



Allerdale borough council

**STATEMENT
of
ACCOUNTS**

www.allerdale.gov.uk

Year ending 31 March 2006

Independent auditor's report to the Members of Allerdale Borough Council

Opinion on the financial statements

I have audited the financial statements of Allerdale Borough Council for the year ended 31 March 2006 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

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

I report to you my opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA's guidance, 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

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

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.



Mark Heap
District Auditor
Audit Commission
Aspinall Close
Middlebrook
Horwich
Bolton
BL6 6QQ

29 September 2006

Allerdale Borough Council

Statement of Accounts 2005-06

Contents

Explanatory Foreword	5
Statement of Responsibilities	9
Statement of Internal Control.....	10
Statement of Accounting Policies	21
Consolidated Revenue Account	28
Collection Fund.....	37
Consolidated Balance Sheet	40
Statement of Total Movements In Reserves.....	58
Cash Flow Statement	60

Explanatory Foreword

1 Introduction

1.1 The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts.

1.2 The Statement of Accounts shows Allerdale's financial situation at 31 March 2006 and gives details of the Council's expenditure and income for the 2005-06 financial year. The statement has been prepared in accordance with the Code of Practice in Local Authority Accounting.

The following statements are shown:

- **Statement of Responsibilities for the Statement of Accounts** – explains the responsibilities of Allerdale Borough Council and of the Director of Finance.
- **Statement on the System of Internal Control** – sets out the arrangements put in place by the Council to administer internal control.
- **Statement of Accounting Policies** – explains the basis on which the Accounts have been prepared.
- **Consolidated Revenue Account** – compares actual expenditure and income for 2005-06 with the figures for 2004-05 for all Council services comprising the Council's General Fund.
- **Collection Fund** – shows income received and precepts made in respect of Council Tax, Community Charge and National Non-Domestic Rates.
- **Consolidated Balance Sheet** – portrays the Council's overall financial situation as at 31 March 2006. Additional information is given in the Notes that accompany the Balance Sheet.
- **Statement of Total Movements in Reserves** – shows the recognised gains and losses during the year, separated between revenue and capital reserves.
- **Cash Flow Statement** – summarises cash flows arising from the Council's Revenue and Capital transactions.

2 General Fund

2.1 The General Fund records the day-to-day running costs of the Council's services. Net General Fund expenditure is met from the following sources:

- Government Grants, consisting of:
 - 1 National Non-Domestic Rates, collected locally and redistributed nationally.
 - 2 Revenue Support Grant, payable by Central Government based on the Council's Formula Spending Share, the Government's assessment of Council requirements.
- Collection Fund, consisting of:
 - 1 Collection Fund surpluses, arising from better than expected collection rates.
 - 2 Council Tax, collected from the borough's residents.

2.2 The General Fund revenue budget for Allerdale's services was set at £12.4 million, (February 2005), taking into account a contribution of £0.7 million anticipated from Balances. In addition, supplementary estimates to the value of £65,000 were subsequently agreed during the year. Actual expenditure was £12.3 million with a contribution from Balances of £0.7 million.

2.3 The table below shows how actual expenditure for 2005-06 compared to budget, together with where the expenditure was met from:

	Budget £000	Actual £000	Variance £000
Expenditure			
Net Expenditure on Services	13,139	13,035	104
Contribution from Balances	(784)	(688)	(96)
	12,355	12,347	8
Net Parish Precepts	813	811	2
	13,168	13,158	10
Financing			
Government Grants			
National Non-Domestic Rates	2,730	2,730	0
Revenue Support Grant	5,729	5,719	10
Collection Fund			
Collection Fund Surpluses	21	21	0
Council Tax	4,688	4,688	0
	13,168	13,158	10

- 2.4 The Council is in a sound financial position, with General Fund Balances of £5.8 million at 31 March 2006, (£6.5 million at 31 March 2005). The Council's policy is to apply its balances in support of its corporate objectives.
- 2.5 The 2005-06 accounts include no significant changes in accounting policy.
- 2.6 In 2005-06 the Council agreed to act as the accountable body on behalf of Cumbria Local Authority partners for the Affordable Housing Commissioning programme across the county. A strategy was developed and Allerdale received a £4 million borrowing allocation to provide grant aid to its partner authorities and also to finance schemes within the borough. Support for the associated borrowing costs is provided through Revenue Support Grant. Actual expenditure in 2005-06 amounted to £443,000.

3 Capital Expenditure

- 3.1 Capital expenditure covers expenditure on long terms projects. The table below shows capital expenditure for all services in 2005-06 compared to budget, together with where the expenditure was met from:

	Original Budget £'000	Revised Budget £'000	Actual £'000	Variance £'000
Expenditure				
Private Sector Housing	5,536	2,362	1,564	(798)
Leisure	0	145	75	(70)
Economic Development and Property	1,791	1,449	2,154	705
Environmental Health	0	0	0	0
Coast Protection	0	0	0	0
Information Technology	0	416	411	(5)
	7,327	4,372	4,204	(168)
Financing				
Borrowing - Supported	5,353	1,863	1,395	(468)
Borrowing - Unsupported	0	6	6	0
Grants	1,622	2,026	2,450	424
Capital Receipts	243	243	243	0
Revenue	109	234	110	(124)
	7,327	4,372	4,204	(168)

4 Collection Fund

- 4.1 Council Tax and National Non-Domestic Rates are collected and paid into the Collection Fund. Payments are made from the fund to the National Business Rate Pool, (for redistribution to local authorities nationally), and to Cumbria County Council, Cumbria Police Authority, Parish Councils in the borough, and Allerdale Borough Council, (General Fund), through precepts.
- 4.2 For 2005-06 Band D Council Tax was set at £1,249.53 (excluding parish precepts), comprising the following:-

	£
Allerdale Borough Council	122.94
Cumbria County Council	971.16
Cumbria Police Authority	155.43
	1,249.53

5 Treasury Management

- 5.1 The Council used fund managers, (Scottish Widows Investment Partnership and Investec Asset Management), to manage the majority, (£20 million), of the Council's cash balance. The remaining balance was managed in-house.

Further information about the accounts is available from:

Finance Directorate
Allerdale House
New Bridge Road
WORKINGTON
Cumbria
CA14 3YJ

Statement of Responsibilities for the Statement of Accounts

Allerdale Borough Council's responsibilities

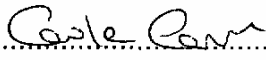
The Authority is required to:

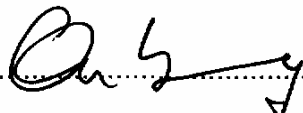
- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance.
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- approve the statement of accounts. In this authority, that function is delegated to the Audit Committee.

The Director of Finance's responsibilities

The Director of Finance is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code"), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2006.

- 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.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Signed  Dated 30 June 2006
Director of Finance

Signed  Dated 30 June 2006
Audit Committee Chairman

Statement of Internal Control 2005-06

1 Scope of Responsibility

Allerdale Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Allerdale Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Allerdale Borough Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Allerdale Borough Council's functions and which includes arrangements for the management of risk.

2 The Purpose of the System of Internal Control

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

The system of internal control has been in place at Allerdale Borough Council for the year ended 31 March 2006 and up to the date of approval of the accounts accords with proper practice.

3 The Internal Control Environment

The key elements of the internal control environment are described below.

3.1 Establishing and monitoring the achievement of the Council's objectives

- The Council has a clear vision and five year Corporate Improvement Plan (CIP) adopted in April 2006. The CIP articulates clear outcomes that the Council aims to deliver for local people and has been built upon a programme of consultation with the community and stakeholders.

- The strategic priorities in the CIP are translated through three year Strategic Plans to annual Service Plans which in turn guide the setting of individual staff objectives at annual appraisal.
- All employees have performance appraisals and training and development plans ensuring that all members of staff know what is expected of them.
- Achievement of the Council's objectives is monitored through monthly Service Performance Reports which are sent to the appropriate director and Executive member.
- Achievement against the Council's strategic priorities is reported in the annual Best Value Performance Plan.
- The Council's Corporate Management Team (CMT) meets weekly and strategic managers meet with CMT monthly. Action notes from these meetings are published on the Council's intranet.

3.2 The facilitation of policy and decision-making

- The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are to be followed to ensure that these are efficient, transparent and accountable to local people. The Council reviews its Constitution annually.
- Job descriptions and competencies for all Member roles are provided and all new Members are given effective induction training.
- The Council annually agrees a policy framework and budget, and it is the responsibility of the Executive to implement this framework under the political guidance of the Executive Leader. It is the Leader who formally takes Executive decisions, although individual Councillors on the Executive may also do so according to specified delegated powers.
- The Council has two Overview and Scrutiny Committees (O&S). They have the power to 'call-in' decisions which have been made by the Executive, but not yet implemented, to enable consideration to be given to whether such decisions are appropriate.
- The forward plan and key decisions are standard items on the agenda for the O&S committees.
- The Audit Committee has delegated responsibility for providing independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

- Apart from exempt items, all committee business is open to the public. Decisions from committees are clearly recorded and minutes are publicly available.

