IPSWICH BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2010/11

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Cover photograph courtesy of Jen O’Neill

EXPLANATORY FOREWORD BY CHIEF FINANCIAL OFFICER

1. Introduction

This foreword has been written to provide a guide to the significant matters reported in these accounts. Ipswich Borough Council's ('the Council') accounts for the year ended 31 March 2011 are set out in this publication and they consist of the following: -

Statement of Accounting Policies (explains the basis of the figures used in the accounts)

Responsibilities for the Statement of Accounts

Approval of the Statement of Accounts

Movement in Reserves Statement (This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council)

Comprehensive Income and Expenditure Statement (shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement)

Balance Sheet (sets out the financial position of the Council on 31 March 2011)

Cash Flow Statement (summarises the movements of cash arising from transactions with third parties for revenue and capital purposes)

Notes to the Core Financial Statements

Housing Revenue Account Income and Expenditure Account (covers income and expenditure on council housing)

Movement on the HRA Statement

Notes to the Housing Revenue Account

Collection Fund (records transactions relating to the Council Tax and National Non-Domestic Rates)

Notes to the Collection Fund

Group Accounts (provide a summary of financial transactions of those companies over which the Council has a controlling interest or influence)

Glossary of Financial Terms

2. Revenue Accounts – Financial Position

The main components of the Revenue budget for 2010/11, and how these compare with the out-turn for the year, are set out below: -

A. General Fund Income and Expenditure Account

The Council budgeted for net expenditure of £8.208m (million), which after transferring a net £17.990m to Reserves and Provisions and transferring £1.503m from the Working Balance, left £24.695m to be met from Government Grant and Local Taxpayers. This amount represented the Council's Budget Requirement for 2010/2011.

Actual net expenditure was £4.841m, which was £3.367m less than budgeted, which after transferring a net £17.990m to Reserves and Provisions, leaves the Working Balance at 31 March 2011 £3.367m greater than anticipated.

The main components of the General Fund Revenue Budget and how these compared with the Out-Turn for the year is shown below:

2009/10 Out-Turn £000's		2010/11 Budget £000's	2010/11 Out-Turn £000's	2010/11 Variance £000's
16,266	Services (Net Expenditure)	**3,905**	**339**	**(3,566)**
2,124	Capital Financing	**2,162**	**2,362**	**200**
(1,871)	Interest Received	**(280)**	**(281)**	**(1)**
3,413	Pension Interest & Return on Assets	**2,421**	**2,421**	**-**
19,932	**Net Expenditure**	**8,208**	**4,841**	**(3,367)**
1,985	Contribution to/(from) Provisions and Reserves	**17,990**	**17,990**	**-**
2,560	(Use of)/Contribution to Working Balance	**(1,503)**	**1,864**	**3,367**
24,477	**Budget Requirement**	**24,695**	**24,695**	**-**
	Financing:-			
(2,219)	Revenue Support Grant	**(1,510)**	**(1,510)**	**-**
(9,612)	Non-Domestic Rates National Pool	**(10,401)**	**(10,401)**	**-**
(141)	Collection Fund Surplus	**(23)**	**(23)**	**-**
(12,505)	Council Tax	**(12,761)**	**(12,761)**	**-**
(24,477)	**Total Funding**	**(24,695)**	**(24,695)**	**-**
	Working Balance:-			
	Balance 1 April 2010	**(5,853)**	**(5,853)**	**-**
	Contribution to/(from) General Fund	**1,503**	**(1,864)**	**(3,367)**
	Balance 31 March 2011	**(4,350)**	**(7,717)**	**(3,367)**

B. Housing Revenue Account

The Local Government and Housing Act 1989 requires that all income and expenditure relating to the management of Council Housing is contained (ring-fenced) in the Housing Revenue Account.

In 2010/11 the Housing Revenue Account incurred a deficit of £0.279m compared with a budgeted deficit of £0.576m, a reduction of £0.297m in net expenditure compared with the budget. The Working Balance at 31 March 2011 is therefore correspondingly greater than anticipated. After transferring a net £0.316m to Reserves and Provisions, the increase in Working Balance that is available to finance revenue expenditure in future years is £0.297m.

The main components of the Housing Revenue Account Budget and how these compared with the Out-Turn for the year is shown below: -

2009/10 Out-Turn £000's		2010/11 Budget £000's	2010/11 Out-Turn £000's	2010/11 Variance £000's
11,242	Services (Net Expenditure)	11,966	11,511	(455)
12,593	Capital Financing	11,894	11,873	(21)
(24)	Interest Received	(43)	(14)	29
(28,710)	Rents (Net of Rebates)	(29,271)	(29,294)	(23)
6,107	Government Subsidy	6,496	6,519	23
-	Budgets Carried Forward (Net)	(62)	-	62
1,208	**Net Expenditure**	**980**	**595**	**(385)**
92	Contribution to/(from) Provisions and Reserves	(404)	(316)	88
1,300	**(Surplus)/Deficit**	**576**	**279**	**(297)**
(1,300)	(Use of)/Contribution to Working Balance	(576)	(279)	297
-		**-**	**-**	**-**
	Working Balance:-			
	Balance 1 April 2010	(1,545)	(1,545)	-
	Contribution to/(from) Housing Revenue Account	576	279	(297)
	Balance 31 March 2011	**(969)**	**(1,266)**	**(297)**

C. Working Balances

Working Balances are a very important source of finance. Recent years have seen some relaxation in the controls on the spending of local authorities but the availability of balances increases the flexibility the Council has in financing future service costs to meet policy objectives. To provide for contingencies, the Council also recognises the importance of not allowing these balances to fall below prescribed levels and during 2010/11 the prescribed minimum levels were as follows: -

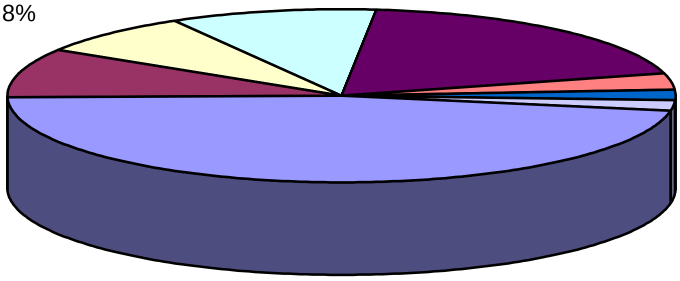
	£000's
General Fund Revenue Account	1,500
Housing Revenue Account	500
	2,000

The Council also has a number of provisions and reserves. The accounting treatment of these is described on *pages 28 to 29*. Details about the nature and purpose of these reserves and provisions, together with their movements in the year, are described on *pages 32 to 33, 45 to 49 and 78 to 85*.

3. *Major Influences on the Council's Income and Expenditure*

The following two charts show, in broad terms, where the Council's money comes from and how it is spent. The percentages follow from a consolidation of the General Fund and the Housing Revenue Account and are based on total expenditure and matching income of £130m.

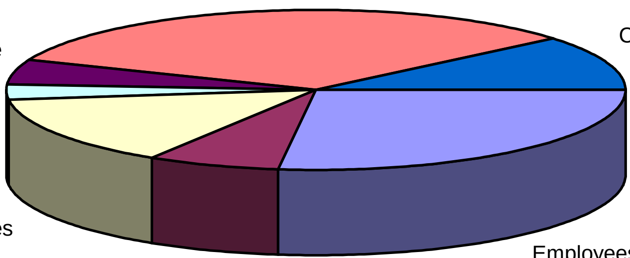
Where the money comes from



The total cost of providing rent rebates to Council tenants is deducted from their rent income, to produce a net figure.

The largest item of income is Specific Government Grants that contribute significantly towards the cost of Housing and Council Tax Benefit payments. Altogether, such grants provide 47% of the total income. 8% of income is provided through Council House Rents and 9% through the Revenue Support Grant and contributions from the National Non-Domestic Rate Pool (General Government Grants). The other main sources of income are Council Tax and Fees and Charges paid by users of the Council's facilities.

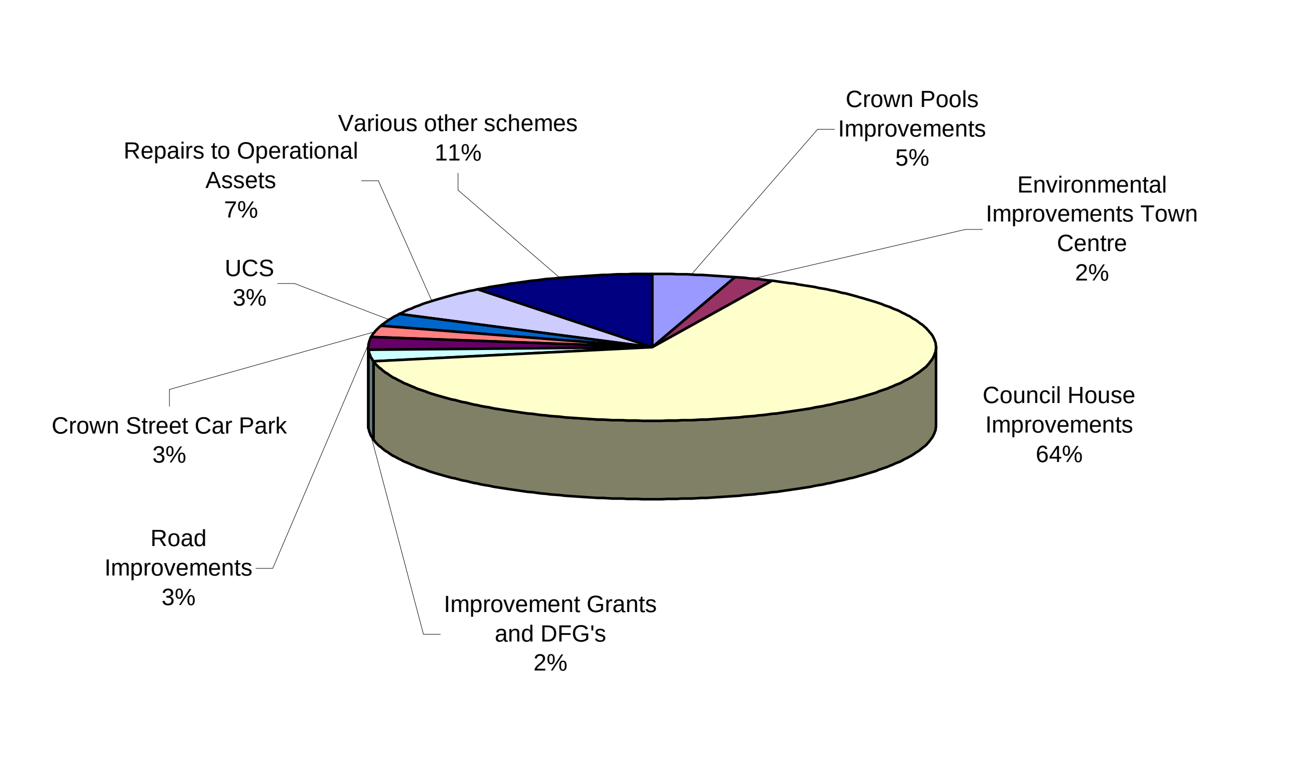
How the money was spent



Benefit payments cover Rent Allowances, paid to private sector tenants and Council Tax Benefits. Capital Financing Costs relate to the repayments of principal and interest on loans. Agency Expenditure relates mainly to the operation of Highways functions on behalf of, and recovered from, Suffolk County Council.

