

Supplementary Papers

Audit and Governance Committee

held in the Guildhall, Abingdon
on Wednesday 12 January 2011 at 6.30pm

Open to the public including the press

9. **Statement of accounts 2009/10 - complying with the new international financial reporting standards**
(Pages 2 - 21)
To consider report 91/10 of the Head of Finance.

Audit & Governance Committee – 12 January 2011



Report of **Head of Finance**

Report No. 91/10

Author: **Bob Watson**

Telephone: **01235 540426**

E-mail: **bob.watson@southandvale.gov.uk**

Executive member responsible: **Councillor Richard Webber**

Telephone: **01235 534001**

E-mail: richard.webber@whitehorsedc.gov.uk

To: AUDIT and GOVERNANCE COMMITTEE

DATE: 12 January 2011

Wards Affected
All

International Financial Reporting Standards (IFRS) – Restated 2009/10 accounts

Recommendation

(a) That Audit and Governance note the content of the report and approve the restated 2009/10 accounts for audit.

Purpose of Report

1. This report updates the committee on progress towards complying with International Financial Reporting Standards (IFRS).

Strategic Objectives

2. Sound financial management is central to the strategic objective of managing our business effectively. A full understanding of the transactions involved in the production of the Council's annual financial statement and their transfer into a revised format supports the transparency of process whilst conforming to Government requirements on accounting practice.

Work undertaken since September

3. At the audit and corporate governance committee on 15 September 2010 members were informed that work would begin on restating the 2009/10 accounts in IFRS format once the final accounts work for that year was complete.
4. To enable the council to produce IFRS compliant accounts the following tasks had to be completed:
 - Restatement of the opening balance sheet as at 1 April 2009 to comply with IFRS; and
 - Restatement of the 2009/10 financial statements to provide comparators for the 2010/11 accounts.
5. Since the September meeting both tasks have been completed and this report details the changes that were required to be made.

Restated opening balance sheet

Background

6. A requirement of first time adoption of IFRS is that the opening balance sheet of the comparative period is restated under IFRS, hence the need to restate the 1 April 2009 balance sheet. The 2010/11 accounts will have three balance sheets, dated 1 April 2009, 31 March 2010 and 31 March 2011, all on an IFRS basis. Restatement of the opening balance sheet is therefore the first major task for IFRS compliance.
7. A copy of the council's audited balance sheet for 2009/10 is attached as appendix A. The opening balances for 2009/10 were restated during the 2009/10 closedown on account of the change in accounting policy for council tax. The re-stated balances as at 31st March 2009 are now further restated to provide a balance to use as from 1st April 2009 under IFRS accounting policies. This is the starting position to be used to closedown the accounts for 2009/10 in IFRS format and amend the general ledger so that a full IFRS account can be produced for 2010/11.
8. The process of doing this will also act as an opportunity for members and officers to fully understand the changes required so that by June 2011 the new format of the accounts should not present significant difficulties.

Adjustments required by IFRS

9. A copy of the changes required to be made to the balances as at 31 March 2009 to provide opening balances as at 1 April 2009 is attached as appendix B. Explanation of the changes made is provided below.

INTANGIBLE ASSETS

10. The definition of intangible assets has been extended. The 2009 Statement of Recommended Practice (SORP), included the following statement:
"Internally developed intangible assets should only be capitalised where there is a readily ascertainable market value, which is unlikely to occur in a local authority's single entity financial statements."

11. The new IFRS-based code contains no such restriction. Consequently, expenditure in previous years, for example in relation to in-house computer software development, may need to be accounted for as an intangible asset. However, no significant expenditure has been incurred by the council on computer software development or other intangible assets and consequently this balance remains unchanged.

COLUMN 1 – ASSETS HELD FOR SALE

12. Assets held for sale in the council's balance sheet did not previously require a depreciation charge because the notion of "useful life" over which an asset could be depreciated was inapplicable.
13. Under the old code, assets held for sale were shown together with fixed assets. Under IFRS, assets held for sale are shown under current assets. To be classified as an asset held for sale, the asset must conform to the following:
1. Management is committed to a plan to sell the asset and an active programme has been initiated to locate a buyer and complete the plan; and
 2. The asset is being actively marketed at a sale price that is reasonable in relation to its current fair value; and
 3. A completed sale is expected within one year from the date of classification (although this period may be extended if any delay is caused by circumstances beyond the entity's control); and
 4. It is unlikely that there will be any significant changes to the plan or that the plan will be withdrawn.
14. The council had one asset classified as "held for sale" which was "highly probable" within one year and this has been re-classified as a current asset. This asset did not fully complete within the year as expected but did complete in early 2010/11.