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

- The Council grants authority to individual Chief Officers to act on its behalf in the exercise of its powers within the 'Officer Delegation Scheme'. A written record is then maintained by each Chief Officer where decisions are devolved or delegated to other responsible staff.
- Each Chief Officer is ultimately responsible to the Council for ensuring that Financial Regulations and Council procedures are applied and observed by their staff.
- The Borough Solicitor is responsible for ensuring that all applicable statutes and regulations are complied with.
- The Council maintains an adequate and effective system of internal audit of the Council's accounting records and of its system of internal control in line with the requirement under the Accounts and Audit (Amendment) (England) Regulations 2006.
- Internal Audit evaluates the effectiveness of risk management, control, and governance processes, based on an audit risk analysis. A schedule of priorities for audit attention is developed from this. The model is devised on the basis that all risks are relative but that they can be compared by combining three factors:- the size of risk exposure; the likelihood that the risk will materialise; and the probability of the consequences being detected if the risk does materialise.
- Internal Audit carries out audit reviews of systems and services, including the main financial systems, in line with the priorities determined. Areas subject to review as part of the Internal Audit programme include the adequacy and effectiveness of systems and controls, and also compliance with policies, procedures, laws and regulations.
- Quarterly reports on audit activity are presented to the Audit Committee.
- The Council has a Code of Conduct which each elected member signs up to. Training sessions on the code are held on an annual basis.
- Registers of Financial Interest are updated within twenty-eight days of a change occurring.
- The Council's Anti Fraud and Corruption Strategy sets out the responsibilities of officers and action to be taken in cases of theft, corruption, irregularity, or when damage is suspected.
- The Confidential Reporting Code, (Whistle Blowing Policy), forms part of this Strategy which provides a mechanism for staff to report suspected wrong doings confidentially to the Monitoring Officer, Chief Executive, Internal Audit or other

appropriate officer. In the event of such an issue, an investigation would be carried out and action taken as necessary.

- Whilst the Council is not directly required to implement the requirements of the Money Laundering Regulations 2003, the Council and its officers are subject to the provisions of the Terrorism Act 2000, the Anti-Terrorism, Crime and Security Act 2001 and The Proceeds of Crime Act 2002. In order to fulfil these requirements, the Council have approved a Money Laundering Policy, which identifies the Director of Finance as the responsible officer.
- The Council has HR policies and procedures covering all aspects of good employment.
- The Council has published procedures to demonstrate compliance with the Freedom of Information Act.
- The Council operates a Complaints Procedure, which is reviewed annually, taking into account the results of consultation with complainants.

3.4 Identifying, assessing and managing the risks to the Authority's objectives

- The Council has a Risk Management Policy and Strategy in place, which CMT keep under review, and action planning for key business risks is addressed through a strategic risk profile maintained by CMT.
- Councillors are involved in determining key risks and responses and risk management is included in the councillor training programme.
- The Risk Management Policy and Strategy is reviewed and updated on a six monthly basis (and at other times when new risks are identified).
- There is an ongoing programme to roll out risk management at operational level and produce an operational risk profile that will identify significant risks that need to be raised into the strategic risk profile.
- There is a cross-departmental risk management group, which meets monthly and reports identified risks that cannot be managed at service level to the Corporate Management/Strategic Management team meeting.
- The Council's project management framework requires that risk assessments are completed for all key projects and officers are given training to enable them to manage risks effectively in projects.
- Committee reports include a reference to risk assessment on the subject matter of the report.
- Risk management software that will provide a detailed record of risks, controls, actions and responsibility is to be utilised to provide a more accessible risk register.
- The Council has adopted an Emergency Response Plan in line with new duties under the Civil Contingencies Act 2005 and plays an active role in partnership

with the County Council on County-wide emergency planning including attending regular training sessions.

3.5 Ensuring the economical, effective and efficient use of resources and the drive for continuous improvement

- The Budgetary Framework provides for overall control of Council resources, with Corporate Management Team ensuring that resources are allocated to Council priorities.
- The Council secures continuous improvement through reviews by external auditors, external agencies, Internal Audit and Best Value reviews and the annual programme of Scrutiny Committee reviews.
- Progress on efficiency is reported within the annual Best Value Performance Plan.
- There has been significant investment in staff training to ensure that services are delivered by well trained people including a management development programme for aspiring managers to develop staff and build capacity within the organisation.
- The Council seeks, and has achieved, external accreditation, quality standards and awards.
- The Council has a corporate Procurement Strategy based on the National Procurement Strategy for local government.
- A Procurement Board has been set up which monitors the Procurement Strategy and Action Plan and ensures that a corporate approach to procurement is adopted.

3.6 Financial management of the Council and the reporting of financial management

- The Director of Finance has statutory duties in relation to the financial administration and stewardship of the authority.
- The Director of Finance is responsible for: the proper administration of the Authority's financial affairs; setting and monitoring compliance with financial management standards; advising on the corporate financial position and on the key financial controls necessary to secure sound financial management; providing financial information; preparing the revenue budget and capital programme; Treasury Management.
- The Council has a ten year financial model in place which, together with the Capital Strategy, provides a clear and effective planning basis for the Council to manage its finances in the medium to long term.

- The Council's outturn position is reported annually, together with a Statement of Accounts.
- The Council's ongoing financial position, including net revenue expenditure performance in comparison to budget, capital expenditure performance in comparison to budget and Treasury Management performance, is reported to the Council's Executive on a quarterly basis.
- Regular financial monitoring reports, which compare actual expenditure to profiled budget, are issued on a monthly basis to budget holders, and the Corporate Management Team receive a monthly high level revenue report.
- The management of the Council's financial affairs is conducted in accordance with the Council's 'Financial Regulations' which are regularly reviewed and are to be subjected to a detailed review during early 2006/7.
- With regard to any report or information for Councillors, upon which decisions or consultation are to be based, each Chief Officer is responsible for ensuring that the Finance Director is consulted about any information to be included concerning the finances of the Council, its services and activities.

3.7 Performance management of the Council and the reporting of performance management

- Monthly reports against Best Value Performance Indicators (BVPIs) are submitted to Corporate Management/Strategic Management team (CMT/SMT) meetings, and a half yearly update on performance against BVPIs is considered by Executive, Overview & Scrutiny and Full Council.
- Key projects report progress monthly through the Programme Office to CMT/SMT using a traffic light system.
- Monthly performance monitoring reports on all service areas are considered by the appropriate director and Executive Member. These consider progress against plans set out in the annual service plans, some national BVPIs and some local performance indicators.
- Trend analysis reports for BVPIs are prepared on a half yearly and an annual basis.

4 Review of Effectiveness

Allerdale Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, the Executive and managers within the authority, who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the Audit Commission, and other review agencies and inspectorates, in their Annual Audit Letter and other reports.

- The Council's Annual Audit and Inspection Letter for 2004/05 was presented to the Executive on 24 May 2006. The letter states that the overall corporate governance arrangements are satisfactory in most key areas although improvements could be made to reporting risk management issues to members and in involving members in reviewing the evidence from the Statement of Internal Control. Actions are being planned to implement the agreed improvement plan and to review the level of reserves to ensure that they are not in excess of need.
- The annual Internal Audit report for 2005/06 was presented to the Audit Committee on 9 May 2006. Based on the reviews undertaken during the year, and recognising that no system of control can provide absolute assurance against material misstatement or loss, and taking into account that Internal Audit cannot give absolute assurance, the opinion of Internal Audit was that there were no fundamental issues or control weaknesses resulting in material error or discrepancies to report.

The following areas have been developed during 2005/06 to ensure the continuous improvement of the internal control environment:

4.1 **Performance management**

- The Council has begun a programme to implement a new performance management framework which includes the purchase of performance management software. A tendering process for this software took place in March/April 2006 and a supplier has now been selected.
- A Best Value Review is being carried out to examine the Council's approach to working in partnership and to develop a toolkit for the effective monitoring and evaluation of partnership working across the Council.

4.2 **Procurement**

- The Council's Procurement Strategy continues to be implemented and monitored on a regular basis. A detailed analysis of the Council's spend has enabled the authority to build up a picture of its spending trends and patterns. This will now ensure the Council can develop a robust evidence based approach to bringing in efficiencies and making improvements in its purchasing procedures and spending.
- A review of eProcurement has also been conducted and has identified where various parts of the procurement process can be conducted electronically and the Council is now preparing a Business Case to take this forward.

