultural & Social (Continued)				
Operational Services	550,164	549,805	359	(35)
Community Services	-	-	-	-
Car Parks	470,302	41,710	428,592	404,543
Housing Strategy	98,669	-	98,669	77,677
Registered Social Landlords	144,429	-	144,429	205,406
Housing Act Advances	879	31,397	(30,518)	(30,387)
Housing Advice	46,938	-	46,938	39,108
Private Sector Housing Renewal	135,116	733	134,383	124,509
Homelessness	336,019	182,511	153,508	159,918
Housing Services	215,802	215,800	2	18
Sub-total	12,580,199	5,160,411	7,419,788	7,418,455
Building Control	636,203	402,740	233,463	127,806
Development Control	1,088,995	880,521	208,474	468,922
Planning Policy etc	1,064,953	412,726	652,227	567,270
Community Development	264,373	114,300	150,073	183,559
Industrial Development	591,103	342,121	248,982	226,681
Sub-total	3,645,627	2,152,408	1,493,219	1,574,238
Grand Total	39,242,143	27,578,157	11,663,986	12,163,540

Note:

The net costs of support services have been transferred to the Consolidated Revenue 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.