COLUMN 2 – INVESTMENT ASSET RECLASSIFICATION

15. A check has been done on all investment properties, previously categorised as non-operational assets, to ensure that they meet one or the other or both of the following criteria:
1. The asset (generally property and/or land) is held to earn rentals, and/or
 2. The asset is held for capital appreciation.
16. The council's Valuer has confirmed that six assets totalling £439,000 did not meet the category of investment asset and were transferred to Land and Buildings.

COLUMN 3 – INVESTMENT PROPERTY - TREATMENT OF REVALUATIONS

17. All investment assets are required to be held at 'fair value'. The definition of fair value is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction". The fair value of investment land and property reflects the market conditions at the end of the reporting period. This means that these assets are required to be reviewed and revalued on an annual basis rather than as a part of the five year review programme for other council assets.

18. IFRS require that any gains or losses arising from a change in the fair value of investment assets should be recognised within the profit or loss for the period in which it arises. This means that any revaluation gains which had previously been transferred to a revaluation reserve will need to be reversed and treated as a gain to the comprehensive income and expenditure account. Because this gain must not impact on the charge to council tax payers this amount is then reversed out of the general fund and transferred to a non-useable reserve, the capital adjustment account.
19. During 2008/09 Napier Court was revalued by £195k. This amount was transferred to the Revaluation Reserve. Consequently the opening balance needs adjustment by moving this amount from the revaluation reserve to the capital adjustment account.

COLUMN 4 - REVIEW OF LEASE ARRANGEMENTS

20. The council acts as lessor on a number of investment properties and other land and buildings. To a more limited extent the council is lessee of items of equipment. The requirements of the IFRS code in respect of lease classification are different to those of the 2009 SORP.
21. Under IFRS, where a lease is a lease of property, the land and buildings elements are considered separately for the purpose of lease classification. Under the previous SORP, both elements would have been considered together. Under the IFRS the land has an indefinite economic life. Consequently the land element is normally classified as an operating lease. The property element needs reviewing against set criteria to clarify whether it should be treated as a finance or operating lease.
22. However, investment property leases are treated differently in that separate measurement of the land and buildings elements is not required when the lessee's interest in both land and buildings is classified as an investment property. Likewise investment properties are treated by the council (lessor) as operating leases because in no circumstances would the council let an investment lease whereby the value of the asset was required to be written out of the balance sheet over the period of the lease.
23. For the property elements of leases on assets not classified as investment properties, the criteria used to determine whether the lease is an operating or finance lease are as follows:
1. The lease transfers ownership of the asset to the lessee by the end of the lease term;
 2. The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised;
 3. The lease term is for the major part of the economic life of the asset;
 4. The present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset, and
 5. The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

24. If one or more of these tests are met then the lease is treated as a finance lease. All other leases are treated as operating leases.
25. These criteria are different from those adopted previously, and how a lease is classified impacts on where income from leases is recognised in the accounts. If, for example, an asset held on the balance sheet as an operating lease was re-classified as being a finance lease, then the asset would be derecognised on the balance sheet and a long-term debtor would be recognised in its place. All the subsequent income would be used to write out the debtor rather than as income to the comprehensive income and expenditure account as is currently the case.
26. A full review of the council's operating leases on land and buildings and equipment has been carried out and no re-designation of lease classification has been required.
27. Members will recall that completion of the council's 2009/10 Statement of Accounts included the early adoption of the IFRS Interpretations Committee Update 12 (IFRIC 12), which concerns "service concession arrangements". Under the requirements of IFRIC 12, it is possible that the assets of contractors providing services on behalf of councils may need to be brought onto the balance sheets of councils, where those assets are used primarily or solely on activities on behalf of those councils as, in accounting terms, those councils are effectively leasing the assets from the contractor. A review of the council's contracts determined that no assets need to be brought on to the balance sheet.
28. Finally, the review of council contracts identified no leases which should be considered "embedded leases". This is defined as being where a contractor is using an asset or a group of assets solely for the use by the council and the council contract would be deemed to consume the full economic life of those assets. This may for example apply to the use of waste collection vehicles. However, the current joint contract with South Oxfordshire District Council (SODC) means that waste vehicles fail the sole usage test.