4.3 Scrutiny function

- An independent review of the Council's scrutiny function took place in early 2006 and an action plan for improvement is now in place.

4.4 Risk Management

- The CMT is responsible for reviewing the Council's Risk Management Policy Statement and Strategy. The Policy is to be reviewed by CMT in the coming year and will be subject to periodic review in future.
- The Council has begun work towards the development of a Business Continuity Strategy aimed at ensuring that the operations of the Council suffer only minimal, short-term disruption in the event of a serious workplace related incident such as fire, flood or utility services failure.

4.5 Business process re-engineering

- The Council is continuing a major programme of work to review and restructure front line services to effectively deliver the Customer Services Strategy. Included in this programme are a process mapping and business process re-engineering project to promote efficiency in process and procedures of services and to ensure that all processes are mapped ready for the implementation of an electronic document management system and customer relationship management system.

5 Significant Internal Control Issues

No significant control weaknesses have been brought to our attention and, based on the assurances from the above, it is our opinion that our internal control environment accords with proper practice and that our arrangements are working effectively.

6 Planned Improvements

As the Council aims to ensure continuous improvement of the internal control system, it plans to develop the following areas in 2006-07:

Issue	Action
1 Further development of the Council's procurement practices in accordance with the Procurement Strategy and Action Plan and national guidelines.	<ul style="list-style-type: none">• Develop a Business Case for e-procurement.• Develop a plan for achieving procurement efficiencies based on the spend analysis already carried out.
2 Further development of the Council's management and monitoring of partnership working.	<ul style="list-style-type: none">• Complete Best Value Review and development of best practice guide and evaluation toolkit.• Develop programme of annual review of partnerships.
3 Further development and embedding of performance management into the culture of the organisation.	<ul style="list-style-type: none">• Phased roll out of performance management software system (including system training) across the Council and key partners: July-Sept 2006.• Implement a culture change programme: July – Sept 2006.• Develop key elements of performance management framework including cyclical corporate work programme and monthly performance clinics.
4 An independent review of the Council's risk management framework and the effectiveness of its implementation was commissioned in February 2006.	<ul style="list-style-type: none">• Development and implementation of an action plan to address the findings of the risk management review.

Issue

5 Systems and processes will be reviewed across the Council to streamline service provision, improve working practices, provide system documentation and offer more effective service delivery.

6 The Fit for Purpose Review due to be completed in June 2006 may have implications for the Council's structure and therefore its internal control systems.

7 Continued work to develop Business Continuity Management for the Council.

8 Assurance that the Council has a system in place to confirm that its priorities are still appropriate.

Action

- Development of Business Process Re-engineering and Electronic Document and Records Management System.

- Process mapping to be completed on an ongoing phased basis over 2006/07 and 2007/08 to integrate systems and services into EDRMS and Customer Relationship Management System.

- Review the outcomes of the Fit for Purpose Review in relation to the Council's systems of internal control.

- Complete a Business Impact Analysis by end of July 2006.

- Carry out BCM risk assessment by Sept 2006.

- Develop a Business Continuity Strategy by Dec 2006.

- Develop Business Continuity Plans by March 2007.

- Develop and undertake an annual review of the CIP including consultation with stakeholders: Sept-Dec 2006.

7 Conclusions

On the basis of information supplied to us, we are satisfied that the Council's Internal Control arrangements are adequate and operating effectively.

Signed J. Musgrave Date 6/6/06.....
Leader of Allerdale Borough Council

Signed [Signature] Date 06/06/06.....
Chief Executive

Statement of Accounting Policies

1 General

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2005: A Statement of Recommended Practice, (the SORP), issued by the Chartered Institute of Public Finance and Accountancy, (CIPFA), and also with guidance notes issued by CIPFA on the application of accounting standards and recommended practice.

2 Fixed Assets

Fixed assets consist of both Tangible and Intangible Fixed Assets. Tangible Fixed Assets are those which have a physical substance, held for use in the provision of services or for administrative purposes on a continuing basis. Intangible Fixed Assets do not have a fixed substance but are capitalised when they will bring benefits to the Council for more than one financial year.

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised provided that the fixed asset yields benefits to the Authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Fixed assets are valued on the bases recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the 2005 Code of Practice on Local Authority Accounting, and are valued on the following bases:-

- 2.1 **Operational Properties** are valued on the basis of open market value for the existing use, or where there is no market for the subject asset, the depreciated replacement cost.
- 2.2 **Non-operational Properties** are valued on the basis of open market value.
- 2.3 **Community Assets and Infrastructure Assets** are recorded in the accounts at historical cost.
- 2.4 **Plant and Vehicles** costing in excess of £10,000 when purchased are included in the Balance Sheet at estimated or actual cost less accumulated depreciation as at 31 March 2006.

2.5 **Intangible Assets** are valued on basis of cost of acquisition and depreciated over their estimated lives.

Revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. A full revaluation took place on 1 April 2004.

2.6 **Depreciation**

Depreciation is provided for on all fixed assets with a finite useful life, which is determined at the time of acquisition or revaluation. Provision for depreciation is made by allocating the cost, (or revalued amount), less the estimated residual value of assets, to the periods expected to benefit from their use.

Newly acquired assets are depreciated from the year following acquisition.

Depreciation is calculated using the straight line method.

2.7 **Charges to Revenue**

General Fund service revenue accounts, as defined in CIPFA's Best Value Accounting Code of Practice, support services and statutory trading accounts, are debited with a capital charge and, where required, any related impairment loss, for all fixed assets used in the provision of the service. The charges consist of an annual provision for depreciation, where appropriate, plus a capital financing charge determined by applying a specified notional rate of interest to the net asset values at the start of the financial year.

The notional rates of interest used, prescribed annually by the CIPFA/LASAAC Joint Committee, are 3.5% for those operational assets included in the Balance Sheet at current value and 4.95% for those operational assets which are included in the Balance Sheet at historical cost, (the latter relating to infrastructure assets).

Notional interest is not charged to services in respect of non-operational General Fund assets, consisting of a variety of commercial properties let at a commercial rent, and other surplus land holdings.

Finance costs and provisions for depreciation are charged to the asset management revenue account. Capital charges and relevant impairment losses are credited to the asset management revenue account.

Amounts set aside from revenue for the repayment of external loans and to finance capital expenditure are disclosed separately as appropriations in the consolidated revenue account.

2.8 **Impairment**

Any significant reduction in the value of assets is reflected in the accounts as an impairment loss.

3 Deferred Charges

Deferred charges are payments of a capital nature where no tangible asset is created, but which may properly be financed over a period of years, and include renovation grants.

Deferred charges are written off in the year of expenditure.

4 Capital Receipts

Reserved capital receipts are recorded in the Capital Financing Account until such time as they are used to repay debt.

5 Accruals of Income and Expenditure

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years and wages and salaries payments, which are charged in the year in which they are paid. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

6 Stocks and Work in Progress

All material held in stores of the Council at the year end is recorded at average cost price. This complies with the requirements of SSAP9 which requires stocks to be shown at the lower of actual cost or net realisable value. Work in progress is valued at cost.

7 Overheads

The costs of overheads and support services are charged to benefiting services in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2005.

Two exceptions are the costs associated with the Corporate and Democratic Core and Non-Distributed Costs, (discretionary benefits awarded to employees retiring early). Costs associated with those categories are accounted for as separate service headings in the Consolidated Revenue Account.

8 Leases

Rentals payable under operating leases are charged to revenue on a straight line basis over the terms of the leases, which are equal to the terms of operating leases held.

9 Reserves

The Council maintains reserves for future policy purposes or to cover contingencies. A Capital Reserve is operated to finance capital expenditure without resort to external borrowing.

It is the Council's practice to include retention payments as capital expenditure and to credit a Contractors Retentions Reserve. At 31 March 2006 the balance of retentions was £141,000, (£122,000 at 31 March 2005).

The main balances in being as at 31 March 2006 are detailed in the notes accompanying the Consolidated Balance Sheet.

10 Provisions

Provisions are made where an event takes place that gives the Council an obligation that probably requires settlement by a transfer of economic benefit, but where the timing of the transfer is uncertain. Provisions are shown as a note to the Balance Sheet.

11 Pensions

The cost of providing pensions for employees is funded in accordance with statutory requirements. Accounting arrangements are as required by the Code of Practice.

Where payments made for the year in accordance with the scheme's requirements do not match the change in the Authority's recognised asset or liability for the year, the recognised cost will not match the amount required to be raised in taxation. This is represented by an appropriation to or from the pensions reserve, which equals the net change in the pensions liability recognised in the Consolidated Revenue Account.