4. Capital Expenditure and Financing

The major items of capital expenditure in 2010/11 were as follows: -



Details of the Council's 2010/11 capital expenditure by service groupings, together with details of financing are shown below. The main sources of financing are capital receipts arising from the sale of assets, revenue contributions to capital outlay and the major repairs allowance.

2009/10 £000's		**2010/11 £000's**
	SERVICES EXPENDITURE	
48	Communications and Design	5
259	Community Services	272
176	Corporate Development	81
2,454	Culture and Leisure Services	1,848
143	Environmental Services	118
874	Finance	719
13,268	Housing Services	11,516
540	Legal and Democratic Services	561
1,650	Planning, Transport and Regeneration	1,670
19,412	**TOTAL**	16,790
	FINANCING	
4,556	Usable Capital Receipts	4,045
352	Borrowing	540
1,334	External Contributions	596
829	Government Grants	695
5,165	Major Repairs Allowance (HRA)	5,159
1,314	Use of Credit Approvals	1,314
5,862	Revenue Contributions to Capital Outlay	4,441
19,412	**TOTAL**	16,790

5. Pensions

Employees of Ipswich Borough Council may participate in the Suffolk County Council Pension Fund, part of the Local Government Pension Scheme, which is a statutory defined benefit scheme. The Fund is administered by Suffolk County Council in accordance with the Local Government Pension Scheme Regulations 1997.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £195.4m (*see page 102*) has a substantial impact on the net worth of the authority as recorded in the balance sheet (*see page 35*), resulting in a negative overall balance of £35.8m. However, statutory arrangements for funding the deficit lessen the overall impact on the financial position of the authority.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

6. Changes

Transition to IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The tables in note 1 to the Core Financial Statements explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements:

There have been no significant changes in the Council's statutory functions during the year.

7. Further Information

Further information about the accounts can be obtained from the Head of Finance at Grafton House. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

1 General Principles

The glossary of financial terms on *pages 139 to 143* provides definitions of the accounting terms used in the Statement of Accounts.

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011. The 2011 Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on International Financial Reporting Standards (IFRS) and the Best Value Accounting Code of Practice 2010/11 (updated following adoption of IFRS), taking into account any subsequent accounting guidance such as Local Authority Accounting Panel (LAAP) bulletins and any statutory requirements.

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common need of most users'.

It has the following underlying assumption:

- Going concern basis – the accounts are prepared on the assumption that the local authority will continue to operate for the foreseeable future.

There are the following qualitative characteristics:

- Understandability - Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable, an explanation has been provided in the Glossary of Terms.
- Relevance - The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- Materiality - In using its professional judgement, the Council considers the size and nature of any transaction, or set of transaction. An item is considered material where its omission would reasonably change the substance.
- Reliability - The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.

- Comparability - A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has material effect on information, this has been disclosed.

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

2 Accruals of Income and Expenditure

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

Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including those rendered by the Authority's officers) are recorded as expenditure when the services are received, rather than when payments are made.

Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

The full cost of employees is charged to the accounts of the period within which the employee worked. Accruals are made for salaries and other employee benefits (e.g. annual leave – see separate accounting policy 'Employee Benefits') earned but unpaid at the year end, where material. No accrual is made for flexi leave, maternity leave or sickness, as the amounts are immaterial.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down (impaired) and a charge made to revenue for the income that might not be collected.

There are certain exceptions to this principle that do not have a material affect on the accounts:

Periodic payments, including utilities, rentals – these are charged into the Accounts when they are due, rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

Weekly paid wages – basic pay, together with related employer's National Insurance and Superannuation contributions, are charged to the Accounts for the week in which they were earned. Related bonus is charged in the following week, and is not accrued at the year-end. No accrual is made for part weeks at the beginning and end of the year.

Rent Income – a smoothing adjustment is applied each year to evenly spread the rent when an additional rent week occurs.

3 Cash and Cash Equivalents

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

All investments are held for the purpose of gain/return.

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

4 Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. There is a number of accounting policy changes arising out of the adoption of the IFRS-based Code that require changes to the 2009/10 comparative accounts and also require the disclosure of the opening balance sheet at 1 April 2009.

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

5 Charges to Revenue for Non-Current Assets

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

depreciation attributable to the assets used by the relevant service

revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

amortisation of intangible fixed assets attributable to the service.

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

The depreciation policy is detailed within the policy on Property, Plant and Equipment on *pages 25 to 26.*

6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Authority. Where material, an accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the current financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service(s) line within the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Account when the Authority is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Authority are members of the Local Government Pensions Scheme, administered by Suffolk County Council.

The Local Government Pension Scheme

The scheme is accounted for as a defined benefits scheme and provides to members retirement lump sums and pensions, earned as employees worked for the Authority.

The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Contribution rates, which are included in the Accounts, are determined by triennial actuarial valuations. The rates payable in 2010/11 were determined by the valuation on 31 March 2010.

Liabilities are discounted to their value at current prices, using a discount rate equivalent to the gross redemption yield on the iBoxx Sterling Corporates AA Over 15 Years Index at the IAS19 valuation date, with one slight amendment – the removal of recently re-rated bonds from the index.

The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

quoted securities – current bid price

unquoted securities – professional estimate

unitised securities – current bid price

property – market value

The change in the net pensions liability is analysed into seven components:

current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – taken to other comprehensive income.

contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement, in exchange for a reduction in their future annual pension. On the advice of our actuaries, we have taken the view that an allowance should be included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free cash for post-April 2008 service. In addition, the allowance for future life expectancy has changed at this year end, based on the Employer's 2010 report for historic average future life expectancies at age 65.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7 Events After the Reporting Period

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

those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect

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

8 Exceptional Items

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

9 Financial Instruments

Financial Liabilities

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

For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. Where a financial instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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

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

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

Where premiums and discounts have been charged to the Comprehensive Income and

Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, or in accordance with the item 8 determination with respect to the Housing Revenue Account debt. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

<u>Loans and Receivables</u>

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost.

Loans receivable prevailing benchmark market rates have been used to provide the fair value. Where a financial instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

The carrying amount of debtors is adjusted for doubtful debts, which are provided for, and known uncollectible debts are written off. An annual contribution to the impairment provision is made allowing for likely bad debt levels to ensure the provision is maintained at a satisfactory level.

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

Available-for-Sale Assets

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

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

instruments with quoted market prices – the market price

equity shares with no quoted market prices – only shares held are Ipswich Buses and accumulated profit on balance sheet is used

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

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

10 Government Grants and Contributions

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

the Authority will comply with the conditions attached to the payments, and

the grants or contributions will be received

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

Area Based Grant

This is a general grant allocated by central government directly to local authorities as additional revenue funding. It is non-ring fenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

11 Intangible Assets

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

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

Expenditure on the development of websites is not capitalised if the website's is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

12 Interests in Companies and Other Entities

Summarised group financial statements have been produced to reflect the Authority's material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The Authority's only related company is Ipswich Buses Limited, a company set up by the Authority under the Transport Act 1985.

13 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

14 Investment Properties

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

Recognition

Expenditure on the acquisition, creation or enhancement of Investment Property is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost or fair value of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Where part of an investment property is replaced, the cost of the replacement is recognised in the carrying value of the investment property and the carrying amount of those parts that are replaced is derecognised.

Measurement

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length (i.e. market value). Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental Income and Disposals

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

15 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation. The Authority is involved in one such operation, the joint arrangement with Colchester Borough Council for the running of a joint Museums Service.

16 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

<u>The Authority as Lessee</u>

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg, there is a rent-free period at the commencement of the lease).

<u>The Authority as Lessor</u>

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received), and

finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

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

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

Operating Leases

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

<u>Lease Type Arrangements</u>

Where the Council enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset (eg an item of property, plant or equipment) in return for a payment or series of payments, the arrangement is accounted for as a lease as detailed above.

17 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2010/11* (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between Service Areas in proportion to the benefits received, with the exception of:

Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on surplus assets in Property, Plant and Equipment.

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

The recharge of overheads and support services to Service Areas is on the following basis:

Central, Administrative and Technical Departments - Time spent/volume related charge

Office Accommodation - Charge related to area occupied

18 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others of for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Assets valued at £10,000 or more are included in the Accounts.

<u>Recognition</u>

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie, repairs and maintenance) is charged as an expense when it is incurred.

<u>Measurement</u>

Assets are initially measured at cost, comprising:

the purchase price

any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Authority. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account on the Balance Sheet. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

infrastructure, community assets and assets under construction – depreciated historical cost

dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)

all other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

The assets were last revalued on 1 April 2009 by an independent valuation team. Subsequent revaluations will be carried out at intervals of no more than 5 years.

Council dwellings have been revalued as at 31 March 2011 in accordance with the requirements of Resource Accounting for the Housing Revenue Account.

The valuation of land and buildings is undertaken by professionally qualified valuers

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

Gains are credited to the appropriate line(s) in the Surplus or Deficit on Provision of Services (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised) where they arise from the reversal of a revaluation loss previously charged to the same asset.

Where decreases in value are identified, the revaluation loss is accounted for by:

where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services

When an asset is re-valued (revaluation gain and revaluation loss), any accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Revaluation gains and revaluation losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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

<u>Impairment</u>

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services.