COLUMNS 5 to 10 – CAPITAL GRANTS

29. IFRS requires the council to recognise all capital grants and contributions through the comprehensive income and expenditure statement once any conditions have been met. This is a change to accounting policy and the opening balances must be re-stated.
30. Grant income of £737,000 previously categorised as receipt in advance was re-stated as revenue grant income with no specific conditions of return but earmarked for specific uses within the budgeting process and transferred to earmarked reserves (Column 5).
31. An amount of £357,000 which had previously been held as a receipt in advance and which was identified as a commuted sum was transferred to the general fund. This amount consisted of a build up of contributions donated by developers to the council to assist with the ongoing maintenance of public spaces in private developments. The council has the ongoing commitment to fulfil its obligations and there is no clear requirement to return the funding if the obligation is not met. The information available at the time the council receives the money is that they will continue to meet their obligation and therefore these funds should be taken

directly to the income and expenditure account in the year in which they are received (Column 6).

32. Developers' contributions were previously held in the creditors line of the account. They remain as liabilities within the accounts because they usually have a condition attached to them – if they are not spent according to the agreement the developer may seek to recover them. These have been transferred to a Capital grants receipts in advance line. Consequently, they are defined as capital grants receipts in advance - £405,000 (Column 7).
33. An amount of £132,000 of earmarked reserve relating to the collection fund was re-stated as the collection fund adjustment account in unusable reserves (Column 8).
34. There has also been an impact on the practice of maintaining a deferred capital grant account. Deferred grants were those grants which had been received previously and which had been spent but not fully allocated to the cost of the asset – instead the grant was allocated to the funding of the asset annually through funding the depreciation cost over the lifetime of the asset. IFRS requires that all grants categorised as deferred grants are immediately allocated to the comprehensive income and expenditure account and reversed out to the capital adjustment account. The capital grants deferred line in the balance sheet of £3,772m was consequently transferred to the non usable reserve capital adjustment account (Column 9).
35. The council previously had a balance of £180,000 as capital grants unapplied. This was held as a liability in the top part of the balance sheet. This has now been re-classified as a usable reserve – capital grants unapplied - in the equity section of the balance sheet since no conditions are attached to its use and there is no possibility of it being reclaimed by the donor (Column 10).

COLUMN 11 - CASH AND CASH EQUIVALENTS

36. Previously, the only amounts considered to be cash in the balance sheet were balances at the bank and petty cash. IFRS introduces the concept of cash equivalents as a change in accounting policy that requires a restatement of the opening balances.
37. Cash equivalents are defined as 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.
38. Officers have defined an accounting policy for what they consider to be cash equivalents. This is attached as appendix C. As a result of the adoption of this policy, £20.75 million has been reclassified from short term investments to cash and cash equivalents. The policy adopted will be reviewed and discussed with the external auditor when the restated balance sheet is audited. In the event that the policy needs to be amended, then a further, self-balancing transfer will need to be made between short term investments and cash and cash equivalents.

COLUMN 12 – SHORT TERM COMPENSATED ABSENCES ACCOUNT

39. The term “short term compensated absences” includes items such as holiday pay and annualised hours accumulated balances. Under IFRS the council must make provision for benefits which have accumulated but are untaken at the balance

sheet date. As this cost is not chargeable to the council tax payer, the amount is reversed out of the general fund and transferred to a new reserve, the short-term accumulating compensated absences reserve.

40. At Vale of White Horse the implementation of HR Pro has meant that data on untaken annual leave and accrued annualised hours is available from that system. The provision for accumulated absences of £105,000 has been included in the balance sheet.
41. However, harmonisation with SODC changes the leave year start date of 1st April to the employee start date. This will mean that data can no longer be taken straight from HR Pro. Currently the Chief Accountant at SODC is in discussion with the council's external auditors and HR to identify a suitable methodology to be able to identify the provision for the future. It should also be noted that for future years the calculation will become more complex as a result of the increase in shared working with SODC. This is also under discussion with the external auditors.

COLUMN 13 – TERMINATION BENEFITS

42. Previously the council had been able to account for termination benefits (e.g. added years on early retirement) over the period in which the payment was due – i.e. over a five year period. With the implementation of IFRS the liability for future year's payments must be recognised in the year in which they are incurred and a defined benefit obligation set up to represent the liability.
43. A total of £222,000 was incurred during 2008/09 and transferred to the defined benefit obligation.