11.1 The following arrangements have been adopted in accordance with the requirements of the Code of Practice:

- The attributable assets of the scheme are measured at fair value.
- The attributable liabilities of the scheme are measured on an actuarial basis using the projected unit method.
- Scheme liabilities are discounted at a rate that reflects the time value of money and the characteristics of the liability.
- The surplus/deficit in the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities.
- The current service cost is based on the most recent actuarial valuation at the beginning of the period, with the financial assumptions updated to reflect conditions at that date.
- The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The expected return on assets is based on long-term expectations at the beginning of the period and is expected to be reasonably stable.
- Actuarial gains and losses may arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date.
- Past service costs are disclosed on a straight-line basis over the period in which the increases in benefits vest.
- Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and disclosed in notes to the accounts covering that date. Gains arising from settlements/curtailments not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction.

12 External Interest

Interest paid on external borrowing is charged, in accordance with the Code of Practice, to the Asset Management Revenue Account. Interest earned from the investment of temporary cash balances is disclosed in the Consolidated Revenue Account.

13 Government Grants

Grants and subsidies have been credited to the appropriate Revenue and Capital Accounts. Recognition has been made through an accrual where the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

Grants which cover general expenditure, such as Revenue Support Grant, are credited to the foot of the Consolidated Revenue Account.

14 Investments

Investments, including minority interests in Maryport Development Limited, are valued at the lower of cost or written down value. The market value of investments is shown in a note to the Balance Sheet.

15 Redemption of Debt

Provision for redemption of debt has been made on the basis of the minimum revenue provisions contained within the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

16 PWLB Debt Rescheduling

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the consolidated Revenue Account in the year of repurchase/settlement.

17 Contingent Liabilities

Contingent Liabilities are obligations arising from past events, where the certainty of the obligation or the cost cannot be determined. In accordance with accounting requirements, material contingent liabilities are not recognised within the accounts as an item of expenditure, rather, they are disclosed as a note to the Balance Sheet.

18 Interest in Companies and Other Entities

A review has concluded that the Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures. There is therefore no requirement to prepare group accounts.

19 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs, and all VAT paid is recoverable from them.

Consolidated Revenue Account

Net Expenditure 2004-05 £'000		Gross Expenditure 2005-06 £'000	Income 2005-06 £'000	Net Expenditure 2005-06 £'000
	Expenditure on services			
	<i>Central Services to the Public</i>			
6,494	- Benefits and Local Tax Collection	7,194	327	6,867
133	- Elections	215	52	163
50	- Emergency Planning	58	21	37
(67)	- Local Land Charges	131	197	(66)
56	- General Grants	53	0	53
298	- Other	245	0	245
	<i>Cultural, Environmental and Planning Services</i>			
769	- Cultural and Heritage	1,326	480	846
1,266	- Recreation and Sport	1,578	309	1,269
852	- Open Spaces	954	149	805
222	- Tourism	293	25	268
134	- Cemeteries, Cremation and Mortuary Services	264	127	137
886	- Coast Protection	880	0	880
1,710	- Environmental Health	2,047	323	1,724
24	- Community Safety	30	0	30
22	- Flood Defences and Land Drainage	43	0	43
1,224	- Street Cleansing	1,329	125	1,204
2,124	- Waste Collection	3,562	1,403	2,159
51	- Building Control	440	358	82
467	- Planning Policy	1,001	473	528
148	- Environmental Initiatives	253	23	230
2,163	- Economic Development	2,948	2,435	513
120	- Community Development	972	902	70
	<i>Highways, Roads and Transport Services</i>			
13	- Traffic Management and Road Safety	20	0	20
(570)	- Parking Services	1,912	2,454	(542)
345	- Public Transport	414	0	414
	<i>Housing Services</i>			
81	- Housing Strategy	169	4	165
12	- Registered Social Landlords	474	7	467
4	- Housing Advances	2	0	2
1,284	- Private Sector Housing Renewal	1,147	40	1,107
151	- Homelessness	365	23	342
16,777	- Housing Benefit Payments	17,655	283	17,372
799	- Housing Benefits Administration	763	38	725
(23,337)	- Housing Benefit Subsidy	0	24,169	(24,169)
	<i>Corporate and Democratic Core Costs</i>			
763	- Democratic Representation and Management	825	1	824
2,006	- Corporate Management	3,507	1,774	1,733
229	<i>Unapportionable Central Overheads</i>	232	719	(487)
17,703	Net Cost of Services	53,301	37,241	16,060

Consolidated Revenue Account (cont)

Net Expenditure 2004-05 £'000		Gross Expenditure 2005-06 £'000	Income 2005-06 £'000	Net Expenditure 2005-06 £'000
	Expenditure On Services			
784	Parish Councils Precepts	811	0	811
(137)	(Surplus)/Deficits on Trading Undertakings (Note 1)	56	181	(125)
(954)	Asset Management Revenue Account (Note 8)	2,391	3,131	(740)
(1,164)	Interest on Investment	0	1,204	(1,204)
316	Pension Interest Costs and Expected Return on Pensions Assets	2,761	2,256	505
16,548	Net Operating Expenditure	59,320	44,013	15,307
	Appropriations			
1,459	Transfer to/(from) other Earmarked Reserves (Note 4)	5,285	5,395	(110)
(227)	Transfer to/(from) Earmarked Capital Reserves (Note 4)	208	7	201
522	Financing of Capital Expenditure	111	0	111
245	Amortisation of Deferred Grants	280	0	280
(2,376)	Provision for Repayment of External Loans (Note 9)	(839)	0	(839)
(1,331)	Deferred Charges/Intangible Assets	(1,433)	0	(1,433)
(258)	Movement on the Pension Reserve	1,104	774	330
14,582	Amount to be met from Government Grants and Local Taxpayers	64,036	50,189	13,847
(4,500)	Precept demanded from Collection Fund			(4,688)
(46)	Collection Fund Transfer of Surplus			(21)
(5,475)	Revenue Support Grant			(5,719)
(2,551)	Contribution from Non-Domestic Rate Pool			(2,730)
2,010	Net General Fund (Surplus)/Deficit			689
(8,537)	Balance On General Fund Brought Forward			(6,527)
(6,527)	Balance On General Fund Carried Forward			(5,838)

Notes To Consolidated Revenue Account

1 Trading Concerns

The Council operates a number of trading estates, a civic theatre and markets. The financial results of these were as follows:

	Trading Estates		Civic Theatre		Markets		Total	
	2005-06 £'000	2004-05 £'000	2005-06 £'000	2004-05 £'000	2005-06 £'000	2004-05 £'000	2005-06 £'000	2004-05 £'000
Income	181	175	361	282	35	18	577	475
Expenditure	(56)	(38)	(576)	(483)	(7)	(7)	(639)	(528)
Surplus/(Deficit) taken to General Fund	125	137	(215)	(201)	28	11	(62)	(53)

Note - Compliance with BVACOP requires the results of all activities for which a division of service exists be reported in the service expenditure analysis regardless of whether this constitutes a trading undertaking or not. This therefore requires the transfer of gross income and expenditure totals for Markets and Civic Theatres to net cost of services. Disclosure of the Trading Estates remain as a surplus/(deficit) on trading activities. Therefore, the overall total of this note in respect of 2005-06 will not directly reconcile to the figures disclosed within the Consolidated Revenue Account relating to surplus/(deficits) on trading activities.

2 Expenditure on Publicity

Section 5(1) of the Local Government Act 1986 requires a Local Authority to keep a separate account of its expenditure on publicity. In 2005-06 this amounted to £281,765 (2004-05: £359,920).

	£	£
Recruitment Advertising		97,772
Advertising of Entertainments		92,111
Economic Development Promotions		34,040
Other Advertising, by Portfolio:		
Asset Management	0	
Car Parking and Transport	3,300	
Community and Project Management	20,558	
E-Government	0	
Environmental Partnerships	4,439	
Housing and Environmental Health	2,240	
Leader	17,683	
Leisure	8,302	
Rural Affairs and Regeneration	0	
Tourism and Marketing	1,320	57,842
		281,765

3 Section 137 Expenditure

Section 137 of the Local Government Act 1972 enables a Local Authority to incur expenditure which is not covered by any other powers but which is in the interests of, and will bring direct benefit to, their area, or any part of it, or all or some of its inhabitants. As a result of the Local Government Act 2000, the majority of the provisions of Section 137 of the 1972 Act have been repealed; however, the power to incur expenditure under Section 137(3) of the 1972 Act has been retained.

The Council was permitted to spend £179,575 under this power in 2005-06 but incurred no expenditure under Section 137(3) of this Act.

