



**Doncaster**  
Metropolitan Borough Council

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# **Statement of Accounts 2011/12**

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## Doncaster Metropolitan Borough Council Statement of Accounts 2011/12

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## Explanatory Foreword

### Introduction

This foreword provides a general guide to the significant financial matters in which the Council is involved and summarises the Council's financial position for 2011/12. It also contains a commentary on the major influences affecting the Council's income, expenditure and cash flow, and information on the financial needs and resources of the Council.

The Statement of Accounts has been prepared on the basis that the Council is a going concern. The Statement of Accounts includes all the financial statements and disclosure notes required by statute and a brief financial review for 2011/12. The Code of Practice on Local Authority Accounting (the Code) on which these accounts have been produced is based on IFRS and has been developed by the CIPFA / LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific Local Authority statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance.

Definitions of any technical terms used in this statement can be found in the glossary of terms section (page 145)

### Statement of Responsibilities for the Statement of Accounts

This explains both the Council's and the Director of Finance and Corporate Services' responsibilities in respect of the Statement of Accounts.

### Statement of Accounting Policies

This statement details the legislation and principles on which the financial statements have been prepared and discloses the accounting policies that are significant to the understanding of the Statement of Accounts and the Council's financial position.

### The Core Financial Statements

#### Comprehensive Income and Expenditure Statement

The purpose of this account is to report income and expenditure relating to all services provided by the Council and how the net costs of these services have been financed by local taxpayers and central government grants. The Comprehensive Income and Expenditure Statement is presented using the service expenditure analysis set out in CIPFA's Service Reporting Code of Practice (SeRCOP).

#### Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council.

#### Balance Sheet

This statement summarises the Council's financial position as at 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2012. There is also a restated position for 1<sup>st</sup> April 2010. It shows the balances and reserves available to the Council, fixed and current assets employed in its operations, and its borrowing position.

#### Cash Flow Statement

This summarises the cash receipts and payments of the Council arising from transactions with third parties for both capital and revenue purposes.

### Notes to the Core Financial Statements

The notes provide additional information to support the core statements.

## Supplementary Financial Statements

### Housing Revenue Account (HRA) Comprehensive Income and Expenditure Statement

This account deals with the provision and maintenance of council housing. There is a statutory requirement to keep this account separate from the Council's General Fund account, as defined in schedule 4 of the Local Government and Housing Act 1989.

### Notes to the Housing Revenue Account

The notes provide additional information to support the HRA financial statements.

### Collection Fund

The Local Government Finance Act 1992 requires each billing authority to establish and maintain a Collection Fund. It shows the transactions of the Council in relation to national non domestic rates and Council Tax and illustrates the way in which these have been distributed to the General Fund and precepting authorities. The Collection Fund is managed by the billing authority but its accounts must be kept separate from the Council's accounts.

### Group Accounts

The Group Accounts give a full picture of the Council's economic activities, financial position, accountability for resources and exposure to risk by reflecting the full extent of the Council's involvement with its group undertakings (St. Leger Homes of Doncaster Limited, The Doncaster Racecourse Management Company Limited and Digital Region Limited).

### Independent Auditor's Report to the Council

This report details the basis of the external auditor's opinion on the financial statements. The external auditor for this year's Statement of Accounts is the Audit Commission.

### Financial Performance for 2011/12

Expenditure falls into two broad areas, namely revenue spending (concerning the provision of Council services) and capital spending (the acquisition and improvement of assets).

## Revenue spending

### General Fund Services

The General Fund represents the costs for the year of the Council's major functions (excluding the HRA). Revenue spending is generally on items that are consumed within a year, and is financed from Council Tax, Government grants and other income.

The table below represents General Fund activities only, and therefore the figures differ from those shown in the group accounts statements on pages 134 to 144 since those statements include both General Fund and HRA.

	Gross Budget £m	Net Budget £m	Outturn £m	Year-end Variance Overspend / (underspend) £m
Adults & Communities	131.520	84.929	81.941	(2.988)
Children & Young People's Service (excludes schools budget)	88.988	40.637	44.749	4.112
Finance & Corporate Services	152.736	25.739	23.969	(1.770)
Regeneration & Environment	82.792	41.824	38.423	(3.401)
<b>Total Service Budgets</b>	<b>456.036</b>	<b>193.129</b>	<b>189.082</b>	<b>(4.047)</b>
General Financing/Treasury Management	19.913	19.913	17.346	(2.567)
Levying Bodies/Parish Precepts	26.597	26.597	26.581	(0.016)
Other Centrally Funded	8.719	(0.314)	(0.731)	(0.417)
<b>Total Council Wide</b>	<b>55.229</b>	<b>46.196</b>	<b>43.196</b>	<b>(3.000)</b>
<b>Change Programme Budgets</b>	<b>(2.720)</b>	<b>(2.720)</b>	<b>(0.172)</b>	<b>2.548</b>
<b>Total General Fund Services</b>	<b>508.545</b>	<b>236.605</b>	<b>232.106</b>	<b>(4.499)</b>

The Council has achieved an underspend position of £4.499m after adjusting for carry forwards. The Council has achieved a significant proportion of the £37m budget reduction target for the year with the remainder being offset by one-off savings and additional income generated to outturn at the £4.499m underspend.

The General Fund uncommitted revenue reserves as at 31<sup>st</sup> March 2012 are £7.7m and, of this, £1.2m will be used in the 2012/13 budget. The in-year underspend of £4.5m identified above will therefore increase the general fund uncommitted reserves to £11.0m.

During the year there were 262 post reductions which will reduce the Council's annual expenditure by £3.7m. These post reductions were financed by capitalising part of statutory redundancy and pension costs with the remainder being met from in-year budgets and earmarked reserves.

During the year the Council also received a capitalisation direction to establish a provision for the future costs of Digital Region Limited. This had no impact on the 2011/12 outturn position.

The underlying commitments the Council has in the long run, to pay retirement benefits, is shown in Note 48. The total liability of £317.909m (2010/11: £270.020m) has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, current statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy, as the deficit on the scheme will be made good by increased contributions over the remaining life of employees, as assessed by the actuary.

### **Housing Revenue Account**

The Council continues to be a major provider of social housing, but works closely with housing associations and other social landlords to provide affordable housing for all tenants in the borough. From 1<sup>st</sup> October 2005, maintenance and administration of the Council's dwellings was transferred to St. Leger Homes of Doncaster Limited (SLHD), an Arm's Length Management Organisation, limited by guarantee and wholly owned by the Council. The Housing Revenue Account (HRA) is a ring-fenced account for the costs and income of housing people in council-owned accommodation, which ensures that no subsidy can be received from the General Fund.

The HRA outturn position is a surplus of £1.795m compared to an original budgeted surplus of £0.093m, an under spend of £1.702m. This in year surplus increases the HRA balance from £4.940m as at 1<sup>st</sup> April 2011 to £6.735m as at 31<sup>st</sup> March 2012.

The Housing Revenue Account for 2011/12 is set out on pages 124 to 127.

### **Explanation of material/unusual charges or credits in the accounts**

The Localism Act 2011 has introduced a system of self-financing the Housing Revenue Account from April 2012, abolishing the current Housing Revenue Account subsidy system. In preparation for this, the Council received a settlement payment of £59.769m from the Secretary of State on the 28th March 2012 for the early redemption of PWLB debt. The early debt redemption has led to a premium payment of £21.912m which has also been met by the Secretary of State. These receipts, totalling £81.681m, are capital receipts in accordance with statutory requirements and are disclosed separately on the face of the HRA (page 124).

Included within the Comprehensive Income and Expenditure Statement in 2011/12 are material charges relating to the impairment of the Council's assets in respect of the transfer of leisure facilities to Doncaster Culture and Leisure Trust (£63.715m)

### **Capital spending**

Capital spending is broadly defined as that spending which generates assets that have a life beyond the year in which the spending occurs. The Council's total capital spending in the year was £146.8m. An analysis of capital expenditure is summarised below:-

	Revised Base Budget	Q3 Estimated Spend	Outturn	Variance	Unfinanced Adjustment	Total Expenditure Requiring Financing
Capital Programme	£m	£m	£m	£m	£m	£m
Adults & Communities	4.139	4.418	3.963	(0.455)	0	3.963
Children and Young People Services	39.352	45.210	45.456	0.246	0	45.456
Finance & Corporate Services	4.826	10.264	11.434	1.170	0	11.434
Regeneration & Environment	104.517	91.514	85,996	(5.518)	0.488	86.484
<b>Total</b>	<b>152.834</b>	<b>151.406</b>	<b>146.849</b>	<b>(4.557)</b>	<b>0.488</b>	<b>147.337</b>

The reduced spending on capital schemes is due in part to revisions to the timing of the work being carried out, and therefore the timing of the expenditure.

Capital Financing is the mechanism used to fund capital expenditure and is undertaken to ensure that the available finance sources are used in the most advantageous and correct manner.

Sources of finance include Government supported borrowing, Prudential Borrowing, receipts from the sale of Property, Plant and Equipment, Government grants, contributions from sources external to the Council and contributions from revenue budgets and reserves.

In 2011/12 grants and contributions have continued to provide an important funding source for the capital programme, £72.203m of the £147.4m total spend. The Council continues to maximise the use and flexibility of such funding.

In April 2004 a prudential capital finance system was introduced which enables the Council to take out unsupported borrowing called Prudential Borrowing, provided that it can be demonstrated to be affordable. The Council currently uses this facility mainly to fund parts of the Regeneration and Environment capital programme.

An analysis of capital financing is summarised below:-

Capital Financing 2011/12	£m
Grants and Contributions (in respect of expenditure incurred in year)	72.203
Supported Capital Expenditure – Revenue	22.211
Prudential Borrowing	26.072
Direct Revenue Funding	6.914
Capital Receipts	11.394
Earmarked Reserves	1.996
Unfinanced Expenditure	6.547
<b>Total</b>	<b>147.337</b>

The Council received a CLG capitalisation direction for Digital Region of £6.28m to cover the Council's share of the costs of the termination of the existing network build and operation contract and the procurement of a new provider. This will be financed in 2012/13.

The Council delivers a wide-ranging capital programme including a Housing Decency Programme, school building improvements, children's play facilities, investment in the road infrastructure, environmental improvement works and regeneration schemes.

Initiatives include the continued progression of the Council's major schemes such as Waste Strategy Projects, the Civic and Cultural Quarter, Academies Re-Building Programme, Housing Decency works and White Rose Way.

## Financial Outlook

### General Fund – Revenue

Public finance and local government services continue to be the subject of much review and debate, particularly in the context of the public sector deficit and the coalition Government's plans to significantly accelerate the reduction in the structural deficit over the course of the Parliament with the main burden of the deficit reduction borne by reduced spending in public services.

In March 2012 the Council agreed the 2012/13 revenue budget proposals within the context of a four year financial strategy and the national Comprehensive Spending Review (CSR) for the period 2012/13 to 2014/15 and an anticipated Local Government Finance settlement for 2015/16.

The report focused on four key areas; the effective resourcing of services and council objectives; the sustainable resourcing of the capital programme; freezing the Council Tax for Doncaster residents; and ensuring an adequate level of non-committed revenue reserves.

The key features and assumptions of these budget proposals are summarised below:-

The Council has received a marginally below average Government settlement for 2012/13, which provides for a reduction in formula grant of 7.3%, compared to the national average reduction of 7.2%;

Council Tax to be held at the 2011/12 rate for 2012/13 (funded by a one-off government grant), a proposed further freeze for 2013/14 and minimal levels of increases below the current levels of inflation at 2.5% for 2014/15 onwards;

The target of £77m of net savings over 2012/13 to 2015/16 by the Council's change programme & efficiencies across council departments;

The proposed total revenue expenditure budget for 2012/13 is £479.9m covering all major funding sources. Once grant income arising from Council Tax and Housing Benefit claims is excluded the reduction from the approved budget for 2011/12 is 3.5%. (The budget financed through Formula Grant, Council Tax and Collection Fund surplus is £232.0m); and

The balance on the non-committed General Fund reserve is projected to amount to £6.2m by the 31st March 2013 assuming that all spending reductions for 2012/13 are delivered.

It is recognised that local government finance settlements arising from the Government's CSR and the anticipated implications of the subsequent November 2011 autumn statement are extremely challenging and there are significant issues for the Council in delivering the budget proposals for 2012/13.

The budget challenge has provided the Council with valuable information to inform strategic decision making as a new approach to service delivery is defined not just in Doncaster but in the wider public sector. The key objective of the Medium Term Financial Plan is to provide the Council with a robust financial plan to ensure financial sustainability.

Through providing for the four year horizon aligned to the CSR period and an estimated Local Government Finance Settlement for 2015/16 the budget contains proposals for a greater focus on efficiency and effectiveness achieved amongst other things via productivity improvement and collaboration.

There is a challenging agenda and programme of service reconfiguration and cost reduction across the Council which requires managers to deliver savings of around £77m over the next four years. The existing proposals amount to £50m and further work is required to deliver savings from 2013/14 onwards.

There remain significant uncertainties concerning Formula Grant Settlements for the remaining years of the CSR period and therefore the planning for additional savings must be closely monitored. The timetable for the delivery of the significant savings proposals so far agreed for 2012/13 remains challenging.

## **The Capital Programme**

In February 2012, the Council reviewed and agreed amendments to the four year Capital Programme from 2012/13 to 2015/16 and included the following key items:-

Housing Decency (£73.9m); Finningley & Rossington Regeneration Route Scheme (FARRRS) (£56.2m); Civic & Cultural Quarter (£46.1m); White Rose Way (£21.2m); Academies Re-Building Programme (£15.2m); Local Transport Plan (LTP) (Highways, Bridges and Integrated Transport) (£14.8m); Achieving Access & Inclusion (£14.7m); Affordable Housing (£12.0m); and Campsmount School (£9.8m)

Resourcing the capital programme includes government grant funding, government support and external contributions. The reductions in Government allocations have been factored into the funding projections to enable a balanced programme over the four year period. Projects should only be commenced once the funding has been fully secured.

## **Recent developments**

The Localism Act 2011 has removed the powers available to cap local authority budgets. In its place, from 2012/13, authorities are required to seek approval of their electorate in a referendum if any proposed tax increase exceeds the principles set by Parliament. The principles for 2012/13 is 3.5%. The Council Tax freeze in 2012/13 presents no risk of a referendum being required.

There are proposals for the localisation of business rates whereby 50% of business rates will be retained locally with the remainder paid into a central pool which will be redistributed through various grants in accordance with central government priorities. It is expected that details will be clarified in the December financial settlement. In addition there are also reforms for the existing Council Tax Benefit Scheme which will be abolished from 1st April 2013. Localised Council Tax support will be introduced from this date with national expenditure being reduced by 10% with an estimated reduction of £2m for the Council.

The Government has also proposed that, from 2013/14, there will be the localisation of Council Tax Support (currently Housing Benefit) and technical reforms to Council Tax allowing Councils the scope to alter some exemptions and discounts related to empty properties and second homes.

The Council's White Rose Way Improvement scheme secured Department for Transport funding and the second part of European Union funding in April 2012 to enable works to start on the second phase on one of the key routes into Doncaster. The improvements to this major gateway will unlock significant investment opportunities around Lakeside and the town centre encouraging new companies to choose Doncaster as a base for their business operations.

With Government changes to the Housing Subsidy System, Housing is now self-financing through rents received. There is a HRA 30 year business plan which includes investing £20m in housing priorities over 2012/13 to 2015/16. This borrowing will be funded from rents.

**Simon Wiles**

**Director of Finance and Corporate Services**

**(Section 151 officer)**

**30<sup>th</sup> June 2012**

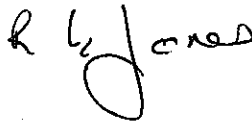


## The Statement of Responsibilities for the Statement of Accounts

### The Council's Responsibilities

The Council 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 those affairs. In this council, that officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.



**Cllr Ros Jones**  
**Chair of Audit Committee**

**28<sup>th</sup> September 2012**

### The Director of Finance and Corporate Services' (Chief Financial Officer) Responsibilities

The Director of Finance and Corporate Services as the Chief Financial Officer is responsible for the preparation of the Council'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.

In preparing this Statement of Accounts, the Director of Finance and Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2012.



**Simon Wiles**  
**Director of Finance and Corporate Services**  
**(Section 151 officer)**

**28<sup>th</sup> September 2012**

## The Core Financial Statements

### Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with The Code rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2010/11 Restated				2011/12		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
29,398	(26,279)	3,119	Central services to the public	30,155	(26,530)	3,625
33,939	(6,683)	27,256	Cultural and related	25,678	(2,784)	22,894
31,168	(7,031)	24,137	Environmental and Regulatory	33,727	(5,989)	27,738
34,310	(9,970)	24,340	Planning	28,241	(8,085)	20,156
358,127	(268,175)	89,952	Children's and education services	325,235	(241,553)	83,682
40,616	(3,927)	36,689	Highways and transport services	41,349	(5,337)	36,012
61,230	(62,470)	(1,240)	Local authority housing (HRA)	70,240	(65,391)	4,849
105,662	(87,488)	18,174	Other housing services	105,350	(92,328)	13,022
115,648	(44,543)	71,105	Adult social care	111,828	(31,984)	79,844
			<i>Exceptional items</i>			
13,784	0	13,784	- Redundancies	3,519	0	3,519
2,463	0	2,463	- Equal Pay	(174)	(105)	(279)
(57,607)	0	(57,607)	- Past Service Costs – CPI to RPI	0	0	0
237,141	0	237,141	- Council Dwelling Impairment	0	0	0
0	0	0	- Pension strain	1,397	0	1,397
0	0	0	- Leisure Trust	63,715	0	63,715
8,507	(257)	8,250	Corporate and democratic core	6,885	(919)	5,966
			<i>Non distributed costs</i>			
0	0	0	- SLHD pre-transfer net pension liability	6,091	0	6,091
3,629	(228)	3,401	- past service	(6,942)	(431)	(7,373)
18,158	0	18,158	- surplus properties	(645)	0	(645)
<b>1,036,173</b>	<b>(517,051)</b>	<b>519,122</b>	<b>Net Cost of Services</b>	<b>845,649</b>	<b>(481,436)</b>	<b>364,213</b>
		65,606	Other operating expenditure (Note 9)			101,771
		32,482	Financing and investment income and expenditure (Note 10)			48,381
		(307,987)	Taxation and non-specific grant income (Note 11)			(405,623)
		<b>309,223</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>108,742</b>
		(94,840)	(Surplus) / Deficit on revaluation of non current assets (Note 25a)			(4,470)
		(35,020)	Actuarial (gains) / losses on pension assets / liabilities (Note 25d)			48,656
		<b>(129,860)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>44,186</b>
		<b>179,363</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>152,928</b>

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Surplus or (Deficit) on the Provision of Services line shows the economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The Net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £'000	Earmarked General Fund Reserves (Note 8) £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 25) £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2010</b>	<b>(5,165)</b>	<b>(38,582)</b>	<b>(6,395)</b>	<b>(14,398)</b>	<b>(555)</b>	<b>(22,444)</b>	<b>(87,539)</b>	<b>(806,191)</b>	<b>(893,730)</b>
<b>Movement in reserves during 2010/11</b>									
Surplus or (deficit) on the provision of services	53,405	0	255,818	0	0	0	309,223	0	309,223
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(129,860)	(129,860)
<b>Total Comprehensive Income and Expenditure</b>	<b>53,405</b>	<b>0</b>	<b>255,818</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>309,223</b>	<b>(129,860)</b>	<b>179,363</b>
Adjustments between accounting basis and funding basis under regulations (Note 7)	(58,241)	0	(254,363)	168	(387)	5,698	(307,125)	307,125	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(4,836)	0	1,455	168	(387)	5,698	2,098	177,265	179,363
Transfers to/from Earmarked Reserves (Note 8)	(4,678)	4,678	0	0	0	0	0	0	0
Other movement in Reserves	232	0	0	(161)	0	(135)	(64)	(36)	100
<b>(Increase) / Decrease in 2010/11</b>	<b>(9,282)</b>	<b>4,678</b>	<b>1,455</b>	<b>7</b>	<b>(387)</b>	<b>5,563</b>	<b>2,034</b>	<b>177,229</b>	<b>179,263</b>
<b>Balance at 31 March 2011 carried forward</b>	<b>(14,447)</b>	<b>(33,904)</b>	<b>(4,940)</b>	<b>(14,391)</b>	<b>(942)</b>	<b>(16,881)</b>	<b>(85,505)</b>	<b>(628,962)</b>	<b>(714,467)</b>

	General Fund Balance £'000	Earmarked General Fund Reserves (Note 8) £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 24) £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2011 brought forward</b>	<b>(14,447)</b>	<b>(33,904)</b>	<b>(4,940)</b>	<b>(14,391)</b>	<b>(942)</b>	<b>(16,881)</b>	<b>(85,505)</b>	<b>(628,962)</b>	<b>(714,467)</b>
<b>Movement in reserves during 2011/12</b>									
Surplus or (deficit) on the provision of services	140,018	0	(31,276)	0	0	0	108,742	0	108,742
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	44,186	44,186
<b>Total Comprehensive Income and Expenditure</b>	<b>140,018</b>	<b>0</b>	<b>(31,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108,742</b>	<b>44,186</b>	<b>152,928</b>
Adjustments between accounting basis a funding basis under regulations (Note 7)	(146,664)	0	29,481	235	(4,195)	(1,704)	(122,847)	122,847	0
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>	<b>(6,646)</b>	<b>0</b>	<b>(1,795)</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,704)</b>	<b>(14,105)</b>	<b>167,033</b>	<b>152,928</b>
Transfers to/from Earmarked Reserves (Note 8)	8,986	(8,986)	0	0	0	0	0	0	0
Other movement in Reserves	(90)	0	0	0	0	(1)	(91)	3	(88)
<b>(Increase) / Decrease in 2011/12</b>	<b>2,250</b>	<b>(8,986)</b>	<b>(1,795)</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,705)</b>	<b>(14,196)</b>	<b>167,036</b>	<b>152,840</b>
<b>Balance at 31 March 2012 carried forward</b>	<b>(12,197)</b>	<b>(42,890)</b>	<b>(6,735)</b>	<b>(14,156)</b>	<b>(5,137)</b>	<b>(18,586)</b>	<b>(99,701)</b>	<b>(461,926)</b>	<b>(561,627)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority.

The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

1 <sup>st</sup> April 2010 Restated		31st March 2011 Restated		Notes	31st March 2012	
£'000	£'000	£'000	£'000		£'000	£'000
1,655,337		1,422,055		Property, Plant & Equipment	12	1,294,233
9,395		9,236		Heritage Assets	13	9,605
15,330		16,834		Investment Property	14	10,624
254		625		Intangible Assets	15	1,733
5,161		5,161		Long Term Investments	16	5,237
476		745		Long Term Debtors	16	914
	<b>1,685,953</b>		<b>1,454,656</b>	<b>Long Term Assets</b>		<b>1,322,346</b>
0		1,000		Short Term Investments	16	1
0		7,637		Assets Held for Sale	21	27
1,089		1,103		Inventories	17	976
71,587		59,099		Short Term Debtors	19	53,285
16,701		32,899		Cash & Cash Equivalents	20	35,245
0		850		Landfill Usage Account		0
	<b>89,377</b>		<b>102,588</b>	<b>Current Assets</b>		<b>89,534</b>
(12,643)		(9,058)		Cash & Cash Equivalents	20	(3,750)
(21,246)		(26,066)		Short Term Borrowing	16	(56,793)
(66,293)		(60,753)		Short Term Creditors	22	(64,010)
0		(8,843)		Provisions	23	(15,969)
(7,107)		(11,848)		Revenue Grants Receipts in Advance	39	(5,944)
(1,356)		(14,476)		Capital Grants Receipts in Advance	39	(2,827)
	<b>(108,645)</b>		<b>(131,044)</b>	<b>Current Liabilities</b>		<b>(149,293)</b>
(13,252)		(7,991)		Provisions	23	(11,039)
(346,473)		(369,470)		Long Term Borrowing	16	(315,252)
(61,071)		(58,271)		Deferred Liabilities	16/56	(55,295)
(1,179)		(99)		Revenue Grants Receipts in Advance	39	(426)
(2,322)		(5,882)		Capital Grants Receipts in Advance	39	(1,039)
(348,658)		(270,020)		Liability related to defined benefit pension scheme	48	(317,909)
	<b>(772,955)</b>		<b>(711,733)</b>	<b>Long Term Liabilities</b>		<b>(700,960)</b>
	<b>893,730</b>		<b>714,467</b>	<b>Net Assets</b>		<b>561,627</b>

1 <sup>st</sup> April 2010 Restated		31st March 2011 Restated		Notes	31st March 2012	
£'000	£'000	£'000	£'000		£'000	£'000
				<b>Financed by:</b>		
				<b>Usable Reserves</b>	24	
5,165		14,447		General Fund Balance		12,197
38,582		33,904		Earmarked General Fund Reserves	8	42,890
6,395		4,940		Housing Revenue Account		6,735
0		0		Earmarked HRA Reserve		0
14,398		14,391		Capital Receipts Reserve		14,156
555		942		Major Repairs Reserve		5,137
22,444		16,881		Capital Grants Unapplied		18,586
	<b>87,539</b>		<b>85,505</b>			<b>99,701</b>
				<b>Unusable Reserves</b>	25	
192,100		259,929		Revaluation Reserve	25a	227,170
976,809		648,044		Capital Adjustment Account	25b	557,608
(1,757)		(1,120)		Financial Instruments Adjustment Account	25c	(1,096)
(348,658)		(270,020)		Pension Reserve	25d	(317,909)
50		29		Deferred Capital Receipts Reserve	25e	27
233		1,048		Collection Fund Adjustment	25f	1,541
(12,586)		(8,948)		Accumulated Absences Account	25g	(5,415)
	<b>806,191</b>		<b>628,962</b>			<b>461,926</b>
	<b>893,730</b>		<b>714,467</b>	<b>Total Reserves</b>		<b>561,627</b>

This balance sheet was completed and authorised for issue on 28<sup>th</sup> September 2012, the date to which events after the balance sheet date have been considered.

I certify that these accounts present fairly the financial position of Doncaster Metropolitan Borough Council as at 31<sup>st</sup> March 2012.

*S. Wiles*

**Simon Wiles**  
**Chief Financial Officer**  
**(Section 151 Officer)**

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

<b>31 March 2011</b>		<b>31 March 2012</b>
<b>£'000</b>		<b>£'000</b>
(309,223)	Net surplus or (deficit) on the provision of services	(108,742)
359,750	Adjustments to net surplus or deficit on the provision of services for non-cash movements	257,340
(11,552)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(56,956)
<b>38,975</b>	<b>Net cash flows from Operating Activities</b>	<b>91,642</b>
<b>(51,862)</b>	<b>Investing Activities (see Note 27)</b>	<b>(62,088)</b>
<b>32,670</b>	<b>Financing Activities (see Note 28)</b>	<b>(21,900)</b>
19,783	Net increase or decrease in cash and cash equivalents	7,654
4,058	Cash and cash equivalents at the beginning of the reporting period	23,841
<b>23,841</b>	<b>Cash and cash equivalents at the end of the reporting period (see Note 20)</b>	<b>31,495</b>

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**Note A - Prior Period Adjustment to Balance Sheet**

The Statement of Accounts for 2010/11 was the first time for the Adoption of the IFRS based Code. Under the Code there is a revised accounting treatment for grants and contributions, which required that grants which had conditions attached to their use be accounted for as Receipts in Advance and those with only restrictions be accounted for as grants unapplied or earmarked reserves. Under the first time adoption of IFRS some of the grants and contributions were not correctly classified and therefore required restatement in the current financial year.

Additional restatements were also required in 2011/12 for Heritage assets which was due to the change in accounting policy (see notes 52 to 54 for further detail).

An explanation of the differences between the amounts presented in the 2010/11 financial statement and the equivalent amounts presented in the 2011/12 financial statements is set out in the below tables:

	<b>Approved SOA 1<sup>st</sup> April 2010</b>	<b>Heritage Assets</b>	<b>Grants</b>	<b>Restated 1<sup>st</sup> April 2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Property, Plant & Equipment	1,660,841	(5,504)	0	1,655,337
Heritage Assets	0	9,395	0	9,395
<b>Long Term Assets</b>	<b>1,660,841</b>	<b>3,891</b>	<b>0</b>	<b>1,664,732</b>
Short Term Creditors	(75,538)	0	9,245	(66,293)
Revenue Grants Receipts in Advance	0	0	(7,107)	(7,107)
Capital Grants Receipts in Advance	(1,575)	0	219	(1,356)
<b>Current Liabilities</b>	<b>(77,113)</b>	<b>0</b>	<b>2,357</b>	<b>(74,756)</b>
Revenue Grants Receipts in Advance	0	0	(1,179)	(1,179)
Capital Grants Receipts in Advance	(12,859)	0	10,537	(2,322)
<b>Long Term Liabilities</b>	<b>(12,859)</b>	<b>0</b>	<b>9,358</b>	<b>(3,501)</b>
Earmarked General Fund Reserves	36,392	0	2,190	38,582
Capital Receipts Reserve	14,283	0	115	14,398
Capital Grants Unapplied	13,034	0	9,410	22,444
<b>Usable Reserves</b>	<b>63,709</b>	<b>0</b>	<b>11,715</b>	<b>75,424</b>
Revaluation Reserve	188,209	3,891	0	192,100
Capital Adjustment Account	976,809	0	0	976,809
<b>Unusable Reserves</b>	<b>1,165,018</b>	<b>3,891</b>	<b>0</b>	<b>1,168,909</b>

	Approved SOA 31 <sup>st</sup> March 2011	Total including 09/10 Restatement	Heritage Assets	Grants	Other PPE	Restated 31 <sup>st</sup> March 2011
	£'000	£'000	£000	£000	£000	£000
Property, Plant & Equipment	1,427,266	1,421,762	166	0	127	1,422,055
Heritage Assets	0	9,395	(159)	0	0	9,236
<b>Long Term Assets</b>	<b>1,427,266</b>	<b>1,431,157</b>	<b>7</b>	<b>0</b>	<b>127</b>	<b>1,431,291</b>
Short Term Creditors	(72,076)	(62,831)	0	2,078	0	(60,753)
Revenue Grants Receipts in Advance	0	(7,107)	0	(4,741)	0	(11,848)
Capital Grants Receipts in Advance	(15,550)	(15,331)	0	855	0	(14,476)
<b>Current Liabilities</b>	<b>(87,626)</b>	<b>(85,269)</b>	<b>0</b>	<b>(1,808)</b>	<b>0</b>	<b>(87,077)</b>
Revenue Grants Receipts in Advance	0	(1,179)	0	1,080	0	(99)
Capital Grants Receipts in Advance	(15,337)	(4,800)	0	(1,082)	0	(5,882)
<b>Long Term Liabilities</b>	<b>(15,337)</b>	<b>(5,979)</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>(5,981)</b>
Earmarked General Fund Reserves	31,913	34,103	0	(199)	0	33,904
Capital Receipts Reserve	14,087	14,202	0	189	0	14,391
Capital Grants Unapplied	9,271	18,681	0	(1,800)	0	16,881
<b>Usable Reserves</b>	<b>55,271</b>	<b>66,986</b>	<b>0</b>	<b>(1,810)</b>	<b>0</b>	<b>65,176</b>
Revaluation Reserve	256,108	259,999	7	0	(77)	259,929
Capital Adjustment Account	647,840	647,840	0	0	204	648,044
<b>Unusable Reserves</b>	<b>903,948</b>	<b>907,839</b>	<b>7</b>	<b>0</b>	<b>127</b>	<b>907,973</b>

## 1 Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year-end of 31st March 2012. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) and the Service Reporting Code of Practice 2011/12 (SeRCOP) supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can reliably measure the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed, where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### Acquired and Discontinued Operations

There were no material acquired or discontinued operations during 2011/12.