Restated Balance Sheet 2009/10 and opening balances

44. Once the opening balances and the methodology required to restate the opening balances has been identified, further work was undertaken to restate the transactions undertaken through 2009/10 so that the closing balances also conform to IFRS.
45. This procedure took the same form as previously described in paragraphs 10 – 43. A copy of the revised balance sheet in the new IFRS format is attached as appendix D. Members will note that the impact on the balance sheet has been to increase the Council's worth as at 31 March 2010 by £4.3 million. The majority of this increase (£3.8m) is as a consequence of recognising all grant received for the purchase of assets as at the 1 April 2009 instead of using it to purchase the assets over the lifetime of those assets.

Restated Primary Statements for 2009/10

46. In order to provide comparators for the 2010/11 Statement of Accounts in IFRS format the remaining following primary statements also need to be restated and represented in the following IFRS format and order.

MOVEMENT IN RESERVES STATEMENT – Appendix E

47. The Movement in Reserves Statement (MiRS) is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It does this by analysing:
- The increase or decrease in the net worth of the authority as a result of incurring expenses and generating income.
 - The increase or decrease in the net worth of the authority as a result of movements in the fair value of its assets.
 - Movements between reserves to increase or reduce the resources available to the authority according to statutory provisions.
48. In the SORP Statement of Accounts for 2009/10 the MiRS appears on page 57.
49. In the IFRS primary statement the total of the Authority's reserves is split between:
- Usable reserves – General fund, earmarked reserves, capital receipts reserve and capital grants unapplied reserves, and
 - Unusable reserves – these are the adjustment accounts and any reserve accounts that cannot be used to fund the council's ongoing commitments.
- Whilst the summary level report doesn't identify all the different funds and reserves, notes to the Statement will be required to show the detail to readers. (NB Appendix E can be expanded to show the detail.)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – Appendix F

50. The comprehensive income and expenditure statement (CIES) consolidates all the gains and losses experienced by the council during the financial year. As a public body, the council does not have any equity in its balance sheet, the gains and losses reconcile to the overall movement in net worth. The total recognised gains and losses for the year is calculated to be £15.794 million deficit. This is reflected by the downward movement on the balance sheet of net value £52.934 million as at 1 April 2009 to £37.140 million as at 31 March 2010.
51. The CIES has two sections:
- Surplus or deficit on the provision of services – the increase or decrease in the net worth of the authority as a result of incurring expenses and generating income.
 - Other comprehensive income and expenditure – shows any changes in net worth which have not been reflected in the surplus or deficit on the provision of services. Examples include the increase or decrease in the net worth of the authority as a result of movements in the fair value of its assets and actuarial gains or losses on pension assets and liabilities.
52. Appendix F summarises the key figures and shows the difference between the SORP income and expenditure account and the IFRS comprehensive income and expenditure statement. (NB Appendix F can be expanded to show the detail of the movements and comparison between SORP and IFRS).

BALANCE SHEET – Appendix D

53. The balance sheet summarises an authority's financial position at 31 March each year. In its top half it contains the assets and liabilities that it holds or has accrued

with other parties. As local authorities do not have equity, the bottom half is comprised of reserves that show the council's net worth falling into two categories:

- Usable reserves, which include the revenue and capital resources available to meet future expenditure, and
- Unusable reserves, which include unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment in the revaluation reserve; and, adjustment accounts that absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure (e.g. the capital adjustment account and the pensions reserve).

As the revaluation reserve was only constituted on 1 April 2007, any revaluation gains accrued before that date were consolidated into the capital adjustment account. So the revaluation reserve doesn't truly represent the accumulated total of revaluation gains for a number of years and the two types of accounts are therefore presented as a single category of balances – unusable reserves.

54. Paragraphs 9 – 43 itemised the adjustments to the council's opening balances. Further adjustments made to the balance sheet with regard to the closing balances are detailed on Appendix D (ii).

CASH FLOW STATEMENT – Appendix G

55. The cash flow statement summarises the flows of cash that have taken place into and out of the authority's bank accounts over the financial year. It separates the flows into:

- Those that have occurred as a result of the authority's operations;
- Those arising from the authority's investing activities;
- Those attributable to financing decision.

56. There are two methods of preparing the Cash Flow Statement:

- The direct method – the statement is prepared using cash records as source documents. The Council has previously used this method.
- The indirect method – the statement is prepared using the surplus or deficit on the provision of services and cash flows are derived by adjusting for non-cash items, removing the effects of accruals and extracting transactions relating to investing or financing activities.