4 Transfers to/from Other Earmarked Reserves and Capital Reserves

A total of £90,965 (net) was transferred to Reserves from Revenue Account in the year.

5 Building Control Account

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

Building Regulations Charging Account

	Chargeable 2005-06 £	Non Chargeable 2005-06 £	Total Building Control 2005-06 £
Expenditure			
Employee expenses	216,788	108,669	325,457
Premises	7,724	5,133	12,857
Transport	19,326	9,400	28,726
Supplies and Services	53,232	30,438	83,670
Central and Support Service charges	36,156	12,453	48,609
Total Expenditure	333,226	166,093	499,319
Income			
Building Regulation charges	357,779	0	357,779
Miscellaneous income	0	1,193	1,193
Total income	357,779	1,193	358,972
Surplus/(Deficit) for Year	24,553	(164,900)	(140,347)

6 Local Authority (Goods and Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies.

During the year Allerdale provided a variety of services to other local authorities and public bodies e.g. Cumbria County Council, North Cumbria Health Authority. In 2005-06 the Council was reimbursed £981,379 for such services rendered.

7 Pensions

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make these payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme for civilian employees, administered by Cumbria County Council – this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions have been made in the Consolidated Revenue Account during the year:

	Local Government Pension Scheme	
	£'000 2005-06	£'000 2004-05
Net Cost of Services		
- current service cost	(958)	(869)
- past service costs	719	(54)
- curtailment costs	(30)	(6)
Net Operating Expenditure		
- interest cost	(2,761)	(2,538)
- expected return on assets in the scheme	2,256	2,222
Amounts to be met from Government Grants and Local Taxation		
- movement on pensions reserve	(330)	258
Actual amount charged against Council Tax for pensions in the year		
- employers' contributions payable to scheme	(1,104)	(987)

Note 24 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. Note 1 to the Statement of Total Movements in Reserves details the costs that have arisen through the year. Estimates made in preparing figures for previous years have had to be revised (eg the expected return on investments).

Further information can be found in Cumbria County Council's Superannuation Funds Annual Report which is available upon request from the Treasurer's Department, The Courts, Carlisle, Cumbria, CA3 8NA.

8 Asset Management Revenue Account

The transactions of the Asset Management Revenue Account are shown below. The balance on this account at the year end is charged/credited to the consolidated revenue account. In 2005-06 this amounted to a credit of £739,450.

	£'000		£'000
Debits		Credits	
Provision for:		Capital charges made to services	2,851
Depreciation/Impairment	1,282	Deferred Grant Income	280
External interest payable	1097		
Amortisation of PWLB Premia	12		
To Summary Revenue Account	740		
	3,131		3,131

9 Minimum Revenue Provision

There is a statutory requirement to set aside a minimum revenue provision for the redemption of external debt. The method of calculating this provision is defined by statute. In 2005-06 the following charges have been made in the accounts:

	£'000
General Fund	444
Less: Amount Charged as Depreciation	(1,283)
	(839)

10 Members' Allowances and Officers' Remuneration

The total of Members' allowances paid in the year 2005-06 was £221,684.

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

Remuneration Band	Number of Employees
£50,000 - £59,999	0
£60,000 - £69,999	2
£70,000 - £79,999	0
£80,000 - £89,000	1

11 Related Party Transactions

The Council is required to disclose material transactions with related parties, i.e. bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council 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 Council.

The following are the material transactions with related parties, which were undertaken in 2005-06, and which are not disclosed elsewhere within the Accounts:

	Expenditure £	Income £
Age Concern	31,122	205
Brown and Armstrong	97,685	0
Carlisle Leisure	18,144	22,983
Cockermouth Partnership	4,420	7,998
Cumbria Community Foundation	75,000	0
Derwent & Solway Housing Association	1,423,986	54,889
Impact Housing Association	471,219	20,589
Lakes College	31,091	983
Local Government Association	20,934	0
Maryport Developments Ltd	24,153	4,029
Mitchell & Struthers	1,205,044	6,712
Salterbeck ACE	46,287	0
West Cumbria Development Agency	64,217	546
West Cumbria Development Fund	186,000	0

12 Leases

The Council uses wheeled bins and various items of small equipment financed under terms of an operating lease. The amount paid under these arrangements in 2005-06 was £36,023 (2004-05: £22,169).

The Council is committed to making payments of £2,075 under these leases in 2006-07, comprising of the following elements:

	£
Leases expiring in 2006-07	415
Leases expiring between 2007-08 and 2008-09	1,220
Leases expiring from 2009-10 onwards	440

The Council also paid £1,568 in 2005-06 in respect of secondary rentals for finance leases. No contractual liability exists in respect of payments under these leases.

13 Audit Costs

In 2005-06, the Council incurred the following fees relating to external audit and inspection work:

	2005-06 £'000	2004-05 £'000
Fees payable to the Audit Commission with regard to Code of Practice services carried out by the appointed auditor.	92	108
Fees payable to the Audit Commission in respect of statutory inspection.	9	0
Fees payable to the Audit Commission for the certification of grant claims and returns.	46	37
Fees payable to the Audit Commission in respect of other services provided by the appointed auditor.	0	0

Collection Fund

Income and Expenditure Account 2005-06

2004-05 £'000		2005-06 £'000	2005-06 £'000	Note
	Income			
33,270	Council Tax		34,777	2
	Transfers from General Fund			
5,559	- Council Tax benefits		5,740	2
18,773	Income collectable from business ratepayers		18,299	3
57,602			<u>58,816</u>	
	Expenditure			
	Precepts			4
	Cumbria County Council	30,746		
	Allerdale Borough Council	4,709		
38,627	Cumbria Police Authority	<u>4,921</u>	40,376	
	Business Rates			
	Payment to National Pool	18,124		
18,773	Cost of Collection Allowance	<u>175</u>	18,299	
	Bad and doubtful debts/appeals			
228	- Write offs		121	
157	- Provisions		<u>202</u>	
57,785			<u>58,998</u>	
(183)	Movement on fund balance - Surplus/(Deficit)		(182)	5
462	Surplus as at 1 April		<u>279</u>	
279	Surplus as at 31 March		<u><u>97</u></u>	5

Notes to Collection Fund Account

1 General

These accounts represent the statutory requirement to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

2 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands, calculated using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cumbria County Council, Cumbria Police Authority and the Council for the forthcoming year and dividing this by the Council Tax base, (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: 31,571 for 2005-06). The basic amount of Council Tax for a Band D property, (£1,249.53 for 2005-06), is multiplied by the proportion specified for the particular band to give an individual amount due.

Council Tax bills were based on the following proportions for Bands A to H:

	Proportion of Band D	Basic amount of Council Tax £
Band A	6/9	833.02
Band B	7/9	971.86
Band C	8/9	1110.69
Band D	9/9	1249.53
Band E	11/9	1527.20
Band F	13/9	1804.88
Band G	15/9	2082.55
Band H	18/9	2499.06

The income of £40,516,586 for 2005-06 is receivable from the following sources:

	£
Billed to Council Tax payers	34,776,909
Council Tax Benefit	5,739,677
	40,516,586

3 National Non-Domestic Rates

NNDR is organised on a national basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. From 1 April 2005, there were two poundages, namely 42.2p (45.6p in 2004-05) and 41.5p for properties subject to small business rate relief. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to Local Authorities' General Funds on the basis of a fixed amount per head of population.

The NNDR income, after reliefs and provisions of £18,298,999 for 2005-06, was based on a total rateable value as at 31 March 2006, for the Council's area of £53,661,745 (£47,794,565 in 2004-05).

4 Precepts and Demands

The amount shown below represents the precepting authority's demand on the Collection Fund:

	£
Cumbria County Council	30,746,294
Cumbria Police Authority	4,921,065
Allerdale Borough Council	4,709,019

5 Contributions to Collection Fund Surpluses and Deficits

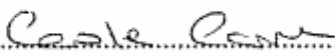
The balance carried forward relating to Council Tax (£96,512), will be distributed to Cumbria County Council, Cumbria Police Authority and to the Council's General Fund.