In exceptional cases where an impairment loss is reversed subsequently on the same asset, the reversal is credited to the relevant service line(s) in the Surplus or Deficit on Provision of Services, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

<u>Depreciation</u>

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

Deprecation is calculated on the following bases:

dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer

vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

infrastructure – straight-line allocation over 25 years.

Depreciation is recognised in the appropriate line(s) in the Surplus or Deficit on Provision of Services. Depreciation is not permitted to have an impact on the General Fund Balance. The depreciation is therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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

Disposals and Assets Held for Sale

If the carrying amount of an asset will be recovered principally through a sale transaction, that is highly probable to complete within one year from the date of classification, rather than through its continuing use, it is reclassified as a current Asset Held for Sale. For council dwellings this is deemed to be the 1st day of the month following the receipt of an acceptance of offer note from the tenant.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses recognised in the Surplus or Deficit on Provision of Services on the same asset (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised. Depreciation is not charged on Assets Held for Sale. Where assets are expected to be sold beyond 12 months of the end of the financial year, but the delay in the completion of the sale is beyond the authority's control and there is sufficient evidence that the authority remains committed to the plan to sell the asset, the assets are classified as Non-Current Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets (Property, Plant and Equipment or Investment Property) and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts (disposals of £10,000 or below are treated as revenue). A proportion of receipts relating to housing disposals (75% for dwellings, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Componentisation

Where an item of Property, Plant and Equipment is of significant value in relation to the overall asset portfolio and has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

The Authority will apply a de minimis limit of £500K, below which assets will not be componentised because the asset is not considered significant in relation to the overall value of the Council's asset portfolio. For those above this de minimis limit, there will be a separate de minimis to only consider those components that are significant in relation to the total cost of the asset (20% or above of the total cost). These de minimus limits will be assessed on a regular basis to ensure that the levels are appropriate and do not materially affect the depreciation calculation.

Componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred, and revaluations carried out, from 1 April 2010.

Where part of a Property, Plant and Equipment asset is replaced, the cost of the replacement is recognised in the carrying value of the asset and the carrying amount of those parts that are replaced is derecognised. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately

The Authority carried out a componentisation exercise in 2010/11 and looked at all expenditure on buildings where there are significant components and found no significant expenditure relating to those components. No significant revaluations were undertaken in 2010/11. For 2011/12 a comprehensive exercise involving valuers and building surveyors will be carried out to identify the useful economic lives of the significant components.

The depreciation charged in 2010/11 relates to the life of the building, but in future years the depreciation will be charged on the individual components, which are likely to have shorter lives than the building. As a result, the expected depreciation will increase.

Reclassifications to Investment Property

Where Property, Plant and Equipment meet the criteria for Investment Property, the asset is reclassified to Investment Property. The asset is revalued immediately before reclassification to Investment Property with any remaining balance on the Revaluation Reserve ‘frozen’ until such time it is reclassified.

19 Provisions

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Provisions are classified on the Balance Sheet as short term (due to be settled within 12 months of the financial year end) or long term (due to be settled over 12 months of the financial year end). For long term provisions where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount due to the passage of time is recognised as interest within Surplus or Deficit on the Provision of services.

20 Contingent Liabilities

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

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

21 Contingent Assets

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

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

22 Reserves

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

For each reserve established, the purpose, usage and the basis of transactions are clearly identified. Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management.

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes.

The Major Repairs Reserve is required by statutory provision to be established in relation to the HRA in England. The items to be credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the statement of movement on the HRA balance. The amounts debited to the Major Repairs Reserve are expenditure for the HRA capital purposes; repayment of principal on amounts borrowed and transfers to the HRA required by statutory provision.

23 Revenue Expenditure Funded from Capital under Statute

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

24 Value Added Tax

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

Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In the Authority, that officer is the Chief Financial Officer.

Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer 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 the United Kingdom based on International Financial Reporting Standards ('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 2011.

In preparing this Statement of Accounts, the Chief Financial Officer has:

Selected suitable accounting policies and then applied them consistently;

Made judgements and estimates that were reasonable and prudent;

Complied with the local authority Code

The Chief Financial Officer has also:

Kept proper accounting records which were up to date;

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

This Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2011 and its income and expenditure for the year ended on that date.

CHIEF FINANCIAL OFFICER DATE: 29 SEPTEMBER 2011

Approval of the Statement of Accounts

The Statement of Accounts for 2010/11 was considered and approved by Full Council at the meeting on 14 September 2011.

The Worshipful, The Mayor of Ipswich, Councillor John Le Grys

MOVEMENT IN RESERVES STATEMENT

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 the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance £000s	Earmarked General Fund Reserves £000s	Housing Revenue Account £000s	Earmarked Housing Revenue Account Reserves £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
Balance at 31 March 2009	(3,293)	(5,062)	(2,846)	(2,385)	(13,797)	-	(2,123)	(29,506)	(352,490)	(381,996)
Movement in Reserves during 2009/10										
Surplus or deficit on provision of services	26,123	-	22,821	-	-	-	-	48,944	-	48,944
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	8,119	8,119
Total Comprehensive Income and Expenditure	26,123	-	22,821	-	-	-	-	48,944	8,119	57,063
Adjustments between accounting basis & funding basis under regulations (note 7)	(31,534)	-	(21,624)	-	3,822	-	(807)	(50,143)	50,143	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(5,411)	-	1,197	-	3,822	-	(807)	(1,199)	58,262	57,063
Transfers to/from Earmarked Reserves (note 8)	2,851	(2,851)	104	(104)	-	-	-	-	-	-
Increase/Decrease in 2009/10	(2,560)	(2,851)	1,301	(104)	3,822	-	(807)	(1,199)	58,262	57,063
Balance at 31 March 2010 carried forward	(5,853)	(7,913)	(1,545)	(2,489)	(9,975)	-	(2,930)	(30,705)	(294,228)	(324,933)

	General Fund Balance £000s	Earmarked General Fund Reserves £000s	Housing Revenue Account £000s	Earmarked Housing Revenue Account Reserves £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
Balance at 31 March 2010	(5,853)	(7,913)	(1,545)	(2,489)	(9,975)	-	(2,930)	(30,705)	(294,228)	(324,933)
Movement in Reserves during 2010/11										
Surplus or deficit on provision of services	(16,725)	-	56,178	-	-	-	-	39,453	-	39,453
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(51,123)	(51,123)
Total Comprehensive Income and Expenditure	(16,725)	-	56,178	-	-	-	-	39,453	(51,123)	(11,670)
Adjustments between accounting basis & funding basis under regulations (note 7)	16,944	-	(56,561)	-	3,555	-	59	(36,003)	36,003	-
Net Increase/Decrease before Transfers to Earmarked Reserves	219	-	(383)	-	3,555	-	59	3,450	(15,120)	(11,670)
Transfers to/from Earmarked Reserves (note 8)	(2,083)	2,083	662	(662)	-	-	-	-	-	-
Increase/Decrease in 2010/11	(1,864)	2,083	279	(662)	3,555	-	59	3,450	(15,120)	(11,670)
Balance at 31 March 2011 carried forward	(7,717)	(5,830)	(1,266)	(3,151)	(6,420)	-	(2,871)	(27,255)	(309,348)	(336,603)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000		2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
17,601	(14,006)	3,595	Central services to the public	18,384	(14,244)	4,140
53,415	(15,694)	37,721	Cultural, environmental and planning services	30,748	(14,741)	16,007
13,627	(9,869)	3,758	Highways and transport services	10,670	(8,109)	2,561
93,278	(68,877)	24,401	Housing services	129,497	(71,684)	57,813
4,475	(920)	3,555	Corporate and democratic core	4,527	(957)	3,570
4,162	-	4,162	Non distributed costs	71	-	71
-	-	-	Exceptional Item: Pension Scheme - Past Service Gain (note 13)	(21,888)	-	(21,888)
-	(2,155)	(2,155)	Exceptional Item: Value Added Tax refund	-	-	-
186,558	**(111,521)**	**75,037**	**Cost of Services**	**172,009**	**(109,735)**	**62,274**
2,926	(2,166)	760	Other Operating Expenditure (note 9)	1,297	(1,117)	180
20,483	(19,653)	830	Financing and Investment Income & Expenditure (note 10)	23,150	(20,071)	3,079
-	-	-	(Surplus)/Deficit on Discontinued Operations	-	-	-
-	(27,683)	(27,683)	Taxation and Non-Specific Grant Income (note 11)	-	(26,080)	(26,080)
		48,944	**(Surplus)/Deficit on Provision of Services (note 23)**			**39,453**
		(51,409)	(Surplus)/Deficit on revaluation of non current assets			(3,107)
		7	(Surplus)/Deficit on revaluation of available for sale financial assets			(1,535)
		59,521	Actuarial (Gains)/Losses on pension fund assets/liabilities			(46,481)
		8,119	**Other Comprehensive Income and Expenditure**			**(51,123)**
		57,063	**Total Comprehensive Income and Expenditure**			**(11,670)**

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

1 April 2009 £000s	31 March 2010 £000s		Note	31 March 2011 £000s
435,079	434,284	Property, Plant & Equipment	24	381,242
12,204	14,194	Investment Property	25	13,312
111	123	Intangible Assets	26	71
7,366	5,832	Long Term Investments	27	6,627
12	9	Long Term Debtors	27	8
454,772	**454,442**	**Long Term Assets**		**401,260**
25,285	4,452	Short Term Investments	27	5,144
314	326	Inventories	28	331
12,659	17,531	Short Term Debtors	29	11,803
734	546	Cash and Cash Equivalents	30	452
21	169	Assets held for sale	31	73
39,013	**23,024**	**Current Assets**		**17,803**
(2,233)	(421)	Cash and Cash Equivalents	30	(345)
(11,107)	(3,011)	Short Term Borrowing	27	(2,492)
(14,336)	(16,220)	Short Term Creditors	32	(14,454)
(1,216)	(811)	Provisions	33	(946)
(28,892)	**(20,463)**	**Current Liabilities**		**(18,237)**
(62)	(45)	Long Term Creditors	27	(40)
(308)	(334)	Provisions	33	(281)
(36,312)	(27,101)	Long Term Borrowing	27	(26,307)
(44,551)	(103,536)	Other Long Term Liabilities	27 & 49	(36,269)
(1,664)	(1,054)	Capital Grants Receipts in Advance	39	(1,326)
(82,897)	**(132,070)**	**Long Term Liabilities**		**(64,223)**
381,996	**324,933**	**Net Assets**		**336,603**
(29,505)	(30,705)	Usable Reserves	34	(27,255)
(352,491)	(294,228)	Unusable Reserves	35	(309,348)
(381,996)	**(324,933)**	**Total Reserves**		**(336,603)**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