### Carbon Reduction Commitment Allowances

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme ('CRCEES'). This scheme is currently in its introductory phase which will last until 31st March 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide (CO<sub>2</sub>) produced as energy is used. As CO<sub>2</sub> is emitted (i.e. as energy is used) a liability and an expense is recognised. The liability will be discharged by surrendering allowances.

The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the

reporting date (currently set at £12/tonne of CO<sub>2</sub>). The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption (£0.566m in 2011/12).

### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis, determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Collection Fund**

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The fund key features relevant to accounting for Council Tax in the core financial statements are in its capacity as a billing authority. The Council acts as agent, it collects and distributes Council Tax income on behalf of the major preceptors and itself. While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors.

Up to 2008/09 the Statement of Recommended Practice (the SORP) required that the Council Tax income included in the Income and Expenditure Account was to be that required under regulation i.e. that to be transferred from the Collection Fund to the General Fund of the billing authority. From the year commencing 1 April 2009 the Council Tax income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the Collection Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Adjustments between Accounting Basis and Funding Basis under Regulations disclosure note.

The collection of Council Tax and NNDR Income is now treated as an agency arrangement:-

Cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will be therefore a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of the cash collected from Council Taxpayers;

and

Cash collected from NNDR taxpayers by billing authorities (net of the cost of collection allowance) belongs to the Government and the amount not yet paid to the Government at the Balance Sheet date shall be included in the Balance Sheet as a creditor; similarly, if cash paid to the Government exceeds the cash collected from NNDR taxpayers (net of the billing authority's cost of collection allowance), the excess shall be included in the Balance Sheet as a debtor.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Donated Assets**

Where assets are transferred for nil consideration or less than fair value (i.e. donated assets) and any conditions of the transfer have not been met, the shortfall of any consideration given against fair value is credited to a Donated Assets Account. Otherwise the credit goes to the Comprehensive Income and Expenditure Statement

### **Employee Benefits**

- Benefits Payable during Employment:

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

- Termination Benefits:

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the

Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

- Post Employment Benefits:

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by South Yorkshire Pension Authority

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teacher's scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

- The Local Government Pension Scheme:

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the South Yorkshire Pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.9%. Details of the rates used and assumptions made are included in note 48 to the core financial statements.
- The assets of South Yorkshire Pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unlisted securities – current bid price property – market value.
- The change in the net pensions liability is analysed into seven components:
  - **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- **expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **gains or losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve
- **contributions paid to South Yorkshire Pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

As part of the initial set up of SLHD the Council specifically agreed that the pensions' deficit for staff transferring on the 1st October 2005 would remain with the Council. The actuary has provided this split as at the end of March 2012 and the net liability of £6.091m has been included in the Council's pension deficit figure as at 31st March 2012. This is a change in accounting policy from previous years' when the Council's financial statement included a guarantee from the Council to SLHD for the full amount of the SLHD pension deficit, i.e. pre and post 01.10.2005 net pension liability

- Discretionary Benefits

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. The Council's current policy is not to award enhancements for non school Council employees i.e. those who are members of the Local Government Pension Scheme.

### Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

1. Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
2. Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts



## Exceptional Items

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in Note 5 to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

## Prior period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct material errors.

Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Where a change is made it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## Financial Instruments

- Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income & Expenditure line in the Comprehensive Income and Expenditure statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of either spreading the gain/loss over the remaining term on the loan against which the premium was payable or discount receivable when it was repaid or a shorter period where it is deemed to be more prudent to do so. The reconciliation of amounts charged to the Comprehensive Income and Expenditure statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account (FIAA) in the Movement in Reserves Statement.

- Financial Assets

Financial assets are classified into two types:

1. Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market, and
  2. Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.
- Loans and Receivables:

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument. This results in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Available-for-sale Assets:

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Comprehensive Income and Expenditure statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis;
- Equity shares with no quoted market prices – based on the share of the company's net worth (in proportion to the percentage shareholding).

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Comprehensive Income and Expenditure statement, along with any net gain/loss for the asset accumulated in the Available for Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Comprehensive Income and Expenditure statement.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement along with any accumulated gains/losses previously recognised in the Available for Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

1. The Council will comply with the conditions attached to the payments; and
2. The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **Heritage Assets**

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic

motor vehicles, civic regalia, order and decorations (medals), museum and gallery collections and works of art. Such assets may be tangible or intangible assets.

Currently all categories of heritage assets are held at valuation with the exception of recordings of significant events which are held at cost. There are a small number of assets within the categories of Exhibits, statues and monuments and works of art which are also held at cost. Note 13 provides separate disclosure of these categories to identify the totals of assets held at cost or valuation over each category head.

Valuations for Historic Land and buildings have been prepared by in house assets and property valuers, however all other categories of Heritage assets valuations have been prepared by various means including curator estimates, valuations by Sheffield Railway auctions and valuations undertaken by Sothebys and Tennants for the purposes of insurance.

The only category of heritage asset which has a formal revaluation programme is the Historic Land and building category which will continue to be revalued over a five year rolling programme. All other heritage assets values will be reviewed annually to identify whether they have been revalued in year, however these assets do not have a formal revaluation programme and revaluations in these categories will only occur where new insurance or expert curator opinions have been updated in the financial year. It is felt that the cost of instigating a revaluation programme over these assets would outweigh the benefits to the presentation of the statement of accounts.

There are Heritage Assets within the Authority with an individual value below £10,000 that are not disclosed. The value has been considered to have an immaterial effect and therefore the cost of valuing these assets would again outweigh any benefit.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment – see accounting policy for property, plant and equipment.

The Council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see accounting policy for property, plant and equipment).

Depreciation is not required to be charged on Heritage asset as by nature they will be preserved for future generations, however some of the buildings within the category of Historic land and buildings are still depreciated as determinable lives have been estimated by the internal valuers, these asset lives are reviewed in line with the revaluation programme.

### **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. No intangible asset held by the Council meets this criterion and therefore all such assets are carried at amortised cost.

The depreciable amounts for intangible assets are amortised over their useful lives and debited to services in the Comprehensive Income and Expenditure statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gains or losses on disposal or abandonment are recorded against the Other Operating Expenditure line in the Comprehensive Income and Expenditure statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and impairment losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-In-First-Out (FIFO) costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

### **Interest in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which require it to prepare Group Accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost less any provision for losses.

### **Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the Council and other venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts only for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of interests in the joint venture and income that it earns from the venture.

### **Landfill Allowances Schemes**

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant.

After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

## Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

- The Council as Lessee:
  - Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Lease payments are apportioned between:

1. A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
2. A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

- Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure statement as an expense of the service benefitting from the use of the leases Property, Plant or Equipment. Charges are made on a straight line basis over the life of the lease even if this does not match the pattern of cash payments e.g. there is a rent free period at the commencement of the lease.

- The Council as Lessor:
  - Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in Comprehensive Income and Expenditure statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line within the Comprehensive Income and Expenditure statement as part of the profit or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal, matched by a long term lease debtor in the balance sheet for the capital value outstanding).

Subsequent lease rentals are apportioned between:

1. A charge for the acquisition of the interest in the property – applied to write down the long term debtor; and

2. Finance income – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement).

The gain credited to the Comprehensive Income and Expenditure statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element of the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

- Operating leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure statement. Credits are made on a straight line basis over the life of the asset, even if this does not match the pattern of payments). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### **Non-current Assets - Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

#### **Non-current Assets - Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

- Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the costs of the item can be measured reliably. Expenditure that maintains but does not add value or increase an assets potential

to deliver future economic benefits or service potential is charged as an expense when it is incurred. The de-minimis value of £20,000 is applied when reviewing revenue spend for capital items.

- Measurement

Assets are initially measured at cost, comprising:

1. The purchase price;
2. Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

1. Infrastructure, community assets and assets under construction – depreciated historical cost;
2. Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
3. All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non property assets that have short useful lives or low values (or both), depreciated historical cost is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued with sufficient regularity to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains are credited to the Comprehensive Income and Expenditure statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

1. Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
2. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount is written down against the relevant service lines in the Comprehensive Income and Expenditure statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

- Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.



Where impairment losses are identified, they are accounted for by:

1. Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains);
2. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life (e.g. freehold land and certain community assets) and assets that are not yet available for use i.e. assets under construction.

Depreciation is calculated on the following bases:

<b>Asset Category</b>	<b>Useful Life</b>
Other Land & Building	Dependent upon the asset 30, 40 or 50 years
Vehicles, Plant & Equipment	3 - 15 years, dependent upon the asset
Infrastructure	40 years
Intangible e.g. surveys	Dependent upon the asset concerned
Council dwellings	Having considered the policy for depreciation of council dwellings the Authority has decided to continue with its policy of using the Major Repairs Allowance (MRA) as a proxy depreciation charge

Assets in the course of construction are not depreciated until they are brought into use.

For Property, Plant & Equipment, other than non-depreciable land, non-operational investment properties and assets held for sale the only ground for not charging depreciation is that the charge would be immaterial.

Depreciation is calculated using the straight-line method.

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charged on assets and the depreciation that would have been chargeable based on historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

- Disposals and Non- Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure statement. Gains in fair value are only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisations or revaluations that would have been

recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £10,000 are categorised as capital receipts.

A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and then can only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

- Enhancement Expenditure and De-recognition of replaced part of an asset

Enhancement expenditure on Property, Plant & Equipment increases both the historic cost and carrying amount records. The enhancement expenditure could be in relation to one component, multiple components or for a single asset that has not been componentised.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £0.5million for determining whether an asset needs to be componentised. This has been set at a level below which the componentisation of an asset would have an insignificant impact upon the level of depreciation charged in the Comprehensive Income and Expenditure Statement.

### **Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2011/12 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

### **Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council. The amounts payable to the PFI operators each year are analysed into five elements:

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement,
- **finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement,
- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement,
- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease),
- **lifecycle replacement costs** – Recognised as additions to Property, Plant and Equipment in the Balance Sheet as the scheduled works are carried out and the expenditure is incurred.

### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), income is only recognised for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

### Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

### **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset that has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

### **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## 2. Accounting standards that have been issued but have not yet been adopted

The adoption of amendments to IFRS 7 *Financial Instruments: Disclosures (transfers of financial assets)* (issued October 2010) by the Code will result in a change of accounting policy that requires disclosure in line with the Code.

The amendments to IFRS 7 are intended to assist users of the financial statements to evaluate the risk exposure that relate to transfers of financial assets and the effect of those risks on the Council's financial position.

From 2012/13 the Council will be required to provide disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date irrespective of when the related transfer transaction occurred.

The Council will present the disclosures required in a single note to its financial statements. For the purposes of applying the disclosure requirements in those paragraphs; the Council transfers all or part of a financial asset, if, and only if, it either:

- a) transfers the contractual rights to receive the cash flows of that financial asset; or
- b) retains the contractual rights to receive the cash flows of that financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement

However CIPFA/LASAAC is of the view that the transfers described by the standard do not occur frequently in local authorities. Relevant circumstances would arise where an authority retains ownership of a financial asset but contracts to reassign or otherwise pay over the cash flows generated by the instrument at the same time as retaining substantially all the risks and rewards of ownership.

As at 31<sup>st</sup> March 2012 no such arrangements existed in the Council's financial statements

## 3 Critical Judgments in Applying Accounting Policies

The Council's accounting policies as set out in Note 1 and Notes to the Financial Statements include descriptions of key judgements management has made in applying the Council's accounting policies. Areas of judgement that have the most significant effect on the amounts recognised in the Financial Statements (apart from those involving estimations which are dealt with in note 4) include the following:

### Central Government Funding

There is a degree of uncertainty about the effect of future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision other than those already earmarked for closure as part of budget delivery plans

### Local Government Finance Review

The Government is undertaking a fundamental review of the mechanisms through which funding for local government is allocated. There is the potential for aspects of this review to affect the Council significantly – for example changes relating to the means in which business rates are collected and redistributed. The Council has assumed that such changes will not affect its ability to operate as a going concern.

### Property, Plant & Equipment – replacement components

Under the Code guidelines, each component of an item of Property, Plant and Equipment should be separately identified and depreciated where the cost is significant in relation to the total cost of the asset. Authorities are only required to follow these requirements where significant components of material items of Property, Plant and Equipment have been identified. The Council has determined that only assets with a value of above £0.5million will be subject to componentisation. On recognition of a replacement component, where the historic cost of the component is not readily identifiable, the Council has estimated the historic cost of the old component by indexing the value of the new

component using an appropriate indexation factor. A proportion of both accumulated depreciation and any applicable Revaluation Reserve are also derecognised using a similar basis.

### **Private Finance Initiative (PFI) and Similar Arrangements**

The Council is deemed to control the services provided through PFI and similar service concession arrangements and also to control the residual value of the assets at the end of the contract. The Council has concluded that Mexborough Science College should remain and be recognised on the Council's 2011/12 Balance Sheet at a net book value of £22.426 million. The finance lease liabilities for this asset together with that of Sir Thomas Wharton College (which transferred to Trust status on 1<sup>st</sup> March 2010) are recognised on the Council's Balance Sheet under Long Term Liabilities. The operators' model has been examined to identify the service element of the unitary charge. The service element of the unitary charge is inflated annually by an agreed indexation factor in accordance with the contract. The implicit interest rate is calculated by discounting the non-service element of the unitary charge at a rate that brings it back to the fair value of the asset which is taken as the costs of construction or refurbishment.

### **Leases**

The Council has undertaken an analysis to classify the leases it holds as either operating or finance leases using the evaluation criteria incorporated in the appropriate accounting standard. The Council is also deemed to control assets that fall within contractual and other arrangements which involve the provision of a service using specific underlying assets and which therefore are considered to contain a lease. Should these arrangements and leases be determined to be representative of a finance lease the asset will be recognised as Property, Plant and Equipment on the Council's Balance Sheet

### **Provisions and Contingent Liabilities**

The Council identifies a contingent liability when there is a possible liability arising from past events and whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council; or where an economic loss or outflow cannot be measured with sufficient reliability and it is not probable that there will be an outflow of economic benefits. Where a material loss can be identified and reliably estimated a liability is accrued in the financial statements by means of a provision. If the event is not considered sufficiently certain or the loss cannot be accurately estimated it will be disclosed as a contingent liability in a disclosure note to the financial statements.

### **Care Home Providers**

The Council was taken to Judicial Review by Care Home Providers regarding the process followed when setting the fees for 2011/12. The Council won the case on the grounds that it would work with Care Home Providers to consider all representations about the methodology adopted when setting the fees and the actual costs of care for 2011/12 and 2012/13. The Council are currently working with a task group comprising home owners and DMBC staff to develop a model which will enable the Council to set fee levels for local care homes and care homes with nursing having given due regard to the actual costs of care. The outcome of this work is that fees may have to be increased and back dated for 2011/12. This is reflected as a contingent liability in note 49.

### **Group Accounts**

The Council, where it has an interest in entities that would otherwise be regarded as subsidiaries, associates or joint ventures, is required to produce supplementary information in the form of summarised group accounts. The Council has reviewed its relationships with third parties under these requirements and has concluded that for 2011/12 the group boundary incorporates St Leger Homes of Doncaster Limited, Doncaster Racecourse Management Company Limited and Digital Region Limited.

### **Accounting for non-current schools' assets**

Due to the increased number of Local Authority Schools which are opting to change their status, the Authority has made the following judgments regarding the accounting treatment of the differing types of schools;

Community schools are run by the local authority, which employs the staff, owns the land and buildings, decides which 'admissions criteria' to use. The land and buildings of these schools are accounted for on the Authority's balance sheet.

Trust schools are a type of foundation school which forms a charitable trust with an outside partner. They are run by their own governing body, which employs the staff and sets the admissions criteria. For example, a business or educational charity aiming to raise standards and explore new ways of working. Land and buildings are transferred out of local authority ownership upon the transfer to the trust status. These schools are not accounted for on the Authority's balance sheet and the assets are treated as a disposal upon the transfer to Trust status.

Voluntary-aided schools are mainly religious or 'faith' schools, as with foundation schools, the governing body employs the staff and sets the admissions criteria. The buildings of these schools are not accounted for on the Authority's balance sheet however the land is.

Voluntary-controlled schools are similar to voluntary aided schools, but are run by the local authority. As with community schools, the local authority employs the school's staff and sets the admissions criteria. The land and buildings of these Schools are accounted for on the Authority's balance sheet.

Academies are independently managed, all-ability schools. They are set up by sponsors from business, faith or voluntary groups in partnership with the Department for Education and the local authority. Together they fund the land and buildings, with the government covering the running costs. The land and buildings are usually leased to the Academy on a long term lease, the lease terms are reviewed on transfer to determine whether they represent a finance or operating lease, schools which are leased on a finance lease are treated as disposals. The buildings are not included on the Authority's balance sheet but the land remains on the Authority's balance sheet at a nominal value. Schools which are issued on an operating lease are revalued in the year of transfer.

#### 4 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31<sup>st</sup> March 2012 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Property, Plant and Equipment (Note 12)</b>	Assets are depreciated over useful lives that are dependent upon the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current level of spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £4.123m for every year that useful lives had to be reduced
<b>Property, Plant and Equipment, HRA valuation (Note 12)</b>	Local authorities are required to use the specific bases and methods of valuation set out in the 'Guidance on Stock Valuation for Resource Accounting'. The value of the Council's housing dwellings stock is arrived at by using beacon properties to assess the vacant possession value for properties, adjusted to reflect their occupation by a secure tenant. The adjustment is considered to reflect the additional risk and liability the public sector landlords undertake when compared with private sector investors. The adjustment factor is set by the DCLG and is applied to the total vacant possession valuation based on the beacon valuation. The DCLG set revised adjustment factors for Yorkshire & the Humber during the 2010/11 financial year and this was 31% - a 16% reduction in the adjustment factor from 2005 levels (47%).	The fair value of the Council's housing dwellings stock as at the 31 <sup>st</sup> March 2012 is measured assuming that the regional adjustment factor, as advised by the DCLG remains unchanged from the 2010/11 levels. However a further 1% decrease in the regional adjustment factor would result in a revaluation loss of £15.5m in 2011/12
<b>Employee Benefits (Note 25g)</b>	The Council is required to accrue for employee benefits earned but not taken by the 31 March 2012 (£5.415m). The information to calculate the accrual is not readily available. In order to comply with the accounting requirements, the Council has undertaken stratified sampling of staff across the Council. In total a sample of 73.1% was achieved. In addition calculations have been made on the value of annual leave carried forward by teachers and other schools staff. The results of these calculations form the largest part of the accrual due to timing of the financial year end within the academic year.	An increase in the amount of leave carried forward or a change in the analysis of carry forward leave by officer level could result in a potentially different calculation and charge across services. However Statutory Regulations are in place which remove the employee benefit accrual to an employee benefit reserve account so overall there would be no impact on the General Fund Balance



<b>Defined Benefit Pension Schemes Liabilities (Note 48)</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercer's, a firm of consulting actuaries, are engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The net pension liability which the Council has in the long run is estimated to be £317.909m. A 0.1% increase in the discount rate assumption as at 31st March 2012 would result in a decrease in the pension liability of £17.368m (excluding the element for SLHD staff with regard to the pre transfer date). Conversely a 0.1% increase in the inflation rate assumption as at 31st March 2012 would result in the pension liability of £17.709m. Similarly a one year addition to members' life expectancy as at 31st March 2012 would result in an increase in the pensions' liability of £19.601m</p>
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## 5 Material Items of Income and Expense

All material items of Income and Expense are shown on the face of the Comprehensive Income and Expenditure Statement and the Housing Revenue Account.

## 6 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Corporate Services on 28<sup>th</sup> September 2012. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2012 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

### Management of the Keepmoat Stadium

The Council are finalising negotiations for a revised management model for the Keepmoat Stadium. Approval to negotiate was gained on 23rd May 2012. The draft concession arrangements will give greater management control, usage rights and security of tenure to Doncaster Rovers Football Club, in return for them taking responsibility for the Keepmoat Stadium and paying a rental to the Council. The Council will remain as owner of the Stadium and surrounding area.

## **7 Adjustments between Accounting Basis and Funding Basis under Regulations**

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

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

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### **Major Repairs Reserve**

The Authority is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year-end.

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

**Usable Reserves**

<b>2011/12</b>						
	<b>General Fund Balance £'000</b>	<b>Housing Revenue Account £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Major Repairs Reserve £'000</b>	<b>Capital Grants Unapplied £'000</b>	<b>Movements in Unusable Reserves £'000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets	(29,710)	(13,242)	0	0	0	42,952
Charges for impairment of non-current assets	(2,311)	(1,534)	0	0	0	3,845
Revaluation losses on Property Plant and Equipment	(69,360)	(20,653)	0	0	0	90,013
Movements in the market value of Investment Properties	(60)	0	0	0	0	60
Amortisation of intangible assets	(260)	0	0	0	0	260
Capital grants and contributions applied	34,932	2,047	0	0	0	(36,979)
Revenue expenditure funded from capital under statute	(41,139)	0	0	0	0	41,139
Revenue Grants to fund Revenue expenditure funded from capital under statute	20,587	0	0	0	0	(20,587)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(97,220)	(15,783)	0	0	0	113,003
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	8,615	0	0	0	0	(8,615)
Former SYCC debt	1,010	0	0	0	0	(1,010)
PFI Finance lease - principal repayment	1,619	0	0	0	0	(1,619)
Finance leases - principal repayments	92	0	0	0	0	(92)
Capital expenditure charged against the General Fund and HRA balances	4,566	4,344	0	0	0	(8,910)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	7,898	0	0	0	(7,898)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	6,194	(6,194)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10,044	1,938	(11,982)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	11,394	0	0	(11,394)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	(80)	80	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(908)	0	908	0	0	0
Unattached capital receipts	126	39	(165)	0	0	0
HRA Self Financing	0	59,769	0	0	0	(59,769)
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2)	0	0	0	0	2
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	12,636	0	(12,636)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	8,441	0	(8,441)
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	24	0	0	0	0	(24)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 48)	(27,924)	0	0	0	0	27,924
Employer's pensions contributions and direct payments to pensioners payable in the year	28,691	0	0	0	0	(28,691)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	493	0	0	0	0	(493)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,533	0	0	0	0	(3,533)
<b>Total Adjustments</b>	<b>(146,664)</b>	<b>29,481</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,704)</b>	<b>122,847</b>

<b>Comparator Information 2010/11</b>						
	<b>Restated General Fund Balance £'000</b>	<b>Restated Housing Revenue Account £'000</b>	<b>Restated Capital Receipts Reserve £'000</b>	<b>Restated Major Repairs Reserve £'000</b>	<b>Restated Capital Grants Unapplied £'000</b>	<b>Restated Movements in Unusable Reserves £'000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets	(35,149)	(13,335)	0	0	0	48,484
Charges for impairment of non-current assets	(367)	(2,069)	0	0	0	2,436
Revaluation losses on Property Plant and Equipment	(44,649)	(240,412)	0	0	0	285,061
Movements in the fair value of Investment Properties	1,504	0	0	0	0	(1,504)
Amortisation of intangible assets	(84)	0	0	0	0	84
Capital grants and contributions applied	20,999	2,776	0	0	0	(23,775)
Revenue expenditure funded from capital under statute	(16,573)	(3,508)	0	80	0	20,001
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(51,691)	(14,354)	0	0	0	66,045
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	7,657	0	0	0	0	(7,657)
Former SYCC debt	918	0	0	0	0	(918)
PFI Finance lease - principal repayment	1,397	0	0	0	0	(1,397)
Finance leases - principal repayments	48	0	0	0	0	(48)
Capital expenditure charged against the General Fund and HRA balances	3,614	611	0	0	0	(4,225)
Other adjustments relating to Capital Adjustment Account	(154)	(90)	0	0	0	244

	Restated General Fund Balance £'000	Restated Housing Revenue Account £'000	Restated Capital Receipts Reserve £'000	Restated Major Repairs Reserve £'000	Restated Capital Grants Unapplied £'000	Restated Movements in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	4,769	1,718	0	0	(6,487)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	12,185	(12,185)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	676	1,124	(1,800)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	2,482	0	0	(2,482)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(291)	0	291	0	0	0
Unattached capital receipts	450	334	(805)	0	0	21
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	12,819	0	(12,819)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	12,352	0	(12,352)

	Restated General Fund Balance £'000	Restated Housing Revenue Account £'000	Restated Capital Receipts Reserve £'000	Restated Major Repairs Reserve £'000	Restated Capital Grants Unapplied £'000	Restated Movements in Unusable Reserves £'000
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	614	23	0	0	0	(637)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 47)	14,189	0	0	0	0	(14,189)
Employer's pensions contributions and direct payments to pensioners payable in the year	29,429	0	0	0	0	(29,429)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	815	0	0	0	0	(815)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,638	0	0	0	0	(3,638)
<b>Total Adjustments</b>	<b>(58,241)</b>	<b>(254,363)</b>	<b>168</b>	<b>(387)</b>	<b>(4,583)</b>	<b>307,125</b>



## 8 Transfers To / From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2011/12

	Balance at 1 April 2010 £'000	Transfers Out 2010/11 £'000	Transfers In 2010/11 £'000	Balance at 31 March 2011 £'000	Transfers Out (*) 2011/12 £'000	Transfers In (*) 2011/12 £'000	Balance at 31 March 2012 £'000
<b>General Fund:</b>							
Balances held by schools under a scheme of delegation	6,797	(79)	4,010	10,728	(3,265)	4,663	12,126
Borough Investment Fund	3,966	(923)	3,969	7,012	(381)	1,298	7,929
Work, Skills & Enterprise Programme	11,944	(10,025)	2,493	4,412	(2,099)	0	2,313
Severance Costs	0	(4,918)	7,700	2,782	(1,326)	0	1,456
Change Programme Costs	0	(120)	600	480	(704)	1,835	1,611
Reserve against Medium Term Financial Strategy Risk	0	0	0	0	0	1,000	1,000
CCQ Furniture Reserve	0	0	0	0	0	500	500
2011/12 Estimates contribution to severance costs	0	0	0	0	(349)	4,090	3,741
HR Shared Service Implementation	0	0	0	0	0	870	870
Adult Social Care System Implementation	0	0	0	0	0	2,336	2,336
Lakeside Plots 8 & 9 Commuted Sum	0	0	0	0	0	1,598	1,598
S278 Agreements	0	0	0	0	(150)	1,195	1,045
S106 Agreements	2,135	(199)	0	1,936	(2,140)	1,995	1,791
Other	13,740	(10,330)	3,144	6,554	(6,473)	4,493	4,574
<b>Total</b>	<b>38,582</b>	<b>(26,594)</b>	<b>21,916</b>	<b>33,904</b>	<b>(16,887)</b>	<b>25,873</b>	<b>42,890</b>
<b>Movement in year (see Movement in Reserves Statement) (MIRS)</b>				<b>(4,678)</b>			<b>8,986</b>

### Schools Balances

This reserve represents balances held by schools under delegated schemes. The Scheme of Financing Schools, prepared in accordance with the School Standards and Framework Act 1998, provides that under-spending and over-spending will accrue to the school and be added to any balance brought forward from a previous year and as a consequence balances from school budgets have been built up over many years.

### Borough Investment Fund

This reserve was established in 2002 to provide funding for the delivery of the Transformational Projects Investment Programme (T.P.I.P.), now largely in the Regeneration and Environment capital

programme, the reserve is built up to allow for early repayment of debt at the end of a defined loan period, usually twenty five years.

#### **Work, Skills & Enterprise Programme**

This reserve was established from Local Enterprise Growth Initiative (L.E.G.I.) and Working Neighbourhoods Funds (W.N.F.) elements of the 2008/09 Area Based Grant that were not fully spent and further supplemented by under spending on these elements in 2009/10. It has been utilised in 2011/12 to fund the development of the work, skills and enterprise programme, which supports the delivery of the Economic Strategy and closure of the output gap by delivering a customised approach to the needs of businesses, communities and individuals. The reserve balance at 31st March 2012 represents the amount available to support delivery of the programme during 2012/13.

#### **Severance Costs**

This reserve was created to fund the second and third year costs paid to the South Yorkshire Pension Fund for pension "strain" costs arising from early retirements granted in 2010/11. The reserve will be fully utilised in 2012/13 as this is the third and final year.