57. The council is required to use the indirect method for another government return – the Whole of Government Accounts, and will therefore use the indirect method in its statement of accounts.

58. Paragraphs 36 – 38 and appendix C refer to the changed definition of cash and cash equivalents. Cash and cash equivalents on the balance sheet move from £20.931 million at 1 April 2009 to £15.908 million at 31 March 2010. This represents a decrease of £5.023 million.

59. Appendix G can be expanded to show the detail of the non cash movements that have been removed from the deficit on the net revenue activities.

Restated Notes to the Statement of Accounts

60. A number of the notes relating to the statement of accounts will need revision as a result of the changes to provide comparators for the IFRS 2010/11 Statement.

FIXED ASSET NOTE – Appendix H

61. The Movement of Fixed Assets note 16 to the accounts has been amended in line with the reclassification of asset types.

62. Any further notes will be reviewed and updated as required following further discussions with the council's auditors.

Financial Implications

63. The financial implications are as set out in the body of the report.

Legal Implications

64. None.

Other Implications

65. There are no human resources, sustainability, equality or diversity implications of this report.

Conclusion

66. This report provides details of the changes required to be made to the Primary Statements within the Statement of Accounts 2009/10 to comply with the requirements of IFRS.

Background Papers:

1. CIPFA – draft guidance extracts
2. International Accounting Standards 16, 17, 19, 20, 36, 38, 40
3. International Financial Reporting Interpretations Committee 4, 12
4. Audited Statement of Accounts for 2009/10 completed under the Statement of Recommended Practice.

APPENDIX A

BALANCE SHEET (as at 31 March 2010)

2008/09	2008/09 Restated*		2009/10	
£'000	£'000		£'000	£'000
		FIXED ASSETS		
167	167	Intangible Fixed Assets		127
		Tangible Fixed Assets		
		Operational Assets		
34,462	34,462	Land and Buildings:	33,510	
907	907	Vehicles, Plant, Furniture & Equipment	1,115	
95	95	Infrastructure Assets	79	
1,488	1,488	Community Assets	1,504	
36,952	36,952			36,208
		Non-Operational Assets:		
27,626	27,626	Investment properties	29,501	
3,200	3,200	Surplus assets held for disposal	3,200	
30,826	30,826			32,701
		Other		
		Long Term Investments	740	
116	116	Long Term Debtors	118	
				858
68,061	68,061	Total Fixed Assets		69,894
		NET CURRENT ASSETS		
		Current Assets:		
116	116	Stocks and Work in Progress	20	
6,998	4,690	Debtors	4,851	
20,567	20,567	Temporary Investments	15,897	
363	363	Cash and Bank	11	
28,044	25,736			20,779
		Current Liabilities:		
(10,947)	(8,640)	Creditors due within 1 year	(6,520)	
(3,000)	(3,000)	Short Term Borrowing	(2,700)	
(13,947)	(11,640)			(9,220)
82,158	82,158	Total Assets less Current Liabilities		81,453
		LONG TERM LIABILITIES		
(3,772)	(3,772)	Capital Grants Deferred – Applied	(3,753)	
(180)	(180)	Capital Grants Unapplied	(134)	
(3,952)	(3,952)			(3,887)
(29,990)	(29,990)	Liabilities Relating to Defined Pension Scheme		(44,766)
48,216	48,216	TOTAL ASSETS LESS LIABILITIES		32,800

APPENDIX A

FINANCED BY:

(63,887)	(63,887)	Capital Adjustment Account	(64,812)
249	249	Financial Instruments Adj. Account	0
(308)	(308)	Revaluation Reserve	(494)
29,990	29,990	Pension Reserve	44,766
(11,139)	(11,139)	Capital Receipts Reserve	(9,776)
(32)	(32)	Deferred Capital Receipts	(25)
(45,127)	(45,127)		(30,341)
		Ring-Fenced & General Reserves	
(707)	(839)	Earmarked Reserves	(697)
(2,250)	(2,250)	General Fund Balance	(1,762)
(132)	0	Collection Fund A/c	0
(3,089)	(3,089)		(2,459)
(48,216)	(48,216)	TOTAL NET WORTH	(32,800)

Definition of cash and cash equivalents

South Oxfordshire District Council & Vale of White Horse District Council

1. Cash and cash equivalents shall include bank overdrafts that are an integral part of the authority's cash management.
2. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.
3. There are no strict criteria to follow relating to the nature and maturity of items treated as cash equivalents and therefore the council has determined that the composition of cash equivalents will be as follows:
 - Investments that can be liquidated or accessed within 30 days i.e. money market funds, call accounts, and deposit accounts with a notice period of 30 days or less; and
 - Fixed term deposits with a maturity period of thirty days or less.
4. Equity investments are excluded from the definition.