2009/10 £000		2010/11 £000
48,944	Net (surplus) or deficit on the provision of services	39,453
(53,751)	Adjust net surplus or deficit on the provision of services for non cash movements	(47,256)
(2,330)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2,328
(7,137)	Net cash flows from Operating Activities (note 50)	(5,475)
(14,730)	Investing Activities (note 51)	5,837
20,243	Financing Activities (note 52)	(344)
(1,624)	Net increase or decrease in cash and cash equivalents	18
1,499	Cash and cash equivalents at the beginning of the reporting period	(125)
(125)	**Cash and cash equivalents at the end of the reporting period (note 30)**	(107)

General

1. Transition to IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The tables below explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements:

Government and Non-Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable, subject to certain criteria. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 balance sheet.
- The balance on the Capital Grants and Contributions Unapplied Account at 31 March 2009 has been transferred in the opening 1 April 2009 balance sheet on the following basis:
    - Capital Grants (Short term Creditors) – where conditions of Section 106 Commuted sums agreements have not been met.
    - Capital Grants Receipts in Advance – where conditions of Section 106 agreements and external capital contributions have not been met.
    - Usable Reserve – Capital Grants Unapplied Account – where conditions of Section 106 agreements and external capital contributions have been met or no conditions apply and where no expenditure has been incurred.
    - Usable Reserve – Other/Specify - for revenue contributions where conditions of Section 106 Commuted sums agreements and contributions from developers have been met or no conditions apply. These have been moved to Earmarked Reserves.

- At the end of 2008/09 £837,383.11 of revenue grant income had been received "in advance". This had previously been treated as Income in Advance within Creditors but, under the Code, having no conditions attached, these have now been recognised in the services and has then been transferred to Earmarked Reserves.
- The 2009/10 movements were reviewed and transferred on the same basis as above, in addition, the government grants deferred and external contributions to deferred charges schemes that had been credited to services in 2009/10 were reversed.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet

	Adjustment Made £000
Government Grants Deferred Account	13,561
Capital Adjustment Account	(13,561)
Capital Grants and Contributions Unapplied	5,307
Short Term Creditors	510
Capital Grants Receipts in Advance	(1,664)
Capital Grants Unapplied Account	(2,123)
Earmarked Reserves	(2,030)

31 March 2010 Balance Sheet

	Adjustment Made £000
Government Grants Deferred Account	129
Capital Adjustment Account	(129)
Short Term Creditors	436
Capital Grants and Contributions Unapplied	28
Capital Grants Receipts in Advance (Long Term Liabilities)	610
Capital Grants Unapplied Account	(807)
Earmarked Reserves	(267)

2009/10 Comprehensive Income and Expenditure Account

	Adjustment Made £000
Housing Services Gross Income	406
Cultural, Environmental, Regulatory and Planning Services - gross expenditure	94
Cultural, Environmental, Regulatory and Planning Services - gross income	1,357
Highways and Transport Services - gross expenditure	124
Highways and Transport Services - gross income	56
Central Services to the Public - gross income	(10)
Corporate and Democratic Core - gross income	(42)
Taxation and Non-Specific Grant Income	(3,188)

Leases

The Council leases numerous items of vehicles plant and equipment. Under the SORP all these leased assets were accounted for as Operating Leases. Under the code these have all been reclassified as finance leases. As a consequence of classifying the buildings element of the lease as a finance lease, the financial statements have been amended as follows:

- The Authority has recognised the vehicles, plant and equipment as assets and a finance lease liability.
- The operating lease charges within the relevant services have been removed.
- A depreciation charge has been included within the relevant services.
- The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account. This transfer has been reflected in the Balance Sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement for the year.
- The interest element of the lease payment in respect of the buildings element is charged to the Financing and Investment Income and Expenditure line in the Surplus or Deficit on the Provision of Services.
- New Leases in the year have been recognised in the balance sheet with the contra shown in the Capital Adjustment Account

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	
	Adjustment Made £000
Property, Plant and Equipment - Vehicles, Plant, Furniture and Equipment	2,474
Short Term Creditors	(690)
Other Long Term Liabilities (Finance Lease Liability)	(1,721)
Capital Adjustment Account	(63)
31 March 2010 Balance Sheet	
	Adjustment Made £000
Property, Plant and Equipment - Vehicles, Plant, Furniture and Equipment	(716)
Short Term Creditors	(2)
Other Long Term Liabilities	637
Capital Adjustment Account	81
2009/10 Comprehensive Income and Expenditure Account	
	Adjustment Made £000
Housing Services - gross expenditure	(4)
Cultural, Environmental, Regulatory and Planning Services - gross expenditure	(62)
Highways and Transport Services - gross expenditure	(2)
Corporate and Democratic Core - gross expenditure	(1)
Other Operating Expenditure	24
Financing and Investment Income & Expenditure	126

Investment Property

Under the SORP, upward revaluations on Investment Properties were credited to the Revaluation Reserve, but under the Code these are to be credited to the Income and Expenditure Account.

Under the Code no depreciation is charged in respect of Investment Properties. All depreciation charged in respect of Investment Properties under the SORP has been reversed.

Under the Code the actual revenue income and expenditure relating to investment properties is to be shown under Finance and Investment Income.

The financial statements have been amended as follows:

- All upward revaluations under the SORP have been reversed out of the Revaluation Reserve and have been credited to the Finance and Investment Income line of the Comprehensive Income and Expenditure Statement
- All depreciation charged in respect of Investment Properties under the SORP has been reversed.
- The Impairment Loss, previously charged to Non-Distributed Costs, has been reclassified under Finance and investment Income
- All revenue income relating to Investment Properties has been reversed out of the Environmental, Regulatory and Planning Service gross income and credited to Finance and Investment Income (as the leases are all tenant repairing leases, there was no associated expenditure)

This has resulted in the following changes being made to the 2009/10 financial statements:

31 March 2010 Balance Sheet	
	Adjustment Made £000
Investment Properties	444
Capital Adjustment Account	(10,669)
Revaluation Reserve	10,225
2009/10 Comprehensive Income and Expenditure Account	
	Adjustment Made £000
Housing Services - gross expenditure	(75)
Cultural, Environmental, Regulatory and Planning Services - gross income	1,050
Non Distributed Costs - gross expenditure	(9,048)
Financing and Investment Income & Expenditure	(2,596)
Surplus or deficit on revaluation of non-current assets	10,225

Surplus Assets

Under the Code surplus assets should be valued at the use the asset was being put to before it was decommissioned.

The financial statements have been amended as follows:

- The fixed asset value in the balance sheet has been adjusted to its new value.
- The Revaluation Reserve has been reduced by the previously recognised gain.
- The net of the above two adjustments has been charged to the Capital Adjustment Account.

- This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	Adjustment Made £000
Surplus Assets	(5,033)
PPE Surplus Assets	687
Capital Adjustment Account	3,395
Revaluation Reserve	951
31 March 2010 Balance Sheet	
	Adjustment Made £000
Surplus Assets	(4,355)
PPE Surplus Assets	14
Capital Adjustment Account	(1,429)
Revaluation Reserve	5,770

2. Accounting Standards that have been issued but not yet adopted

FRS30 Heritage Assets

The standard was issued in June 2009, however the 2010/11 Code of Practise on Local Authority Accounting in the United Kingdom did not require implementation of the standard. The standard will be implemented in the 2011/12 edition of the code and amounts to a change of accounting policy under section 3.3 of the code. This change will have to be accounted for retrospectively.

FRS 30 deals with all heritage assets regardless of whether or not they are reported in the entity's balance sheet. It requires an entity to disclose its policy for acquiring, preserving and managing heritage assets. Where heritage assets are not reported in an entity's balance sheet, then FRS 30 requires disclosure of the reasons why they are not reported together with their significance and nature. The main features of this standard are as follows.

(i) The disclosure requirements apply to all entities that hold heritage assets, regardless of whether these assets are reported in the balance sheet. These disclosures will provide information about an entity's total holding of heritage assets and the entity's stewardship of these assets.

(ii) The disclosures should make clear the accounting policies adopted for an entity's holding of heritage assets and the extent to which these assets are recognised in the balance sheet. The disclosures should provide readers with an understanding of the asset values being reported as well as the entity's policies for managing its total holding of heritage assets.

(iii) The accounting in respect of the recognition and measurement of heritage assets should follow the requirements of FRS 15, as supplemented by the requirements of this standard.

(iv) FRS 30 allows entities to use internal valuations without the need for a full valuation every five years.

At Ipswich Borough Council this standard is expected to apply to the various museum collections and collections of paintings. These were obtained mainly through donations with a limited number of acquisitions, sometimes funded through public appeals. The most recent known valuation of the collections was £60m in 1992.

The assets are not recognised in the accounting statements currently due to them having a nil value, being the historic cost value.

3. Critical Judgements in applying Accounting Policies

In applying the accounting policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

influences on going concern, such as future levels of funding for local government – The future funding for local authorities has a high degree of uncertainty. The authority has set aside amounts in working balances and reserves which it believes are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the authority's track record in financial management. The authority's budget strategy for 2011/12 was approved in February 2011.

possible impairment of investments - The carrying amounts of the investments included in the balance sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate. The expected repayments have been estimated, based on the statements made by the administrator. The Council has recognised the impairment of these assets and a charge has been made to the Comprehensive Income and Expenditure Statement.

whether other entities with which the Authority has a relationship are subsidiaries, associates or jointly controlled entities - The list of corporate partnerships was reviewed and updated and each was then analysed to determine the nature of the relationship and therefore the proper accounting treatment. Of all the partnerships, there was only one, Ipswich Buses Limited, a subsidiary, that requires consolidation in the accounts and the impact is shown in the Group Accounts (page 117).

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

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

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £18.684m; a 1 year increase in member life expectancy would result in an increase in the pension liability of £5.862m.
Arrears	At 31 March 2011, the Authority had a balance of sundry debtors for £3.8m. A review of significant balances suggested that an impairment of doubtful debts of 10% (£389k) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £389k to set aside as an allowance.

5. Material items of Income and Expense

There are no material items of Income and Expense which are not disclosed elsewhere in the Statement of Accounts.