#### **Change Programme Costs**

This reserve is to be used to fund the Change Programme, to enable the savings to be delivered in future years. This will fund one-off costs including the Change Programme Team and specific support required to deliver the projects e.g. procurement and customer service improvements.

#### **Reserve against Medium Term Financial Strategy Risk**

The purpose of this reserve is to provide a contingency against non -delivery of various efficiency savings projects. This reserve is being used to create the contingency for one-off costs in 2012/13 as set out in the budget report to Council on 23/02/12.

#### **CCQ Furniture Reserve**

The purpose of this reserve is to ensure sufficient funding is available for fully fitting out of CCQ offices and will be in used in 2012/13.

#### **2011/12 Estimates contribution to severance costs**

The council capitalised redundancy costs and pension strain costs occurring in 2011/12 arising from the Council's planned policy of permitting VR/VER in 2011/12. This earmarked reserve was created to fund those costs that could not be capitalised. The full costs of retirement (including second and third year costs) and redundancy were fully funded in the 2011/12 Statement of Accounts. The remaining balance will be used to fund retirement and redundancy costs granted in 2012/13.

#### **HR Shared Service Implementation**

This is fully required in 2012/13 and 2013/14 for the implementation of the HR shared service.

#### **Adult Social Care System**

This will be used to purchase and implement a new case management integrated finance system for Adult Social Care. This has been tendered and evaluations carried out.

#### **Lakeside Plots 8 & 9 Commuted Sum**

Money received on sale of land on the basis that it will be used for ongoing maintenance of the surrounding area.

#### **Section 278 agreements**

S278 of The Highways Act 1980 allows the Council to receive payment from developers prior to the work being carried out to improve highways. The remaining balance is to be spent on the interchange over its lifetime.

#### **Section 106 agreements**

S106 of the Town and Country Planning Act 1990 allows developers to make payments to the Council in lieu of their planning obligations. This balance represents money paid by developers that is to be used to fund revenue expenditure in the future.

**Others**

A number of other minor reserves are earmarked for specific purposes.

**9 Other Operating Expenditure**

<b>2010/11</b>		<b>2011/12</b>
<b>£'000</b>		<b>£'000</b>
1,799	Parish Council Precepts	1,875
0	Levies	0
(729)	(Surplus) / Deficit on Trading Undertakings not in Net Cost of Services (Note 31)	(2,114)
291	Payments to the Government Housing Capital Receipts Pool	908
64,245	(Gains)/Losses on the disposal of non-current assets	101,102
<b>65,606</b>	<b>TOTAL</b>	<b>101,771</b>

**10 Financing and Investment Income and Expenditure**

<b>2010/11</b>		<b>2011/12</b>
<b>£'000</b>		<b>£'000</b>
20,254	Interest payable and similar charges	42,352
14,854	Pensions interest cost and expected return on pensions Assets	7,983
(338)	Interest receivable and similar income	(1,849)
(1,504)	Income and expenditure in relation to investment properties and changes in their fair value (Note 14)	60
(784)	Other investment income	(165)
<b>32,482</b>	<b>TOTAL</b>	<b>48,381</b>

**11 Taxation And Non Specific Grant Incomes**

<b>2010/11</b>		<b>2011/12</b>
<b>£'000</b>		<b>£'000</b>
(95,626)	Council tax income	(95,987)
(125,058)	Non domestic rates	(110,717)
(1,906)	Transfer of Collection Fund (Surplus) / Deficit	(2,396)
(55,135)	Non-ring fenced government grants	(69,965)
(30,262)	Capital grants and contributions	(126,558)
<b>(307,987)</b>	<b>TOTAL</b>	<b>(405,623)</b>

## 12 Property, Plant and Equipment

## Movements in 2011/12

2011/12									
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2011</b>	<b>525,212</b>	<b>747,966</b>	<b>54,244</b>	<b>168,134</b>	<b>2,751</b>	<b>81,666</b>	<b>21,000</b>	<b>1,600,973</b>	<b>24,299</b>
Additions	34,236	17,441	3,417	7,040	169	61	39,762	102,126	34
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(613)	(18,270)	0	0	468	4,506	0	(13,909)	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(35,967)	(72,016)	0	0	(231)	(10,476)	0	(118,690)	0
De-recognition – disposals	(951)	(80,913)	(3,918)	0	0	(2,351)	0	(88,133)	0
De-recognition – other	(13,912)	(2,671)	(1,053)	(1,601)	(2)	106	0	(19,133)	(12)
Assets reclassified (to)/from Held for Sale	0	(643)	0	0	0	(2,084)	0	(2,727)	0
Other movements in cost or valuation	(242)	(1,122)	(95)	294	(133)	4,872	(3,908)	(334)	0
<b>At 31 March 2012</b>	<b>507,763</b>	<b>589,772</b>	<b>52,595</b>	<b>173,867</b>	<b>3,022</b>	<b>76,300</b>	<b>56,854</b>	<b>1,460,173</b>	<b>24,321</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>at 1 April 2011</b>	<b>(19,851)</b>	<b>(74,920)</b>	<b>(33,016)</b>	<b>(42,826)</b>	<b>(178)</b>	<b>(8,044)</b>	<b>(83)</b>	<b>(178,918)</b>	<b>(1,231)</b>
Depreciation charge	(12,637)	(20,553)	(4,775)	(4,601)	(51)	(141)	0	(42,758)	(645)
depreciation written out to the Revaluation Reserve	94	17,694	0	0	24	0	0	17,812	0
depreciation written out to the Surplus/Deficit on the Provision of Services	12,361	2,133	0	0	0	6,796	0	21,290	0
impairment losses/(reversals) recognised in the Revaluation Reserve	12	0	0	0	0	0	0	12	0
impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	5,877	(44)	(2)	(233)	0	(59)	(1)	5,538	0
De-recognition – disposals	0	8,001	2,146	0	0	0	0	10,147	0
De-recognition – other	0	(22)	529	99	(4)	(2)	0	600	0
other movements in depreciation and impairment	(1)	178	346	(19)	15	(175)	(7)	337	0
<b>At 31 March 2012</b>	<b>(14,145)</b>	<b>(67,533)</b>	<b>(34,772)</b>	<b>(47,580)</b>	<b>(194)</b>	<b>(1,625)</b>	<b>(91)</b>	<b>(165,940)</b>	<b>(1,876)</b>
<b>Net Book Value</b>									
<b>at 31 March 2012</b>	<b>493,618</b>	<b>522,239</b>	<b>17,823</b>	<b>126,287</b>	<b>2,828</b>	<b>74,675</b>	<b>56,763</b>	<b>1,294,233</b>	<b>22,445</b>

## Comparative Movements in 2010/11

	2010/11								
	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2010</b>	<b>776,450</b>	<b>723,911</b>	<b>50,872</b>	<b>173,464</b>	<b>6,560</b>	<b>81,480</b>	<b>17,501</b>	<b>1,830,238</b>	<b>24,286</b>
Additions	44,073	13,554	3,373	9,078	382	260	10,746	<b>81,466</b>	129
Donations	0	0	0	0	0	0	0	<b>0</b>	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(30,131)	88,721	0	0	0	5,903	0	<b>64,493</b>	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(249,750)	(25,908)	0	0	(3,875)	(18,135)	0	<b>(297,668)</b>	0
De-recognition – disposals	(572)	(47,438)	(372)	0	0	0	0	<b>(48,382)</b>	0
De-recognition – other	(13,953)	(4,313)	(105)	(2,653)	(4)	0	(7)	<b>(21,035)</b>	(116)
Assets reclassified (to)/from Held for Sale	0	(214)	0	0	0	(7,917)	0	<b>(8,131)</b>	0
Other movements in cost or valuation	(905)	(347)	476	(11,755)	(312)	20,075	(7,240)	<b>(8)</b>	0
<b>At 31 March 2011</b>	<b>525,212</b>	<b>747,966</b>	<b>54,244</b>	<b>168,134</b>	<b>2,751</b>	<b>81,666</b>	<b>21,000</b>	<b>1,600,973</b>	<b>24,299</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>at 1 April 2010</b>	<b>(18,024)</b>	<b>(81,554)</b>	<b>(28,007)</b>	<b>(39,438)</b>	<b>(162)</b>	<b>(7,391)</b>	<b>(326)</b>	<b>(174,902)</b>	<b>(624)</b>
Depreciation charge	(12,819)	(26,531)	(5,277)	(3,978)	(29)	(7)	0	<b>(48,641)</b>	(612)
depreciation written out to the Revaluation Reserve	0	32,644	0	0	0	594	0	<b>33,238</b>	0
depreciation written out to the Surplus/Deficit on the Provision of Services	12,616	0	0	0	0	0	0	<b>12,616</b>	0
impairment losses/(reversals) recognised in the Revaluation Reserve	0	(2,148)	0	0	0	(783)	0	<b>(2,931)</b>	0
impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(1,988)	(154)	0	(265)	0	0	(20)	<b>(2,427)</b>	0
De-recognition – disposals	0	2,473	91	0	0	0	0	<b>2,564</b>	5
De-recognition – other	364	262	2	456	0	0	7	<b>1,091</b>	0
other movements in depreciation and impairment	0	88	175	399	13	(457)	256	<b>474</b>	0
<b>At 31 March 2011</b>	<b>(19,851)</b>	<b>(74,920)</b>	<b>(33,016)</b>	<b>(42,826)</b>	<b>(178)</b>	<b>(8,044)</b>	<b>(83)</b>	<b>(178,918)</b>	<b>(1,231)</b>
<b>Net Book Value</b>									
<b>at 31 March 2011</b>	<b>505,361</b>	<b>673,046</b>	<b>21,228</b>	<b>125,308</b>	<b>2,573</b>	<b>73,622</b>	<b>20,917</b>	<b>1,422,055</b>	<b>23,068</b>
<b>at 31 March 2010</b>	<b>758,426</b>	<b>642,357</b>	<b>22,865</b>	<b>134,026</b>	<b>6,398</b>	<b>74,089</b>	<b>17,175</b>	<b>1,655,336</b>	<b>23,662</b>

## Depreciation

Depreciation is provided for on all Property, Plant & Equipment with a finite useful life according to the accounting policy detailed in Note 1

## Capital Commitments

At 31 March 2012, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2012/13 and future years budgeted to cost £54.717m. Similar commitments at 31 March 2011 were £40.98m. The major commitments are:

	<b>£'000</b>
CCQ New Performance Venue	13,103
White Rose Way – Phase 2	11,975
Waste PFI – Capital Contribution	7,710
CCQ Civic Office & Fit Out Contract	7,257
De Warenne Academy	7,007
Outwood Academy Adwick	6,593
Myplace – Bentley	1,072
	<b>54,717</b>

## Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. The policy is shown under accounting policies in Note 1.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at Historical Cost</b>			17,823	126,287	209		56,763	<b>201,082</b>
<b>Valued at Fair Value as at:</b>								
<b>31 March 2012</b>	493,618	72,513			1,069	14,384		<b>581,584</b>
<b>31 March 2011</b>		196,470			98	44,120		<b>240,688</b>
<b>31 March 2010</b>		162,459			460	5,589		<b>168,508</b>
<b>31 March 2009</b>		28,306			992	10,582		<b>39,880</b>
<b>31 March 2008</b>		62,491			0	0		<b>62,491</b>
<b>Total Cost or Valuation</b>	<b>493,618</b>	<b>522,239</b>	<b>17,823</b>	<b>126,287</b>	<b>2,828</b>	<b>74,675</b>	<b>56,763</b>	<b>1,294,233</b>

## 13 Heritage Assets

### Reconciliation of the Carrying Value of Heritage Assets Held by the Authority

	Civic Regalia	Exhibits, Statues & Monuments	Historic Land & Buildings	Military & Scientific Equipment	Recording of Historically Significant Events	Works of Art	Total Assets
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>1 April 2010</b>	136	1,938	5,304	12	35	1970	<b>9,395</b>
Additions	0	0	0	0	7	0	<b>7</b>
Disposals	0	0	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	<b>0</b>
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	37	0	0	0	<b>37</b>
Impairment Losses / (reversals) recognised in Surplus or Deficit on the Provisions of Services	0	0	(4)	0	0	0	<b>(4)</b>
Depreciation	0	0	(199)	0	0	0	<b>(199)</b>
<b>31 March 2011</b>	<b>136</b>	<b>1,938</b>	<b>5,138</b>	<b>12</b>	<b>42</b>	<b>1,970</b>	<b>9,236</b>
<b>Cost or Valuation</b>							
<b>1 April 2011</b>	<b>136</b>	<b>1,938</b>	<b>5,138</b>	<b>12</b>	<b>42</b>	<b>1,970</b>	<b>9,236</b>
Additions	0	0	8	0	0	0	<b>8</b>
Disposals	0	0	0	0	0	0	<b>0</b>
Revaluations	0	10	0	0	0	545	<b>555</b>
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	<b>0</b>
Impairment Losses / (reversals) recognised in Surplus or Deficit on the Provisions of Services	0	0	0	0	0	0	<b>0</b>
Depreciation	0	0	(194)	0	0	0	<b>(194)</b>
<b>31 March 2012</b>	<b>136</b>	<b>1,948</b>	<b>4,952</b>	<b>12</b>	<b>42</b>	<b>2,515</b>	<b>9,605</b>
<b>Value held at Historic Cost</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>11</b>	<b>98</b>
<b>Value held at Valuation</b>	<b>136</b>	<b>1,903</b>	<b>4,952</b>	<b>12</b>	<b>0</b>	<b>2,504</b>	<b>9,507</b>

There are Heritage Assets which the Authority owns that are not included within the disclosures of Note 13, in line with the Heritage Asset accounting policy these assets have individual values of below £10,000 and include items such as artefacts from the Museum displays. The value of these assets are considered to have an immaterial effect on the presentation of the statement of accounts and therefore the cost of valuing them would outweigh any benefit.

#### Civic Regalia

There are a collection of mayoral ceremonial chains, pendants and robes held at the Mansion House.

#### Exhibits, Statues and Monuments

This category includes items of decorative art, pottery and furniture. Decorative Art collection has just under 500 items from the Hull Grundy collection of costume jewellery, treen, textiles, glassware, metalwork (including the Doncaster Gold Cups) and a collection of art medals. Monuments within this category include cemetery and War memorials.

### Historic Land and Buildings

The Authority holds several listed buildings which have been considered for classification as a Heritage asset; however they do not currently meet the definition as they are used as office accommodation which means they are classified with operational land and buildings. The main items held within this category include cemeteries and Cusworth Hall which is a grade 1 listed building is set in acres of historic parkland with lakes, plantations with dramatic views across the town. The site which was extensively restored between 2003-2007 invites visitors to experience a wealth of architecture, heritage, landscape history,

### Military and Scientific Equipment

This is a small collection of less than 500 items, concentrating on a small number of specific regiments.

### Recording of Historically Significant events

These include more than a thousand title deeds (including the series of royal charters), the four volumes of the borough courtier (or act book) detailing the council's decisions from the mid 16th century up to the municipal reforms of the 1830s, records of the manor court of Doncaster from the 1450s, the records of the borough courts from 1533 onwards, and accounts of the borough collectors, the chamberlain, and other finance officers from 1551 until the mid 19th century.

Significant donations are comparatively few, but of the major collections that Doncaster MBC owns, paid no money for, and which did not form part of the muniments inherited from the predecessor authorities [Doncaster County Borough, Doncaster RDC, Thorne RDC, Adwick UDC, Bentley UDC, Conisbrough UDC, Mexborough UDC, Tickhill UDC, and the West Riding CC] I would single out the estate papers of the Thellusson family of Brodsworth the papers of the solicitors Baxter & Somerville the negatives from the studio of the Marsden's the commercial photographers the staff records from the GNR/LNER/BR Locomotive Engineering Works

### Works of Art

There is a small fine art collection of around 1750 items consisting of oil paintings, watercolours, prints, drawings, sculpture/bronzes and art photographs. The art collection aims to provide visitors with access to a wide variety of artistic styles over the last 250 years. A large section of the prints collection is related to Doncaster, either through portraying Doncaster scenes or horseracing.

### 2011/12 Additions comprise of:

Heritage Asset	£'000
Works to Rosehill Chapel	8



## 14 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from investment property	34	34
Direct operating expenses arising from investment property	0	0
<b>Net gain/(loss)</b>	<b>34</b>	<b>34</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of the year	15,330	16,834
<b>Additions:</b>		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
<b>Disposals</b>	0	(6,150)
Net gains/losses from fair value adjustments	1,504	(60)
<b>Transfers:</b>		
to/from Inventories	0	0
to/from Property, Plant and Equipment	0	0
Other changes	0	0
<b>Balance at end of the year</b>	<b>16,834</b>	<b>10,624</b>

## 15 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware, item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The useful lives assigned to the major software suites used by the Authority are:

	<b>Internally Generated Assets</b>	<b>Other Assets</b>
0-3 years	None	E-learning Platform, Electronic Document Management System (EDMS), Strategic Intelligent Transport System (SITS), Technology Forge Asset Management Programme, Verisecure cash receipting system, Customer Relation Management System
4-5 years	None	Highways and Transport Asset Management Programme (HAMP/TAMP)
6-10 years	None	Childrens Information System

The carrying amount of intangible assets is amortised on a straight-line basis. Of the £260,027 amortisation, £57,210 was charged to revenue in 2011/12 to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2010/11		2011/12	
	Others Assets	Total	Others Assets	Total
	£'000	£'000	£'000	£'000
Balance at start of year				
- Gross carrying amounts	260	260	715	715
- Accumulated amortisation	(6)	(6)	(90)	(90)
Net carrying amount at start of year	254	254	625	625
Additions:				
- Internal development	0	0	0	0
- Purchases	455	455	1,368	1,368
- Acquired through business combinations	0	0	0	0
Assets reclassified as held for sale	0	0	0	0
Assets reclassified - GBV	0	0	346	346
Assets reclassified - accumulated Depreciation & Impairment	0	0	(346)	(346)
Other disposals	0	0	0	0
Revaluations increases or decreases	0	0	0	0
Impairment losses recognised or reversed directly in the Revaluation Reserve	0	0	0	0
Impairment losses recognised in the surplus/deficit on the provision of services	0	0	0	0
Reversals of past impairment losses written back to the Surplus/Deficit on the provision of Service	0	0	0	0
Amortisation for the period	(84)	(84)	(260)	(260)
Other changes	0	0	0	0
Net carrying amount at end of year	625	625	1,733	1,733
Comprising:				
- Gross carrying amounts	715	715	2,429	2,429
- Accumulated amortisation	(90)	(90)	(696)	(696)
	625	625	1,733	1,733

The Authority does not revalue its software assets as they are currently of immaterial value and have a life of no more than 5 years.

## 16 Financial Instruments

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

	Long Term			Current		
	31 March 2010 £'000	31 March 2011 £'000	31 March 2012 £'000	31 March 2010 £'000	31 March 2011 £'000	31 March 2012 £'000
<b>Investments</b>						
Loans and receivables	2,386	2,386	2,464	13,750	26,050	32,379
Available-for-sale financial assets	0	0	0	0	0	0
Unquoted equity investment at cost (b)	2,775	2,775	2,773	0	0	0
Financial assets at fair value through profit and loss	0	0	0	0	0	0
<b>Total investments</b>	<b>5,161</b>	<b>5,161</b>	<b>5,237</b>	<b>13,750</b>	<b>26,050</b>	<b>32,379</b>
<b>Debtors</b>						
Loans and receivables	476	745	914	0	0	0
Financial assets carried at contract amount (trade debt)	0	0	0	18,941	18,029	14,464
<b>Total Debtors</b>	<b>476</b>	<b>745</b>	<b>914</b>	<b>18,941</b>	<b>18,029</b>	<b>14,464</b>
<b>Borrowings</b>						
Financial liabilities at amortised cost (a)	346,473	369,470	315,252	21,246	26,066	56,793
Financial liabilities at fair value through profit and loss	0	0	0	0	0	0
<b>Total borrowings</b>	<b>346,473</b>	<b>369,470</b>	<b>315,252</b>	<b>21,246</b>	<b>26,066</b>	<b>56,793</b>
<b>Other Long Term Liabilities</b>						
PFI and finance lease liabilities	0	0	0	0	0	0
PFI lease liabilities (Note 43)	44,423	42,801	41,243	1,394	1,622	1,561
Finance lease liabilities (Note 42)	270	163	52	104	107	95
Metropolitan debt (SYCC)	16,092	15,083	13,972	918	1,009	1,110
Other	286	224	28	0	0	0
<b>Total other long term liabilities</b>	<b>61,071</b>	<b>58,271</b>	<b>55,295</b>	<b>2,416</b>	<b>2,738</b>	<b>2,766</b>
<b>Creditors</b>						
Financial liabilities at amortised cost	0	0	0	0	0	0
Financial liabilities carried at contract amount (trade credit)	0	0	0	9,674	7,841	14,673
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,674</b>	<b>7,841</b>	<b>14,673</b>

Note a – Under accounting requirements the carrying value of the financial instrument is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note b – Unquoted equity investment at cost. Shares held by the Council are unquoted and there is no readily available market on which to value them. Whilst there are a variety of methods to value unquoted shares, none of them provide reliable fair values and therefore the shares have not been re-valued and are included in the accounts at cost.

#### **Material Soft Loans Made by the Authority**

The Council has not made any material loans to voluntary or other organisations at less than market rates of interest, sometimes referred to as soft loans. Therefore, no accounting adjustments as stipulated by the Code have been necessary in the 2011/12 accounts.

#### **Employee Car Loans**

The Council makes loans for car purchases for employees within the Council who are in posts that require them to drive regularly on the Council's business. The closing balance as at 31<sup>st</sup> March, 2012 was £103k (£143k as at 31<sup>st</sup> March 2011). The loans are included in long term debtors.

#### **Reclassifications**

During 2011/12 the Council did not reclassify any of its investments.

## Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:-

	2010/11			2011/12		
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000
Interest expense (Note 10)	(20,254)	0	(20,254)	(42,352)	0	(42,352)
Losses on de-recognition	0	0	0	0	0	0
Reductions in fair value	0	0	0	0	0	0
Impairment losses ( See Note a Below)	0	(614)	(614)	0	(2,000)	(2,000)
Fee expense	0	0	0	0	0	
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(20,254)</b>	<b>(614)</b>	<b>(20,868)</b>	<b>(42,352)</b>	<b>(2,000)</b>	<b>(44,352)</b>
Interest income (Note 10)	338	0	338	1,849	0	1,849
Interest income accrued on impaired financial assets	0	0	0	0	0	0
Increases in fair value	0	0	0	0	0	0
Gains on de-recognition	0	0	0	0	0	0
Fee income	0	0	0	0	0	0
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>338</b>	<b>0</b>	<b>338</b>	<b>1,849</b>	<b>0</b>	<b>1,849</b>
Gains on revaluation	0	0	0	0	0	0
Losses on revaluation	0	0	0	0	0	0
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	0	0	0	0	0
<b>Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net gain/(loss) for the year</b>	<b>(19,916)</b>	<b>(614)</b>	<b>(20,530)</b>	<b>(40,503)</b>	<b>(2,000)</b>	<b>(42,503)</b>

Note a - Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

During 2008/09 a number of Icelandic banks had difficulty in meeting their obligations and this Authority has, in respect of the investment in default, made appropriate provision for reduced repayment and this is reflected in the fair value.

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining life of the instruments:

- For loans from the PWLB and the other loans payable borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The Councils advisor's valuations use the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used in the private sector.

The Discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration, i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

In providing their fair value calculations the discount rate used by the PWLB is taken from the 'new borrowing rate' set of rates in force at close of business on the last working day of the financial year.

The estimated range of interest rates at 31st March 2012 are between 3.7% and 9.875% for loans from the PWLB, market loans payable were between 1.05% and 4.4% and between 0.6% and 1.53% for loans and receivables. No early repayment is recognised. An investment with an Icelandic bank has been treated as impaired.

The fair values calculated are as follows:

	31 March 2011		31 March 2012	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities	395,536	450,740	372,045	403,383

The fair value is greater than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date.

	31 March 2011		31 March 2012	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and receivables	26,050	26,050	32,379	32,379
Long-term debtors	745	745	914	914

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The carrying amount of short-term trade receivables is considered to be a reasonable approximation of fair value. With regard to the unquoted equity investments these are carried at cost as are the shares with unquoted companies where there are no commercial share dealings to enable fair value to be calculated.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value

During the year the Council has impaired its £2m loan to Digital Region Limited to nil in light of the current financial position of the company (formerly held under long term debtors)

The Council currently provides overdraft facility guarantees for the Stadium Management Company (see Note 23) of £1.000m and Doncaster Chamber of Commerce (see Note 49) of £0.100m. In addition the Council also guarantees the full amount of the St Leger Homes of Doncaster Limited pensions' deficit (Note 49) of £4.979m.



## 17 Inventories

2011/12	Consumable Stores Building and Civil Engineer Works £'000	ICT £'000	Inpress £'000	Grounds Maintenance £'000	Education incl Canteens £'000	Transport £'000	Other £'000	TOTAL £'000
<b>Balance outstanding at start of year</b>	465	36	12	20	127	270	173	<b>1,103</b>
Purchases	1,481	19	120	22	2,458	1,696	279	<b>6,075</b>
Recognised as an expense in the year	(1,581)	(22)	(119)	(20)	(2,460)	(1,723)	(246)	<b>(6,171)</b>
Written off balances	0	(2)	0	0	(38)	(1)	(25)	<b>(66)</b>
Reversals of write-offs in previous years	34	0	0	0	0	0	1	<b>35</b>
<b>Balance outstanding at year-end</b>	<b>399</b>	<b>31</b>	<b>13</b>	<b>22</b>	<b>87</b>	<b>242</b>	<b>182</b>	<b>976</b>

## Comparative 2010/11

2010/11	Consumable Stores Building and Civil Engineer Works £'000	ICT £'000	Inpress £'000	Grounds Maintenance £'000	Education incl Canteens £'000	Transport £'000	Other £'000	TOTAL £'000
<b>Balance outstanding at start of year</b>	440	48	13	24	129	268	167	<b>1,089</b>
Purchases	1,645	30	106	20	2,962	1,638	451	<b>6,852</b>
Recognised as an expense in the year	(1,629)	(32)	(107)	(24)	(2,961)	(1,640)	(421)	<b>(6,814)</b>
Written off balances	0	(10)	0	0	(3)	0	(24)	<b>(37)</b>
Reversals of write-offs in previous years	9	0	0	0	0	4	0	<b>13</b>
<b>Balance outstanding at year-end</b>	<b>465</b>	<b>36</b>	<b>12</b>	<b>20</b>	<b>127</b>	<b>270</b>	<b>173</b>	<b>1,103</b>

## 18 Construction Contracts

This note applies only to construction contracts in the financial statements of contractors and therefore only applies to construction that the Authority is undertaking for its customers.

This disclosure note does not relate to contracts where the authority is the customer and does not therefore include assets under construction that are on the balance sheet within property, plant and equipment.

	<b>Campsmount Technology College</b>	<b>Kirk Sandall Junior School</b>	<b>Outwood Academy Adwick</b>	<b>De Warenne Academy</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cost Incurred to date	10,754	1,680	9,534	2,284
Revenue recognised:				
- before 1 April 2011	(789)	(291)	0	0
- during 2011/12	(9,138)	(1,389)	(9,534)	(2,284)
DMBC Contribution	(827)	0	0	0
<b>Profit / (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Advances received				
<b>Gross amount due</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Comprising:				
- amounts not billed	0	0	0	0
- retentions	0	0	0	0

### **Campsmount Technology College - total estimated contract value £11,023k; incurred to date £10,754k**

An advance of £2,300k was received from the Department of Education via Partnerships for Schools in 2010/11 for the rebuilding of Campsmount Technology College. Of this advance, £764k was used to finance the physical rebuilding costs and recognised as revenue in previous years along with £25k of resources controlled by the council with the balance of £1,536k being used and recognised as revenue in 2011/12. The remaining £8,429k cost incurred in 2011/12 was financed through the insurance settlement (£7,242k), CYPS capital resources (£827k) and a contribution from the school element of the insurance settlement and other delegated funding (£360k) - all recognised as revenue in 2011/12.

The cost incurred to date has been derived from the construction contract's defined milestones that have specific payment values attached. Payment is made when one of the milestones has been completed, i.e. there are no part payments. In addition to these milestone invoices there was an element of work in progress at the site; the constructor engaged by the Council provided estimated progress toward milestones in percentage terms. These percentages were applied to the value of the part completed milestones to determine an accrual amount that was then added to the actual payments.

### **Kirk Sandall Junior School - total estimated contract value £1,680k; incurred to date £1,680k**

Advances of £10,837k were received from the Department for Education via Partnerships for Schools in 2009/10 and 2010/11 for the Primary Capital Programme - £1,650k (later amended to £1,680k) was approved for a new hall and refurbishment at Kirk Sandall Junior School. £291k was used to finance the physical building costs and recognised as revenue in 2010/11 with the balance of £1,389k being used and recognised as revenue in 2011/12.

The project has reached practical completion - the cost incurred to date derives from actual expenditure plus an accrual amount for the difference between actual expenditure and the Quantity Surveyor's assessment of the final account.

Note that the school converted to trust status 1st September 2010 with the trust assuming control over the school and all its assets from that date; the cost incurred to date of £1,680k includes £151k incurred prior to the transfer of assets to the trust.

#### **Outwood Academy, Adwick - total estimated contract value £16,162k; incurred to date £9,534k**

In 2011/12 £9,534k was incurred for the rebuilding of Outwood Academy Adwick. This was financed by £9,410k from the Department for Education via Partnerships for Schools and £124k from the Outwood Grange Academy Trust and recognised as revenue in 2011/12.

The cost incurred to date has been derived from the construction contract's defined milestones that have specific payment values attached. Payment is made when one of the milestones has been completed, i.e. there are no part payments. In addition to these milestone invoices there was an element of work in progress at the site; the constructor engaged by the Council provided estimated progress toward milestones in percentage terms. These percentages were applied to the value of the part completed milestones to determine an accrual amount that was then added to the actual payments.