VALE of WHITE HORSE - RE-STATE BALANCE SHEET MARCH 2009 - 1ST APRIL 2009

	Restated 31st March 2009	Adjustments required under IFRS adoption													1st April 2009	
		COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7	COL 8	COL 9	COL 10	COL 11	COL 12	COL 13		
		Assets held for sale (market value)	Investment asset reclassification	Investment asset treatment of revaluations	Review of lease arrangements	Receipts in advance to earmarked reserves	Receipts in advance to general fund	Receipts in advance to S106 Capital grants receipts in advance	Earmarked reserve to collection fund adj account	Capital grants deferred applied to capital adjustment.	Capital grants unapplied from current liabilities to usable reserves	Cash and cash equivalents	Short term compensated absences	Termination benefits		
Fixed assets																Assets
																Non-current assets
Intangible assets	167															167 Intangible assets
Tangible fixed assets																0
Operational assets																0 Property, plant and equipment
Land and buildings	34,462		439		0											34,901 Land and buildings
Vehicles and plant	907				0											907 Vehicles, plant, furniture & equipment
Community assets	1,488															1,488 Community assets
Infrastructure assets	95															95 Infrastructure assets
Non operational assets																0
Investment property	27,626		(439)													27,187 Investment property
Assets u construction	0															0
Surplus assets held for dispos	3,200	(3,200)														0
																0
Total fixed assets	67,945	(3,200)	0	0	0	0	0	0	0	0	0	0	0	0	0	64,745
Long Term Investments	0															0 Financial assets
Long Term Debtors	117															117 Long term investments (including net pensions)
																0 Long Term Debtors
Total long term assets	68,062	(3,200)	0	0	0	0	0	0	0	0	0	0	0	0	0	64,862
Current assets																Current assets
Stock	116															116 Inventories
Debtors	5,605															5,605 Short-term debtors
less bad debt provision	(915)															(915) less bad debt provision
Investments	20,567											(20,750)				(183) Short-term investments (less call ac balance)
Cash in hand	363											20,750				21,113 Cash and cash equivalents
		3,200														3,200 Assets held for sale (within 1 year)
	25,736	3,200	0	0	0	0	0	0	0	0	0	0	0	0	0	28,936
Current liabilities																Current liabilities
Creditors	(8,640)					737	357	405								(7,141) Short-term creditors

		Adjustments required under IFRS adoption														
	Restated 31st March 2009	COL 1 Assets held for sale (market value)	COL 2 Investment asset reclassification	COL 3 Investment asset treatment of revaluations	COL 4 Review of lease arrangements	COL 5 Receipts in advance to earmarked reserves	COL 6 Receipts in advance to general fund	COL 7 Receipts in advance to S106 Capital grants receipts in advance	COL 8 Earmarked reserve to collection fund adj account	COL 9 Capital grants deferred applied to capital adjustment.	COL 10 Capital grants unapplied from current liabilities to usable reserves	COL 11 Cash and cash equivalents	COL 12 Short term compensated absences	COL 13 Termination benefits	1st April 2009	
Short term borrowing	(3,000)												(105)		(3,000)	Short-term borrowing
														(222)	(105)	Provision for accumulated absences
														(222)	(222)	Defined benefit obligation
	(11,640)	0	0	0	0	737	357	405	0	0	0	0	(105)	(222)	(10,468)	Total current liabilities
																Long-term liabilities
Capital grants deferred - applied	(3,772)									3,772					0	Capital grants deferred - applied
Capital grants unapplied (liability)	(180)							(405)			180				0	Capital grants receipts in advance
Net pension liability	(29,990)														(29,990)	Net pension liability
	(33,942)	0	0	0	0	0	0	(405)	0	3,772	180	0	0	0	(30,395)	Total long-term liabilities
Net assets	48,216	0	0	0	0	737	357	0	0	3,772	180	0	(105)	(222)	52,935	Net assets
Financed by:																
											(180)				(180)	Capital grants unapplied account
Usable capital receipts reserve	(11,139)														(11,139)	Usable capital receipts
Balances - general fund	(2,250)						(357)								(2,607)	General fund balances
Earmarked reserves	(839)					(737)			132						(1,444)	Earmarked reserves
Balances - collection fund	0														0	
Revaluation reserves	(308)			195											(113)	Revaluation reserve
Financial instrument adjustment	249														249	Financial instrument adjustment account
Capital adjustment account	(63,887)			(195)					(132)	(3,772)					(67,854)	Capital adjustment account
															(132)	Collection Fund adjustment account
Pensions reserve	29,990													222	30,212	Pensions reserve
Deferred capital receipts reserve	(32)														(32)	Deferred capital receipts reserve
													105		105	Short-term accumulating compensated absences adj acc
Total reserves	(48,216)	0	0	0	0	(737)	(357)	0	0	(3,772)	(180)	0	105	222	(52,935)	Total reserves