6. Events after the Balance Sheet date

There are no such events.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

	Usable Reserves						
2010/11	**General Fund Balance £000s**	**Housing Revenue Account £000s**	**Capital Receipts Reserve £000s**	**Major Repairs Reserve £000s**	**Capital Grants Unapplied Account £000s**	**Movement in Unusable Reserves £000s**	**Total 2010/11 £000s**
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non current assets	(3,462)	(4,560)	-	-	-	8,022	-
Revaluation losses on Property, Plant & Equipment	-	-	-	-	-	-	-
Impairment losses on Property, Plant & Equipment	(54)	(61,640)	-	-	-	61,694	-
Movements in the market value of Investment Properties	(882)	-	-	-	-	882	-
Amortisation of intangible assets	(70)	-	-	-	-	70	-
Capital grants and contributions that have been applied to capital financing	1,274	-	-	-	59	(1,333)	-
Revenue expenditure funded from capital under statute	(2,664)	(11)	-	-	-	2,675	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	106	236	(1,010)	-	-	668	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement							
Statutory provision for the financing of capital investment	1,686	138	-	-	-	(1,824)	-
Capital expenditure charged against the General Fund and HRA balances	35	4,406	-	-	-	(4,441)	-

7. Adjustments between Accounting Basis and Funding Basis under Regulations (cont)

2010/11	General Fund Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Movement in Unusable Reserves £000s	Total 2010/11 £000s
	Usable Reserves						
Adjustments primarily involving the Capital Receipts Reserve:							
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(521)	-	521	-	-	-	-
Capital Receipts applied to fund Capital Expenditure			4,045			(4,045)	-
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	(1)	-	-	1	-
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA	-	4,560	-	(4,560)	-	-	-
Excess of depreciation charged to HRA services over the Major Repairs Allowance element of Housing Subsidy	-	599	-	(599)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	5,159	-	(5,159)	-
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1,175	60	-	-	-	(1,235)	-
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement/Employer's pension contributions and direct payments to pensioners payable in year	20,496	(280)	-	-	-	(20,216)	-
Adjustment primarily involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in accordance with statutory requirements	(223)	(69)	-	-	-	292	-
Adjustment primarily involving the Collection Fund Adjustment Account:							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory requirements	48	-	-	-	-	(48)	-
Total Adjustments	**16,944**	**(56,561)**	**3,555**	**-**	**59**	**36,003**	**-**

7. Adjustments between Accounting Basis and Funding Basis under Regulations (cont)

2009/10	General Fund Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Movement in Unusable Reserves £000s	Total 2009/10 £000s
	Usable Reserves						
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non current assets	(5,293)	(4,859)	-	-	-	10,152	-
Revaluation losses on Property, Plant & Equipment	(4,181)	-	-	-	-	4,181	-
Impairment losses on Property, Plant & Equipment	(23,261)	(28,635)	-	-	-	51,896	-
Movements in the market value of Investment Properties	1,990	-	-	-	-	(1,990)	-
Amortisation of intangible assets	(68)	-	-	-	-	68	-
Capital grants and contributions that have been applied to capital financing	3,189	-	-	-	(807)	(2,382)	-
Revenue expenditure funded from capital under statute	(3,940)	(13)	-	-	-	3,953	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	22	625	(2,138)	-	-	1,491	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement							
Statutory provision for the financing of capital investment	1,652	43	-	-	-	(1,695)	-
Capital expenditure charged against the General Fund and HRA balances	-	5,862	-	-	-	(5,862)	-

7. Adjustments between Accounting Basis and Funding Basis under Regulations (cont)

2009/10	General Fund Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Movement in Unusable Reserves £000s	Total 2009/10 £000s
Adjustments primarily involving the Capital Receipts Reserve:							
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,407)	-	1,407	-	-	-	-
Capital Receipts applied to fund Capital Expenditure			4,556			(4,556)	-
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	(3)	-	-	3	-
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA	-	4,842	-	(4,842)	-	-	-
Excess of depreciation charged to HRA services over the Major Repairs Allowance element of Housing Subsidy	-	323	-	(323)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	5,165	-	(5,165)	-
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	73	62	-	-	-	(135)	-
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement/Employer's pension contributions and direct payments to pensioners payable in year'	(227)	126	-	-	-	101	-
Adjustments involving the Collection Fund Adjustment Account:							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory requirements	(83)	-	-	-	-	83	-
Total Adjustments	(31,534)	(21,624)	3,822	-	(807)	50,143	-

8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2010/11.

	Balance at 1 April 2009 £000s	Transfers Out 2009/10 £000s	Transfers In 2009/10 £000s	Balance at 31 March 2010 £000s	Transfers Out 2010/11 £000s	Transfers In 2010/11 £000s	Balance at 31 March 2011 £000s
General Fund:							
Transport Realisation Account	(252)	-	-	(252)	-	-	(252)
Trading Account Profits	(56)	718	(662)	-	-	-	-
Insurance	(1,035)	-	(138)	(1,173)	-	-	(1,173)
Repairs & Renewals	(1,132)	196	(755)	(1,691)	1,317	(121)	(495)
Investment Impairment Reserve	(430)	-	(2,013)	(2,443)	955	(195)	(1,683)
Legacies	(127)	-	-	(127)	-	-	(127)
Capital Financing	-	-	-	-	-	(200)	(200)
Revenue Grants Reserve	(2,030)	477	(674)	(2,227)	612	(285)	(1,900)
Total	**(5,062)**	**1,391**	**(4,242)**	**(7,913)**	**2,884**	**(801)**	**(5,830)**
Housing Revenue Account:							
Capital Financing	(244)	5,862	(5,929)	(311)	4,440	(5,257)	(1,128)
Repairs & Renewals	(1,000)	-	-	(1,000)	-	-	(1,000)
Miscellaneous	(1,141)	34	(71)	(1,178)	194	(39)	(1,023)
Total	**(2,385)**	**5,896**	**(6,000)**	**(2,489)**	**4,634**	**(5,296)**	**(3,151)**

General Fund Reserves:

The Insurance Reserve is available to finance claims that might arise in addition to the predicted level of insurance claims e.g. arising from events such as a hurricane. It also covers tendering losses if incurred and other claims which might arise for which external insurance cover is not provided.

The Repairs and Renewals Reserve provides for future maintenance costs.

The Investment Impairment Reserve is a sum set aside to cover possible future impairment of the Authority’s Icelandic Bank investments.

The Revenue Grants Reserve represents the grant funding received, but not yet spent.

The Capital Financing Reserve represents money set aside to fund future capital spending.

Housing Revenue Account Reserves:

Note 6 to the Housing Revenue Account (page 110) provides a detailed breakdown of the Repairs & Renewals and Miscellaneous Reserves.

Notes to Comprehensive Income and Expenditure Statement

9. Other Operating Expenditure

2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000		2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
1,406	-	1,406	Payments to the Government Housing Capital Receipts Pool	522	-	522
1,520	(2,141)	(621)	Gain/Loss on the disposal of non current assets	775	(1,011)	(236)
-	(25)	(25)	Capital Receipts not from disposal of non current assets	-	(106)	(106)
2,926	(2,166)	760		1,297	(1,117)	180

10. Finance and Investment Income and Expenditure

2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000		2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
7,613	(8,251)	(638)	(Gains)/Losses on trading operations (note 15.1)	7,419	(7,889)	(470)
1,903	-	1,903	Interest payable and similar charges	1,725	-	1,725
280	-	280	Investment Impairment Charge	127	-	127
10,687	(7,274)	3,413	Pensions interest cost and expected return on pension assets	12,997	(10,576)	2,421
-	(1,088)	(1,088)	Interest receivable and similar income	-	(563)	(563)
-	(1,990)	(1,990)	Changes in the fair value of investment properties	882	-	882
-	(1,050)	(1,050)	Investment properties income	-	(1,043)	(1,043)
20,483	(19,653)	830		23,150	(20,071)	3,079

11. Taxation and Non-Specific Grant Income

2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000		2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
-	(12,563)	(12,563)	Council tax income	-	(12,832)	(12,832)
-	(9,612)	(9,612)	Non domestic rates	-	(10,401)	(10,401)
-	(2,319)	(2,319)	Non-ringfenced government grants	-	(1,573)	(1,573)
-	(3,189)	(3,189)	Capital grants and contributions	-	(1,274)	(1,274)
-	(27,683)	(27,683)		-	(26,080)	(26,080)

12. Discontinued and Expanded Operations

There were no significant discontinued or expanded operations during the year.

13. Exceptional Item – Pension Scheme

In its 2010 budget, the Government announced that, in future, the pension increase order applied to public service pension schemes' pensions in payment will be linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). The Council's actuary, Hymans Robertson LLP has adjusted the assumptions used to calculate the Pension Fund Liability in relation to future levels of pension increase. A past service gain of £21.888m is included as an Exceptional Item. Note 49 provides more pension information.

14. Prior Period Adjustments

Apart from those adjustments resulting from the changes from UK GAAP to IFRS, there have been no other prior period adjustments identified, which materially affect the 2010/11 accounts.

15. Trading Undertakings

15.1 The following table provides a summary of the turnover and surplus or deficit for each of the services originally established, in accordance with the Local Government, Planning and Land Act 1980 or the Local Government Act 1988. The accounts are no longer subject to the directions and regulations made under those Acts but much of the work of these services continues to be undertaken in a competitive environment (i.e. the right to undertake work has been won in competition against other bidders for the work).