#### **De Warenne Academy - total estimated contract value £9,315k; incurred to date £2,284k**

In 2011/12 £2,284k was incurred for the rebuilding of De Warenne Academy. This was financed by £2,283k from the Department for Education via Partnerships for Schools and recognised as revenue in 2011/12.

The cost incurred to date has been derived from the construction contract's defined milestones that have specific payment values attached. Payment is made when one of the milestones has been completed, i.e. there are no part payments. In addition to these milestone invoices there was an element of work in progress at the site; the constructor engaged by the Council provided estimated progress toward milestones in percentage terms. These percentages were applied to the value of the part completed milestones to determine an accrual amount that was then added to the actual payments.

A further £1.0m of construction related expenditure to external customers was undertaken at seven schools represented by governor funded work on trust assets and capital work on schools that have subsequently converted to academy status.

### **19 Debtors**

	<b>31 March 2010</b>	<b>31 March 2011</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Central Government bodies	35,671	22,015	9,385
Other local authorities	2,089	750	1,364
NHS bodies	0	360	1,997
Public corporations and trading funds	0	0	0
Other entities and individuals	30,031	30,304	36,620
	<b>67,791</b>	<b>53,429</b>	<b>49,366</b>
Payments in advance	3,796	5,670	3,919
<b>Total</b>	<b>71,587</b>	<b>59,099</b>	<b>53,285</b>

## 20 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31 March 2010</b>	<b>31 March 2011</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash held by the authority	2,951	7,849	2,867
Bank overdraft	(12,643)	(9,058)	(3,750)
Cash investments regarded as cash equivalents (bank current accounts and short-term deposits with bank, building societies and other banking sector)	13,750	25,050	32,378
<b>Total Cash and Cash Equivalents</b>	<b>4,058</b>	<b>23,841</b>	<b>31,495</b>

Cash and cash equivalents include bank overdrafts that are an integral part of the Council's cash management

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

The Authority has adopted a policy in determining the composition of cash equivalents which includes short term deposits for a period of less than or equal to three months.

Investments or loans with a longer maturity at acquisition do not become cash equivalents once their remaining maturity period falls to three months.

## 21 Assets Held For Sale

For an asset to be classified as being 'held for sale', the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

For the sale to be highly probable the Authority must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification

Currently the Authority does not hold any non-current assets which meet the above classification requirements.

	<b>Current</b>	
	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>
<b>Balance outstanding at start of year</b>	<b>0</b>	<b>7,637</b>
<b>Assets newly classified as held for sale:</b>		
Property, Plant and Equipment	7,893	2,724
<b>Assets declassified as held for sale:</b>		
Assets sold	(256)	(10,334)
<b>Balance outstanding at year-end</b>	<b>7,637</b>	<b>27</b>

## 22 Creditors

	<b>31 March 2010 £'000</b>	<b>31 March 2011 £'000</b>	<b>31 March 2012 £'000</b>
Central Government bodies	(15,135)	(12,086)	(9,160)
Other local authorities	(4,265)	(993)	(5,262)
NHS bodies	(362)	(929)	(1,001)
Public corporations and trading funds	(1,490)	(82)	(52)
Other entities	(45,041)	(46,663)	(48,535)
	<b>(66,293)</b>	<b>(60,753)</b>	<b>(64,010)</b>

## 23 Provisions

Provisions are included in the accounts for potential liabilities that are likely or certain to be incurred but there is a degree of uncertainty as to the amount concerned or the dates on which these may arise

	Balance at 1 April 2010	Balance at 1 April 2011	Additional provisions made in 2011/12	Amounts used in 2011/12	Balance at 31 March 2012
	£'000	£'000	£'000	£'000	£'000
Section 117 Mental Health Act provision	788	631	0	0	631
Unequal Pay Compensation	105	105	0	(105)	0
South Yorkshire Trading Standards	3,007	3,007	0	0	3,007
Provision for clawback of grant	2,000	2,000	0	(157)	1,843
Provision for 53 <sup>rd</sup> week payment	400	600	75	0	675
Insurance fund provision	6,952	6,760	1,692	(100)	8,352
Equal Pay Capitalisation	0	2,463	0	(175)	2,288
Retrospective outfall licence	0	39	0	(39)	0
Pension Compensation	0	129	0	(129)	0
Provision for Stadium Management Company	0	1,100	919	0	2,019
Provision for Digital Region Limited	0	0	6,280	0	6,280
Provision for repayment of income related to land sales	0	0	311	0	311
Provision for Dedicated Schools' Grant Threshold	0	0	1,602	0	1,602
<b>Total</b>	<b>13,252</b>	<b>16,834</b>	<b>10,879</b>	<b>(705)</b>	<b>27,008</b>

### Section 117 Mental Health Act

The Government, via the High Courts, have decided that local authorities cannot charge any person receiving aftercare service under Section 117 of the Mental Health Act. The Assistant Director of Legal & Democratic Services has advised that the council is required to take all reasonable measures to contact current and former service users who may have been charged for services under S117 of the Mental Health Act and to reimburse, with interest, those who have paid for such services.

The Council has ceased charging for such services. An initial provision of £2.223m was made to cover the estimate of the total amount due to be refunded. The council must retain adequate sums available to cover the necessary reimbursements. During 2011/12 there have been no refunds made from the provision. The amount of the provision required has been reviewed and maintained at the same level of £631k based on the latest assessment and attempts will continue to be made in 2012/13 to make repayments from the provision. Due to the complexity of the issues involved settlement is likely to go on beyond 2012/13.

### Tax / National Insurance on Equal Pay compensation Claims (1<sup>st</sup> generation)

The provision was established for the purpose of meeting any costs relating to the compensation paid to employees who had potential equal pay claims arising from the Single Settlement Agreement 1997. The value represented the likely income tax and National Insurance costs associated with claims

settled in previous financial years. The issue was reviewed in 2011/12 and it was concluded that there was no outstanding liability and so the provision was reversed.

### **South Yorkshire Trading Standards**

In February 2006 the South Yorkshire Trading Standards Organisation was reviewed and found to be not financially viable and was subsequently closed down. Doncaster's share of the cost of recovering the financial losses incurred as well as the closure costs has been estimated at £3.007m but this will not necessarily be the final settlement. It is expected that the matter will be settled in 2012/13.

### **Provision for Grant Claw-back**

Over a number of years, predominantly during the 1990's, the council applied for and received approval for Derelict Land Grant from English Partnerships or Land Reclamation Programme grant from Yorkshire Forward for a number of projects throughout the borough.

The approved projects had specific outcomes that mainly were the reclamation of council owned land and for an agreed after use for the land, e.g. industrial development site, public open space. The grant intervention rate was 100%.

As part of the grant conditions, on disposal or appropriation of the land or its bringing into use, the council had to repay grant based on the 'after value' of the land. The provision has been created to enable the council to fund potential repayment of grant. The amount required has been reviewed in 2011/12 and the provision has been reduced to £1.8m. It is expected that the matter will be settled within the next two or three years.

### **Provision for 53<sup>rd</sup> Week Payment**

The provision has been established for the purpose of meeting costs that occur every five years but the impact of which should be reflected in the council's revenue account on an equal basis each year. A 53<sup>rd</sup> payment is made every five years and impacts on the fees payable to all independent care contractors and out of authority children placements. The last 53<sup>rd</sup> payment was made in 2007/08 and the next is scheduled for 2012/13.

### **Insurance**

The Council self- insures part of its insurable financial risk by holding excesses on the various insurance policies that it has in place, currently with Zurich Municipal. These excesses apply to various categories of cover including property, public liability and employer's liability, and any claim that falls below the policy excess will be a cost to the Council.

The insurance provision covers the estimated value of outstanding insurance claims for which the Council has a potential legal liability, as at 31<sup>st</sup> March 2012 this was estimated to be approximately £9.6m, and it is estimated that the cost to the Council of settling these claims will be £6.8m based on previous claims experience.

In addition, the Council continues to monitor claims experience and has identified an appropriate reserve to meet other potential insurance claims incurred but not reported, the value of those claims being estimated at £1.55m, which gives a total insurance fund value of £8.35m.

### **Equal Pay Compensation**

The provision has been established to meet the costs of the equal pay claims. The provision has been reviewed based on 551 equal pay claims relating to the pay structure in place prior to the implementation of pay and grading review (December 2009). This is the likely amount based on agreed settlements and estimates of future claims. It is expected that the majority will be settled in 2012/13.

### **Retrospective Outfall Licence**

The provision was established in 2010/11 for the purpose of meeting the net costs of retrospective outfall licences that the Council is due to pay to the British Waterways Board. Only the net cost was provided for as some of the cost can be recovered from Doncaster College. The matter was resolved in 2011/12 and payment was made to British Waterways Board.

**Pension Compensation**

The provision has been established to meet costs relating to the transfer of benefits between pension schemes and relates to staff employed in the financial year 2010/11 and previous years. This was reversed in 2011/12 and released to revenue following approval in the Q3 Finance & Performance Improvement Report

**Provision for the Stadium Management Company**

The provision has been increased to £2.019m (£1.100m as at 31st March 2011) to cover the additional SMC past and current operating costs with the net liabilities as at 31st March 2012 being £2,018,861. The provision covers the additional loans made by DMBC to the SMC during the year together with the liabilities for the deferred income from Keepmoat Stadium naming rights and bank overdraft guarantee. There has been a decision on the future operating of the Stadium and the outstanding liabilities as at 31st March 2012 are to be provided for by the Council. The increase in the provision has been financed using part of the £1.2m capitalisation direction received in year from CLG.

**Provision for Digital Region Limited**

The provision covers the potential costs, attributable to the Council, of a new supplier to take over the running and management of the network with full accountability for operating costs, sales, marketing and revenue (£6.28m). The provision covers the expected costs of the termination of the current contract and the anticipated costs of a procurement exercise. The provision allows for a twelve month notice period to ensure transition and closure of the current business model. A capitalisation directive has been received from CLG to cover the full costs of the provision and allow these costs to be treated as revenue expenditure funded from capital under statute.

**Provision for Repayment of Income Related to Land Sales**

The provision covers the potential repayment of income received in relation to the disposal of two unrelated pieces of land, which were received in 2006/07 and 2011/12. In both cases repayment may be required as there are discrepancies between the amounts expected and the amounts received. Legal advice is being considered and it is hoped that the issues will be resolved in 2012/13.

**Provision for DSG Threshold**

The provision has been established to meet the cost of any repayment to the DfE of Dedicated Schools Grant (DSG) in respect of Teachers Pay Threshold Grant relating to schools converting to academy status over the years 2009/10 to 2011/12. On conversion to academies the DfE pass this funding directly to academies and it is recouped against the schools formula funding. However, because Doncaster calculates this element separately to its schools funding formula the funding has not yet been recouped by the DfE and therefore a provision for £1.602m has been created.



## 24 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

Specific reserves are available to fund capital or revenue expenditure following approval by Cabinet.

Expenditure is charged to the revenue or capital account when it is incurred and is financed by an appropriation from the reserve through the Movement in Reserves Statement.

Details of the Authority's usable reserves are given in the table below

Usable Reserve	Balance 31 <sup>st</sup> March 2011 (£'000's)	Balance 31 <sup>st</sup> March 2012 (£'000's)	Purpose of Reserve
General Fund	14,447	12,197	Resources available to meet future running costs for non-housing services
Earmarked General Fund Reserves (see Note 8)	33,904	42,890	Voluntarily set aside to meet specific future spending plans
Housing Revenue Account	4,940	6,735	Resources available to meet future running costs for council housing
Capital Receipts Reserve	14,391	14,156	Proceeds of fixed asset sales available to meet future capital investment
Major Repairs Reserve	942	5,137	Resources available to meet capital investment in council housing
Capital grants and contributions unapplied	16,881	18,586	Resources available to meet future capital investment

## 25 Unusable Reserves

31 March 2011 £'000		31 March 2012 £'000
259,929	Revaluation Reserve (Note 25a)	227,170
648,044	Capital Adjustment Account (Note 25b)	557,608
(1,120)	Financial Instruments Adjustment Account (Note 25c)	(1,096)
(270,020)	Pension Reserve (Note 25d)	(317,909)
29	Deferred Capital Receipts Reserve (Note 25e)	27
1,048	Collection Fund Adjustment (Note 25f)	1,541
(8,948)	Accumulated Absences Account (Note 25g)	(5,415)
<b>628,962</b>	<b>Total Unusable Reserves</b>	<b>461,926</b>

## 25a Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Heritage assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2010/11 £'000		2011/12 £'000
<b>192,100</b>	<b>Balance at 1 April</b>	<b>259,929</b>
137,547	Upward revaluation of assets	28,066
(42,707)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(23,596)
<b>94,840</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>4,470</b>
(3,101)	Difference between fair value depreciation and historical cost depreciation	(5,602)
(23,910)	Accumulated gains on assets sold or scrapped	(31,627)
<b>(27,011)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(37,229)</b>
<b>259,929</b>	<b>Balance at 31 March</b>	<b>227,170</b>

## 25b Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2010/11 £'000		2011/12 £'000	
<b>976,809</b>	<b>Balance at 1 April</b>		<b>648,044</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
(35,669)	Charges for depreciation of non-current assets	(30,315)	
(12,819)	Charges for depreciation on council dwellings	(12,637)	
(2,436)	Charges for impairment of non-current assets	(3,845)	
(285,057)	Revaluation losses on Property, Plant and Equipment	(90,015)	
(84)	Amortisation of intangible assets	(260)	
(19,678)	Revenue expenditure funded from capital under statute	(20,552)	
(66,045)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(113,003)	
<b>(421,788)</b>			<b>(270,627)</b>
27,046	Adjusting amounts written out of the Revaluation Reserve	37,229	
<b>(394,742)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(233,398)</b>
<b>Capital financing applied in the year:</b>			
2,482	Use of the Capital Receipts Reserve to finance new capital expenditure	11,394	
12,432	Use of the Major Repairs Reserve to finance new capital expenditure	8,441	
25,514	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	36,979	
10,044	Application of grants to capital financing from the Capital Grants Unapplied Account	6,194	
0	HRA Settlement Grant	59,769	
7,657	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	8,615	
4,225	Capital expenditure charged against the General Fund and HRA balances	8,910	
<b>62,354</b>			<b>140,302</b>
1,397	Write down of PFI Finance Liabilities	1,619	
48	Write down of Finance Lease Liabilities	92	
918	Former South Yorkshire County Council debt repayment	1,010	
(244)	Other	(1)	
1,504	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(60)	
<b>648,044</b>	<b>Balance at 31 March</b>		<b>557,608</b>

**25c Financial Instruments Adjustment Account**

2010/11		2011/12
£'000		£'000
<b>(1,757)</b>	<b>Balance at 1 April</b>	<b>(1,120)</b>
23	Premiums and discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	24
614	Landsbanki Islands impairment of investment in year	0
<b>(1,120)</b>	<b>Balance at 31 March</b>	<b>(1,096)</b>

This account initially arose as a requirement from the SORP 2007 and was intended to be a balancing account to allow for differences in statutory requirements and proper practices for borrowings and investments.

The opening balance comprises the premiums and discounts associated with debt restructuring exercises prior to 2007/08 that resulted in premiums and discounts in relation to the debt repaid. These gains and losses made will be charged to revenue in accordance with the regulations applicable at the time the repurchase took place.

**25d Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2010/11		2011/12
£'000		£'000
<b>(348,658)</b>	<b>Balance at 1 April</b>	<b>(270,020)</b>
35,020	Actuarial gains or losses on pensions assets and liabilities	(48,656)
14,189	Reversal of items relating to retirement benefits debited or credited to the surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement (see Note 48)	(27,924)
29,429	Employer's pensions contributions and direct payments to pensioners payable in the year (see Note 48)	28,691
<b>(270,020)</b>	<b>Balance at 31 March</b>	<b>(317,909)</b>

**25e Deferred Capital Receipts Reserve (England and Wales)**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

<b>2010/11</b>		<b>2011/12</b>
<b>£'000</b>		<b>£'000</b>
<b>50</b>	<b>Balance at 1 April</b>	<b>29</b>
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive Income and Expenditure Statement	(2)
(21)	Transfer to the capital Receipts Reserve upon receipt of cash	0
<b>29</b>	<b>Balance at 31 March</b>	<b>27</b>

**25f Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<b>2010/11</b>		<b>2011/12</b>
<b>£'000</b>		<b>£'000</b>
<b>233</b>	<b>Balance at 1 April</b>	<b>1,048</b>
815	Amount by which council tax income credited to the comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	493
<b>1,048</b>	<b>Balance at 31 March</b>	<b>1,541</b>

**25g Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave, flexi leave and time off in lieu (TOIL) entitlement carried forward at 31 March.

Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2010/11			2011/12	
£'000			£'000	
	<b>(12,586)</b>	<b>Balance at 1 April</b>		<b>(8,948)</b>
12,586		Settlement or cancellation of accrual made at the end of the preceding year	8,948	
(8,948)		Amounts accrued at the end of the current year	(5,415)	
	3,638	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		3,533
	<b>(8,948)</b>	<b>Balance at 31 March</b>		<b>(5,415)</b>

**26. Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

2010/11 £'000		2011/12 £'000
349	Interest received	1,779
(19,991)	Interest paid	(42,301)
405	Dividends received	40

**27 Cash Flow Statement – Investing Activities**

2010/11 £'000		2011/12 £'000
(81,922)	Purchase of property, plant and equipment, investment property and intangible assets	(103,501)
(1,000)	Purchase of short-term and long-term investments	(1)
(400)	Other payments for investing activities	(6,009)
3,275	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	14,146
0	Proceeds from short-term and long-term investments	1,012
28,185	Other receipts from investing activities	32,265
<b>(51,862)</b>	<b>Net cash flows from investing activities</b>	<b>(62,088)</b>

**28 Cash Flow Statement – Financing Activities**

2010/11 £'000		2011/12 £'000
110,730	Cash receipts of short- and long-term borrowing	59,730
7,812	Other receipts from financing activities	4,610
(1,729)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,733)
(84,143)	Repayments of short- and long-term borrowing	(84,507)
0	Other payments for financing activities	0
<b>32,670</b>	<b>Net cash flows from financing activities</b>	<b>(21,900)</b>

### 29 Amounts Reported For Resource Allocation Decisions

The disclosure note for Amounts Reported for Resource Decisions has been included within the group section of these accounts.

### 30 Acquired and Discontinued Operations

This disclosure note shows where operations have been acquired or discontinued in the year, the nature of the acquired or discontinued operations and details of any outstanding liabilities in respect of discontinued operations.

During the 2011/12 financial year there were no acquired or discontinued operations

### 31 Trading Operations

The Authority has established 7 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. Details of those units for 2011/12 are as below

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement.

The trading operations are separated into two groups, those which are an integral part of the Council's services to the public and those that are support services to the Council's services to the public (e.g. schools catering).

The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations.

	2010/11 £'000	2011/12 £'000
<b>Net (surplus) / deficit on trading operations</b>	<b>(729)</b>	<b>(2,114)</b>
Services to the public included in Expenditure of Continuing Operations	(285)	(337)
Support services recharged to Expenditure of Continuing Operations	(444)	(1,777)
<b>Net (surplus) / deficit charged to Other Operating Expenditure (Note 9)</b>	<b>(729)</b>	<b>(2,114)</b>

### Services to the public included in Expenditure of Continuing Operations

#### Markets

The Markets undertaking is regarded as one of the foremost in the region. It includes three retail sites providing a wide range of produce and goods as well as a Wholesale Market supplying local businesses.

	2010/11 £'000		2011/12 £'000	
<b>Turnover</b>	(1,792)		(1,805)	
<b>Expenditure</b>	1,507		1,468	
<b>(Surplus) / Deficit</b>		<b>(285)</b>		<b>(337)</b>



## Support Services recharged to Expenditure of Continuing Operations

### Highways

This section carries out work on capital construction schemes and the repair and maintenance of highways, street lighting and drainage.

	2010/11 £'000		2011/12 £'000	
Turnover	(13,995)		(11,365)	
Expenditure	13,756		11,229	
<b>(Surplus) / Deficit</b>		<b>(239)</b>		<b>(136)</b>

### Metro Clean

Metro Clean is the Council's in-house building cleaning service responsible for the cleaning at hundreds of sites across the borough (including schools, libraries, care homes, offices etc)..

	2010/11 £'000		2011/12 £'000	
Turnover	(6,314)		(6,586)	
Expenditure	6,345		6,040	
<b>(Surplus) / Deficit</b>		<b>31</b>		<b>(546)</b>

### InPress (Print Unit)

Using the latest technology, Inpress are equipped to place great emphasis on service, quality and performance delivery.

The combination of these elements enables them to provide a complete service: Pre-press, Litho Printing, Digital Copying and Finishing.

	2010/11 £'000		2011/12 £'000	
Turnover	(789)		(657)	
Expenditure	825		745	
<b>(Surplus) / Deficit</b>		<b>36</b>		<b>88</b>

### Public Building Maintenance

The Public Building Maintenance team carry out electrical, mechanical and general building repairs and maintenance to schools and public buildings throughout the Doncaster Borough. A Help Desk is in operation, which includes provision of an emergency response team.

Adaptation work in partnership with British Red Cross to private dwellings throughout Doncaster is carried out.

The team deliver medium new builds and refurbishment work. The section also manages the stores function for Doncaster Council.

	2010/11 £'000		2011/12 £'000	
Turnover	(6,917)		(5,674)	
Expenditure	6,976		5,502	
<b>(Surplus) / Deficit</b>		<b>59</b>		<b>(172)</b>

### F M Catering

Under the direction of Facilities Management delivers the Authority's internal catering requirements at the Council House Skyline Restaurant, Carr House Garden Restaurant and Mansion House planned events. Buffets are available on request at these locations.

	2010/11 £'000		2011/12 £'000	
<b>Turnover</b>	(310)		(267)	
<b>Expenditure</b>	374		256	
<b>(Surplus) / Deficit</b>		<b>64</b>		<b>(11)</b>

### Transport

The service is responsible for the acquisition and management of the Authority's and St Leger Homes Ltd fleet of vehicles, plant and equipment, inclusive of statutory compliance with the goods vehicle operators licence requirements.

It operates a fully equipped vehicle body repair workshop, vehicle and plant maintenance and repair workshop which are located at North Bridge and Sunnyside Depots. The service also operates a passenger transport service which involves taking older people into day centres and day-care, people to social education centres and arranging transport for children that are in the care of the Authority.

	2010/11 £'000		2011/12 £'000	
<b>Turnover</b>	(8,966)		(9,275)	
<b>Expenditure</b>	8,571		8,275	
<b>(Surplus) / Deficit</b>		<b>(395)</b>		<b>(1,000)</b>

### 32 Agency Services

The Authority is allowed to undertake certain work on behalf of other bodies and authorities. The nature and amount of any significant agency income and expenditure is required to be disclosed under the Code.

No significant agency services have been identified in 2011/12 (nil 2010/11)

### 33 Road Charging Schemes under the Transport Act 2000

The Authority does not currently operate a road charging or workplace charging scheme

### 34 Pooled Budget Arrangements

The Authority has not entered into pooled budget arrangements under section 31 of the Health Act 1999

### 35 Members' Allowances

The Code requires the disclosure of the total amount of members' allowances paid under the Local Authorities (Members' Allowances) Regulations 2003.

2010/11		2011/12
£		£
795,756	Basic allowance	801,042
234,515	Special responsibility allowance	218,149
288	Travel	1,058
16,570	Co-opted members	17,309
<b>1,047,129</b>	<b>Total</b>	<b>1,037,558</b>

### **36 Officers Remuneration**

The Accounts and Audit Regulations 2003 require the disclosure of certain information relating to officers' emoluments. This means all amounts paid to or receivable by an employee and includes sums due by way of termination benefits, expenses, allowances and the estimated money value of any other benefits received by an employee otherwise than in cash.

The inclusion of termination payments has had the effect of certain employees being in a higher band than would otherwise be the case.

Regulation 4 of the Accounts and Audit (Amendment No 2) (England) Regulations 2009 introduced a new legal requirement to disclose additional information relating remuneration of senior employees.

The amended Regulations introduced a new requirement to disclose individual remuneration details for senior employees in respect of their employment by the Authority (on a permanent or temporary basis).

For senior employees whose salary is £50,000 or more per year but less than £150,000 they are required to be listed individually by way of job title.

Persons whose salary is £150,000 or more per year must also be identified by name

A senior employee is an employee whose salary is more than £150,000 per year or one whose salary is at least £50,000 and who is:

- a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- b) the head of staff for a relevant body which does not have a designated head of paid service; or
- c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

Senior employees are typically an authority's Chief Executive (or equivalent), their direct reports (other than administration staff), statutory chief officers and potentially any employee that the authority considers having responsibilities and powers indicated in c) above.

Disclosure will be made for each financial year under the following categories:

- salary, fees and allowances;
- bonuses;
- expenses allowance;
- compensation for loss of employment;
- employers pension contribution; and any other emoluments

#### **Senior Officer Remuneration 2010/11**

A restructure of the Authority's Senior Management took place in December 2011 whereby the number of Directors reduced from six to four.

NB - In 2009/10, the Directors' travel allowances were included in their Gross Salary column. In 2010/11 they have been classed as 'Allowances & Expenses'.

Name / Title	Gross Salary	Allowances & Expenses	Additional payments	Compensation for loss of office	Employer Pension Contribution	2010/11 Total
	£	£	£	£	£	£
<b>Chief Executive</b> T Leader left 02/04/10 - <b>Note 7</b>	911	0	0	68,508	160	69,579
<b>Chief Executive</b> J Miller to July 2010 - <b>Note 1, Note 7 &amp; Note 8</b>	44,546	65	4,494	0	10,393	59,498
<b>Chief Executive</b> R Vincent from July 2010 - <b>Note 2 &amp; Note 7</b>	132,120	0	0	0	25,896	158,016
<b>Director of Children &amp; Young People's Services</b> C Pratt	128,063	2,561	0	0	22,539	153,163
<b>Director of Neighbourhoods &amp; Communities</b> J Miller (left WEF 26/01/11) to Dec 2010- <b>Note 3</b>	98,378	2,420	0	91,255	17,371	209,424
<b>Director of Adult Services to Dec 2010</b> J Beck	87,403	2,561	0	0	15,383	105,347
<b>Director of Adults and Communities</b> J Beck from Jan 2011	32,976	0	0	0	5,804	38,780
<b>Director of Resources (Acting)</b> D Wilkinson to Dec 2010 - <b>Note 4</b>	83,027	2,665	0	0	14,631	100,323
<b>Director of Finance &amp; Corporate Services</b> S Wiles from Feb 2011 - <b>Note 5</b>	16,770	381	0	0	2,952	20,103
<b>Chief Financial Officer</b> S Mawson - <b>Note 6</b>	76,593	2,390	0	0	13,476	92,459
<b>Director of Development</b> P Dale to Dec 2010	96,047	2,561	0	0	16,904	115,512
<b>Director of Regeneration &amp; Environment</b> P Dale from Jan 2011	32,016	0	0	0	5,635	37,651
<b>Director of People &amp; Performance Improvement</b> K Leigh to Dec 2010	78,758	2,561	0	0	13,861	95,180
<b>Monitoring Officer</b> R Harvey	89,644	2,561	0	0	15,777	107,982
<b>Director of Change</b> K Leigh from Jan 2011	28,484	0	0	0	5,013	33,497
<b>Head, Danum School</b> – Kelvin Simmons - <b>Note 7</b>	155,692	239	0	0	21,958	177,889

**Note 1** - On secondment from the Local Government Association

**Note 2** - On secondment from Kirklees Council. It was agreed between the authorities that Doncaster should include the remuneration in their notes

**Note 3** - Includes January's salary as this post was excluded from the new structure.

**Note 4** - Includes January's salary as this post was excluded from the new structure.

**Note 5** - Post filled from week effective 7<sup>th</sup> February 2011

**Note 6** - Was Section 151 Officer until the Director of Finance & Corporate Services was appointed in February 2011

**Note 7** - Any post which exceeds £150,000 have been identified by name as required by the regulations. However, in the interests of transparency, this note includes the names of all senior

officers.

**Note 8** - £4,494 relates to Parliamentary Elections Returning Officer expenses paid through Elections bank account

### **Senior Officer Remuneration 2011/12**

<b>Title / Name</b>	<b>Gross Salary</b>	<b>Allowances &amp; Expenses</b>	<b>Additional payments</b>	<b>Compensation for loss of office</b>	<b>Employer Pension Contribution</b>	<b>Total</b>
	£	£	£	£	£	£
<b>Chief Executive R Vincent to December 2011 – Note 1 &amp; Note 2</b>	132,603	0	0	0	19,794	<b>152,397</b>
<b>Chief Executive J Miller from January 2012</b>	37,250	0	0	0	7,003	<b>44,253</b>
<b>Director of Adults &amp; Communities J Beck</b>	124,221	854	0	0	23,353	<b>148,428</b>
<b>Director of Regeneration &amp; Environment - P Dale</b>	128,063	854	0	0	24,076	<b>152,993</b>
<b>Director of Children &amp; Young People's Services - C Pratt</b>	128,063	854	0	0	24,076	<b>152,993</b>
<b>Director of Change K Atherton</b>	112,695	1,005	0	0	21,187	<b>134,887</b>
<b>Director of Finance &amp; Corporate Services (Section 151 Officer) S Wiles</b>	112,695	854	0	0	21,187	<b>134,736</b>
<b>Monitoring Officer R Harvey</b>	93,486	841	0	0	17,575	<b>111,902</b>
<b>Head of Danum School - Kelvin Simmons - Note 3</b>	78,582	339	0	0	11,085	<b>90,006</b>

**Note 1** - On secondment from Kirklees Council until December 2011. It was agreed between the authorities that Doncaster should include the remuneration in their notes.