Consolidated Balance Sheet as at 31 March 2006

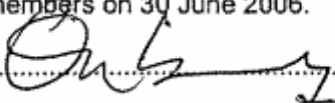
31.3.05 £'000		31.3.06 £'000	31.3.06 £'000	Note
	Fixed Assets			
380	Intangible Fixed Assets	695		
	Tangible Fixed Assets			
	<i>Operational Assets</i>			
25,967	- Other Land and Buildings	25,192		
323	- Vehicles, Plant and Equipment	266		
11,448	- Infrastructure Assets	11,922		
1,752	- Community Assets	1,837		
	<i>Non-Operational Assets</i>			
19,999	- Investment Properties	18,459		
24,844	- Surplus Assets held for Disposal	24,844		
84,713	Total Fixed Assets		83,215	1, 2, 3
20	Long Term Investments		20	5
189	Long Term Debtors		162	6
84,922	Total Long Term Assets		83,397	
	Current Assets			
29	- Stocks and Works in Progress	27		7
4,743	- Debtors	12,040		8
24,595	- Investments	20,664		5
388	- Payments in Advance	333	33,064	
114,677	Total Assets		116,461	
	Current Liabilities			
(3,016)	- Short Term Borrowing	(3,457)		9
(2,682)	- Creditors	(3,429)		10
(1,556)	- Bank Overdraft	(861)		
(1,067)	- Receipts in Advance	(1,701)	(9,448)	
106,356	Total Assets less Current Liabilities		107,013	
	Long Term Liabilities			
(14,848)	Long Term Borrowing		(18,824)	9
(349)	Provisions		(321)	12
(14,807)	Liability related to Defined Benefit Pension Scheme		(13,907)	24
76,352	Total Assets less Liabilities		73,961	
	Financed by			
24,721	Fixed Asset Restatement Account		22,968	14
44,318	Capital Financing Account		42,689	15
4,737	Government Grants deferred		5,674	13
317	Deferred Credits		182	11
1,294	Usable Capital Receipts Reserve		1,366	16
(14,807)	Pensions Reserve		(13,907)	24
8,964	Earmarked Reserves		9,055	17
6,808	General Reserves		5,934	18
76,352	Total Net Worth		73,961	

The accounts were authorised by the Director of Finance for issue on 19 June 2006. Consideration has been given, up until the date of issue, as to whether any events have taken place after the Balance Sheet date which require disclosure.

I certify that the accounts present fairly the financial position of the Council at 31 March 2006,

Signed  Dated 30 June 2006
Director of Finance

and was approved by members on 30 June 2006.

Signed  Dated 30 June 2006
Audit Committee Chairman

Notes to the Consolidated Balance Sheet

1 Fixed Assets

The balance of net fixed assets at 31 March 2006 is made up as follows:

	Operational Assets					Non-operational Assets		
	Land and Buildings	Vehicles, Plant etc	Intangible	Infrastructure	Community Assets	Investment Property	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Value at 31 March 2005	26,683	385	456	11,931	1,752	19,999	24,844	86,050
Accumulated depreciation and impairment	(716)	(62)	(76)	(483)				(1,337)
Net book value at 31 March 2005	25,967	323	380	11,448	1,752	19,999	24,844	84,713
Movements in 2005-06								
Additions	62	6	408	900	85	2	74	1,537
Disposals	(74)					(1,540)		(1,614)
Transfers								0
Revaluations	(62)					(2)	(74)	(138)
Depreciation	(701)	(63)	(93)	(426)				(1,283)
Net book value at 31 March 2006	25,192	266	695	11,922	1,837	18,459	24,844	83,215

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS).

Operational Properties are valued on the basis of open market value for the existing use, or where there is no market for the subject asset, the depreciated replacement cost.

Non-Operational Properties are valued on the basis of open market value.

Community Assets and Infrastructure Assets are recorded in the accounts at historical cost.

Plant, Vehicles and Equipment are recorded in the Balance Sheet at estimated or actual cost less accumulated depreciation as at 31 March 2006.

1.1 Depreciation

Straight line Depreciation has been applied to Land and Buildings, Equipment and Infrastructure Assets. The estimated useful lives of the assets have been professionally derived by the Valuation Officer and were reviewed as part of the revaluation on 1 April 2004.

1.2 Valuations

The Council's Valuer has provided an estimate of the useful life for each individual asset, ranging from 5 years to 70 years, although the majority of properties have an estimated useful life of between 15 and 30 years.

Revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. The last full revaluation took place on 1 April 2004.

The valuation work was undertaken by the Council's Valuation Officer, J L A Windsor, FRICS, and the District Valuer, J Potter, BA, ARICS.

1.3 A summary of fixed assets held at 31 March 2006 is provided below:

	Number	Total Value £'000
Operational assets:		
<i>Land & Buildings</i>		
Office accommodation	7	2,210
Depots and stores	4	520
Public car parks:		
- pay and display	20	10,560
- free	8	150
Public conveniences	32	1,013
Sports and leisure centres	3	7,900
Museums, theatres and public halls	6	2,839
		25,192
<i>Vehicles and plant</i>		
Vehicles	8	260
IEG computer equipment	1	6
		266
<i>Intangible assets:</i>		
IEG computer equipment		695
		695
<i>Infrastructure assets:</i>		
Various infrastructure works (schemes)	48	11,922
		11,922
Community assets:		
Public parks and open spaces	20	1,507
Sports pitches	4	113
Nature reserves	1	19
Cemeteries	9	198
		1,837
Non operational assets:		
<i>Investment Property</i>		
Shops/shopping precincts	6	9,705
Residential	4	355
Industrial estates	11	3,033
Miscellaneous commercial lettings	25	5,366
		18,459
<i>Surplus Assets</i>		
Miscellaneous vacant land	22	24,844
Total asset value at 31 March 2006		83,215

1.4 Movements in Intangible Assets

Intangible assets are amortised over five years, using a straight line methodology.

	Purchased Software/licences £'000
Original cost	467
Amortisations to 1 April 2005	(87)
Balance at 1 April 2005	380
Expenditure in 2005-06	408
Written off to revenue in 2005-06	(93)
Balance at 31 March 2006	695

The Council owns a number of Community Assets which have not been included in the asset register and therefore do not form part of the balance sheet. These are set out below, together with a note of their valuation for insurance purposes:

	Valuation £'000
Maryport Maritime Museum Exhibits, etc	115
Helena Thompson Museum Exhibits, etc	297
Keswick Museum Exhibits	297
Civic Regalia	35

2 Capital Expenditure and Financing

Capital expenditure comprises additions to fixed assets as detailed above, (Note 1), together with expenditure on Capital Grants.

The main items of capital expenditure, (including deferred charges and long term debtors), were:

	2005-06 £'000	2004-05 £'000
Renewal Areas	687	639
Clearance of Unfit Properties	74	171
Other General Fund Housing	455	0
Other General Fund Schemes	2,639	1,309
	3,855	2,119
Renovation Grants	349	473
	4,204	2,592

Capital Expenditure was financed as follows:

	2005-06 £'000	2004-05 £'000
Expenditure in Year	3,602	2,521
Add Year End Accruals	602	71
Add Unfinanced Expenditure b/f	0	444
Less Unfinanced Expenditure c/f	0	0
Expenditure Financed in Year	4,204	3,036

Capital Expenditure was financed from the following sources:

	2005-06 £'000	2004-05 £'000
Borrowing		
Supported	1,395	1,398
Unsupported	6	21
Capital Grant	2,449	905
Capital Receipts	243	174
Revenue Contributions	111	538
	4,204	3,036

Capital Commitments

Outstanding commitments under capital contracts at 31 March 2006 were:

	£'000
Maryport Renewal Area	165
Housing Renovation Grants	284
Workington Facelift	35
Workington Townscape Heritage Initiative	668
	1,152

3 Finance Leases

The Council has no commitments under finance leases. No new assets were acquired under finance leases during 2005-06.

4 Deferred Charges

	Balance at 1 April £'000	Expenditure in year £'000	Charged to Revenue in Year £'000	Financed from Grant in Year £'000	Balance at 31 March £'000
Total 2004-2005	5	1,687	(1,333)	(359)	0
Renovation Grants	0	349	(191)	(158)	0
Renewal Areas/ Unfit Properties	0	686	(686)	0	0
Other Grants	0	1,627	(556)	(1,071)	0
Total 2005-2006	0	2,662	(1,433)	(1,229)	0

5 Investments

	31.3.06 £'000	31.3.05 £'000
Long Term		
Misc Bonds and Annuities	20	20
Short Term		
Temporary Investments	20,664	24,595
	20,684	24,615

Investments are valued in the balance sheet at cost price. The Market Value of Investments at 31 March 2006 amounted to £20,936,466.