Summary of Accounts for Ipswich Borough Contracts 2010/11

	Income £000's	**Expenditure £000's**	**(Surplus) / Deficit £000's**
2009/10			
Building Maintenance (Maintenance of Council Dwellings)	(4,573)	4,116	(457)
Highways and Sewerage (Highways Agency work)	(3,678)	3,497	(181)
Totals	**(8,251)**	**7,613**	**(638)**
2010/11			
Building Maintenance (Maintenance of Council Dwellings)	(4,174)	3,948	(226)
Highways and Sewerage (Highways Agency work)	(3,715)	3,471	(244)
Totals	**(7,889)**	**7,419**	**(470)**

Accumulated Profits	2009/10 £000's	**2010/11 £000's**
Balance 1 April	(56)	**-**
(Surplus)/Deficit for year	(638)	**(470)**
(Surplus)/Deficit reported in CI&ES	(694)	**(470)**

15.2 A number of other Council services are involved in a significant level of trading with third parties. The turnover and surplus/deficit of these services are included within the Net Cost of Services on the Income and Expenditure Account and include the following: -

Other Trading Services Summary

2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000		2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
9,437	(1,745)	7,692	Corporate Properties	808	(1,212)	(404)
8,375	(2,854)	5,521	Council Halls/Theatres	3,149	(2,388)	761
3,303	(2,759)	544	Car Parks	1,657	(2,322)	(665)
1,386	(1,218)	168	Crematorium	604	(1,256)	(652)
1,288	(1,340)	(52)	Trade Refuse	1,123	(1,312)	(189)
23,789	(9,916)	13,873		7,341	(8,490)	(1,149)

The year on year variation in Net Expenditure identified above is partly due to further variations in Capital Charges following asset revaluations, the effect of which is shown as follows:

2009/10 Gross Expenditure exc Capital Charges £000	2009/10 Gross Income £000	2009/10 Net Expenditure exc Capital Charges £000		2010/11 Gross Expenditure exc Capital Charges £000	2010/11 Gross Income £000	2010/11 Net Expenditure exc Capital Charges £000
595	(1,745)	(1,150)	Corporate Properties	479	(1,212)	(733)
3,494	(2,854)	640	Council Halls/Theatres	2,993	(2,388)	605
1,449	(2,759)	(1,310)	Car Parks	1,590	(2,322)	(732)
479	(1,218)	(739)	Crematorium	580	(1,256)	(676)
1,261	(1,340)	(79)	Trade Refuse	1,096	(1,312)	(216)
7,278	(9,916)	(2,638)		6,738	(8,490)	(1,752)

16. Agency Services

The Council carries out work on an agency basis, for which it is reimbursed. The main area of work is as highways agent for Suffolk County Council. The Borough Engineer supervises work related to highways in the Borough, including road surface and street lighting maintenance, footway repairs, verge maintenance and winter gritting. A summary of expenditure incurred is as follows:

2009/10 £000's		**2010/11 £000's**
839	Footway Maintenance	655
1,897	Carriageway Maintenance	1,322
1,647	Electrical Services	1,239
417	Other	465
4,800	**Total Amount Reimbursable**	**3,681**

17. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2010/11;

2009/10 £000's		2010/11 £000's
	Credited to Taxation and Non Specific Grant Income	
	Area Based Grants:	
(22)	Climate Change	(23)
-	Economic Assessment Duty	(6)
-	NI 160 Status Survey	(4)
-	Statutory Guidance - Social Housing Allocations	(1)
-	Petitions	(6)
(30)	Youth Taskforce	(23)
(52)		(63)
	Other General Grants:	
(2,219)	Revenue Support Grant	(1,510)
(48)	Local Authority Business Growth Incentive Scheme	-
(2,319)	**Non-ringfenced Government Grants**	(1,573)
	Capital Grants and Contributions:	
(1,098)	S106 Income	(111)
(2,091)	Capital Contributions Income	(1,163)
(3,189)		(1,274)
	Credited to Services	
(57,493)	DWP Grants for Rebates	(60,777)
6,107	Housing Subsidy	6,519
(91)	Homelessness Grant	(91)
(935)	Housing & Planning Delivery Grant	(134)
(608)	Concessionary Fares Grant	(625)
(53,020)		(55,108)

18. Councillor's Allowances

The total value of Councillors' allowance paid in the year was £277,934 (£275,753 in 2009/10). A detailed analysis of these payments was published on the Ipswich Borough Council website, www.ipswich.gov.uk

19. Officer Emoluments

The number of employees, including Senior Officers, whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2009/10 Number of employees	**Remuneration band**	2010/11 Number of employees
3	£50,000 - £54,999	4
2	£55,000 - £59,999	3
6	£60,000 - £64,999	4
1	£65,000 - £69,999	3
1	£70,000 - £74,999	0
2	£75,000 - £79,999	1
1	£80,000 - £84,999	1
0	£85,000 - £89,999	0
0	£90,000 - £94,999	1

The following table sets out the remuneration disclosures for Senior Officers for 2010/11, whose salary is less than £150,000, but equal to or more than £50,000 per year.

Postholder Information (Post Title)	**Salary (Including Fees & Allowances) £**	**Expenses Allowances £**	**Benefits in Kind (e.g. Car Allowance) £**	**Total Remuneration excluding Pension Contributions 2010/11 £**	**Pension Contributions £**	**Total Remuneration including Pension Contributions 2010/11 £**
Chief Executive	91,678	0	0	91,678	11,936	103,614
Corporate Director	79,887	134	0	80,021	10,401	90,422
Corporate Director	78,118	0	0	78,118	10,187	88,305
Head of Legal & Democratic Services	65,723	0	0	65,723	8,557	74,280
Head of Finance	62,491	8	0	62,499	8,136	70,635
Head of Planning, Transport & Regeneration	59,345	0	0	59,345	7,723	67,068
Head of Community Services	67,628	6	0	67,634	8,805	76,439
Head of Culture & Leisure Services	61,272	350	0	61,622	7,978	69,600
Head of Housing Services	61,020	164	0	61,184	7,978	69,162
Head of Corporate Development	62,491	88	0	62,579	8,137	70,716
Head of Environmental Services	57,738	402	0	58,140	7,518	65,658
	747,391	**1,152**	**0**	**748,543**	**97,356**	**845,899**

All the above Officers are members of the Local Government Pension Scheme. The rules of the scheme are set at national level and the employer pension contributions, for current service cost, above are 13% of annual pay. In addition, each officer contributes between 7.2% and 7.5% of their salary to the fund, in line with national rules. The Expenses Allowances above does not include expenses that the officers concerned were eligible to claim, but did not wish to do so.

The following table sets out the remuneration disclosures for Senior Officers for 2009/10, whose salary is less than £150,000, but equal to or more than £50,000 per year.

Postholder Information (Post Title)	Note	Salary (Including Fees & Allowances) £	Expenses Allowances £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions 2009/10 £	Pension Contributions £	Total Remuneration including Pension Contributions 2009/10 £
Ex Chief Executive	1	69,730	192	4,851	74,773	8,524	83,297
Corporate Director/Interim Chief Executive	2	78,832	0	0	78,832	10,264	89,096
Corporate Director		79,887	490	0	80,377	10,401	90,778
Corporate Director		78,244	0	0	78,244	10,187	88,431
Head of Legal & Democratic Services		63,632	0	0	63,632	8,285	71,917
Head of Finance		61,444	10	0	61,454	8,000	69,454
Head of Planning, Transport & Regeneration		58,385	0	0	58,385	7,597	65,982
Head of Community Services		65,204	0	0	65,204	8,490	73,694
Head of Culture & Leisure Services		60,245	0	0	60,245	7,844	68,089
Head of Housing Services		60,261	0	0	60,261	7,844	68,105
Head of Corporate Development		61,444	0	0	61,444	8,000	69,444
Head of Environmental Services		56,800	800	0	57,600	7,392	64,992
Head of Strategic Projects		62,667	102	0	62,769	8,159	70,928
Head of Streetcare	3	45,566	791	0	46,357	5,747	52,104
		902,341	**2,385**	**4,851**	**909,577**	**116,734**	**1,026,311**

Note 1: The Ex Chief Executive was in post until 10 November 2009, his annualised salary was £113,991.
Note 2: The Interim Chief Executive was in post from 3 December 2009, his annualised salary is £91,678.
Note 3: The Head of Streetcare left on 10 January 2010, his annualised salary was £56,054.

20. Related Parties

The Council is required to disclose details of transactions with related parties. Related parties are generally either individuals or organisations that could exert direct or indirect control over the other party or where the parties to a transaction are subject to common control from the same source.

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council and details of related party transactions are contained within *note 10 page 135* to the Group Accounts.

No other material transactions have been identified for disclosure, which are not already disclosed elsewhere in the Statement of Accounts.

21. Audit and Inspection

In 2010/11, the Council incurred the following fees relating to external audit inspection:

2009/10 £000's		**2010/11 £000's**
161	Fees paid to PricewaterhouseCoopers LLP with regard to external audit services carried out by the appointed auditor	**163**
6	Fees paid in respect of other services provided by the appointed auditor	**5**
8	Fees paid to the appointed auditor in respect of statutory inspection	**8**
49	Fees paid to the appointed auditor for the certification of grant claims and returns	**50**
224	**TOTAL FEES**	**226**

22. Financial Instruments Gains and Losses

	2009/10					2010/11				
	Financial Liabilities	**Financial Assets**				**Financial Liabilities**	**Financial Assets**			
	Liabilities measured at amortised cost £000's	Loans and Receivables £000's	Available-for-sale assets £000's	Assets & Liabilities at Fair Value through Profit & Loss £000's	Total £000's	Liabilities measured at amortised cost £000's	Loans and Receivables £000's	Available-for-sale assets £000's	Assets & Liabilities at Fair Value through Profit & Loss £000's	Total £000's
Interest expense	(1,903)	-	-	-	(1,903)	(1,725)	-	-	-	(1,725)
Losses on derecognition	-	-	-	-	-	-	-	-	-	-
Reductions in Fair Value	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	(280)	-	-	(280)	-	(127)	-	-	(127)
Fee expense	-	-	-	-	-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	**(1,903)**	**(280)**	**-**	**-**	**(2,183)**	**(1,725)**	**(127)**	**-**	**-**	**(1,852)**
Interest income	-	1,088	-	-	1,088	-	563	-	-	563
Interest income accrued on impaired financial	-	-	-	-	-	-	-	-	-	-
Increases in Fair Value	-	-	-	-	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	**-**	**1,088**	**-**	**-**	**1,088**	**-**	**563**	**-**	**-**	**563**
Gains on revaluation	-	-	-	-	-	-	-	1,535	-	1,535
Losses on revaluation	-	-	(7)	-	(7)	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-	-	-	-	-
Surplus/Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**(7)**	**-**	**(7)**	**-**	**-**	**1,535**	**-**	**1,535**
Net Gain/(loss) for the year	**(1,903)**	**808**	**(7)**	**-**	**(1,102)**	**(1,725)**	**436**	**1,535**	**-**	**246**

23. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Executive Committee on the basis of budget reports analysed across Heads of Service. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure, whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement;

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;

- expenditure on some support services is budgeted for centrally and not charged to Heads of Service.