**Note 2** - No claim was made for the Elections Returning Officer.

**Note 3** - The cost relates to the period of April to September 2011 (6 months). Danum School transferred to an Academy from 1st October 2011.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions), expressed in bands of £5,000, is as below

2010/11			Salary banding	2011/12		
DMBC	Schools	Total	£	DMBC	Schools	Total
75	80	155	50,000 - 54,999	41	47	88
51	61	112	55,000 - 59,999	34	52	86
29	31	60	60,000 - 64,999	13	29	42
22	16	38	65,000 - 69,999	9	15	24
16	7	23	70,000 - 74,999	1	5	6
13	5	18	75,000 - 79,999	3	2	5
13	3	16	80,000 - 84,999	5	7	12
4	2	6	85,000 - 89,999	4	0	4
6	1	7	90,000 - 94,999	2	1	3
3	2	5	95,000 - 99,999	0	1	1
0	0	0	100,000 - 104,999	1	0	1
2	1	3	105,000 - 109,999	0	0	0
2	0	2	110,000 - 114,999	0	0	0
2	0	2	115,000 - 119,999	0	0	0
1	0	1	120,000 - 124,999	0	0	0
0	0	0	125,000 - 129,999	0	0	0
0	0	0	130,000 - 134,999	0	0	0
0	0	0	135,000 - 139,999	0	0	0
1	0	1	140,000 - 144,999	0	0	0
0	0	0	145,000 - 149,999	0	0	0
0	0	0	150,000 - 154,999	0	0	0
0	0	0	155,000 - 159,999	0	0	0
1	0	1	160,000 - 164,999	0	0	0
0	0	0	165,000 - 169,999	0	0	0
0	0	0	170,000 - 174,999	0	0	0
0	0	0	175,000 - 179,999	0	0	0
0	0	0	180,000 - 184,999	0	0	0

The table above excludes the senior employees and posts whose remuneration for 2010/11 and 2011/12 are shown in the senior officer remuneration analysis above.

The inclusion of termination payments has had the effect of certain employees being in a higher band for 2010/11 and 2011/12 than would otherwise be the case.

**Exit Packages**

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The information does not include any costs relating to schools.

Exit Package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost and band		Total cost of exit packages in each band (£)	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
<b>£0 - £20,000</b>	30	47	437	170	467	217	4,840,019	1,405,804
<b>£20,001 - £40,000</b>	1	4	213	21	214	25	6,193,002	696,254
<b>£40,001 - £60,000</b>	0	1	54	9	54	10	2,552,987	490,163
<b>£60,001 - £80,000</b>	1	2	18	3	19	5	1,275,657	345,671
<b>£80,001 and above</b>	1	0	4	5	5	5	451,267	539,334
<b>TOTAL</b>	<b>33</b>	<b>54</b>	<b>726</b>	<b>208</b>	<b>759</b>	<b>262</b>	<b>15,312,932</b>	<b>3,477,226</b>

In the 2010/11 Statement of Accounts, Note 45 Termination Benefits showed the Retirement costs split across three years with the exception of 'Costs charged to Grants in Service expenditure'.

The Retirement cost included in the exit packages above are all charged in 2011/12.

**37 External Audit Costs**

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors, the Audit Commission.

	2010/11	2011/12
	£'000	£'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	391	335
Fees payable to the Audit Commission in respect of statutory inspections	17	0
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	122	125
Fees payable in respect of other services provided by the Audit Commission during the year	62	82
<b>Total</b>	<b>592</b>	<b>542</b>

### 38 Dedicated Schools Grant

Education authorities in England are required by the Code to include a note demonstrating whether the Dedicated Schools Grant (DSG) has been deployed in accordance with the Accounts and Audit Regulations 2003 (as amended).

The Authority's expenditure on schools is funded primarily by DSG provided by the Department for Education. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008.

The Schools Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details for the deployment of DSG receivable for 2011/12 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2011/12	28,235	181,785	210,020
Brought forward from 2010/11 (overspend)	26	(337)	(311)
Carry forward to 2012/13 agreed in advance (overspend)	(1,541)	352	(1,189)
<b>Agreed budgeted distribution in 2011/12</b>	<b>26,720</b>	<b>181,800</b>	<b>208,520</b>
<b>In-year adjustments (academy conversion recoupment)</b>	<b>(467)</b>	<b>(30,192)</b>	<b>(30,659)</b>
<b>Final budgeted distribution for 2011/12</b>	<b>26,253</b>	<b>151,608</b>	<b>177,861</b>
Less			
Actual central expenditure	(26,062)	0	(26,062)
Actual ISB deployed to schools	0	(151,608)	(151,608)
<b>Carry Forward to 2012/13 (underspend on budget)</b>	<b>191</b>	<b>0</b>	<b>191</b>
Add underspend carried forward to 2012/13 referred to above	1,541	(352)	1,189
<b>Net carry forward to 2012/13</b>	<b>1,732</b>	<b>(352)</b>	<b>1,380</b>



### 39 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12:

	2010/11	2011/12
	£'000	£'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
<b>Capital Grants and Contributions - Note 11</b>		
HRA Self Financing – Principal	0	59,769
HRA Self Financing – Premium	0	21,912
Standards Fund – Capital	2,878	6,599
Department for Education – Local Authority Capital Maintenance	0	5,610
Department for Education – Devolved Formula Capital	0	5,118
Department for Communities & Local Government – White Rose Way	0	4,138
Department For Transport - Local Transport Plan (LTP) Maintenance	1,536	3,874
Department for Education – New Pupil Places (Basic Need)	0	3,610
Young Peoples Learning Agency - Ridgewood Post 16	2,446	3,110
Big Lottery Fund – My Place	70	2,646
Department for Transport - Local Transport Plan (LTP) Central Pot	1,973	2,429
Yorkshire Forward - Civic & Cultural Quarter (CCQ)	1,708	1,599
Section 106 Contributions	1,295	1,172
Housing Market Renewal Fund (HMRF)	4,764	1,027
Homes and Community Agency – Hesley Court	151	960
Department of Health – Adults Personal Social Services Capital Grant	0	775
Department of Environment (DOE) - Improvement Grants	698	567
South Yorkshire Passenger Transport Executive – A630 Balby Road	0	401
Regional Housing Board (RHB) Grant	1,660	225
Football Foundation	385	18
Sure Start	2,257	0
Housing Growth Fund	1,573	0
S31 Primary Route Network (PRN) Grant	1,352	0
Local Enterprise Growth Initiative (LEGI) Capital Grant	1,154	0
Insurance Contribution Housing	691	0
Waste Performance & Efficiency	605	0
CCQ Arts Council	568	0
Building Schools for the future – Insurance Contribution	384	0
Natural Play Programme	376	0
Energy Efficiency Contribution	280	0
Other Grants	1,458	999
<b>Total</b>	<b>30,262</b>	<b>126,558</b>
<b>Non-Ring fenced Government Grants – Note 11</b>		
Revenue Support Grant	18,160	34,223
Early Intervention Grant	0	15,052
Learning Disability & Health Reform	0	10,279
Local Services Support Grant	0	4,092
Council Tax Freeze Grant	0	2,353
Social Care Reform Grant – Department of Health	0	2,336
New Homes Bonus	0	478
Single Homelessness Grant	0	465
Adult Stroke Services – Department of Health	0	220
Positive Futures – Home Office	0	158
Area Based Grant	36,975	0
Other	0	309
<b>Total</b>	<b>55,135</b>	<b>69,965</b>
<b>Credited to Services</b>		

Dedicated Schools Grant (DSG)	204,184	179,360
Mandatory Rent Allowances: subsidy	46,842	49,833
Mandatory Rent Rebates: subsidy	37,561	40,360
Council Tax Benefit: subsidy	22,698	22,743
Skills Funding Agency Sixth Forms	0	12,815
Department for Education Academies	0	11,694
Campsmount Insurance	0	6,858
Pupil Premium	0	3,599
Standards Fund Grant (DFES)	0	3,491
PFI Annuity Grant	3,478	3,478
Housing and Council Tax Admin Benefit Subsidy	3,143	2,911
Department for Education Building Schools for the Future Campsmount	0	1,536
Youth Justice Board	399	976
Pot Hole Repair Grant	0	925
Music Services	0	817
European Regional Development Fund Grant	3,648	803
Training & Development Agency for Schools	1,011	738
Child Workforce Development Council	233	518
Skills Funding Agency Safeguarded Learning	21,909	498
Skills Funding Agency Pupils Placed Out of Authority	0	458
Skills Funding Agency Apprentices	445	407
NNDR Costs of Collection Allowance	379	365
Campsmount Community Space	0	342
Cenex – Low Carbon Vehicle Procurement Programme	0	247
Higher Education Funding Council for England	226	236
Future Jobs Fund (phase 2)	1,266	215
Regional Improvement and Efficiency Partnerships	151	185
Graduate Teacher Programme	0	183
Additional Funding Grant	0	164
Outwood Sports Pitch Contribution	0	124
Asylum Seekers Childrens Grant	178	123
Nursery Milk Scheme	0	117
Department For Education - Change Grant	1,295	91
Discretionary Housing Payments	66	89
Skills Funding Agency Grant	0	86
Food Standards Agency	8	73
Diploma Grant	272	64
Care to Learn	13	62
Local Transport Plan	1,399	60
Department for Work and Pensions - Housing Benefit Transition Funding	0	59
New Deal Grant	1,300	54
Sure Start	12,127	0
Other Grants	9,970	234
<b>Total</b>	<b>374,201</b>	<b>347,991</b>
<b>Contributions</b>		
Primary Care Trust - Section 256	13,407	5,052
Primary Care Trust - Continuing Healthcare Contribution to care packages	4,294	4,841
Lakeside Commuted Sum	0	1,847
Section 278 Agreement – Teesland	0	851
Rotherham MBC Contribution for Coroners	0	491
Section 106	0	482
Section 278 Agreement	0	473
Rotherham, Doncaster and South Humber Contribution to Child and Adolescent Mental Health Service	264	301
Earth Centre	0	225

Primary Care Trust Contribution to Patient & Medical Library	0	219
Prison Libraries funding Hatfield/Moorlands Young Offenders Institute	0	170
Primary Care Trust Continuing Healthcare Contribution to Out of Authority Placements	26	166
Other	1,088	1,231
<b>Total</b>	<b>19,079</b>	<b>16,349</b>

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	Current		Long Term	
	2010/11	2011/12	2010/11	2011/12
	£'000	£'000	£'000	£'000
<b>Capital Grants Receipts in Advance</b>				
Standards fund	6,609	0	0	0
Devolved Formula Capital	5,920	1,434	0	0
Section 106	0	0	1,856	974
Ridgewood	0	0	3,747	0
Transport Supplementary Grant	0	0	0	0
Hesley Court	535	260	0	0
BSF Insurance Inc	0	0	0	0
Housing Market Renewal Fund (HMRF)	1,027	0	0	0
Regional Housing Board (RHB) Grant	225	0	0	0
Department of Environment – Improvement Grant	0	532	0	0
Emarketplace	0	388	0	0
Other Grant & Contribution	158	213	279	65
<b>Total</b>	<b>14,474</b>	<b>2,827</b>	<b>5,882</b>	<b>1,039</b>

	Current		Long Term	
	2010/11	2011/12	2010/11	2011/12
	£'000	£'000	£'000	£'000
<b>Revenue Grants Receipts in Advance</b>				
Section 256 income social care	0	2,499	0	0
Section 256 income funding adaptations	0	1,123	0	0
Council Tax payments in advance	734	766	0	0
Tenants rents received in advance	527	543	0	0
Receipts in advance open space	1,132	0	0	411
Children's Workforce Development Council funding c/fwd to 12/13	11	167	79	0
11-12 School ICT recharge c/fwd into 12/13	0	154	0	0
Social Care Reform Grant - carry forward	2,336	0	0	0
Dept for Education Building Schools for the future Campsmount	1,536	0	0	0
Lakeside Plot 8 commuted sum	1,006	0	0	0
General APC Deposits	961	0	0	0
Low Carbon Hybrid Vehicles	247	0	0	0
Section 106	236	0	0	0
Adult Stroke Grant - carry forward	220	0	0	0
Persimmon Homes commuted sum	182	0	0	0
Learning LSC Grant	176	0	0	0
10-11 School ICT Recharge c/fwd into 11/12	174	0	0	0
Newly Qualified Social Workers Scheme Grant carry forward	154	0	0	0
Rent Receipt in advance	149	0	0	0

Academic Year Funding to 2011/12	148	0	0	0
14-19 Learning Skills Council carry forward	134	0	0	0
S.38 - Payments (Henry Boot)	115	0	0	0
Skills Funding Agency income to 11/12	109	0	0	0
Young People Learning Agency - Transport Partnership Fund	102	0	0	0
Other	1,459	692	20	15
<b>Total</b>	<b>11,848</b>	<b>5,944</b>	<b>99</b>	<b>426</b>

#### 40 Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

#### Members and Officers

During the year the Authority transacted with the following organisations which were related parties due to their connection with the Authority and council members, chief officers of the Council and other related parties.

2010/11	Organisation	General Nature of Transactions	2011/12
£'000			£'000
9,583	Rotherham Doncaster and South Humber NHS Foundation Trust	Supplying social care	11,154
3,178	Doncaster Central Development Trust	New Deal for Communities funding	408
357	Citizens Advice Bureau	Core Funding for Citizens Advice Bureau across the borough.	384
301	Doncaster & Bassetlaw Hospital	Funding contributions to NHS Health Act Section 28A and the Coroners Service.	310
182	Doncaster Deaf Trust	School Fees	310
339	Doncaster Arts (DARTS)	Various grant contributions to support projects such as "Success Doncaster", "Otherwise creative..." and "Art adventures Out & About".	287
1,389	North Doncaster Development Trust	Various schemes to support Work Skills and Enterprise Programme supporting delivery of the Economic strategy	286
657	Doncaster College	Refurbishment of Stainforth site and Educational courses, training etc.	263
700	Doncaster CVS	Social enterprise start up contract payments and grant claims.	260
61	Rotherham Metropolitan Borough Council	Use of staff, Dearne Valley match funding and management of Internal Audit Services	171
192	Dawson & Burgess	Legal Fees	156

#### Central government

Central government has significant influence control over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 29 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2012 are shown in Note 39.

The Authority maintains involvement with a number of related businesses and companies. The assets and liabilities of these companies are not included in the Authority's accounts.

Information has been provided about the shareholding, general purposes of the companies, the proportion of the Authority's shareholding and the sum of any dividends received where applicable.

Unless otherwise stated there were no significant debts between the Authority and the companies listed as at 31st March 2012

### **Other Public Bodies**

#### **Arthur Street (Doncaster) Developments Limited**

The Authority holds 19.9% (£100,000) of the ordinary share capital and preference shares of £266,000.

The principal activity of the company during the year is rental of offices to enterprise agencies engaged in the assistance of business in Doncaster and surrounding areas. The company has developed a business innovation centre to serve as a business incubator unit.

The audited accounts for the year ended 31st July 2011 show net assets valued at £1,409,980 (£1,398,391 in 2009/10). The company made a profit for the year of £33,762 before tax, £11,589 after tax (a profit of £91,334 before tax, £90,703 after tax in 2009/10). The Authority has waived its right to dividends on preference shares since 2004/05, however, no such waiver has been made since 2007/08 so the dividends are due. During 2011/12 the Council received dividends on preference shares of £23,976 related to the Company's 2010/11 financial year and £95,904 related to previous financial years.

The accounts of the company may be obtained from The Company Secretary, Doncaster Business Innovation Centre, Ten Pound Walk, Doncaster DN4 5HZ.

#### **BDR Property Limited (Formerly called Arpley Gas Ltd)**

The Authority has 8.1% of the share capital.

The Company's principal activity is the management of the Thurcroft landfill site.

The audited accounts for the year ended 31st December, 2010 show net assets of £4,995,000. The Company made a profit of £20,000 before and after tax in 2010. No dividends were paid in 2010.

The company was dormant during the financial year ended 31st December, 2007. On 27th February, 2008 the Company by way of a special resolution, changed its name with effect from 16th March, 2008 to BDR Property Limited. On 27th February, 2008, a Joint Venture agreement was entered into between the Company's shareholders, Waste Recycling Group Limited, Barnsley Metropolitan Borough Council, Doncaster Metropolitan Borough Council and Rotherham Metropolitan Borough Council (the 'shareholders'), whereby the Company, subject to certain conditions would acquire from BDR Waste Disposal Limited the freehold and leasehold property known as Thurcroft landfill site. This transaction had not been completed at the year end.

The Authority owes £405,110 in relation to the shares acquisition.

The accounts of the company may be obtained from The Company Secretary, Ground Floor West, 900 Pavillion Drive, Northampton Business Park, Northampton, NN4 7RG.

#### **Doncaster Culture & Leisure Trust (formerly Dearne Valley Leisure Trust)**

This is a company limited by guarantee. The Authority owns no shareholding in the company and is ineligible to receive any dividends that might be paid.

The Company's principal activity is the operation of Dearne Valley Leisure Centre that opened at the beginning of May 2002. As from 2011/12, this formed part of Doncaster Culture and Leisure Trust.

The audited accounts for the year ended 31st March 2011 show net assets of £179,045 (£90,669 in 2009/10). The Trust's net incoming resources in 2010/11 were £30,346 (net outgoing resources of £83,831 in 2009/10).

The Council makes a contribution to support the charitable activities operated by the company. The amount paid to the company in 2010/11 was £174,865. (£171,625 in 2010/11). In 2011/12, total subsidy provided of £2,884,490 was paid to D.C.L.T.

The accounts of the company may be obtained from The Company Secretary, Dearne Valley Leisure Centre, Doncaster Road, Mexborough, Doncaster S64 0LB.

### **Donbac Limited**

This is a company limited by guarantee. In August 2008 the company changed its name from Donbac Finance Limited to Donbac Limited.

The aims of the company are to promote the foundation and assist in the development of businesses in Doncaster and the surrounding area. This is principally realised by investing in projects operated by partner agencies.

The accounts for the year ended 31st March 2011 show net assets valued at £1,816,520 (£1,828,233 in 2010/11). The company made a loss for the year of £11,713 before and after tax (a loss of £68,820 before tax, and after tax in 2009/10). No dividend was paid.

The Council entered into a contract with Donbac to manage a £400,000 loan fund. The loan fund is used to help small and medium sized enterprises in the local area. Donbac are now recovering the loans and returning the funds to the Council and for this they are being paid £1,946 per month.

The accounts of the company may be obtained from The Company Secretary, PO Box 978, Sidings Court, Lakeside, Doncaster, DN2 5NU

### **Doncaster LIFT (formerly Doncaster Community Solutions Ltd)**

The company was formerly known as Doncaster Community Solutions Ltd

The Authority has 5% of the share capital.

The principal activity of the company is to design, build, finance, and manage premises under the Government's LIFT initiative.

The accounts for the year ended 31st December 2011 show net assets of £33,000 (net liabilities of £272,000 in 2010). The company made a profit for the year of £298,000 before tax and £305,000 after tax (a profit of £9,000 before tax, £9,000 after tax in 2009). No dividend is recommended.

The Authority has provided a subordinated loan debt of £136,000. The company's accounts state that the loan carries a coupon of 10% and is repayable in quarterly instalments that commenced on 30 June 2007 and are due to end on 31 December 2036.

The accounts may be obtained from The Company Secretary, Asset Management Solutions Limited, 3rd Floor, 46 Charles Street, Cardiff, CF10 2GE.

### **Doncaster Culture and Leisure Trust**

The company was formerly known as 'Doncaster Dome Leisure Trust'

The Authority owns no shareholding in the company and is ineligible to receive any dividends that might be paid.

The Company's principal activity is the operation of the Leisure Complex, "The Dome". As from 11/12 this has formed part of the Doncaster Culture and Leisure Trust.

The audited accounts for the year ended 31st March 2011 show net assets of £2,882 (£307,964 in 2009/10). The Trust's net outgoing resources in 2010/11 were £305,082 (net outgoing resources £27,054 in 2009/10).

The Authority supports this company by making grants to the Doncaster Culture & Leisure Trust to support charitable activities operated by the company at the Dome. Grant paid to the Trust in 2010/11 totalled £360,000 (£360,000 in 2009/10). In 2011/12, total subsidy provided of £2,884,490 was paid to Doncaster Culture & Leisure Trust

The accounts of the company may be obtained from The Company Secretary, Doncaster Leisure Park, Bawtry Road, Doncaster DN4 7PD.

### **Doncaster Venture Capital Limited**

The company repurchased 40% of its share capital in 1999/2000. In 2003/04, 2004/05 and 2005/06 the company repurchased 50% of its shares. In 2010/11 the company reduced its share capital by 99%.

The principal activity of the company is the provision of venture capital including the direct investing of funds in small and medium sized businesses in South Yorkshire with particular reference to the Doncaster area.

No dividend was paid in 2010/11 but since then a dividend of £1.53 per share has been paid and the Council has received £4,590.

Doncaster Venture Capital may well be liquidated soon. The company's balance sheet shows net assets in excess of share capital and so the Council will be entitled to a share of these retained profits (approx £5,000)

The accounts of the company may be obtained from The Company Secretary, 39 Howden Close, Doncaster, DN4 7JN

### **Groundwork Dearne Valley**

This is a company limited by guarantee and does not have any share capital.

The company was formed in 1995 to promote, conserve and improve the natural environment of the Dearne Valley.

The audited accounts for the year ended 31st March 2011 show net assets of £130,250 (net assets of £11,268 in 2010). The company made a profit for the year of £118,982 before and after tax (a loss of £180,534 before and after tax in 2009/10). No dividend was paid.

In 2010/11 payments were made to the company for work undertaken totalling £13,825 (£10,778 in 2009/10). The payments made to the Council from Groundwork Dearne Valley totalled £1,030 (£182 in 2009/10). The Council did not make a core funding contribution to the company in either 2010/11 or 2009/10.

The audit of the 2010/11 accounts highlighted the financial effect of not making the adjustments and disclosures required by FRS17, which would have resulted in net incoming resources for the period increasing by £338k and the total funds at 31/03/11 decreasing by £615k.

The financial accounts of the company may be obtained from The Borough Secretary's Office, Barnsley Metropolitan Borough Council, Town Hall, Barnsley S70 2TA.



### **Lakeside Sports Complex LLP**

This is a Limited Liability Partnership (LLP).

The company's principal activity is the operation of the stadium, which opened in December 2006.

The audited accounts for the year ended 31st March 2011 show net liabilities valued at £1,600,568 (£1,572,719 in 2009/10). The company made a loss for the year of £18,185 before and after tax (a profit of £107,296 before and after tax in 2009/10).

The Authority maintains surrounding grounds and cover insurance for the facility in recognition that the stadium is a community facility.

Management Accounts to 31/03/12 indicate a potential loss of £504,000. On 23/05/12 members of the Councils Cabinet authorised the Director of Finance & Corporate Services to pursue a draft agreement with an existing tenant to use and manage the Stadium for the next 99 years. The Council will utilise the £1.1M provision within its 2010/11 accounts, together with £1.2M capitalisation direction in 2011/12 and set aside a further sum, forecast to be £400k to finance the SMC losses.

The accounts for the company when completed may be obtained from The Company Secretary, Stadium Management Company, Keepmoat Stadium, Stadium Way, Doncaster DN4 5JW.

### **Yorkshire Purchasing Organisation**

The Yorkshire Purchasing Organisation (YPO) was established in 1974 to fulfil the supplies requirements of a number of local authorities. Doncaster is one of thirteen local authority members.

The company's main activities are the supply of stationery and other supplies to local authorities, schools and the voluntary sector. The company has 13 members one of which is the Authority. The Authority has 2 members on the board of 26.

The audited accounts for the year ended 31st December 2011 show net assets £20,014,000 (£15,006,000 in 2010). The company made a profit for the year of £5,008,000 (a profit of £8,830,000 in 2010).

The value of invoiced business (stock and direct supply only) with Doncaster MBC was £2,059,000 in 2011 (2,428,000 in 2010).

The accounts of the company may be obtained from YPO, 41 Industrial Park, Wakefield, WF2 0XE

### **Doncaster Chamber of Commerce**

The Council owns no shareholding in the company

The principal activity of the company is that of the representation and service of the business community within the area administered by Doncaster Metropolitan Borough Council.

The Council has provided a £100k guarantee for the bank overdraft facility of the Doncaster Chamber of Commerce.

The Auditors have highlighted that the company made a loss of £44k in 2011, are forecasting a further loss to March 2012 and uncertainty regarding the level of income receivable from the company's business support contracts from April 2013

The accounts of the company may be obtained from The Company Secretary, Doncaster Chamber of Commerce, Doncaster Business Innovation Centre, Ten Pound Walk, Doncaster, DN4 5HX.

### **Entities Controlled or Significantly Influenced by the Authority**

The summarised group financial statements that follow on page 134 show the consolidated position of the Authority with St. Leger Homes of Doncaster Limited accounted for as a subsidiary undertaking. Digital Region Limited and The Doncaster Racecourse Management Company Limited are accounted for as joint ventures under the provisions of IAS31 - Interests in Joint Ventures.

#### **St. Leger Homes of Doncaster Limited**

This is a company limited by guarantee and does not have any share capital.

The Authority is the sole member and undertakes, in the event of the organisation being wound up, to contribute such amount as may be required for the payment of the debts and liabilities of the company and after satisfaction of all the debts and liabilities the remaining assets will be transferred to DMBC Housing Revenue Account.

It was formed on 1st October 2005 to provide housing management and other services on behalf of the Authority.

The Authority paid St. Leger Homes of Doncaster Limited a management fee of £30m in 2011/12 (£32m in 2010/11) for it to manage and maintain the Authority's Housing Revenue Account stock on its behalf and manage the Housing General Fund capital programme.

St. Leger Homes of Doncaster Limited used £5.17m (£5.28m in 2010/11) of this management fee to buy back services from the Authority under a service level agreement including grounds maintenance, transport, safety wardens, payroll and information services. In addition to the management fee St. Leger Homes of Doncaster Limited also received £4.8m relating to recharges for capital schemes.

The total housing capital programme expenditure for 2011/12 was £37.6m (£53m in 2010/11) of which £34.7m (£47.9m in 2010/11) was on HRA properties and £2.9m (£5m in 2010/11) on non-HRA properties.

The accounts may be obtained from The Company Secretary, St. Leger Homes of Doncaster Limited, St Leger Court, White Rose Way, Doncaster DN4 5ND

#### **Digital Region Limited**

The Authority has a 6/70ths share in the company. The ownership model will alter in 2012/13 but has not yet been finalised.

The aim of the company is to build a next generation fibre optic broadband network throughout South Yorkshire. The network will provide access for both the public and private sectors to facilitate improvement in the economic performance of the region.

The draft accounts for the year ended 31st March, 2012 show net liabilities of £98,353,000 (£10,082,000 as at 31st March 2011). The company made a loss of £88,469,000 before tax and £88,271,000 after tax in 2011/12 (a loss of £9,303,000 before tax and a loss of £9,244,000 after tax in 2010/11). No dividends have been declared.

The Council has made a £2.000m loan to the company, with £1.863m paid in 2011/12.

The accounts for the company may be obtained from The Company Secretary, Electrical Works, Sheffield Digital Campus, Sheffield, S1 2BJ.

#### **The Doncaster Racecourse Management Company Limited**

The Authority has 190 shares of £1 each, which is 19% of the share capital. The Authority has made a share premium payment of £2m, which was used to help fund the cost of the Grandstand redevelopment. The company was formed on 1st January 2006 to develop and operate the Racecourse.

The draft accounts for the year ended 31st December 2011 show net assets valued at £6,086,630 (£6,791,011 in 2010). The company made a loss for the year of £700,452 before and after tax (a loss of £1,441,861 before and after tax in 2010). Cumulative losses to 31st December 2011 amount to £6,086,630. No dividend has been paid. Over the first 30 years of the racecourse's operation the Council will receive 7.5% of profits of the original business plan projections and 19% of any super profits.

A copy of the accounts may be obtained from the Company Secretary, R. Mercer, 408 The Strand, London WC2R 0NE.

## 41 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

The CFR is analysed in the second part of this note.

	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>514,375</b>	<b>551,489</b>
<b>Capital investment</b>		
Property, Plant and Equipment	81,466	102,125
Heritage Assets	0	7
Intangible Assets	456	1,368
Long term loans and advances	231	2,209
Revenue Expenditure Funded from Capital Under Statute	19,678	41,139
<b>Sources of Finance</b>		
Capital receipts	(2,482)	(11,394)
HRA Self Financing	0	(59,769)
Government grants and other contributions	(35,558)	(63,761)
Major Repairs Reserve	(12,432)	(8,441)
Direct revenue contributions	(4,225)	(8,910)
MRP / loans fund principal	(10,020)	(11,336)
<b>Closing Capital Financing Requirement</b>	<b>551,489</b>	<b>534,726</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrowing (supported by government financial assistance)	35,591	22,211
MRP / loans fund principal	(10,020)	(11,336)
Increase in underlying need to borrowing (unsupported by government financial assistance)	12,614	26,072
HRA Self Financing	0	(59,769)
Un-financed expenditure	(1,071)	6,059
Increase/(decrease) in Capital Financing Requirement	<b>37,114</b>	<b>(16,763)</b>

## 42 Leases

### a) Authority as lessee

#### Finance Leases

The Authority has acquired plant, vehicles and equipment under leases accounted for as finance leases under IAS17 - Leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	2010/11	2011/12
	£'000	£'000
Other Land and Buildings	0	0
Vehicles, Plant, Furniture and Equipment	365	229
<b>Total</b>	<b>365</b>	<b>229</b>

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2010/11	2011/12
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	107	95
Non-current	163	52
Minimum lease payments	270	147
Finance costs payable in future years	15	5

Outstanding obligations to make payments under these finance lease arrangements as at 31<sup>st</sup> March 2011, accounted for as part of the long term liabilities (Note 15) (excluding finance costs), are as follows

	Minimum Lease Payments		of which Finance Lease Liabilities	
	31 March 11	31 March 12	31 March 11	31 March 12
	£'000	£'000	£'000	£'000
Not later than one year	112	99	107	95
Later than one year and not later than five years	173	53	163	52
Later than five years	0	0	0	0
<b>Total</b>	<b>285</b>	<b>152</b>	<b>270</b>	<b>147</b>

## Operating Leases

The Authority has entered into a number of operating leases for vehicles, plant and equipment to the value of £1.73m (£3.16m in 2010/11). Operating lease rentals for plant and machinery are paid annually in advance.