6 Long Term Debtors

	31.3.06 £'000	31.3.05 £'000
Housing Associations	89	93
Mortgages	4	5
Officers' Car Loans	23	31
Other Local Authorities	46	60
	162	189

7 Stocks and Stores

	31.3.06 £'000	31.3.05 £'000
Stocks	27	29
	27	29

8 Debtors

	31.3.06 £'000	31.3.05 £'000
Government Departments	6,644	432
Sundry Debtors	4,448	3,559
Council Tax/NNDR	2,897	2,479
	13,989	6,470
Provision for Bad and Doubtful Debts		
- Sundry	(333)	(330)
- Council Tax/NNDR	(1,555)	(1,337)
- Benefits	(61)	(60)
	12,040	4,743

9 External Borrowing

Sources of Borrowing

	31.3.06 £'000	31.3.05 £'000
PWLB	18,724	14,748
Local Bonds	30	30
Others	70	70
Short Term Borrowing	3,457	3,016
	22,281	17,864

Analysis of Loans by Maturity

	31.3.06 £'000	31.3.05 £'000
Maturing within 1 year	5,583	3,140
Maturing in 1-2 years	28	26
Maturing in 2-5 years	102	93
Maturing in 5-10 years	239	220
Maturing in more than 10 years	16,329	14,385
	22,281	17,864

10 Creditors

	31.3.06 £'000	31.3.05 £'000
Other Local Authorities	353	362
Government Departments	219	52
Sundry Creditors	2,857	2,268
	3,429	2,682

11 Deferred Credits

Deferred Credits consist of Deferred Capital Receipts, which are amounts derived from the sale of assets which will be received in instalments over agreed periods of time, and Capital Grants Unapplied. In Allerdale's case, the Deferred Credits consist principally of assets previously transferred to Cumbria County Council.

12 Provisions

	31.3.06 £'000	31.3.05 £'000
Insurance Excess Provision (Note 19)	247	244
Early Retirements	56	87
Government Departments	18	18
	321	349

13 Government Grants Deferred

Government Grants Deferred represents the application of grants received from the government to finance, either wholly or in part, the acquisition of fixed assets or deferred charges. Grants are written off against the asset management account over the useful life of assets to match the depreciation of those assets.

14 Fixed Asset Restatement Account

	£'000	£'000
Balance at 1 April 2005		(24,721)
Revaluations	139	
Assets disposed of	1,614	1,753
Balance at 31 March 2006		(22,968)

The Fixed Asset Restatement Account was established on 1 April 1994 as the Fixed Asset Restatement Reserve and the balance on that date represented the difference between the valuation of assets under the previous system of capital accounting and their revised valuation under the new system on that date. The Account is written down each year by the net book value of assets as they are disposed of, and is debited or credited with the deficits or surpluses arising on revaluations.

15 Capital Financing Account

	2005-06 £'000	2004-05 £'000
Balance at 1st April	44,318	46,822
Transferred Debt – principal	14	14
Capital Financing - capital receipts	243	174
- revenue	110	538
MRP (less depreciation)	(839)	(2,376)
Capital Grants applied	1,509	847
Write down of Deferred Charges	(2,662)	(1,693)
Other	(4)	(8)
Balance at 31st March	42,689	44,318

The Capital Financing Account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

16 Useable Capital Receipts Reserve

These are capital receipts which are available to finance capital expenditure.

Fund	2005-06 £'000	2004-05 £'000
Balance at 1st April	1,294	206
Capital Receipts in Year	341	1,284
Capital Receipts Applied during Year	(255)	(174)
Reserved Part of Capital Receipts	(14)	(22)
Balance at 31st March	1,366	1,294

17 Earmarked Reserves

	31.3.06 £'000	31.3.05 £'000
Capital	798	597
Acquisition and Disposal	423	435
Regeneration Schemes	883	650
LABGI Grant	218	0
Contaminated Land	132	95
Recycling Development	9	9
Renovation Grants	0	250
MMI Scheme of Arrangement (Note 20)	100	100
Interest Rate Fluctuations	253	253
Grant Clawback	100	100
Equal Status Review	190	0
Superannuation	160	230
Youth Schemes	151	150
Grass Cutting	248	248
Repair and Renewals of Buildings etc.	464	368
Equipment and Plant	2,289	2,223
VAT/Tax	100	100
Contract Management	117	204
Town Centre Development	0	100
Corporate Strategy	80	138
Car Park Maintenance and Development	240	493
Planning Delivery Grant	171	182
Miscellaneous	1,929	2,040
	9,055	8,965

18 General Reserves

	31.3.06 £'000	31.3.05 £'000
General Fund	5,838	6,527
Collection Fund	96	281
	5,934	6,808

19 Insurance Provisions and Reserves

Insurance Reserves contain an amount of £100,000 to meet outstanding commitments in respect of obligations arising from the cessation of business of Municipal and Mutual Insurance, the Council's former insurers (see Note 20).

Within the provisions shown on the Balance Sheet is an amount of £246,991 which has been set aside to meet uninsured liabilities, such as the £5,000 excess on the Council's Public Liability and Employer's Liability insurance in respect of notified claims and claims incurred but not reported. Details of the movement within the year on this account in respect of claims settled by the Council's Insurers are shown below.

	£'000
Balance at 1 April 2005	244
Payments made	(13)
Additions to provision	16
Balance at 31 March 2006	247

Notified Claims

- At 31 March 2006, the gross estimated value of settlement costs in respect of outstanding notified public liability claims was £220,985. Of this, the Council is liable to pay £49,510, and the Council's insurers the balance of £171,475.

Claims incurred but not reported:

- At 31 March 2006, the Council's estimated liability in respect of claims incurred but not reported was £229,510.

20 Contingent Liabilities

Home Housing Association

During 1987 the Council entered into a joint scheme with Home Housing Association to secure the development of five sites in Workington, Silloth, Cockermouth and Keswick for houses to rent. Home Housing Association has, in three tranches, raised £100 million of stock which will mature in 2037. In order to enable Home Housing Association to raise private finance from institutional investors, all participating Authorities were required to enter into a standard form of Guarantee in which they jointly and severally guarantee the loan stock raised by Home Housing Association to fund the development programme. There are nineteen Authorities participating in the scheme. The total liability to be guaranteed by participating Authorities will be £100 million. This will continue in force until 2037 when the loan stock falls due to be repaid.

The strict liability of each Authority under guarantee would be £100 million and because the liability is joint and several, Authorities would obviously not be prepared to expose themselves to the risk, however remote, of having to meet the full liability of the borrowing under their individual guarantee. There is a Counter Indemnity and Contribution arrangement whereby each participating Authority undertakes to reimburse any other Authority or Authorities paying more than their proportionate share of the guarantee. An Authority's proportionate share is determined by reference to the estimated development expenditure in that Authority's area. If the Guarantee were called in the worst situation for the Council would be that once it had recovered any contribution from other Authorities, it would be left to fund no more than the cost of the development in its own area. This cost would be offset wholly, or partly, by the sums recovered from repossessing the units from Home Housing Association and selling them on. The latest schedule of guarantee levels indicates the Council's Estimated Development Expenditure at £4,106,000 from an overall total of £84,100,000.

Municipal Mutual Insurance

During 1992-93 the Council's insurers, Municipal Mutual Insurance, (MMI), ceased accepting new business. The Council has outstanding claims with MMI and arrangements are in place to try to ensure an orderly settlement of the sums due. A Reserve of £100,000 was created in 1993-94 to meet outstanding commitments. Indications suggest that all claims will be settled in full, but the potential for a clawback of a percentage of claims settled since 1993 still remains.

21 Interest in Companies

At 31 March 2006 the Council owned 9.5% of the Share Capital of Maryport Development Limited, a company engaged upon the economic regeneration of the town of Maryport. The accounts of that company, (which carry an unqualified audit report), made up to 31 March 2005, show a loss for the year of £54,406, (accumulated losses £1,249,588), and net assets amounting to £608,870.

The accounts for the period to 31 March 2006 are not yet available.

A copy of the accounts of Maryport Development Limited, may be obtained from:

The Company Secretary
Maryport Development Company
Project Office
Maryport Harbour
Maryport
Cumbria
CA15 8AE

22 Trust Funds

The Council has stewardship and trustee responsibilities for various funds. These are summarised below:

	Balance at 1.4.05 £	Expenditure £	Income £	Balance at 31.3.06 £
Harrington Harbour & Dock Board	(38,088)	6,490	(2,918)	(34,516)
Hugh Barbour Bequest	(6,976)		(319)	(7,295)
George Moore Memorial Trust	(1,640)		(62)	(1,702)
Helena Thompson Museum	(15,171)		(695)	(15,866)
	(61,875)	6,490	(3,994)	(59,379)

The purpose of the funds is given below.

Harrington Harbour & Dock Board The trust exists to keep the harbour in good and substantial repair and condition.

Hugh Barbour Bequest The trust exists to follow the outline of the bequest.

George Moore Memorial Trust The trust exists to keep in good and substantial repair and condition the George Moore Memorial Drinking Fountain, its pipes and apparatus. The trust also benefits the Bible Society.

Helena Thompson Museum The trust exists to maintain in good repair and condition the museum property, to support the purchase of antiques and articles of local interest for the museum and to fund the general expenses of the museum.