The income and expenditure of the Authority's Heads of Service recorded in the budget reports for the year is as follows:

Heads of Service Income & Expenditure 2010/11

	Finance £000s	Legal & Democratic £000s	Corporate Development £000s	Planning, Transport & Regeneration £000s	Environmental Services £000s	Local Authority Housing (HRA) £000s	Other Housing £000s	Community Services £000s	Leisure & Culture £000s	Design & Communication £000s	Corporate Management Team £000s	Total £000s
Government grants	(60,777)	0	0	(759)	0	0	(91)	0	0	0	0	**(61,627)**
Other Grants, Reimbursements & Contributions	(693)	(109)	0	(5,048)	(1,273)	5,679	(952)	(581)	(155)	(14)	0	**(3,146)**
Sales	(6)	(25)	0	(5)	(45)	0	0	0	(427)	(58)	0	**(566)**
Fees & Charges	(667)	(1,936)	(26)	(3,610)	(2,040)	(1,765)	(26)	(326)	(5,289)	(449)	(12)	**(16,146)**
Rents	0	0	0	(1,639)	0	(28,535)	(88)	0	(127)	0	0	**(30,389)**
Interest	0	(2)	0	0	0	0	0	0	0	0	0	**(2)**
Recharges to Other Accounts	(25)	0	(63)	(82)	(215)	(22)	0	0	0	0	0	**(407)**
Total Income	**(62,168)**	**(2,072)**	**(89)**	**(11,143)**	**(3,573)**	**(24,643)**	**(1,157)**	**(907)**	**(5,998)**	**(521)**	**(12)**	**(112,283)**
Employee expenses	(17,408)	1,511	1,757	3,589	4,617	6,022	944	2,034	5,756	539	816	**10,177**
Premises	2	294	0	990	1,850	3,441	2	19	2,060	22	14	**8,694**
Transport	10	11	3	47	981	252	6	21	215	1	8	**1,555**
Supplies & Services	1,210	756	396	1,333	1,958	3,278	493	1,325	2,851	313	60	**13,973**
Third Party Payments	0	0	0	6,771	1	0	0	0	919	0	0	**7,691**
Transfer Payments	59,986	0	0	0	0	1	0	0	0	0	0	**59,987**
Recharges from Other Accounts	0	0	0	0	0	0	0	0	0	0	0	**0**
Capital Financing	0	0	0	0	0	0	0	0	0	0	0	**0**
Total operating expenses	**43,800**	**2,572**	**2,156**	**12,730**	**9,407**	**12,994**	**1,445**	**3,399**	**11,801**	**875**	**898**	**102,077**
Net Cost of Services	**(18,368)**	**500**	**2,067**	**1,587**	**5,834**	**(11,649)**	**288**	**2,492**	**5,803**	**354**	**886**	**(10,206)**

Heads of Service Income & Expenditure
2009/10 Comparative Figures

	Finance	Legal & Democratic	Corporate Development	Planning, Transport & Regeneration	Environmental Services	Local Authority Housing (HRA)	Other Housing	Community Services	Leisure & Culture	Design & Communication	Corporate Management Team	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Government grants	(57,555)	-	-	(1,332)	-	-	(91)	-	-	-	-	**(58,978)**
Other Grants, Reimbursements & Contributions	(754)	(117)	(144)	(6,309)	(1,155)	5,227	(1,111)	(698)	(219)	(6)	-	**(5,286)**
Sales	(5)	(17)	-	(6)	(4)	-	-	-	(507)	(65)	-	**(604)**
Fees & Charges	(674)	(1,946)	(17)	(4,272)	(2,196)	(937)	(70)	(341)	(5,187)	(497)	(5)	**(16,142)**
Rents	-	-	-	(1,781)	1	(28,000)	(184)	-	(109)	-	-	**(30,073)**
Recharges to Other Accounts	-	-	-	-	-	-	-	-	-	-	-	**0**
Total Income	**(58,988)**	**(2,080)**	**(161)**	**(13,700)**	**(3,354)**	**(23,710)**	**(1,456)**	**(1,039)**	**(6,022)**	**(568)**	**(5)**	**(111,083)**
Employee expenses	3,630	1,401	1,694	3,467	4,305	3,815	953	1,793	5,799	524	755	**28,136**
Premises	5	261	-	645	1,636	5,802	67	21	2,142	24	13	**10,616**
Transport	11	15	5	50	948	67	7	25	223	1	15	**1,367**
Supplies & Services	1,446	757	339	1,553	1,941	1,789	581	1,153	2,887	361	127	**12,934**
Third Party Payments	-	-	-	7,888	-	-	-	-	846	-	-	**8,734**
Transfer Payments	55,820	-	-	-	-	-	-	-	-	-	-	**55,820**
Recharges from Other Accounts	-	-	-	16	148	350	-	-	29	-	-	**543**
Capital Financing	-	-	-	-	-	-	-	-	-	-	-	**0**
Total operating expenses	**60,912**	**2,434**	**2,038**	**13,619**	**8,978**	**11,823**	**1,608**	**2,992**	**11,926**	**910**	**910**	**118,150**
Net Cost of Services	**1,924**	**354**	**1,877**	**(81)**	**5,624**	**(11,887)**	**152**	**1,953**	**5,904**	**342**	**905**	**7,067**

Reconciliation of Heads of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement.

This reconciliation shows how the figures in the analysis of Heads of Service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2009/10 £000s		2010/11 £000s
7,067	Cost of Services in Service Analysis	(10,206)
(2,155)	Add services not included in main analysis	-
70,125	Add amounts not reported to management	72,480
-	Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	-
75,037	**Net Cost of Services in Comprehensive Income and Expenditure Statement**	**62,274**

Reconciliation to Subjective Analysis

2010/11	Service Analysis	Services not in Analysis	Not reported to management	Not included in I&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges & other service income	(50,656)	-	-	-	-	(50,656)	-	(50,656)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	(1,606)	(1,606)
Surplus or deficit on trading undertakings	-	-	-	-	-	-	(470)	(470)
Income from council tax	-	-	-	-	-	-	(12,832)	(12,832)
Government grants and contributions	(61,627)	-	-	-	-	(61,627)	(13,248)	(74,875)
Total Income	**(112,283)**	**-**	**-**	**-**	**-**	**(112,283)**	**(28,156)**	**(140,439)**
Employee expenses	10,177	-	-	-	-	10,177	-	10,177
Other service expenses	91,900	-	-	-	-	91,900	-	91,900
Support Service recharges	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	72,480	-	-	72,480	-	72,480
Interest Payments	-	-	-	-	-	-	1,725	1,725
Pension interest cost and expected return on pensions assets	-	-	-	-	-	-	2,421	2,421
Exceptional item: Investment Impairment charge	-	-	-	-	-	-	1,009	1,009
Precepts & Levies	-	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	522	522
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(342)	(342)
Total operating expenses	**102,077**	**-**	**72,480**	**-**	**-**	**174,557**	**5,335**	**179,892**
Surplus or deficit on the provision of services	**(10,206)**	**-**	**72,480**	**-**	**-**	**62,274**	**(22,821)**	**39,453**

Reconciliation to Subjective Analysis

2009/10 Comparatives	Service Analysis	Services not in Analysis	Not reported to management	Not included in I&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges & other service income	(52,105)	-	-	-	-	**(52,105)**	-	**(52,105)**
Surplus or deficit on associates and joint ventures	-	-	-	-	-	**-**	-	**-**
Interest and investment income	-	-	-	-	-	**-**	(4,128)	**(4,128)**
Surplus or deficit on trading undertakings	-	-	-	-	-	**-**	(638)	**(638)**
Execeptional item: Value Added Tax refund	-	(2,155)	-	-	-	**(2,155)**	-	**(2,155)**
Income from council tax	-	-	-	-	-	**-**	(12,563)	**(12,563)**
Government grants and contributions	(58,978)	-	-	-	-	**(58,978)**	(15,120)	**(74,098)**
Total Income	**(111,083)**	**(2,155)**	**-**	**-**	**-**	**(113,238)**	**(32,449)**	**(145,687)**
Employee expenses	28,136	-	-	-	-	**28,136**	-	**28,136**
Other service expenses	89,471	-	-	-	-	**89,471**	-	**89,471**
Recharges from Other Accounts	543	-	-	-	-	**543**	-	**543**
Depreciation, amortisation and impairment	-	-	70,125	-	-	**70,125**	-	**70,125**
Interest Payments	-	-	-	-	-	**-**	1,903	**1,903**
Pension interest cost and expected return on pensions assets	-	-	-	-	-	**-**	3,413	**3,413**
Exceptional item: Investment Impairment charge	-	-	-	-	-	**-**	280	**280**
Precepts & Levies	-	-	-	-	-	**-**	-	**-**
Payments to Housing Capital Receipts Pool	-	-	-	-	-	**-**	1,406	**1,406**
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	**-**	(646)	**(646)**
Total operating expenses	**118,150**	**-**	**70,125**	**-**	**-**	**188,275**	**6,356**	**194,631**
Surplus or deficit on the provision of services	**7,067**	**(2,155)**	**70,125**	**-**	**-**	**75,037**	**(26,093)**	**48,944**

Notes to Balance Sheet

24. Property, Plant and Equipment – Movement on Balances

Comparative Movements in 2010/11	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant & Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s
Cost or Valuation - Gross Carrying Amount (GCA)								
At 1 April 2010	413,349	129,619	12,526	1,864	5,862	629	-	563,849
Additions/Donations	10,906	2,427	604	2	191	9	-	14,139
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(15,356)	2,846	-	-	-	(70)	-	(12,580)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(46,049)	62	-	-	-	-	-	(45,987)
Assets reclassified (to)/from Held for Sale	(560)	(32)	-	-	-	-	-	(592)
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Other Land & Buildings	1,138	(2,113)	-	-	169	806	-	-
At 31 March 2011	363,428	132,809	13,130	1,866	6,222	1,374	-	518,829
Accumulated Depreciation & Impairment								
At 1 April 2010	64,880	56,357	7,804	524	-	-	-	129,565
Depreciation charge	4,169	2,311	1,445	94	-	3	-	8,022
At 31 March 2011	69,049	58,668	9,249	618	-	3	-	137,587
Net Book Value								
At 31 March 2011	294,379	74,141	3,881	1,248	6,222	1,371	-	381,242