	Rent Paid in Year	
	2010/11	2011/12
	£'000	£ 000
Hire of plant and machinery	2,212	2,128
Land and buildings	796	1,450
<b>Total</b>	<b>3,008</b>	<b>3,578</b>

### Annual commitments under non-cancellable operating leases:

	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	2010/11		2011/12	
	£'000	£'000	£'000	£'000
<b>Operating leases which expire:</b>				
Within 1 year	165	70	13	67
Between 1 and 5 years	243	1,907	321	2,011
After 5 years	388	0	1,116	0
<b>Total</b>	<b>796</b>	<b>1,977</b>	<b>1,450</b>	<b>2,078</b>

The 2010/11 figures above represent cash commitments at 31<sup>st</sup> March payable during 2011/12.

### b) Authority as lessor

#### Finance Leases

The Council currently leases a number of land and school buildings to academies on long term arrangements. These have been classified as finance leases. The schools have subsequently been treated as disposals and are excluded from the Council's balance sheet in line with the appropriate accounting standard. In total there are 8 academy schools accounted for as finance leases which are on long term peppercorn rentals.

#### Operating Leases

The Authority has properties which it leases out under operating leases which generate revenue.

Annual income from operating leases where DMBC acts as lessor are as below

	Land and buildings	
	2010/11	2011/12
	£'000	£'000
<b>Operating leases which expire:</b>		
Within 1 year	82	240
Between 1 and 5 years	390	422
After 5 years	657	907
<b>Total</b>	<b>1,129</b>	<b>1,569</b>

### 43 Private Finance Initiatives and Similar Contracts

#### Private Finance Initiatives and Similar Contracts

##### a) Schools PFI

In 2007/08 the Council committed to making payments estimated at £5.8m per annum under a contract with Doncaster School Solutions for the provision of two secondary PFI schools. The actual level of payments will be inflated by RPI each year. The contractor payments began in December 2008 with actual payments of £6.012m in 2011/12 (£5.873m in 2010/11).

1 <sup>st</sup> April 2010	31 <sup>st</sup> March 2011		31 <sup>st</sup> March 2012
<b>The value of assets held under PFI arrangements and similar contracts (£'000)</b>			
48,475	23,662	Property, Plant & Equipment - other land & buildings NBV b/fwd	23,068
0	129	Lifecycle replacement costs	34
0	(111)	De-recognised component	(12)
(1,616)	(612)	less depreciation	(645)
(23,997)	0	less adjustment for the transfer of Sir Thomas Wharton College to Trust status on 1st March 2010	0
800	0	Add back depreciation	0
<b>23,662</b>	<b>23,068</b>	<b>Net Book Value c/fwd</b>	<b>22,445</b>
<b>The value of liabilities resulting from PFI arrangements and similar contracts (£'000)</b>			
1,394	1,619	Current liabilities: Finance lease principal repayment due within one year	1,561
44,423	42,804	Long Term Liabilities: Deferred Liabilities (finance lease liability)	41,243
<b>45,817</b>	<b>44,423</b>	<b>Total</b>	<b>42,804</b>

An analysis of the amounts is shown below with the contract due to expire in 2033/34.

<b>Details of payments due to be made under PFI arrangements and similar contracts (£'000)</b>								
	<b>Sir Thomas Wharton College (see Note 1 below)</b>			<b>Mexborough Science College</b>				<b>Total</b>
	Repayment of finance lease liability	Unitary charge (other)	Total	Repayment of finance lease liability	Interest	Service charge	Lifecycle replacement	
Within 1 year	774	2,252	3,026	787	844	1,381	74	3,086
Within 2-5 years	3,333	9,116	12,449	3,401	3,057	5,876	365	12,699
Within 6-10 years	4,678	11,733	16,411	4,771	3,049	8,211	708	16,739
Within 11-15 years	4,063	13,405	17,468	4,144	2,235	9,289	2,149	17,817
Within 16-20 years	6,597	12,068	18,665	6,729	1,189	10,510	611	19,039
Within 21-25 years	1,745	4,776	6,521	1,779	90	3,808	975	6,652
<b>Total</b>	<b>21,190</b>	<b>53,350</b>	<b>74,540</b>	<b>21,611</b>	<b>10,464</b>	<b>39,075</b>	<b>4,882</b>	<b>76,032</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

#### Note 1

Sir Thomas Wharton College transferred to Trust Status with effect from 1st March 2010 and so the asset is no longer recognised on the Council's balance sheet in accordance with the Council's accounting policies. The unitary charge will continue to be paid by the Council over the remaining contract period with the liability shown between repayment of the finance lease liability and unitary charge (other)

#### b) Waste Management PFI

The Council, in partnership, with Barnsley and Rotherham Councils, has entered into a 25 year contract with 3SE to dispose of the authorities' residual waste. The project is supported by a joint award of £77.4m PFI credits

Financial close occurred on 30<sup>th</sup> March 2012. The planned service commencement date is 1<sup>st</sup> July 2015 with the commissioning period scheduled to start six months prior to this and therefore no payments in respect of the unitary charge have yet been made.

The unitary charge payments are estimated to total £721m (nominal) for the partnership over the contract term. The net present value of the unitary charge payments is £255.4m. The Council's share of the total unitary charge is estimated to be £281m (nominal), £220m net of PFI credits.

The analysis of the amounts due going forward are shown below with the contract due to expire in 2040/41.

<b>Details of payments due to be made under Waste Management PFI (£'000)</b>	
	<b>Unitary Charge</b>
Within 1 year	0
Within 2-5 years	15,320
Within 6-10 years	46,500
Within 11-15 years	50,940
Within 16-20 years	56,650
Within 21-25 years	64,560
Within 26-29 years	46,950
<b>Total</b>	<b>280,920</b>



#### **44 Impairment Losses**

During 2011/12 the Authority has recognised an impairment loss of £63,715k in respect of Leisure centres. This includes an impairment loss of £47,254k relating to the Dome Leisure Centre. Leisure centres have been leased to the Leisure Trust on operating leases at peppercorn rent. The asset value has been reassessed to reflect the lease arrangements under the Leisure Trust agreement.

#### **45 Capitalisation of Borrowing Costs**

The Council did not capitalise any interest charges in 2011/12

#### **46 Termination Benefits**

The Council terminated the contracts of a number of employees in 2011/12 incurring liabilities of £3.477m (£15.313m in 2010/11) – see Note 36 for the number of exit packages and total cost per band. The costs are in respect of payments to officers across the Council as part of the rationalisation of services.

#### **47 Pensions Schemes Accounted For As Defined Contribution Schemes**

##### **Teachers' Pension Scheme**

Teachers employed by the council are members of the Teachers' Pension Scheme. The scheme is a Defined Benefit scheme administered by the Department for Children, Schools and Families. It provides teachers with defined benefits upon their retirement and the council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries.

Although the scheme is unfunded, teachers' pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However it is not possible for the council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2011/12, the council's contribution to the Department for Children, Schools and Families in respect of teachers' retirement benefits was £10.792m (£12.743m in 2010/11), which represents 14.1% of teachers' pensionable pay (14.1% in 2010/11). In addition a further sum of £3m (£2.970m in 2010/11) was paid to former teachers representing the cost of added years and related increases. Amendments to the scheme came into force in 1997/98 under the Pensions Act 1995 making employers responsible for additional costs of the scheme.

## 48 Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement

### Local Government Pension Scheme

The Council participates in the South Yorkshire Pension Scheme which is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

In the UK budget statement on 22nd June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This had the effect of reducing the Authority's liabilities in the South Yorkshire Local Government Pension Scheme by £57.607million, this includes £7k due to early retirement during the period, and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement.

The Council recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of employment / retirement benefits is reversed via the Movement in Reserves Statement.

As part of the initial set up of SLHD the Council specifically agreed that the pensions' deficit for staff transferring to the Arms' Length Management Organisation, SLHD, on the 1st October 2005 would remain with the Council. The actuary has provided the split of the SLHD pension liability as at the end of March 2012 and, subsequently, a net liability of £6.091m has been added to the Council's pension deficit figure of £311.818m giving a total figure of £317.909m as at 31st March 2012. The details relating to SLHD retirement benefits (post transfer) are included in the Group Accounts. The following transactions have been made in the CIES and the General Fund balances via the Movement in Reserves Statement.

<b>Local Government Pension Scheme £'000</b>	<b>2010/11</b>	<b>2011/12</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services</b>		
Current service cost	25,163	21,223
Past service costs	(57,600)	18
Settlements and curtailments	3,394	(7,391)
SLHD pre-transfer net pension liability	0	6,091
<b>Financing and Investment Income and Expenditure</b>		
Interest cost	54,213	50,063
Expected return on scheme assets	(39,359)	(42,080)
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(14,189)</b>	<b>27,924</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
Actuarial (gains) and losses	(35,020)	48,656
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(49,209)</b>	<b>76,580</b>
<b>Movement in the Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code and FRS17	43,618	767
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
Employers' contributions payable to scheme	29,429	28,691

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains and losses on pensions assets and liabilities line was a loss of £48.656m as at 31 March 2012 (a gain of £35.020m as at 31 March 2011)

### Assets and Liabilities in Relation to Post-employment (Retirement) Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

<b>Local Government Pension Scheme</b>		
<b>£'000</b>		
	<b>2010/11</b>	<b>2011/12</b>
Opening balance at 1 April	(969,037)	(921,715)
Current service cost	(25,163)	(21,223)
Interest cost	(54,213)	(50,063)
Contributions by scheme participants	(9,187)	(8,205)
Actuarial gains and losses	45,450	(34,395)
Benefits paid	36,229	36,252
Past service costs	57,600	(18)
Entity combinations	0	0
Curtailments	(3,394)	(981)
Settlements	0	14,288
<b>Closing balance at 31 March</b>	<b>(921,715)</b>	<b>(986,060)</b>
SLHD pre-transfer	0	(39,105)
<b>Closing balance at 31 March</b>	<b>(921,715)</b>	<b>(1,025,165)</b>

Reconciliation of fair value of the scheme (plan) assets:

<b>Local Government Pension Scheme</b>		
<b>£'000</b>		
	<b>2010/11</b>	<b>2011/12</b>
Opening balance at 1 April	620,379	651,695
Expected rate of return	39,359	42,080
Actuarial gains and losses	(10,430)	(14,261)
Employer contributions	29,429	28,691
Contributions by scheme participants	9,187	8,205
Benefits paid	(36,229)	(36,252)
Entity combinations	0	0
Settlements	0	(5,916)
<b>Closing balance at 31 March</b>	<b>651,695</b>	<b>674,242</b>
SLHD pre-transfer	0	33,014
<b>Closing balance at 31 March</b>	<b>651,695</b>	<b>707,256</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at 31 March 2012. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year for the Council was a gain of £27.819m (a gain of £55.942m in 2010/11)

### Scheme History

	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	(814,659)	(691,906)	(969,037)	(921,715)	(1,025,165)
of which Discretionary Benefits	0	0	0	0	0
<b>Fair value of assets in the Local Government Pension Scheme</b>	<b>548,938</b>	<b>462,413</b>	<b>620,379</b>	<b>651,695</b>	<b>707,256</b>

<b>Surplus/(deficit) in the scheme:</b>					
Local Government Pension Scheme	(265,721)	(229,493)	(348,658)	(270,020)	(317,909)
of which Discretionary Benefits	0	0	0	0	0
<b>Total</b>	<b>(265,721)</b>	<b>(229,493)</b>	<b>(348,658)</b>	<b>(270,020)</b>	<b>(317,909)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £317,909m has a substantial impact on the net worth of the Council as recorded in the balance sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the council remains healthy, the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the actuary. The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2013 is £26.404m

### **Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality, salary levels, etc. The liabilities have been assessed by Mercer Human Resource Consulting Limited, an independent firm of actuaries with estimates for the Council fund being based on the latest full valuation of the scheme.

The principal assumptions used by the actuary have been;

<b>Beginning of period</b>		<b>End of period</b>
	<b>Financial assumptions</b>	
2.90%	Rate of CPI inflation	2.50%
4.65%	Rate of increase in salaries	4.25%
2.90%	Rate of increase in pensions	2.50%
5.50%	Discount rate	4.90%
	<b>Expected rate of return on assets</b>	
7.50%	Equities	7.00%
4.40%	Government Bonds	3.10%
5.10%	Other Bonds	4.10%
6.50%	Property	6.00%
0.50%	Cash / Liquidity	0.50%
7.50%	Other	7.00%
	<b>The split of the assets between investment categories</b>	
67.40%	Equities	62.30%
14.60%	Government Bonds	17.00%
7.20%	Other Bonds	7.70%
9.80%	Property	9.90%
1.00%	Cash / Liquidity	3.10%
	<b>Life expectancy</b>	
22.8 (25.7) years	of a male (female) future pensioner aged 65 in 20 years' time	22.8 (25.8) years
21.4 (24.1) years	of a male (female) current pensioner aged 65	21.5 (24.2) years
<b>Commutation of pension for lump sum at retirement</b>		
50% take maximum cash, 50% take 3/80ths cash		

The scheme's assets consist of the following categories by value and the proportion of the total assets held:

2010/11			2011/12	
DMBC			DMBC	
£'000	%		£'000	%
439,243	67.4	Equities	440,620	62.3
95,147	14.6	Government Bonds	120,233	17.0
46,922	7.2	Other Bonds	54,459	7.7
63,866	9.8	Property	70,018	9.9
6,517	1.0	Cash/Liquidity	21,926	3.1
<b>651,695</b>		<b>Total assets</b>	<b>707,256</b>	

### History of experience gains and losses

The actuarial gains and losses identified as movements on the Pensions Reserve can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities as at 31st March.

	2011/12		2010/11		2009/10		2008/09 (restated)		2007/08 (restated)	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
<b>Actual Gains / (Losses) on Assets</b>										
DMBC	(14,261)	(2.1)	(10,430)	1.6	119,546	19.3	(131,982)	(28.5)	(53,268)	(9.7)
<b>Actual Gains / (Losses) on Liabilities</b>										
DMBC	0	0.0	29,426	3.2	0	0.0	0	0.0	(19,012)	(2.3)

### West Yorkshire Superannuation Fund

Payments in 2011/12 totalling £0.074m (£0.078m in 2010/11) were made to the West Yorkshire Superannuation Fund being the Council's share of payments to employees of the former West Riding County Council incurred as a result of the Local Government Reorganisation in 1974

### 49 Contingent Liabilities

#### Pay and Rewards Review

The Council fully implemented its pay and rewards review from 1 December 2009. This covered all employees on the NJC terms and conditions of employment. Following implementation employees have the right to appeal against the decision of their new salary grade. At the onset there were 627 appeals. All stage one internal appeals have been completed within timescale. There now remains 153 appeals going to stage 2, which will affect 1198 employees. Of this, 85 appeals are group appeals which affect 1130 employees. These will be completed within the 2012/13 financial year. It is not possible to estimate the impact on the Council's finance with any degree at this point in time.

#### St Leger Homes

To demonstrate the going concern status of SLHD the Council has issued a letter of support to SLHD that guarantees the amount of their pensions' deficit. The actuary has assessed this deficit at £4.979m as at 31st March 2012 and this sum is included within the FRS17 liability shown in the group accounts. However as the Council considers it unlikely that this guarantee will be exercised the £4.979m is disclosed as a contingent liability in the Council's own accounts.

#### Personal Search Fees

In 2010/11, the Ministry of Justice stated that the Government would revoke the existing £22 fee for a personal search by amending the Local Land Charge Rules 1977. There is an on-going court case to determine whether the fees collected in the period January 2005 to August 2010 should be refunded, based on the amounts collected this may total up to a maximum of £400k.

**Doncaster Chamber of Commerce**

The Doncaster Chamber of Commerce is a not-for-profit membership organisation whose membership is open to all businesses either resident and/or engaged in business in the Borough of Doncaster. At the present time the council has guaranteed an overdraft facility up to the value of £100,000. This means that the Doncaster Chamber of Commerce can go overdrawn by this amount and be charged interest. This overdraft facility has been approved until November 2012 (Council support is in place until 31st March 2013 if required). There is low risk that this will be breached. Should the Chamber of Commerce be wound up or go into administration, the Council would be liable to the Yorkshire Bank for the overdrawn balance of the account, up to a maximum of £100,000. However based on the latest financial information provided by the Chamber of Commerce, there is no reason to believe this situation would arise in the foreseeable future.

**Municipal Mutual Insurance Ltd (MMI)**

MMI were the council's insurer until their demise in 1992 when they ceased writing new business. A Scheme of Arrangement was then set up with its creditors under which MMI continued to settle all outstanding insurance claims whilst they have sufficient funds to do so. However, in the eventuality that the company becomes insolvent then a claw-back clause will be triggered and the Council will be liable to repay MMI. As at 31st March 2012, the value of Doncaster's claims paid by MMI is £7,490k, and the estimated outstanding claims are £381k. As the first £50k of claims is excluded under the scheme of arrangements, the potential value of claims subject to possible claw-back is £7,440k. It is not possible to accurately determine the Council's liability as the percentage of claw back will only be known if the scheme is triggered by MMI.

**Residential Care Home Fee Review**

The Council was taken to Judicial Review by Care Home Providers regarding the process followed when setting the fees for 2011/12. The Council won the case on the grounds that it would work with Care Home Providers to consider all representations about the methodology adopted when setting the fees and the actual costs of care for 2011/12 and 2012/13. The Council are currently working with a task group comprising home owners and DMBC staff to develop a model which will enable the Council to set fee levels for local care homes and care homes with nursing having given due regard to the actual costs of care. The outcome of this work is that fees may have to be increased and back dated for 2011/12.

**50 Contingent Assets**

There were no contingent assets to report in 2011/12

**51 Nature and Extent of Risks Arising From Financial Instruments****Key Risks**

The Council's activities expose it to a variety of financial risks. The key risks are:

**Credit Risk**

The possibility that other parties might fail to pay amounts due to the Council;

**Liquidity Risk**

The possibility that the Council might not have funds available to meet its commitments to make payments;

**Re-financing Risk**

The possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

**Market Risk**

The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

## Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act.

The Council has adopted the CIPFA Treasury Management in the Public Services Code of Practice, and, produces treasury management indicators to control key financial instrument risks, in accordance with CIPFA's Prudential Code. A centralised Treasury function operates to manage the investment and borrowing activities, and, financial risk is controlled in accordance with the adopted Policy and Practice statements which are reviewed periodically. A Treasury strategy report is prepared in advance of each financial year, and, an annual report after the year end detailing the activities of the function. Both of these are reported to Council. Treasury advisors have been appointed to provide professional and economic advice.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 22nd February 2011. The key issues within the strategy were:

The Authorised Limit for 2011/12 was set at £758m. This is the maximum limit of external borrowings or other long term liabilities.

The Operational Boundary was expected to be £510m. This is the expected level of debt and other long term liabilities during the year.

The maximum amounts of fixed and variable interest rate exposure were set at 100% and 30% based on the Council's net debt.

The maximum and minimum exposures to the maturity structure of debt are shown within the Refinancing and Maturity Risk note below.

### a) Credit Risk - Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This Council regards it as being a prime objective to ensure the security of the principal sums it invests. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with information provided by various credit rating agencies. The Annual Investment Strategy also considers maximum amounts and time limits for each financial institution. This Council uses the creditworthiness service provided by Sector Treasury Management Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current ratings of counterparties but also takes into account credit watches and outlooks from credit rating agencies and Credit Default Swap prices which provide early warning of likely changes in credit ratings. The full investment Strategy for 2011-12 was approved by Full Council on 21/02/2011. An analysis of the credit criteria and lending limits at the time the investment was placed is given below for outstanding deposits at 31<sup>st</sup> March 2012.

CREDIT RATINGS							
Long Term Rating	Short Term Rating	Viability Rating	Support Rating	Max Limit £'m	Highest Investment £'m	Total Investments £'m	Number Of Institutions
A+	F1	a+	1	£5m	£5m	£5m	1
A	F1	bbb	1	£30m	£10.68m	£22.08m	3
A-	F2	a-	3	£11m	£5m	£5m	1

A maturity analysis based on the expectation of repayment of the investments, after allowing for £0.5m impairment, at 31<sup>st</sup> March, 2012 is:

	Impaired Investment	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Deposits with Banks and Building Societies	2.46	32.13	0	0	0	34.59

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £32.08M cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there is no evidence at the 31<sup>st</sup> March 2012 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

As a result of the Icelandic banking crisis the Council has amended its investment policy to only invest in UK banks which are protected by the UK government. The plunge in shorter-term interest rates as a result of the global depression has resulted in the Authority foregoing borrowing, and instead utilising the investment balance to fund capital spending. In addition, this also benefited the revenue budget position as the bank rate remained at its lowest for many years, reducing the level of returns available through investment activities. This action avoids the need for more expensive borrowing, but is only a short-term solution, which requires re-assessing when interest rates start increasing.

#### Exposure to Icelandic Banks – Impaired Investment

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £3m deposited with Landsbanki, with a maturity date and interest rate as follows:

Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate	Carrying Amount	Impairment
Landsbanki Islands	03/09/08	11/11/08	£3,000,000	5.59%	£2,464,698.00	£536,967.00

Following the latest advice from CIPFA, the authority judge that it is appropriate to consider an impairment adjustment for the deposit, and has taken the action outlined below. Revised guidance was received for the 2011/12 financial year which resulted in a partial reduction of the impairment. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years. The impairment of £614k was charged to revenue in 2010-11 in accordance with regulations and a reduction was processed in 2011/12. (Current impairment £537k).



All monies within this institution are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators/receivers. As the available information is not definitive as to the amounts and timings of future payments to be made by the receivers/administrators, it is likely that further adjustments will be made to the accounts in future years.

### Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. The current position on estimated future payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 100% of the original deposit.

Date	Repayment £
Settlement to date	1,303,632
31 December 2012	212,219
31 December 2013	212,219
31 December 2014	212,219
31 December 2015	212,219
31 December 2016	212,219
31 December 2017	212,219
31 December 2018	242,536

An element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland and is earning interest of 3.35%. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control.

The recovery is subject to the following uncertainties and risks:

The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling;

Settlement of the terms of a 'bond' which will allow creditors of old Landsbanki to enjoy the rights in New Landsbanki;

No information has been provided by the resolution committee about the timing of any payments to depositors. Because it is anticipated that all the assets of Landsbanki Islands will need to be realised to repay priority creditors, settlement in a single sum is unlikely. Therefore, in calculating the impairment, the authority has used the estimated repayment timetables provided by CIPFA. It is therefore assumed that the repayment will be on an annual basis split between March 2012 and December 2018.

The total impairment (principal plus interest not received) recognised in the Income and Expenditure Account in 2011/12, £537k has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the authority until monies are recovered. Adjustments to the assumptions will be made in future accounts as more information becomes available.

### b) Other Credit Risks

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings within parameters set by the Council.

The sundry debtors total net of provision for bad debts, £53.285m (Note 19), includes Trade Debtors (£14.464m), and council tenants rent arrears (£2.86m). In respect of trade debtors, the authority does

not generally allow credit for customers, such that £6.623m of the £14.464m balance is past its due date for repayment. The past due date amount can be analysed by age as follows:

#### Trade Debtors

2010/11			2011/12	
Arrears	Provision	After due date	Arrears	Provision
£'000	£'000		£'000	£'000
2,113	64	Less than 3 months	1,053	61
2,007	48	3 to 6 months	658	128
1,112	99	6 months to 1 year	1,118	86
3,917	1,587	More than 1 year	3,794	1,021
<b>9,149</b>	<b>1,798</b>	<b>Total Trade Debtors</b>	<b>6,623</b>	<b>1,296</b>

The carrying amount of housing rent arrears is split into two parts, those where the arrears relate to former tenants and those where the arrears relate to current tenants. The table below shows the analysis of former tenant arrears. The current tenants arrears are considered to be current and amount to £1.039m (£1.192m in 2010/11), which is equivalent to 0.84 weeks total rent debit (1.04 weeks in 2010/11) or £50.17 per dwelling (£57.42 in 2010/11). Whilst individual tenants may be in arrears or advance these amounts are considered to be immaterial for the purposes of this statement and with the exception of 1% provision for non-collection the £1.039m is considered to represent fair value for this class of tenant.

#### Housing Rents

2010/11			2011/12	
Arrears	Provision	After due date	Arrears	Provision
£'000	£'000		£'000	£'000
		2011/12	241	84
253	88	2010/11	225	79
239	84	2009/10	0	0
1,170	898	More than 2 years old	887	638
<b>1,662</b>	<b>1,070</b>	<b>Total Housing Rents</b>	<b>1,353</b>	<b>801</b>

#### c) Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Authority ensures it has sufficient funds available on a daily basis that are necessary for the achievement of its service objectives. To achieve this, surplus funds are placed initially with reference to cash flow requirements. Appropriate temporary borrowing facilities have been negotiated, and, are in place to cover any shortfall.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing from financial assets are due to be paid in less than one year.

#### d) Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

In order to limit the refinancing risk in the future, no more than 15% of the portfolio, (except for the period of less than 12 months which is 30% to allow for rescheduling opportunities), will be borrowed in a financial year to ensure the Council is not exposed to having to replenish a significant amount of debt when interest rates are unfavourable. The current profile of loans does not have any more than 14.15% maturing in any one year.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and  
 monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

MATURITY PROFILE	UPPER LIMIT	LOWER LIMIT	Actual 31 March 2011 £'000	Actual 31 March 2011 %	Actual 31 March 2011 £'000	Actual 31 March 2012 %
	%	%				
UNDER 12 MONTHS	30.00%	0%	21,300	5.45%	51,944	14.15%
12 MONTHS AND WITHIN 24 MONTHS%	30.00%	0%	38,000	9.73%	27,504	7.49%
24 MONTHS AND 5 YEARS%	50.00%	0%	20,876	5.34%	46,465	12.65%
5 YEARS AND WITHIN 10 YEARS%	75.00%	0%	15,000	3.84%	30,000	8.17%
10 YEARS AND ABOVE%	95.00%	10%	295,566	75.64%	211,283	57.54%
<b>TOTAL</b>			<b>390,742</b>	<b>100.00%</b>	<b>367,196</b>	<b>100.00%</b>

Note: The under 12 months section of the maturity profile has increased following a change to the way loans with embedded options are now classified, coupled with the strategic decision to take advantage of the current historic short term interest rates. However, the actual percentage falls well within the agreed upper limit.

#### e) Market Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;

Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances);

Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and

Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Investments – All deposits will mature within a year, and, are at fixed rates of interest. The protection of capital is more important than maximising a return. However in order to ensure an adequate return is achieved compatible with this risk principle, an appropriate benchmark is used to measure the interest earned.

Borrowing – The majority of the debt portfolio is at fixed rates of interest that ensures certainty of borrowing costs. In order to protect the Authority against adverse movements in interest rates the

policy is to keep the variable interest rate debt to a maximum of 30%. The actual variable element in 2010/11 equated to 2.45%.

The Corporate Financial Management Group has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and, which is used to update the quarterly budget monitoring reports during the year. This allows any adverse changes to be accommodated, and, the analysis also informs the decision relating to whether new borrowing is to be fixed or variable

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

2010/11		2011/12
£'000		£'000
	<b>External Debt</b>	
90	Increase in interest payable on variable rate borrowings	90
(53)	Share attributable to the H.R.A.	(50)
	<b>Investments</b>	
(291)	Increase in interest receivable on variable rate investments	(496)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

#### f) Foreign Exchange Risk

With the exception of its investment in Landsbanki, the Council has no financial assets or liabilities denominated in a foreign currency and thus have no exposure to loss arising from movement in exchange rates. If income or expenditure is incurred in a foreign currency, exposure is eliminated as soon as it is identified by immediate conversion to ensure certainty of values. Any foreign exchange exposure resulting from any settlement received in respect of our Landsbanki deposit will be managed in line with any guidance issued by CIPFA.

Foreign exchange risk in relation to Icelandic deposits – The Council has foreign exchange exposure resulting from an element of the settlement received from Landsbanki. This is being held in Icelandic Kroner in an escrow account due to the current imposition of currency controls.

#### g) Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings to the value of £2.773m in a number of joint ventures and in local industry. Whilst these holdings are generally liquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, generally associated with the economic regeneration of the borough, the authority is not in a position to limit its exposure to price movements by diversifying its portfolio.

The shares are unquoted equity investments and are accounted for at the open book value. Details of these shareholdings can be found in note 40.

**52 Heritage Assets: Four-Year Summary of Transactions**

	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000
<b>Cost of Acquisitions of heritage assets</b>				
Civic Regalia	0	0	0	0
Exhibits, Statues & Monuments	0	0	0	0
Historic Land & Buildings	0	3	7	0
Military & Scientific Equipment	0	0	0	0
Recording of Historically Significant Events	0	0	0	8
Works of Art	0	0	0	0
<b>Total cost of Purchases</b>	<b>0</b>	<b>3</b>	<b>7</b>	<b>8</b>

It has not been practicable possible to obtain the information for 2007/08, however a four year summary of transactions has been provided above.

**53 Heritage Assets: Further Information on the Museum's Collections**

The values have been arrived at through three methods, valuation by an auctioneer, the price of purchases within the last 15 years and then valuation by a curator based upon recent sales. Valuations by an auctioneer are conducted when funds allow.

The works included in this list include assets which are key parts of Doncaster's heritage, such as the painting Giant's Refreshed by Terence Cuneo which depicts work in the Plant Railway Works at Doncaster. Also the three paintings by Joseph Wright of Derby of William Brooke (Mercer and Mayor of Doncaster) and his daughter and son-in-law William and Elizabeth Pigot. Present are also key pieces of Doncaster's horseracing heritage such as the paintings by J.F. Herring and the Gold Cups. Although this list comprises those items that are individually worth over £10,000 the Museum Service cares for several collections that are cumulatively significant, both historically and for insurance purposes. An example of this would be the Yorkshire Pottery collection, which contains pieces from all over Yorkshire, but particularly from the important industry based along the Don from Mexborough through to Swinton.