Vale of White Horse
IFRS Balance Sheet - As at 31st March 2010

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 show in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

1 April 2009	31 March 2010		31 March 2011
£000s	£000s		£000s
34,902	33,942		
907	1,115		
1,488	1,504		
91	0		
95	79		
37,482	36,640	Property, plant and equipment	
27,187	29,006	Investment property	
167	128	Intangible Assets	
0	0	Assets held for sale (after 1 year)	
0	740	Long term investments	
170	173	Long term debtors	
65,006	66,686	Long term assets	
0	0	Short term investments	
24	20	Inventories	
4,161	5,635	Short term debtors	
3	3		
360	9		
20,567	15,897		
20,931	15,908	Cash and cash equivalents	
3,200	3,257	Assets held for sale (within 1 year)	
28,316	24,819	Current assets	
0	0	Cash and cash equivalents	
(3,000)	(2,700)	Short term borrowing	
(4,464)	(3,101)	Short term creditors	
(1,020)	(1,087)	Current Provisions	
(423)	(508)	Receipts in advance	
(222)	(259)	Defined benefit obligation	
(9,129)	(7,655)	Current liabilities	
(864)	(1,219)	Long term creditors	
0	0	Provisions	
0	0	Long term borrowing	
(29,990)	(44,766)	Other long term liabilities	
(405)	(725)	Capital grants receipts in advance	
(31,259)	(46,711)	Long term Liabilities	
52,934	37,140	Net assets	
(15,369)	(13,073)	Usable reserves	
(37,452)	(23,953)		
(113)	(113)		
(37,565)	(24,066)	Unusable reserves	
(52,934)	(37,140)	Total reserves	

**IFRS Vale of White Horse
Movement in Reserves Statement
For the year ended 31 March 2010**

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie 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 true economic cost of providing the authority's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance and 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.

Vale of White Horse District Council	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2009	2,607	1,443	11,139	180	15,369	37,565	52,934
Movement in reserves during 2009/10							
Surplus or (deficit) on provision of services	(2,116)		0	0	(2,116)	0	(2,116)
Other Comprehensive Expenditure and Income		0	0	0	0	0	0
Total Comprehensive Expenditure and Income	(2,116)	0	0	0	(2,116)	0	(2,116)
Adjustments between accounting basis & funding basis	1,807	0	0	0	1,807	0	1,807
Net Increase/Decrease before Transfers to Earmarked R	(309)	0	0	0	(309)	1,371	1,062
Transfers to/from Earmarked Reserves	(134)	(443)	(1,362)	(46)	(1,985)	(14,871)	(16,856)
Increase/(Decrease) (movement) in Year	(443)	(443)	(1,362)	(46)	(2,294)	(13,500)	(15,794)
Balance at 31 March 2010 carried forward	2,164	1,000	9,777	134	13,075	24,065	37,140