23 Euro

No significant costs have been incurred in respect of Euro transactions, nor are any anticipated in 2006-07.

24 Disclosure of Net Pensions Asset/Liability

Note 7 to the Consolidated Revenue Account contains details of the Authority's participation in the Local Government Pensions Scheme, (administered by Cumbria County Council).

The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March were as follows:-

Local Government Pension Scheme		
	31.03.06 £'000	31.03.05 £'000
Estimated liabilities in scheme	(57,889)	(51,500)
Estimated assets in scheme	43,982	36,693
Net asset/(liability)	(13,907)	(14,807)

The movement in the net asset/liability position during the year may be attributed to an increase in the market value of invested assets proportionately greater than the increase in pension liability.

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £13,907,000 has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in an overall balance of £73,961,000.

There has been a change, from the UK to the US method, in the way the actuary values liabilities relating to death and disability benefits. This change in valuation method has led to an increase in the pension liability of £698,000.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Under the projected unit method, current service costs will increase as members of the scheme approach retirement. The County Council Fund liabilities have been assessed by Mercers Human Resource Consulting Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme at 1 April 2004.

The main assumptions used in their calculations have been:

Local Government Pension Scheme		
	2005-06 %	2004-05 %
Rate of Inflation	2.9	2.9
Rate of increase in salaries	4.7	4.7
Rate of increase in pensions	2.9	2.9
Proportion of employees opting to take a commuted lump sum	50.0	N/A
Rate for discounting scheme liabilities	4.9	5.4

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

Changes to the Local Government Pension scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of actuaries, it has been assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the Council's pension liabilities by £719,000 and this has been included within the Non-distributed costs in the Consolidated Revenue Account.

	31.03.06 %	31.03.05 %
Equity investments	59.5	58.4
Bonds	30.8	31.3
Other assets	9.7	10.3
	100.0	100.0

Statement of Total Movements In Reserves

	Capital Reserves						Revenue Reserves					Total £'000
	Capital Grants Unapplied £'000	Government Grants Deferred £'000	Fixed Asset Restatement Account £'000	Deferred Capital Receipts £'000	Capital Financing Account £'000	Useable Capital Receipts £'000	Pension Reserve £'000	Specific Capital Reserves £'000	General Fund £'000	Collection Fund £'000	Specific Revenue Reserves £'000	
Balance at 1.4.05	(255)	(4,737)	(24,721)	(62)	(44,318)	(1,294)	14,807	(597)	(6,527)	(281)	(8,367)	(76,352)
Net (Surplus)/Deficit for Year		(1,217)			4,742		(330)	(201)	689	182	110	3,975
Capital Grants	(2,368)											(2,368)
Unrealised (Gain)/Loss from Revaluation of Assets			139									139
Cost or Value of assets disposed of			1,614		(1,549)							65
Proceeds of disposal						(273)						(273)
Sundry Receipts				15		(54)						(39)
Other	351				(10)	12				2		355
Capital Financing	2,138	280			(1,554)	243						1,107
Actuarial gains/losses relating to pensions							(570)					(570)
Balance at 31.3.06	(134)	(5,674)	(22,968)	(47)	(42,689)	(1,366)	13,907	(798)	(5,838)	(97)	(8,257)	(73,961)

Notes to the Statement of Total Movements in Reserves

1 Actuarial Gains

The actuarial gains identified as movements on the Pensions Reserve in 2005-06 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets at 31 March 2006:

	2005-06 Local Government Pension Scheme		2004-05 Local Government Pension Scheme		2003-04 Local Government Pension Scheme	
	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	5,621	12.8	1,333	3.6	4,252	12.6
Differences between actuarial assumptions about liabilities and actual experience	(698)	1.2	(182)	0.4	0	0
Changes in the demographic and financial assumptions used to estimate liabilities	(4,353)	7.5	(8,137)	15.8	0	0
Total	570		(6,986)		4,252	

Cash Flow Statement

2004-05			2005-06	2005-06	2005-06	2005-06
£'000	£'000		£'000	£'000	£'000	£'000
		Revenue Activities				
		<i>Expenditure</i>				
(7,805)		Cash paid to or on behalf of Employees			(8,175)	
(9,570)		Other Operating Costs/Receipts			(14,643)	
(17,038)	(34,413)	Housing Benefit paid out			(17,659)	(40,477)
		<i>Income</i>				
1,157		Rents	1,369			
19,734		NNDR	19,768			
33,081		Council Tax	35,248	56,385		
2,551		NNDR Contribution from National Pool		2,730		
		<i>Disbursements</i>				
(34,865)		CCC, CPA, Parishes		(36,478)		
(17,811)		NNDR		(23,110)		
(1,363)		Refunds		(1,958)	(2,431)	
5,475		Revenue Support Grant			5,719	
16,452		DWP Benefit			17,222	
8,493		Central Government Grants			8,542	
6,108	39,012	Cash for Goods and Services			6,100	35,152
	4,599					(5,325)
		Servicing Of Finance				
		<i>Expenditure</i>				
(904)		Interest paid			(1,061)	
		<i>Income</i>				
1,001	97	Interest Received			1,269	208
	4,696					(5,117)
		Capital Activities				
		<i>Expenditure</i>				
(810)		Purchase of Fixed Assets		(1,424)		
(1,892)		Other Capital Cash Payments		(2,262)	(3,686)	
		<i>Income</i>				
282		Sale of Fixed Assets		273		
499		Capital Grants		823		
146	(1,775)	Other Capital Cash Income		54	1,150	(2,536)
	2,921	Net Cash (Inflow)/Outflow before Financing				(7,653)
		Management Of Liquid Resources				
		<i>Expenditure</i>				
	(3,817)	(Increase) /Decrease in Short Term Investments				3,848
		Financing				
		<i>Expenditure</i>				
(11,894)		Repayments of Amounts Borrowed			(17,825)	
		<i>Income</i>				
6,515		New Short Term Loans			18,242	
6,500	1,121	New Long Term Loans			4,000	4,417
	<u>225</u>	Increase/(Decrease) in Cash				<u>612</u>

Notes to Cash Flow Statement

1 Reconciliation of Consolidated Revenue Account to Revenue Activity Cash Flow

	£'000	£'000
Deficit for Year:		
- Consolidated Revenue Account	(689)	
- Collection Fund	(182)	(871)
		(871)
Interest Paid	1,083	
Interest Received	(1,204)	(121)
Contributions to/from Provisions and Reserves		663
Items on an Accruals Basis		
- Stocks and WIP	2	
- Debtors	(6,181)	
- Payments in Advance	55	
- Creditors	494	
- Receipts in Advance	634	(4,996)
Revenue Activities Cash Flow Balance		(5,325)

2 Reconciliation of Net Cashflow to Movements in Net Debt

	£'000
Increase/(Decrease) in Cash in the Period	612
Cash Inflow/Outflow from Decrease/Increase in Liquid Resources	(3,848)
Cash Inflow/Outflow from Decrease/Increase in Debt and Lease/Deferred Purchase Financing	(4,417)
	(7,653)
Net Debt at 31 March 2005	5,175
Net Funds at 31 March 2006	(2,478)

3 Increase/Decrease in Cash

	Balance At 1.4.05 £'000	Cash Flow £'000	Balance At 31.3.06 £'000
Cash at bank and in hand:			
Overdrafts	(1,556)	695	(861)
Call Deposits (investments)	158	(83)	75
	(1,398)	612	(786)
Debt due within 1 year	(3,140)	(2,443)	(5,583)
Debt due after 1 year	(14,724)	(1,974)	(16,698)
Current Asset Investments	24,437	(3,848)	20,589
Total	5,175	(7,653)	(2,478)

4 Analysis of Government Grants Received

	£'000
DEFRA – Recycling Initiative	29
Neighbourhood Renewal Fund	892
Environmental Initiatives	22
Environmental Health Students	5
Workington SRB*	253
Workington Facelift - revenue	2
Housing Benefit Administration	761
Housing Benefit fraud investigation grant	128
Council Tax Subsidy	5,767
Verification Framework	83
Planning Development Grant	116
NNDR Cost of Collection Allowance	176
Keswick Museum	10
Emergency planning	21
Document imaging	13
Performance standards funding	35
LABGI grant	218
Homelessness prevention	11
	8,542

* The Council is the Accountable Body for Workington SRB and received a total of £1,505,898 in grant. £252,715 was used for ABC revenue schemes and £112,557 was used for ABC capital schemes. The balance was paid to individual projects and was not accounted for in the Council's revenue accounts.

5 Liquid Resources

Liquid Resources, (Short Term Investments), includes Certificates of Deposit, Government Securities and other short term deposits used as part of the Authority's treasury management arrangements.