**Heritage Assets : Further information on the Museum Collections**

Doncaster Museum was opened in 1909, although collecting had started several years previously. Since then the collection has grown from just over 1,000 objects and specimens to around 500,000 objects and specimens, the majority (around 350,000) belonging to the Mollusca (shell) collection and the entomology (insect) collection.

The museum holds collections in these areas : social, local and industrial history, costume, photographs, military history, coins and trade tokens, archaeology, world cultures, decorative art (jewellery, silver, ceramics), fine art, horseracing and natural sciences (geology, palaeontology, botany vertebrates and invertebrates).

As would be expected, the museum collections are particularly strong in representing the human history, natural history and artistic and cultural achievements of the Doncaster area. However the collections have been built up over the last 100 years, when it was often more of a priority that the collections should represent a wider, national and even world view. It should be remembered that the majority (numerically) of the museum collections are unsuitable for public display – significant parts of the archaeology and natural sciences collections exist primarily for research purposes.

The overall museum collection has an insurance value that reflects the conservation value of the collection more than replacement value as the majority of items are irreplaceable. It is not practical to do more than allocate a global value upon the majority of the museum collections.

## **The museum collections**

### Social, Local and Industrial

Around 25,000 items reflecting life from around 1750 to present, particularly looking at the Doncaster area. The collection has strengths in industrial history (particularly rail and mining), domestic life, toys/games and country halls – especially Cusworth Hall. Some of the rail and mining objects are of great local, and even national, importance e.g. the Edward Medals awarded for bravery at the Bentley Pit Disaster of 1931.

### Military History

This is a small collection of less than 500 items, concentrating on a small number of specific regiments. It is distinct from the King's Own Yorkshire Light Infantry Regimental Collection.

### Coins and Trade tokens

There are around 6,000 coins from the Iron Age to the present day, with a great deal of duplication in some areas. There are around 60 trade tokens from the Doncaster area, particularly from the coin shortage of the 1660s.

### Archaeology

The archaeology collection has around 15,000 individual 'small finds' and 5 tonnes of bulk material (ceramics, bones etc). It has been built up through excavations and casual finds (such as metal detecting), with some items having been purchased. It is almost entirely from sites within the Doncaster area. Some of the objects, such as the Roman Rossington dagger and Danum shield are of national importance.

There is a small antiquities collection, especially from the classical world of ancient Greece and Rome. This collection is generally below average in quality.

### World Cultures

There is a small collection of around 3,000 World Cultures objects. Knowledge and access to this collection has recently been greatly improved through grant aid. Some of the items are of historical significance e.g. the rare Ibibio puppets from Nigeria

### Natural Sciences : vertebrates & invertebrates

There are around 12,500 specimens in the vertebrate section. These are mounted specimens (mammals, birds and fish), birds' eggs and the specimens in spirit.

The collection includes some extinct species, such as the hybrid Quagga foal, which was born at Owston in the early 1800s and a Passenger Pigeon. There are also many specimens connected either to the Doncaster or Yorkshire area, or to Doncaster collectors. There are an estimated 360,000 specimens. These are mainly in the Mollusca (shell) collection of around 200,000 shells and around 160,000 insects in the entomology collection. The 50,000 long-horned beetles (Cerambycid) collection, which contains 'Type' specimens (a specimen or group of specimens used to define a taxonomic group), is internationally significant. Around half of the shell collection is the work of a Doncaster collector.

### Natural Sciences : Botany, Geology and Palaeontology

There are around 6,000 botanical specimens, with historical specimens from Yorkshire and also the Doncaster area. There are around 4,000 specimens in these collections representing Yorkshire, Britain and the World. The palaeontology collection has been recently studied and has already revealed specimens of national and international significance.

## **Care of the collections**

Both Doncaster Museum & Art Gallery and Cusworth Hall are Accredited Museums. This means that they adhere to national standards with regard to the care of the museum collections and to the Museums Association's Code of Ethics. As well as stores at the Museum & Art Gallery and Cusworth Hall the Museum Service also manages two off-site stores, one of which also houses the museum's school loans collection. The archaeology, social, local and industrial, world cultures, fine and decorative art collections are curated by the Museums Officer (Human History), the p/t Assistant Museums Officer (Human History) and the p/t Museums Officer (Art & Exhibitions). The other collections, including the natural science collections are cared for by the Assistant Manager

(Conservation and Collections Care) and the Museum Registrar. These posts also assist the curators with the care of the collections for which they are responsible.

There is a Collections Care Plan for overseeing the care of the collections and a Disaster Plan is in place. The Museum & Art Gallery has an air handling system to maintain temperature and humidity within the galleries. The budget for the care of the collections is £3,500 p.a. and this is for the purchase of equipment and materials. Grant aid is obtained when possible to assist with the care of the collections. Staff are assisted by volunteers to document, clean and conserve the collection.

### **Preservation, Management, Acquisition and Disposal**

The Museum Service has no acquisitions budget, so acquisitions are by donation, or by applying for grant aid in exceptional circumstances. All acquisitions and disposals are taken to the Acquisitions & Disposals Panel so that the consequences, both with regard to the museum's collecting priorities and with regard to collections care, can be evaluated.

The Museum Service is currently undertaking a process called 'Taking Stock' where the museum collections are being assessed for their relevance to the museum's priorities (such as telling the story of the Doncaster area), their care needs, the scientific data available (in the case of the natural science and archaeology collections), whether they are duplicates within the collection or are of too poor a quality to be appropriately within the collection. Any disposals/dispersals will follow the Museums Association's Code of Ethics. This states that items leaving a museum collection should generally first be offered free of charge to another museum. Exceptions to this are largely made when items have been purchased. It also states that disposals should never be financially motivated.

The **Preservation policy for Achieves information** is determined by BS5454:2000; Data Protection and Freedom of Information are governed by statute and by DMBC policy.

### **54 Heritage Assets: Change in Accounting Policy required by the Code of Practice for Local Authority Accounting in the United Kingdom**

The *Code of Practice on Local Authority Accounting in the United Kingdom 2011/12* introduced a change to the treatment in accounting for heritage assets held by the Authority. As set out in our summary of significant accounting policies, the Authority now requires heritage assets to be carried in the balance sheet at valuation.

#### **Heritage Assets**

For 2011/12 the Authority is required to change its accounting policy for heritage assets and recognise them at valuation. Previously, heritage assets were either recognised in the balance sheet as community assets (at cost) or other land and buildings in the property, plant and equipment classification. Some Heritage assets were not recognised in the Balance Sheet as it was not possible to obtain cost information on the assets. Community Assets (that are now to be classified as heritage assets) that were donated to the authority were held at valuation as a proxy for historical cost. The Authority's accounting policies for recognition and measurement of heritage assets are set out in the Authority's summary of significant accounting policies (see Note 1).

In applying the new accounting policy, the Authority has identified that the assets that were previously Other land and buildings and Community assets within property, plant and equipment at £5.5 million (£5.3m Other, land and building and £0.2m Community assets) should now be reclassified as heritage assets no corresponding increase in the Revaluation Reserve is required as these assets were already held at current value. These assets relate to a proportion of the Authorities properties and land which were previously recognised in the Other land and buildings and Community assets within property plant and equipment including assets such as Cusworth Hall and Gardens. The Authority will also recognise an additional £3.9 million for the recognition of heritage assets that were not previously recognised in the Balance Sheet, this increase has been recognised in the Revaluation Reserve. The 1 April 2010 and 31 March 2011 Balance Sheets and 2010/11 comparative figures have thus been restated in the 2011/12 Statement of Accounts to apply the new policy.

The effects of the restatement are as follows:

- At 1 April 2010 the carrying amount of the Heritage Assets is presented at its valuation at £9.4 million. The element that was previously recognised in property, plant and equipment has been reclassified and written down by £5.5 million. The revaluation reserve has increased by £3.9 million.
- The adjustments that have been made to that Balance Sheet over the version published in the 2010/11 Statement of Accounts are as follows:

#### Effect on Opening Balance Sheet 1 April 2010

	Opening Balance as at 1st April 2010	Restatement	Restatement required to opening balances as at 1st April 2010
	£'000	£'000	£'000
Property, Plant and Equipment	1,660,841	(5,504)	1,655,337
Heritage Assets	0	9,395	9,395
<b>Long-term Assets</b>	<b>1,682,062</b>	<b>3,891</b>	<b>1,685,953</b>
<b>Total Net Assets</b>	<b>878,124</b>	<b>3,891</b>	<b>882,015</b>
Unusable Reserves	802,300	3,891	806,191
<b>Net Worth/Total Reserves</b>	<b>878,124</b>	<b>3,891</b>	<b>882,015</b>

#### Comprehensive Income and Expenditure Statement

There has been no restatement of any of the lines of the Comprehensive Income and Expenditure Statement as a result of the change in accounting policy.

#### Movement in Reserves Statement - Unusable Reserves 2010/11

The restatement of the relevant lines of the Movement in Reserves Statement, as of 31 March 2011, as a result of the application of this new accounting policy is presented in the table below.

	As Previously Stated 31 March 2011	As Restated 31 March 2011	Restatement 2011
	£'000	£'000	£'000
Balance as at the end of the previous reporting period – 31 March 2010	(802,300)	(806,191)	(3,891)
<b>Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other Comprehensive Income and Expenditure	(129,853)	(129,860)	(7)
Adjustments between the accounting basis and the funding basis under regulations	306,944	306,944	0
Other movements	272	272	0
<b>Increase/(decrease) in the year</b>	<b>177,363</b>	<b>177,356</b>	<b>(7)</b>
<b>Balance at the end of the current reporting period 31 March 2011</b>	<b>(624,937)</b>	<b>(628,835)</b>	<b>(3,898)</b>



The adjustments that have been made to that Balance Sheet over the version published in the 2010/11 Statement of Accounts are as follows:

**Effect on Balance Sheet 31 March 2011**

	<b>As Previously Stated 31 March 2011</b>	<b>As Restated 31 March 2011</b>	<b>Restatement 2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Property, Plant and Equipment	1,427,266	1,421,928	(5,338)
Heritage Assets	0	9,236	9,236
<b>Long-term Assets</b>	<b>1,450,631</b>	<b>1,454,529</b>	<b>3,898</b>
<b>Total Net Assets</b>	<b>700,537</b>	<b>704,435</b>	<b>3,898</b>
Unusable Reserves	624,937	628,835	3,898
<b>Net worth</b>	<b>700,537</b>	<b>704,435</b>	<b>3,898</b>

The effect of the change in accounting policy in 2010/11 has been that heritage assets are recognised at £9.236 million on the Balance Sheet resulting in an increase to the Revaluation Reserve of £3.898 million and property, plant and equipment being restated by the amount of heritage assets previously recognised at cost in community assets (a sub-classification of property, plant and equipment) of £5.5 million.

## 55 Trust Funds

These are funds that are held on trust for specified purposes in which the Authority has an interest but do not form part of the Authority's finances. They are maintained by the Authority and, where appropriate, invested by the Authority as trustee either externally or in the consolidated loans and advances pool. In all cases listed below the Authority is the sole trustee for the funds.

	<b>Balance</b>	<b>Net</b>	<b>Balance</b>
	<b>1.4.11</b>	<b>Movement</b>	<b>31.3.12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Children and Young Persons</b>	35.2	(1.1)	34.1
Money held on behalf of clients			
<b>Adults</b>	4,050.5	(552.8)	3,497.7
Money held on behalf of clients and client estates			
<b>Education Prize Funds</b>	241.1	16.1	257.2
These use interest received on donations to provide prizes and grants at schools in the Authority			
<b>Youth Clubs</b>	103.9	(19.4)	84.5
Youth clubs monies held by the authority			
<b>Clayton Park</b>	21.8	0.1	21.9
A fund set up from sale proceeds to be used for the benefit of the aged in Mexborough			
<b>Museum and Libraries Bequests</b>	6.4	0.1	6.5
Donations to the services, the interest on which is used to purchase exhibits and publications			
<b>Conisbrough Miners Welfare</b>	2.4	0	2.4
Amounts to be used for the provision of a community centre for the inhabitants of Conisbrough			
<b>Parish Investments</b>	1.4	0	1.4
Amounts invested on behalf of parish councils			
<b>Carcroft Welfare</b>	31.7	(10.7)	21.0
A fund set up from the transfer of balances held by the Carcroft Social Welfare and Recreation Ground when the trusteeship of this organisation passed to the Authority.			

## 56 Deferred Liabilities

These liabilities totalling £55.295m (£58.271m at 31st March 2011) are payable in a period exceeding 12 months and include the following

- a) £13.972m (£15.083m as at 31st March 2011) in respect of debt taken over from the former South Yorkshire County Council which by arrangement are payable over a repayment period ending 31st March 2021 and for which are loan management rests with Rotherham MBC
- b) £41.243m (£42.801m at 31st March 2011) relating to PFI schemes' long term liabilities as disclosed in Note 16 and 43. There are related current liabilities of £1.561m (£1.619m as at 31st March 2011)

- c) £0.052m (£0.163m at 31st March 2011) relating to long term finance lease liabilities as disclosed in Note 16 and 42. There are related current liabilities of £0.095m (£0.107m as at 31st March 2011)
- d) The balance relates to other long term creditors

## Housing Revenue Account

### Comprehensive Income and Expenditure Account

The Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure (maintenance and administration) and how these are met by rents, subsidy and other income.

From 1<sup>st</sup> October 2005, maintenance and administration of the council's dwellings was transferred to St. Leger Homes of Doncaster Limited, an Arms Length Management Organisation, limited by guarantee and wholly owned by the Authority.

2010/11		Notes	2011/12	
£'000			£'000	£'000
	<b>Expenditure</b>			
16,009	Repairs and maintenance		12,780	
25,625	Supervision and management		19,858	
373	Rents, rates, taxes and other charges		455	
0	Negative Housing Revenue Account Subsidy Payable	7	1,307	
	Depreciation of Property, Plant & Equipment	5		
12,819	On dwellings		12,637	
516	On other assets		606	
5,340	Impairment of Property, Plant & Equipment	6	22,187	
21	Debt management costs		19	
527	Increased provision for bad or doubtful debts		391	
237,141	Exceptional item - Council Dwelling Impairment	6	0	
<b>298,371</b>				<b>70,240</b>
	<b>Income</b>			
(58,855)	Dwelling rents (gross)		(62,898)	
(749)	Non-dwelling rents (gross)		(868)	
(687)	Charges for services and facilities		(1,369)	
(407)	Contributions towards expenditure		(256)	
(1,772)	Housing Revenue Account subsidy receivable	7	0	
<b>(62,470)</b>				<b>(65,391)</b>
<b>235,901</b>	<b>Net cost of HRA Services as included in the whole authority Income and Expenditure Account</b>			<b>4,849</b>
266	HRA share of Corporate and Democratic Core			244
<b>236,167</b>	<b>Net Cost of HRA Services</b>			<b>5,093</b>
	<b>HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account</b>			
13,230	(Gain) or Loss on sale of HRA Property, Plant & Equipment		13,925	
	Other Income – Right to Buy discount repayments			
11,285	Interest payable and similar charges		33,546	
(36)	Interest and investment income		(73)	
(4,494)	Capital Grants and Contributions		(2,047)	
0	Capital Grants and Contributions – Self Financing		(81,681)	
(334)	Other Income		(39)	
<b>255,818</b>	<b>(Surplus) or Deficit for the year on HRA services</b>			<b>(31,276)</b>

### Movement on the HRA Statement

This statement identifies those amounts in addition to the HRA Income and Expenditure Account surplus or deficit for the year that are required by statute to be charged to or credited to the HRA Balance. The reconciliation statement summarises the differences between the outturn on the HRA Income and Expenditure Account and the HRA Balance.

2010/11		Notes	2011/12	
£'000			£'000	£'000
(6,395)	<b>Balances on the HRA at the end of the previous year</b>			<b>(4,940)</b>
255,818	Surplus or (deficit) for the year on the HRA Income and Expenditure statement		(31,276)	
(254,363)	Adjustments between accounting basis and funding basis statute	Note 7 (page 42)	29,481	
1,455	Net increase or (decrease) before transfers to or from reserves		(1,795)	
0	Other movements in reserves		0	
1,455	Increase or decrease in year on the HRA			(1,795)
<b>(4,940)</b>	<b>Balance on the HRA at the end of the current year</b>			<b>(6,735)</b>

### Notes to the Housing Revenue Account

- 1(i) As at 31st March, 2012, the Council was responsible for the management of 20,715 dwellings, made up as follows:-

As at 31/03/11		As at 31/03/12
16,810	Houses and bungalows	16,761
2,537	Low-rise flats and maisonettes	2,535
1,419	Medium and high-rise flats	1,419

## 1(ii) Movement of Property, Plant & Equipment

The balance sheet values of property within the H.R.A. were as follows:-

2010/11 Total		Council Dwellings	Other Operational Land & Buildings	Other Property, Plant & Equipment	2011/12 Total
£'000		£'000	£'000	£'000	£'000
	<b>Cost or Valuation</b>				
<b>812,806</b>	<b>At 1 April 2011</b>	<b>525,212</b>	<b>11,316</b>	<b>23,587</b>	<b>560,115</b>
<b>45,034</b>	Additions	34,236	268	200	<b>34,704</b>
<b>0</b>	Donations	0	0	0	<b>0</b>
<b>(29,966)</b>	Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(613)	568	4,107	<b>4,062</b>
<b>(253,021)</b>	Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(35,967)	(191)	(4,241)	<b>(40,399)</b>
<b>(684)</b>	De-recognition – disposals	(951)	0	(452)	<b>(1,403)</b>
<b>(14,049)</b>	De-recognition – other	(13,912)	(153)	(199)	<b>(14,264)</b>
<b>0</b>	Assets reclassified (to)/from Held for Sale	0	(60)	(155)	<b>(215)</b>
<b>0</b>	Other movements in cost or valuation	(242)	(99)	568	<b>227</b>
<b>560,120</b>	<b>At 31 March 2012</b>	<b>507,763</b>	<b>11,649</b>	<b>23,415</b>	<b>542,827</b>
	<b>Accumulated Depreciation and Impairment</b>				
<b>(22,063)</b>	<b>At 1 April 2011</b>	<b>(19,851)</b>	<b>(1,041)</b>	<b>(3,301)</b>	<b>(24,193)</b>
<b>(13,334)</b>	Depreciation charge	(12,637)	(353)	(253)	<b>(13,243)</b>
271	depreciation written out to the Revaluation Reserve	94	126	0	<b>220</b>
12,616	depreciation written out to the Surplus/Deficit on the Provision of Services	12,361	0	0	<b>12,361</b>
(44)	impairment losses/(reversals) recognised in the Revaluation Reserve	12	0	0	<b>12</b>
(2,065)	impairment losses/(reversals) recognised in the Surplus/ Deficit on the Provision of Services	5,877	(28)	0	<b>5,849</b>
8	De-recognition – disposals	0	0	0	<b>0</b>
370	De-recognition – other	0	6	33	<b>39</b>
(7)	other movements in depreciation and impairment	(1)	3	(3)	<b>(1)</b>
<b>(24,248)</b>	<b>At 31 March 2012</b>	<b>(14,145)</b>	<b>(1,287)</b>	<b>(3,524)</b>	<b>(18,956)</b>
<b>535,872</b>	<b>Net Book Value as at 31<sup>st</sup> March</b>	<b>493,618</b>	<b>10,362</b>	<b>19,891</b>	<b>523,871</b>

2. The vacant possession value of dwellings within the HRA following annual revaluation as at 1st April, 2011 was £1,550m. A difference arises between the vacant possession valuation £1,550m and balance sheet £481m values because the latter represents the social housing value of tenanted dwellings. The difference £1,069m indicates the economic cost to Government of providing Council Housing at less than open market rents.

3. A Major Repairs Reserve is held in accordance with statute utilising an annual allowance received as part of Housing Subsidy for capital expenditure. The movements on the reserve were as follows:-

2010/11		2011/12
£'000		£'000
(555)	Balance as at 1st April	(942)
(13,335)	Transfer from Capital Adjustment Account	(13,242)
516	Transfer from MRR to HRA – depreciation on non-dwellings	606
12,352	Financing of capital expenditure	8,441
80	Revenue Expenditure Funded from Capital Under Statute	0
<b>(942)</b>	<b>Balance as at 31st March</b>	<b>(5,137)</b>

- 4 (i) Capital expenditure on land, houses and other property within the H.R.A. and the financing sources are given below:-

2010/11		2011/12
£'000		£'000
	<b>Capital expenditure per asset classification:</b>	
44,073	Council Dwellings	34,236
440	Other operational Land and Buildings	268
228	Vehicles Plant and equipment	154
142	Infrastructure	46
152	Assets Under Construction	0
0	Community Assets	0
<b>45,035</b>		<b>34,704</b>
	<b>Sources of funding:</b>	
(275)	Useable Capital Receipts	(630)
(28,371)	Borrowing (Supported Capital Expenditure)	(16,913)
(2,766)	Capital Grants and Contributions	(2,278)
(12,353)	Major Repairs Reserve	(8,414)
(1,066)	Direct revenue financing	(5,358)
(204)	Unsupported borrowing	(1,111)
<b>(45,035)</b>		<b>(34,704)</b>

- 4 (ii) During 2011/12 total capital receipts from the disposals of land, houses and other property within the HRA amounted to £1,977,522m and is analysed as follows:

2010/11	Receipts Description	2011/12
£'000		£'000
1,234	Houses (Council Dwellings)	1,974
81	Land	4
<b>1,315</b>	<b>Total</b>	<b>1,978</b>

- 5 Depreciation was calculated on only the building element of the land and building value. The depreciation charged to the HRA assets in 2011/12 financial year was £13.242m (£13.334m in 2010/11). In addition cumulative depreciation on revalued assets of £12.455m was written back to the Revaluation Reserve (£12.880m in 2010/11). Please see below for breakdown of in year depreciation.

2010/11		2011/12
£'000		£'000
12,819	Council Dwellings	12,637
287	Other Land and Buildings	353
228	Other PPE	253
<b>13,334</b>		<b>13,243</b>

- 6 A breakdown of the impairment charge to HRA which totals £22.187m is detailed below:

2010/11		2011/12
£'000		£'000
237,141	Revaluation Loss (percentage used to calculate the social housing value of Council Dwellings has remained at 31%)	23,198
3,271	Revaluation Loss relating to non-Council Dwelling Assets	4,438
1,988	Impairment due to Council Dwelling demolition in year and proposed future	1,507
81	Consumption of Economic Benefit re non CDW	21
0	Reversal of previous impairment loss	(6,977)
<b>242,481</b>		<b>22,187</b>

- 7 Housing Revenue Account (H.R.A.) subsidy income comprised of the following:-

2010/11		2011/12
£'000		£'000
12,450	Management Allowance	12,465
22,780	Maintenance Allowance	22,653
12,819	Major Repairs Allowance	12,637
12,453	Charges for Capital	13,152
(58,861)	Guideline Rent Income	(62,450)
(3)	Interest on Receipts	(2)
0	Self-Financing - 4 Day Interest	(29)
<b>1,638</b>		<b>(1,574)</b>
134	Prior Year Adjustment	267
<b>1,772</b>		<b>(1,307)</b>



- 8 The amount of rent arrears, excluding amounts collectable on behalf of other agencies, was as follows:-

<b>31<sup>st</sup> March 2011</b>		<b>31<sup>st</sup> March 2012</b>
<b>£'000</b>		<b>£'000</b>
1,662	Former Tenants Rent Arrears	1,353
1,192	Current Tenants Rent Arrears	1,039
<b>2,854</b>	<b>Total</b>	<b>2,392</b>

The bad debt provision in respect of all un-collectable rent arrears was £811,800 (£1,081,815 in 2010/11). The aggregate balance sheet provision in respect of all un-collectable debts relating to the Housing Revenue Account was £1,320,396 (£1,529,753 in 2010/11).

**9 Revenue Expenditure Funded from Capital Under Statute**

In 2011/12 the cost to the HRA was nil (£3.508 in 2010/11)

**10. Exceptional Items**

2011/12 was the final year of the Housing Revenue Account (HRA) subsidy system. The Government's Self Financing Determination resulted in the Council receiving a payment of £59.769m for the early redemption of PWLB debt in exchange for being released from the subsidy system. The early debt redemption has led to a premium payment of £21.912m which has also been met by the Secretary of State. These receipts, totalling £81.681m, are capital receipts in accordance with statutory requirements and are disclosed separately on the face of the HRA.

## Collection Fund

The account reflects the statutory requirement contained in Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund, which accounts for the income from Council Tax, Business Rates and residual Community Charge. This income finances the net expenditure requirements of the authorities within the Doncaster Council area, including the council itself, the South Yorkshire Joint Authorities and Parish Councils. The Collection Fund accounts are prepared on an accruals basis. There is no requirement for a separate Collection Fund balance sheet and Collection Fund balances are consolidated into the Council's balance sheet.

2010/11 £'000		Notes	2011/12 £'000
	<b>Income</b>		
(92,871)	Income from Council Tax	1	(92,916)
	Transfers from General Fund:		
(22,302)	- Council Tax Benefits		(22,318)
(4)	- Local Exemption - Floods	5	(2)
(72,495)	Income collectable from business ratepayers	2	(81,179)
<b>(187,672)</b>	<b>Total Income</b>		<b>(196,415)</b>
	<b>Expenditure</b>		
	Precepts and Demands:	4	
95,626	- Doncaster Council		95,987
11,270	- South Yorkshire Police Authority		11,304
5,124	- South Yorkshire Fire and Rescue Authority		5,140
	Business Rates:		
72,130	- Payment to national pool		80,820
365	- Costs of collection		359
	Bad and doubtful debts:		
918	- Provisions	3	(14)
	Contributions:		
1,283	- Towards previous year's collection fund surplus		2,236
	- Adjustment of previous years' Community Charges		
<b>186,716</b>	<b>Total Expenditure</b>		<b>195,832</b>
<b>(956)</b>	<b>Movement on fund balance</b>		<b>(583)</b>
(281)	(Surplus)/Deficit brought forward 1st April		(1,237)
<b>(1,237)</b>	<b>(Surplus)/Deficit carried forward 31st March</b>		<b>(1,820)</b>
	<b>Accumulated surplus of the collection fund is attributable to the following:</b>		
(1,053)	- Doncaster Council		(1,541)
(126)	- South Yorkshire Police Authority		(192)
(58)	- South Yorkshire Fire and Rescue Authority		(87)
<b>(1,237)</b>			<b>(1,820)</b>

## Collection Fund

### 1 Council Tax

Income from Council Tax is derived from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated values as at 1<sup>st</sup> April 1991. The Tax Base calculation is based upon the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and exemptions. Individual charges are calculated by estimating the amount of income required to fund the demands on the Collection Fund and then dividing this by the Tax Base (see note 4).

The table below shows the number of properties in each band and the equivalent number of band D properties.

Band	Number of Dwellings	Less Exemptions and Discounts	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwelling	Council Tax 2010/11 (Excluding Parishes) £
A	78,567	(11,610)	66,957	6/9	44,638	862.80
B	23,090	(2,401)	20,689	7/9	16,091	1,006.61
C	14,078	(1,352)	12,726	8/9	11,312	1,150.41
D	8,446	(612)	7,834	1	7,834	1,294.21
E	4,051	(297)	3,754	11/9	4,588	1,581.81
F	1,717	(103)	1,614	13/9	2,331	1,869.41
G	757	(56)	701	15/9	1,168	2,157.01
H	111	(60)	51	18/9	102	2,588.42
<b>Total</b>	<b>130,817</b>	<b>(16,491)</b>	<b>114,326</b>		<b>88,064</b>	

Less allowance for non-collection (2,640)  
Tax base for the calculation of Council Tax 85,424

Reconciliation of Council Tax income to the tax base

2010/11		2011/12	
87,799	No of band D properties	88,064	
£1,294.21	Band D rate	£1,294.21	
£1,798,879	Parish precepts	£1,875,232	
<b>£m</b>		<b>£m</b>	
(115.4)	Estimated income	(115.9)	
22.3	Council Tax benefit	22.3	
0.2	In year changes	0.7	
(92.9)	Income	(92.9)	

The in year changes in 2011/12 are due to a decrease in the number of band D properties to 87,797 compared to 88,064 used in the calculation of the budget.

### 2 Business Rates

Under statutory arrangements business rates are collected locally on the basis of a nationally determined rate in the pound charged on the rateable value of the property, which in 2011/12 the standard rate was 43.3p (41.4p in 2010/11) and 42.6p for small businesses (40.7p in 2010/11).

The business rates collected are paid into a central pool managed by Central Government. Formula Grant is paid to local authorities using pool income and other tax receipts. Formula Grant is

distributed to local councils in accordance with their government-assessed needs so that in theory each council should be able to set broadly the same level of Council Tax for providing the same level of service. The Formula Grant mechanism takes account of information on the population, social structure and other characteristics of each council. Doncaster's income from the pool in 2011/12 was £111m (£125m in 2010/11) paid into the Income and Expenditure Account.

The business rates collectable after relief's and provisions was £81.2m in 2011/12 (£72.5m in 2010/11) and was based on a rateable value for the council's area of £225,350,518 as at 31<sup>st</sup> March 2012 (£223,695,855 as at 31<sup>st</sup> March 2011). Full revaluations are carried out every five years and the next is due in April 2015.

### 3 Provision for Bad and Doubtful Debts

Contributions are made from the Collection Fund Income and Expenditure Account to a provision for bad debts. During 2011/12 the Council Tax bad debt provision was reduced by £14,032. The provision is maintained at approximately 42% of the arrears and £370,027 of irrecoverable debts were written off.

The carrying amounts of Council Tax arrears in the Balance Sheet, net of the provision for bad debts can be analysed by age as follows:

After due date	Council Tax Arrears	
	Arrears £'000	Provision £'000
2011/12	3,140.7	522.57
2010/11	1,784.52	536.31
More than 2 years old	4,973.24	3,053.96
<b>Total</b>	<b>9,898.46</b>	<b>4,112.84</b>

The collection of Council Tax is in substance an agency arrangement as Council Tax is collected on behalf of the major preceptors (South Yorkshire Police Authority and South Yorkshire Fire Authority) as well as the council itself. As such the Council Tax arrears and provision in the balance sheet do not include the proportion of balances related to major preceptors. Similarly, NNDR income is collected on behalf of the government and so the balance sheet does not include NNDR arrears or the provision for bad and doubtful debts.