**SO Income and Expenditure Account
For the year ended 31 March 2010**

**IFRS Comprehensive Income and Expenditure Statement
For the year ended 31 March 2010**

		SORP 31 March 2010			IFRS 31 March 2010		
		£000s Expenditure	£000s Income	£000s Net	£000s Expenditure	£000s Income	£000s Net
Central services to the public	Central services to the public	8,342	(6,901)	1,441	8,342	(6,901)	1,441
Cultural, environmental, regulatory and planning services	Cultural, environmental, regulatory and planning services	15,062	(4,251)	10,811	15,062	(4,251)	10,811
Highways and transport services	Highways and transport services	1,697	(989)	708	1,697	(989)	708
Other housing services	Other housing services	25,069	(22,992)	2,077	25,069	(22,992)	2,077
Corporate and democratic core	Corporate and democratic core	1,781	(397)	1,384	1,781	(397)	1,384
Non distributed costs	Non distributed costs	0	(2)	(2)	163	(2)	161
Cost Of Services	Cost Of Services	51,951	(35,532)	16,419	52,114	(35,532)	16,582
Other Operating Expenditure	Other Operating Expenditure	2,524	(19)	2,505	2,524	(19)	2,505
	Financing and Investment Income and Expenditure	4,442	(5,563)	(1,121)	4,442	(5,793)	(1,351)
Net Operating Expenditure	Profit or loss on Discontinued Operations	0	0	0	0	0	0
	Taxation and Non-Specific Grant Income	0	(15,620)	(15,620)	0	(15,620)	(15,620)
(Surplus)/Deficit for the year	(Surplus) or Deficit on Provision of Services			2,183			2,116
Statement of Total Recognised Gains and Losses							
(other gains and losses in its Balance Sheet that are not debited or credited to the Income and Expenditure)							
(Surplus) or deficit arising on revaluation of fixed assets	Surplus or deficit on revaluation of non current assets		(186)	(186)			
Unrealised gains/losses arising on revaluation of available-for-sale financial assets - Movement in the available for sale FI reserve	Surplus or deficit on revaluation of available for sale financial assets - Generally movement in Available for Sale FI's						
Actuarial (gains) and losses on pension fund assets and liabilities	Actuarial gains / losses on pension assets / liabilities	13,419	0	13,419	13,678		13,678
Total recognised gains and losses for the year	Total Comprehensive Income and Expenditure			15,416			15,794

**IFRS Vale of White Horse
Cash Flow Statement (Indirect Method)
As at 31 March 2010**

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.

31 March 2010 £000s		31 March 2011 £000s
2,116	Net (surplus) or deficit on the provision of services	
<u>(1,918)</u> 198	Adjust net surplus or deficit on the provision of services for noncash movements	
(292)	Net cash flows from Operating Activities	0
743	Investing Activities	
4,374	Financing Activities	
<u>5,023</u>	Net (increase) or decrease in cash and cash equivalents	<u>0</u>
20,931	Cash and cash equivalents at the beginning of the reporting period	
15,908	Cash and cash equivalents at the end of the reporting period	0

IFRS Vale of White Horse
Fixed Asset Note
As at 31 March 2010

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastruct ure Assets	Community Assets	Surplus Assets	PP&E Under Constructio n	Total PP&E
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2009 *	40,023	1,820	140	1,488	3,200	0	46,671
Adjustments between cost/value & depn/impairment	0	0	0	0	0	0	0
Adjusted 1 April 2009 balance	40,023	1,820	140	1,488	3,200	0	46,671
Additions *	0	473	0	16	56	0	545
Donations	0	0	0	0	0	0	0
Revaluation Increases/(decreases) to RR *	0	0	0	0	0	0	0
Revaluation Increases/(decreases) to SDPS *	0	0	0	0	0	0	0
Derecognition-Disposals	0	(27)	0	0	0	0	(27)
Derecognitions-Other	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	0	0
Other Reclassifications	0	0	0	0	0	0	0
At 31 March 2010 *	40,023	2,266	140	1,504	3,256	0	47,189
Depreciation and Impairment							
At 1 April 2009 *	(5,121)	(913)	(45)	0	0	0	(6,079)
Adjustments between cost/value & depn/impairment	0	0	0	0	0	0	0
Adjusted 1 April 2009 balance	(5,121)	(913)	(45)	0	0	0	(6,079)
Depreciation Charge *	(960)	(238)	(16)	0	0	0	(1,214)
Depreciation written out on revaluation	0	0	0	0	0	0	0
Depreciation written out to SDPS	0	0	0	0	0	0	0
Impairment losses/reversals to RR *	0	0	0	0	0	0	0
Impairment losses/reversals to SDPS *	0	0	0	0	0	0	0
Derecognition-Disposals	0	0	0	0	0	0	0
Derecognitions-Other	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
At 31 March 2010 *	(6,081)	(1,151)	(61)	0	0	0	(7,293)
Net Book Value							
At 31 March 2010	33,942	1,115	79	1,504	3,256	0	54,482
At 31 March 2009	34,902	907	95	1,488	3,200	0	52,750

* = Minimum disclosure required under the Code

RR= Revaluation Reserve

SDPS=Surplus or Deficit on the Provision of Services