### 4 Precepts and Demands

Expenditure requirements financed by the Collection Fund:

	Net Budget Requirement £'000	Band D Equivalent Dwellings	Band D Council Tax £
Doncaster M.B.C. Revenue Budget*	240,955		
Formula Grant - Revenue Support Grant	(34,223)		
- Contribution from NDR Pool	(110,717)		
Collection Fund Surplus	(1,093)		
Doncaster Council Demand (excluding Parishes)	94,112	85,424	1,101.71
S Y Police Authority	11,304	85,424	132.33
S Y Fire and Rescue Authority	5,140	85,424	60.17
<b>Total</b>	<b>110,556</b>		<b>1,294.21</b>

\*excludes Parish Precepts of £1,875,232.

## **5 Local Exemption - Floods**

Following the June 2007 floods many residents were unable to occupy their properties as they were undergoing major repairs and were therefore granted a statutory exemption.

This exemption could only be granted for 12 months and so in order to ensure that Council Tax exemptions continue to be awarded for those residents still not able to return to their properties the Council decided to establish a locally defined reduction.

This award is for properties defined as "Unoccupied dwellings, uninhabitable due to the June 2007 floods, where the statutory exemption has exceeded 12 months".

The cost of a locally defined exemption is met by the council's General Fund budget and so a transfer from the General Fund is shown in the Collection Fund. In 2011/12 locally defined exemptions totalling £1,972 were awarded (£4,225 in 2010/11).

## Group Accounts

A review undertaken during 2011/12 of the Council's related companies has indicated that there are three entities, namely Digital Region Limited and The Doncaster Racecourse Management Company Limited, as joint ventures, and St Leger Homes of Doncaster Limited, as a subsidiary, to be included within the Council's Group Accounts.

Notes on the nature of the Council's interests in these companies can be found in Note 40. At the time of writing, the accounts of the Council's subsidiary and joint venture companies are in draft form.

The summarised group financial statements that follow show the consolidated position of the Council with

St. Leger Homes of Doncaster Limited accounted for as a subsidiary undertaking under IAS 27 'Consolidated and Separate Financial Statements'.

The Doncaster Racecourse Management Company Limited and Digital Region Limited are accounted for as joint ventures under the provisions of IAS 31 'Interests in Joint Ventures'. As such, under the provisions of IAS 31 inter-company transactions have not been excluded from the statements and cash flows have not been consolidated. The Council's share of joint venture Comprehensive Income and Expenditure Statement is shown separately on the face of the Group Comprehensive Income and Expenditure Statement and the Council's share of joint venture's assets and liabilities are shown in note (c) to the Group Accounts.

St. Leger Homes of Doncaster Limited and Digital Region Limited share the Council's financial year 1st April to 31st March.

The financial year for The Doncaster Racecourse Management Company Limited is 1st January to 31st December. As no changes have taken place in the period between 31st December 2011 and 31st March 2012 which would affect the understanding of the group accounts, the accounts for The Doncaster Racecourse Management Company Limited for the year ended 31st December 2011 have been incorporated within the group accounts.

GROUP COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT						
2010/11				2011/12		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
29,398	(26,279)	3,119	Central Services	30,155	(26,530)	3,625
33,939	(6,683)	27,256	Culture & Related	25,678	(2,784)	22,894
31,168	(7,031)	24,137	Environmental & Regulation	33,727	(5,989)	27,738
34,310	(9,970)	24,340	Planning	28,241	(8,085)	20,156
358,127	(268,175)	89,952	Children's & Education Services	325,235	(241,553)	83,682
40,616	(3,927)	36,689	Highways and Transport Services	41,349	(5,337)	36,012
204,606	(179,811)	24,795	Housing Services	213,245	(194,476)	18,769
115,648	(44,543)	71,105	Adult Social Care	111,828	(31,984)	79,844
195,781	0	195,781	Exceptional Items	68,457	(105)	68,352
8,507	(257)	8,250	Corporate & Democratic Core	6,885	(919)	5,966
21,787	(228)	21,559	Non Distributed Costs	(1,496)	(431)	(1,927)
2,776	(2,686)	90	Doncaster Racecourse Management Company	2,754	(2,766)	(12)
937	(175)	762	Digital Region Limited	1,710	(486)	1,224
<b>1,077,600</b>	<b>(549,765)</b>	<b>527,835</b>	<b>Net Cost of Services</b>	<b>887,769</b>	<b>(521,445)</b>	<b>366,324</b>
		65,606	Other Operating Expenditure			101,771
		33,454	Financing and Investment Income & Expenditure			54,829
		(307,992)	Taxation and Non Specific Government Grant			(405,640)
		<b>318,903</b>	<b>(Surplus) / Deficit for the year</b>			<b>117,284</b>

<b>GROUP BALANCE SHEET</b>				
<b>2010/11</b>			<b>2011/12</b>	
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
1,422,055		Property, Plant & Equipment	1,294,233	
9,236		Heritage Assets	9,605	
16,834		Investment Properties	10,624	
625		Intangible Assets	1,733	
5,161		Long Term Investments	5,237	
745		Long Term Debtors	914	
	<b>1,454,656</b>	<b>Non-Current Assets</b>		<b>1,322,346</b>
1,290		Investment in Doncaster Racecourse Management Company	1,156	
(867)		Investment in Digital Region Limited	(8,429)	
	<b>423</b>	<b>Investment in Associates and Joint Ventures</b>		<b>(7,273)</b>
1,000		Short Term Investments	1	
7,637		Assets Held for Sale	27	
3,789		Inventories	4,823	
56,913		Debtors	50,001	
32,905		Cash and cash equivalents	36,783	
	<b>102,244</b>	<b>Current Assets</b>		<b>91,635</b>
(10,186)		Cash & cash equivalents	(3,750)	
(26,066)		Borrowing repayable within 12 Months	(56,793)	
(59,281)		Creditors	(66,111)	
(8,843)		Provisions	(15,969)	
(11,848)		Revenue Grants Receipts in Advance	(5,944)	
(14,476)		Capital Grants Receipts in Advance	(2,827)	
	<b>(130,700)</b>	<b>Current Liabilities</b>		<b>(151,394)</b>
(7,991)		Provisions	(11,039)	
(369,470)		Borrowing repayable within a period in excess of 12 months	(315,252)	
(58,271)		Deferred Liabilities	(55,295)	
(99)		Grants Receipts in Advance (Revenue)	(426)	
(5,882)		Grants Receipts in Advance (Capital)	(1,039)	
(279,224)		Liabilities Related to Defined Benefit Pension Schemes	(322,888)	
	<b>(720,937)</b>	<b>Long Term Liabilities</b>		<b>(705,939)</b>
	<b>705,686</b>	<b>Total Net Assets</b>		<b>549,375</b>
		<b>Financed by:</b>		
		<b>Reserves of Group Entities</b>		
(990)		DMBC Share of Doncaster Racecourse Management Company P&L	(1,124)	
2,280		DMBC Share of Doncaster Racecourse Management Company Share Premium	2,280	
(867)		DMBC Share of Digital Region Limited P&L	(8,429)	
	<b>423</b>			<b>(7,273)</b>



		<b>Usable Reserves</b>		
14,391		Usable Capital Receipts, Grants & Contributions	14,156	
16,881		Grants and contributions unapplied	18,586	
54,233		Revenue Balances	66,959	
	<b>85,505</b>			<b>99,701</b>
		<b>Unusable Reserves</b>		
648,044		Capital Adjustment Account	557,608	
259,929		Revaluation Reserve	227,170	
(1,120)		Financial Instrument Adjustment Account	(1,096)	
(279,224)		Pensions Reserve	(322,888)	
29		Deferred Capital Receipts	27	
1,048		Collection Fund Adjustment Account	1,541	
(8,948)		Accumulated Absences Account	(5,415)	
	<b>619,758</b>			<b>456,947</b>
	<b>705,686</b>	<b>Total Equity</b>		<b>549,375</b>

**GROUP MOVEMENT IN RESERVES  
STATEMENT 2010/11**

	General Fund Balance £'000	Earmarked GR Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	(Group) Share of Reserves £'000	Total Group Reserves £'000
<b>Balance at 31 March 2010 brought forward</b>	<b>(5,165)</b>	<b>(38,582)</b>	<b>(6,395)</b>	<b>(14,398)</b>	<b>(555)</b>	<b>(22,444)</b>	<b>(87,539)</b>	<b>(806,191)</b>	<b>(893,730)</b>	<b>16,762</b>	<b>(876,968)</b>
<b>Movement in reserves during 2010/11</b>											
Surplus or (deficit) on provision of services	53,405	0	255,818	0	0	0	309,223	0	309,223	9,680	318,903
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(129,860)	(129,860)	(8,611)	(138,471)
<b>Total Comprehensive Expenditure and Income</b>	<b>53,405</b>	<b>0</b>	<b>255,818</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>309,223</b>	<b>(129,860)</b>	<b>179,363</b>	<b>1,069</b>	<b>180,432</b>
Adjustments between accounting basis & funding basis under regulations	(58,241)	0	(254,363)	168	(387)	5,698	(307,125)	307,125	0	0	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(4,836)</b>	<b>0</b>	<b>1,455</b>	<b>168</b>	<b>(387)</b>	<b>5,698</b>	<b>2,098</b>	<b>177,265</b>	<b>179,363</b>	<b>1,069</b>	<b>180,432</b>
Transfers to/from Earmarked Reserves	(4,678)	4,678	0	0	0	0	0	0	0	0	0
Other movement in reserves	232	0	0	(161)	0	135	(64)	(36)	100	(9,050)	(9,150)
<b>(Increase)/Decrease in Year</b>	<b>(9,282)</b>	<b>4,678</b>	<b>1,455</b>	<b>7</b>	<b>(387)</b>	<b>5,563</b>	<b>2,034</b>	<b>177,229</b>	<b>179,263</b>	<b>(7,981)</b>	<b>171,282</b>
<b>Balance at 31 March 2011 carried forward</b>	<b>(14,447)</b>	<b>(33,904)</b>	<b>(4,940)</b>	<b>(14,391)</b>	<b>(942)</b>	<b>(16,881)</b>	<b>(85,505)</b>	<b>(628,962)</b>	<b>(714,467)</b>	<b>8,781</b>	<b>(705,686)</b>

**GROUP MOVEMENT IN RESERVES  
STATEMENT 2011/12**

	General Fund Balance £'000	Earmarked GR Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	(Group) Share of Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2011 brought forward	(14,447)	(33,904)	(4,940)	(14,391)	(942)	(16,881)	(85,505)	(628,962)	(714,467)	8,781	(705,686)
<b>Movement in reserves during 2011/12</b>											
Surplus or (deficit) on provision of services	140,018	0	(31,276)	0	0	0	108,742	0	108,742	8,541	117,283
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	44,186	44,186	(847)	43,339
<b>Total Comprehensive Expenditure and Income</b>	140,018	0	(31,276)	0	0	0	108,742	44,186	152,928	7,694	160,622
Adjustments between accounting basis & funding basis under regulations	(146,664)	0	29,481	235	(4,195)	(1,704)	(122,847)	122,847	0	0	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(6,646)</b>	<b>0</b>	<b>(1,795)</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,704)</b>	<b>(16,072)</b>	<b>167,033</b>	<b>152,928</b>	<b>7,694</b>	<b>160,622</b>
Transfers to/from Earmarked Reserves	8,986	(8,986)	0	0	0	0	0	0	0	0	0
Other movement in reserves	(90)	0	0	0	0	(1)	(91)	3	(88)	(4,224)	(4,312)
<b>(Increase)/Decrease in Year</b>	<b>2,250</b>	<b>(8,986)</b>	<b>(1,795)</b>	<b>235</b>	<b>(4,195)</b>	<b>(1,705)</b>	<b>(14,196)</b>	<b>167,036</b>	<b>152,840</b>	<b>3,470</b>	<b>156,310</b>
<b>Balance at 31 March 2012 carried forward</b>	<b>(12,197)</b>	<b>(42,890)</b>	<b>(6,735)</b>	<b>(14,156)</b>	<b>(5,137)</b>	<b>(18,586)</b>	<b>(99,701)</b>	<b>(461,926)</b>	<b>(561,627)</b>	<b>12,251</b>	<b>(549,376)</b>

## Group Cash Flow Statement

31 March 2011		31 March 2012
£'000		£'000
(309,223)	Net surplus or (deficit) on the provision of services	(108,742)
359,750	Adjustments to net surplus or deficit on the provision of services for non-cash movements	257,340
(11,552)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(56,956)
<b>38,975</b>	<b>Net cash flows from Operating Activities</b>	<b>91,642</b>
(898)	Net cash flow from operating activities - SLHD	2,660
(51,862)	Investing Activities	(62,088)
32,670	Financing Activities	(21,900)
<b>18,885</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>10,314</b>
3,834	Cash and cash equivalents at the beginning of the reporting period	22,719
<b>22,719</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>33,033</b>

## Notes to the Group Accounts

### The Core Financial Statements

#### Group Comprehensive Income and Expenditure Statement

The purpose of this account is to report income and expenditure relating to all services provided by the group and how the net costs.

The Group Comprehensive Income and Expenditure Statement is presented using the service expenditure analysis set out in CIPFA's Service Reporting Code of Practice (SeRCOP).

As at 31<sup>st</sup> March 2012 St. Leger Homes of Doncaster Limited owed the Council £3.236m and was owed £1.426m by the Council. These balances have been eliminated on group consolidation.

#### Group Balance Sheet

This statement summarises the group's financial position as at 31 March 2012. It shows the balances and reserves available to the group, fixed and current assets employed in its operations, and its borrowing position.

#### Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group. The description of the nature and purpose of each reserve is provided in Note 24 of the Council's core financial statements.

#### Group Cash Flow Statement

This summarises the cash receipts and payments of the group arising from transactions with third parties for both capital and revenue purposes.

## Notes to the Core Financial Statements

The notes provide additional information to support the core statements.

### Note a Details of the Group

For details of the companies included within the group please refer to the introduction to the group accounts

### Note b Subsidiaries

St. Leger Homes of Doncaster Limited is wholly owned by the Council and their accounts have been included within the group as a subsidiary.

### Note c Joint Ventures

For details of joint ventures including the Council's interest in the company please refer to Note 40 of the Council's core financial statements and the introduction to these group accounts

The below table gives an analysis of the Council's share of the joint ventures' annual accounts for 2011/12

	<b>Digital Region Limited (8.57%)</b>	<b>Doncaster Racecourse Management Company Limited (19.00%)</b>
	<b>£'000's</b>	<b>£'000's</b>
Operating (Profit) / Loss	1,224	(12)
Other items	6,358	145
<b>(Profit) / Loss Before Tax</b>	<b>7,582</b>	<b>(133)</b>
Tax	(17)	0
<b>(Profit) / Loss After Tax</b>	<b>7,565</b>	<b>(133)</b>
Property, Plant & Equipment	1	7,085
Current Assets	182	368
Liabilities due within 1 year	(1,908)	(6,093)
Liabilities due > 1 year	(6,704)	(204)
<b>Total Assets Less Liabilities</b>	<b>(8,429)</b>	<b>1,156</b>

### Note d Statement of Accounting Policies

The group accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances as those for the Council.

As far as can be ascertained there are no material differences between the accounting policies of the group entities and the Council which require realignment

### Note e Amounts Reported For Resource Allocation Decisions (Group Accounts)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice.

However, decisions about resource allocation are taken by the Council's cabinet on the basis of budget reports analysed across directorates.

These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The results of the group members are not reported to the Council's Chief Operating Decision Maker in internal management reports and as such are not shown as reportable segments in the analysis below.

The Council is organised into four portfolios based around the services delivered. These are

Children & Young People's Services  
 Adults & Communities  
 Finance & Corporate Services  
 Regeneration & Environment

The income and expenditure of the Council's directorates recorded in the budget reports for the year, as referred to under the financial performance for 2011/12 in the explanatory foreword, is as follows:

<b>2011/12</b>	<b>Gross spend £'000</b>	<b>Income £'000</b>	<b>Net spend £'000</b>
<b>Directorate</b>			
Adults and Communities	130,695	(48,754)	81,941
Children & Young People's Services (excluding schools budgets)	499,668	(454,919)	44,749
Finance & Corporate Services	280,492	(256,523)	23,969
Regeneration & Environment	81,450	(43,027)	38,423
Council Wide and other	42,224	799	43,024
<b>Total</b>	<b>1,034,530</b>	<b>(802,424)</b>	<b>232,106</b>

Comparative Figures

<b>2010/11</b>	<b>Gross spend £'000</b>	<b>Income £'000</b>	<b>Net spend £'000</b>
<b>Directorate</b>			
Adults and Communities	148,064	(55,208)	92,856
Children & Young People's Services (excluding schools budgets)	576,163	(527,434)	48,729
Finance & Corporate Services	298,630	(272,328)	26,302
Regeneration & Environment	97,735	(48,983)	48,752
Council Wide and other	49,383	(31,821)	17,562
<b>Total</b>	<b>1,169,975</b>	<b>(935,774)</b>	<b>234,201</b>

### Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11 £'000	2011/12 £'000
Net expenditure in the directorate analysis	234,201	232,106
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	293,634	134,218
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	0	0
<b>Cost of Services in Group Comprehensive Income and Expenditure Statement</b>	<b>527,835</b>	<b>366,324</b>

The Council does not internally report on the assets and liabilities of individual segments and so therefore there is no separate segmental analysis required to be disclosed

### Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement

	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Total £'000
<b>2011/12</b>			
Other Income	(802,424)	(40,009)	(842,433)
Taxation on group entities	0	(17)	(17)
Trading services	0	(2,114)	(2,114)
Interest and investment income	0	(2,069)	(2,069)
Income from council tax	0	(95,987)	(95,987)
Government grants and contributions	0	(309,636)	(309,636)
<b>Total Income</b>	<b>(802,424)</b>	<b>(449,832)</b>	<b>(1,252,256)</b>
Other Expenditure	1,034,530	174,227	1,208,757
Payments to Govt. Housing Capital receipts pool	0	908	908
Interest payable and similar charges	0	48,855	48,855
Pension interest cost and expected return on assets	0	7,983	7,983
Investment properties / changes in fair value	0	60	60
Precepts & Levies	0	1,875	1,875
Gain or Loss on Disposal of Property, Plant & Equipment	0	101,102	101,102
<b>Total Expenditure</b>	<b>1,034,530</b>	<b>335,010</b>	<b>1,369,540</b>
<b>Group surplus or deficit on the provision of services</b>	<b>232,106</b>	<b>(114,822)</b>	<b>117,284</b>

2010/11	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Total £'000
Other Income	(935,774)	(32,714)	(968,488)
Taxation on group entities	0	(5)	(5)
Trading services	0	(729)	(729)
Investment properties / changes in fair value	0	(1,504)	(1,504)
Interest and investment income	0	(1,123)	(1,123)
Income from council tax	0	(95,626)	(95,626)
Government grants and contributions	0	(212,361)	(212,361)
<b>Total Income</b>	<b>(935,774)</b>	<b>(344,062)</b>	<b>(1,279,836)</b>
Other Expenditure	1,169,975	326,348	1,496,323
Payments to Govt. Housing Capital receipts pool	0	291	291
Interest payable and similar charges	0	20,477	20,477
Pension interest cost and expected return on assets	0	15,604	15,604
Precepts & Levies	0	1,799	1,799
Gain or Loss on Disposal of Property, Plant & Equipment	0	64,245	64,245
<b>Total Expenditure</b>	<b>1,169,975</b>	<b>428,764</b>	<b>1,598,739</b>
<b>Group surplus or deficit on the provision of services</b>	<b>234,201</b>	<b>84,702</b>	<b>318,903</b>



## Glossary

### Accounting Period

The period of time covered by the accounts is normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### Accounting Policies

These are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements.

### Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

### Amortisation

An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.

### Asset

An asset is a resource controlled by the Council as a result of past events from which future economic benefits or service potential is expected to flow to the Council.

- A current asset is an amount which is expected to be realised within 12 months.
- A non-current asset is an amount which is expected to be realised after more than 12 months.

### Audit of Accounts

An independent examination of the Council's financial affairs

### Budgets

A statement of the Council's forecast spend, i.e. net revenue expenditure for the year

### Capital Charge

A charge to service revenue accounts to reflect the cost of Property, Plant & Equipment used in the provision of services.

### Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure that adds to and not merely maintains the value of an existing fixed asset.

### Capital Financing

These are funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### Capital Programme

The capital schemes the Council intends to carry out over a specific period of time.

### Capital Receipts

The proceeds from the disposal of land or other Property, Plant & Equipment. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government, but they cannot be used to finance revenue expenditure.

### Capitalisation

Capitalisation is the means by which the Department for Communities and Local Government, exceptionally, permits local authorities to treat revenue costs as capital costs. This means that these costs can be funded from capital, including by borrowing or use of capital receipts, and enables authorities to meet these costs over a number of years. Capitalisation is a relaxation of accounting convention, that revenue costs should be met from revenue resources. It also permits authorities to

borrow for revenue purposes, with implications for the levels of public sector borrowing. As such, capitalisation is strictly controlled and subject to an application process, with applications assessed against clear criteria.

### **Cash**

Comprises cash on hand and demand deposits.

### **Cash Equivalents**

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Chartered Institute of Public Finance and Accountancy ('CIPFA')**

The Chartered Institute of Public Finance and Accountancy is the professional body for people in public finance

### **Collection Fund**

A fund administered by the Council recording receipts from Council Tax and payments to the General Fund and other public authorities. It also records receipts of business rates collected on behalf of Central Government.

### **Community Assets**

These are assets that the council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples include parks, historic buildings, museum exhibits and works of art.

### **Consistency**

The principle that the accounting treatments of like items within an accounting period and from one period to the next should be the same

### **Contingent Asset**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

### **Contingent Liability**

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

### **Corporate and Democratic Core**

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

### **Council Tax**

A banded property tax, based on assessed property values at 1 April 1991, that is levied on domestic properties

### **Creditor**

Amount owed by the council for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

### **Credit Risk**

The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party

### **Debtor**

Amount owed to the council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

### **Defined Benefit Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

### **Defined Contribution Scheme**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### **Depreciation**

The measure of the wearing out, consumption or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes

### **Dedicated Schools Grant ('DSG')**

A ring-fenced grant for schools paid by the Department for Education and Skills ('DfES') to the Council; it replaces the Schools Formula Spending Share ('FSS').

### **Earmarked Reserve**

A sum set aside in a reserve for a specific purpose

### **Equity**

The Council's value of total assets less total liabilities

### **Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

### **Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

### **Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

### **Fees and Charges**

Income arising from the provision of services e.g. the use of leisure facilities

### **Finance Lease**

A method of acquiring non-current assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the Council, in return for rental payments to the legal owner of the asset.

### **Financial Instrument**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivable (debtors) and trade payable (creditors) and the most complex ones such as derivatives.

### **Formula Grant**

This is a grant distributed by formula through the local government finance settlement. There are no restrictions on what local government can spend it on. It comprises redistributed business rates and Revenue Support Grant.

### **General Fund Balances**

These are accumulated surpluses on the General Fund. They can be applied to reduce borrowing, reduce the Council Tax, or be held for use in future years.

**General Fund Services**

This comprises all services provided by the Council with the exception of services relating to the provision of local Council housing which is accounted for in the Housing Revenue Account. The net cost of General Fund services is met by Council Tax, Government grants and Non Domestic Rates.

**Going Concern**

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future

**Government Grants**

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

**Heritage Assets**

Heritage assets are held and maintained by the Council principally for their contribution to knowledge and culture. Heritage assets can have historical, artistic, scientific, geophysical or environmental qualities.

**Historic Cost**

This represents the original cost of acquisition, construction or purchase of a non-current asset

**Housing Benefits**

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

**Housing Revenue Account ('HRA')**

This account includes all revenue expenditure and income relating to the provision, maintenance and administration of Council housing. It is a statutory requirement that the account be maintained separately ('ring-fenced') from General Fund services.

**Impairment**

A reduction in the value of a fixed asset not caused by general changes in market values (e.g. obsolescence or physical damage).

**Infrastructure Assets**

These are assets where ownership cannot be transferred and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and drainage facilities.

**Intangible Assets**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

**International Financial Reporting Standards ('IFRS')**

International Financial Reporting Standards are principles-based Standards, Interpretations and the Framework adopted by the International Accounting Standards Board ('IASB').

**Inventories (formerly Stocks)**

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

**Investments**

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

**Liability**

A liability is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources. A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which is expected to be settled within 12 months.
- A non-current liability is an amount which is expected to be settled after more than 12 months.

**Liquid Resources**

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

**Local Authority (Scotland) Accounts Advisory Committee ('LASAAC')**

The CIPFA/LASAAC Local Authority Code Board is established as a standing committee of CIPFA and LASAAC for the purpose of preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting

**Long-Term Contract**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

**Major Repairs Allowance**

A revenue grant received as part of the Authority's Housing Subsidy used to finance major housing repairs.

**Major Repairs Reserve**

The Major Repairs Reserve (MRR) is a reserve established in 2001/02 to which the Council's Major Repairs Allowance is transferred. The balance on the MRR is used to finance major housing repairs in future years.

**Materiality**

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

**Minimum Revenue Provision ('MRP')**

This is the minimum amount that must be charged to the Council's revenue account each year to provide for the repayment of loans used to finance capital expenditure.

**Net Book Value ('NBV')**

The amount at which Property, Plant & Equipment are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

**Net Current Replacement Cost**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset

**Net Debt**

The Authority's borrowings less cash and liquid resources

**Net Expenditure**

Gross expenditure less specific grants and income for charging for services

**Net Realisable Value**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

**Non-Current Assets**

These are tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

**Non-Distributed Costs**

These are overheads for which no user benefits and as such are not apportioned to services

**Non-Domestic Rates**

These are business rates collected locally by the Council but paid into a national pool. The rates are subsequently redistributed by the Government as a grant to fund local authority services.

**Operating Lease**

A lease other than a finance lease. This method of financing assets, which allows the council to use, but not own an asset in exchange for rental payments, but where the risks and rewards of ownership are not substantially transferred.

**Operational Assets**

These are non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a responsibility.

**Post Balance Sheet Events**

Those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed and authorised for issue by the responsible financial officer.

**Precept**

The proportion of total Council Tax that is due to local parishes and various authorities e.g. the Police, Fire and Rescue Authorities and which is collected on their behalf by the council.

**Prior Year Adjustments**

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

**Private Finance Initiative**

A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset and which traditionally have been provided by the Council. The Council will pay for the provision of this service, which is linked to availability, performance and levels of usage.

**Property, Plant & Equipment**

These are tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

**Provisions**

Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.

**Prudence Concept**

Requires that revenue is not anticipated until realisation can be assessed

Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.

**Public Works Loan Board ('PWLB')**

A Government agency that provides long-term loans to local authorities at interest rates lower than prevailing market rates. The Council is able to borrow a proportion of its capital financing requirement from this source.

**Rateable Value**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

**Recharges**

The transfer of costs within the Council from one account to another to reflect work undertaken on behalf of another service

**Related Party**

For the Council's purposes, related parties are deemed to include the elected Members of the Council and their partners; the Chief Officers of the Council and the companies in which the Council has an interest.

**Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

**Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

**Residual Value**

The net realisable value of an asset at the end of its useful life

**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.

**Revaluation Reserve**

Records unrealised revaluation gains arising (since 1 April 2007) from holding Non- Current Assets

**Revenue Contributions**

A method of financing capital expenditure through the Comprehensive Income and Expenditure Statement

**Revenue Expenditure**

Expenditure on the day-to-day running costs of services (e.g. employees, premises, supplies and services).

**Revenue Support Grant ('RSG')**

This is a Government grant paid to the Council to finance the Council's general expenditure. It is based on the Government's assessment of how much an Authority needs to spend in order to provide a standard level of service.

**Ring Fencing**

This refers to the statutory requirement that certain accounts such as the Housing Revenue Account must be maintained separately from the General Fund services.

**Royal Institute of Chartered Surveyors ('RICS')**

The Royal Institute of Chartered Surveyors is the world's leading professional body for qualifications and standards in land, property and construction

**Service Reporting Code of Practice ('SeRCOP')**

The Service Reporting Code of Practice is published by the Chartered Institute of Public Finance and Accountancy ('CIPFA') and provides guidance for accounting and defines the cost data for performance indicators (replaces the Best Value Accounting Code of Practice ('BVACOP'))

**Specific Government Grants**

These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.

**Temporary Borrowing**

Money borrowed for a period of less than one year.

**Termination Benefits**

These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

**Trust Funds**

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors

**Urgent Issues Task Force ('UTIF')**

The main role of the Urgent Issues Task Force is to assist the Accounting Standards Board where unsatisfactory or conflicting interpretations have developed

**Useful Life**

The period over which the council will derive benefits from the use of a fixed asset

**Work In Progress (WIP)**

The cost of work performed on an uncompleted project at the end of the financial year.

**Working Balances**

This represents the accumulated surplus (excess of income over expenditure) on the Council's revenue accounts (i.e. General Fund and Housing Revenue Account).



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DONCASTER METROPOLITAN COUNCIL**

### **Opinion on the financial statements**

I have audited the financial statements of Doncaster Metropolitan Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Doncaster Metropolitan Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

### **Respective responsibilities of the Director of Finance and Corporate Services and auditor**

As explained more fully in the Statement of the Director of Finance and Corporate Services Responsibilities, the Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Corporate Services; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view of the financial position of Doncaster Metropolitan Council as at 31 March 2012 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

### **Opinion on other matters**

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects

### **Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### **Respective responsibilities of the Authority and the auditor**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

#### **Basis of conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

#### **Conclusion**

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Doncaster Metropolitan Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

**Delay in certification of completion of the audit**

I cannot formally conclude the audit and issue an audit certificate until I have completed the work necessary to issue my assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. I am satisfied that this work does not have a material effect on the financial statements or on my value for money conclusion.

**Paul Lundy**

**Officer of the Audit Commission.**

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28 September 2012