Comparative Movements in 2009/10	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant & Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s
Cost or Valuation - Gross Carrying Amount (GCA)								
At 1 April 2009	409,101	120,949	11,844	1,747	5,774	666	-	550,081
Additions/Donations	12,341	2,434	682	117	89	-	-	15,663
Revaluation increases/(decreases) recognised in the Revaluation Reserve	16,561	33,975	-	-	-	(333)	-	50,203
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(23,437)	(27,389)	-	-	-	350	-	(50,476)
Assets reclassified (to)/from Held for Sale	(1,253)	(115)	-	-	-	(54)	-	(1,422)
Assets reclassified (to)/from Investment Property	-	(200)	-	-	-	-	-	(200)
Other Movements in Cost or Valuation	36	(36)	-	-	-	-	-	-
At 31 March 2010	413,349	129,618	12,526	1,864	5,863	629	-	563,849
Accumulated Depreciation & Impairment								
At 1 April 2009	60,260	48,991	5,319	432	-	-	-	115,002
Depreciation charge	4,620	7,365	2,486	92	-	-	-	14,563
At 31 March 2010	64,880	56,356	7,805	524	-	-	-	129,565
Net Book Value								
At 31 March 2010	348,469	73,262	4,721	1,340	5,863	629	-	434,284
At 1 April 2009	348,841	71,958	6,525	1,315	5,774	666	-	435,079

Depreciation

The following useful lives have been used in the calculation of depreciation:

Council Dwellings – 60 years
Other Land and Buildings – 5 – 75 years
Vehicles, Plant, Furniture & Equipment – 1 – 10 years
Infrastructure – 25 years
Community Assets – N/A
Surplus Assets – 5 – 75 years
Assets under Construction – N/A

Commitments Under Capital Contracts

Capital Commitments greater than £250,000 as at 31 March 2011

Scheme	Amount £000's	Period of Investment	Purpose of Investment
SRP New IT Platform	876	1 Year	Streamlining processes
HRA Capital Programme	697	1 Year	Investment to help meet the Decent Homes Standard
	1,573		

Effects of Changes in Estimates

The Authority did not make any material changes to its accounting estimates for property, plant and equipment.

Revaluations

The Authority ensures that all property, plant and equipment required to be measured at fair value is revalued every five years. The last such valuation was carried out by Savills who carried out an independent valuation of the Council's property assets as at 1 April 2009. Subsequent valuations have been carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The Council's Operations Manager, Asset and Property, who carried out the asset valuation in 2010/11, has confirmed that all valuations reflect impairment and depreciation where appropriate.

25. Investment Properties

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2009/10 £000s		**2010/11 £000s**
12,204	Balance at start of the year	14,194
	Additions:	
-	- Purchases	-
-	- Construction	-
-	- Subsequent expenditure	-
(100)	Disposals	-
	Net gains/losses from fair value adjustments:	-
1,866	2009/10	(840)
-	2010/11	(42)
	Transfers:	
-	- to/from Inventories	-
200	- to/from Property, Plant & Equipment	-
24	Other Changes	-
14,194	Balance at end of the year	13,312

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

2009/10 £000s		**2010/11 £000s**
1,050	Rental income from Investment Property	1,043
-	Direct operating expenses arising from Investment Property	-
1,050	**Net gain/(loss)**	1,043

26 Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The amounts outstanding with the amortisation periods as at 31 March 2011 are:

	£000's
Less than 1 year	2
Between 1 and 3 years	50
Greater than 3 years	19

The carrying amount of intangible assets is amortised on a straight-line basis and amortisation of £70k was charged to revenue in 2010/11 to the applicable cost centres.

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

	2009/10 £000s	2010/11 £000s
Cost or Valuation - Gross Carrying Amount (GCA)		
At 1 April	404	484
Additions/Donations	80	18
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-
Assets reclassified (to)/from Held for Sale	-	-
Assets reclassified (to)/from Investment Property	-	-
Assets reclassified (to)/from Other Land & Buildings	-	-
At 31 March	484	502
Accumulated Amortisation & Impairment		
At 1 April	293	361
Amortisation charge	68	70
At 31 March	361	431
Net Book Value At 31 March	123	71

27. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2010	31 March 2011	31 March 2010	31 March 2011
	£000s	£000s	£000s	£000s
Investments:				
Loans and Receivables	5,518	4,779	4,452	5,144
Available-for-sale financial assets	314	1,848	-	-
Total investments	5,832	6,627	4,452	5,144
Debtors:				
Financial assets carried at contract amounts	9	8	6,245	7,629
Total debtors	9	8	6,245	7,629
Borrowings:				
Financial liabilities at amortised cost	27,101	26,307	3,011	2,492
Total borrowings	27,101	26,307	3,011	2,492
Other Long Term Liabilities:				
Finance lease liabilities	1,084	514	691	589
Total other long term liabilities	1,084	514	691	589
Creditors:				
Financial liabilities carried at contract amounts	45	40	12,531	9,754
Total creditors	45	40	12,531	9,754

Under accounting requirements the carrying value of the financial instruments shown in the balance sheet includes the principal amount plus any accrued interest as at 31 March.

The authority had £5m deposited in two Icelandic banks when they collapsed in October 2008. The Council has recognised the impairment of these assets and a charge has been made to the Comprehensive income and expenditure statement in 2010/11. The table below shows how the carrying amounts of impaired investments have been calculated:

Bank	Heritable	Landsbanki	Landsbanki	Landsbanki
Date Invested	12/02/2007	05/11/2007	29/8/2008	2/9/2008
Maturity Date	10/12/2008	03/11/2008	28/8/2009	2/6/2009
Interest Rate	6.21%	6.18%	6.18%	6.09%
Amount Invested	£1,000,000	£1,000,000	£1,000,000	£2,000,000
Amount Repaid	£501,000	£-	£-	£-
Interest Credited in 2007/08	£18,885	£25,059	£-	£-
Interest Credited in 2008/09	£62,100	£61,800	£36,403	£70,410
Interest Credited in 2009/10	£62,100	£61,800	£61,800	£121,800
Interest Credited in 2010/11	£62,100	£61,800	£61,800	£121,800
Total Investment	£704,185	£1,210,459	£1,160,003	£2,314,010
Impairment	(£354,452)	(£392,311)	(£385,950)	(£762,600)
Carrying Amount	£349,733	£818,148	£774,053	£1,551,410

The carrying amounts of the investments included in the balance sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate. The expected repayments have been estimated as follows, based on the statements made by the administrator:

Date	Heritable	Landsbanki
	£	£
April 2011	65,690	
July 2011	52,552	
October 2011	52,552	
December 2011		934,967
January 2012	52,552	
April 2012	52,552	
July 2012	52,552	
October 2012	38,363	
December 2012		374,071
December 2013		374,071
December 2014		374,071
December 2015		374,071
December 2016		374,071
December 2017		374,071
December 2018		820,678

Financial Instruments

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;

For loans receivable prevailing benchmark market rates have been used to provide the fair value;

No early repayment or impairment is recognised;

Where an instrument will mature in the next 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

31 March 2010			31 March 2011	
Carrying amounts £000s	Fair Value £000s		Carrying amounts £000s	Fair Value £000s
30,112	34,496	Financial Liabilities	28,799	34,645
12,576	12,576	Creditors	9,779	9,779
42,688	47,072		38,578	44,424

The fair value of the liabilities is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

31 March 2010			31 March 2011	
Carrying amounts £000s	Fair Value £000s		Carrying amounts £000s	Fair Value £000s
10,284	10,638	Loans and receivables	9,923	10,533
6,254	6,254	Debtors	7,637	7,637
16,538	16,892		17,560	18,170

The fair value of the assets is greater than the carrying amount because the

Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date.

Available for sale assets and assets are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. The Authority owns all the shares in Ipswich Buses. There is no established market for trading shares in this sector and the fair value of Ipswich Buses shares shown in the balance sheet is the accumulated profit and loss as at 31 March 2011. The authority has no current intention to dispose of its shareholding.

28. Inventories

The basis for valuation of inventories are described in *note 13* to the Statement of Accounting Policies on *page 18*

	Ipswich Borough Contracts		**Other Services**		**Client Services Work in Progress**		**Total**	
	2009/10	**2010/11**	**2009/10**	**2010/11**	**2009/10**	**2010/11**	**2009/10**	**2010/11**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Balance outstanding at start of year	146	201	141	125	27	-	314	326
Movements in year	55	(4)	(16)	9	(27)	-	12	5
Balance outstanding at year-end	201	197	125	134	-	-	326	331

29. Debtors

31 March 2009 £000's	31 March 2010 £000's		**31 March 2011 £000's**
1,386	8,188	Central government bodies	2,918
4,663	3,953	Other local authorities	2,994
8	27	NHS bodies	28
-	-	Public corporations and trading funds	-
		Other entities and individuals:	
3,492	2,012	Housing Rents	2,188
683	3,778	Sundry Debtors	3,975
3,688	766	Council Tax	870
13,920	18,724		12,973
		Less Provision for Bad Debts:	
(396)	(311)	Housing Rents	(386)
(545)	(529)	Sundry Debtors	(389)
(320)	(353)	Council Tax	(395)
12,659	17,531		11,803

The HRA Bad Debt Provision was established under the terms of the Housing and Local Government Act 1989 to cover bad debts on Council dwellings relating to a period prior to 1 April 1990. Annual provision continues to be made to cover debts arising since that date.

The General Fund Bad Debt provision was established to cover bad debts arising from, in particular, sundry debtors, commercial rents and court cost awarded.

30. Cash and Cash Equivalents

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

31 March 2009 £000s	**31 March 2010 £000s**		**31 March 2011 £000s**
734	546	Cash held by officers	452
(2,233)	(421)	Bank current accounts	(345)
(1,499)	125	**Total cash and cash equivalents**	107

31. Assets Held for Sale

	Current		Non Current	
	2009/10	2010/11	2009/10	2010/11
	£000s	£000s	£000s	£000s
Balance outstanding at start of year	21	169	-	-
Assets newly classified as held for sale:				
- Property, Plant & Equipment	1,422	592	-	-
- Intangible Assets	-	-	-	-
Revaluation losses	-	(19)	-	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
- Property, Plant & Equipment	-	-	-	-
- Intangible Assets	-	-	-	-
- Investment Properties	-	-	-	-
Assets sold	(2,013)	(903)	-	-
Transfers from non current to current	-	-	-	-
Gain/(Loss) on sale of assets	739	234	-	-
Balance outstanding at year end	169	73	-	-

All of the current assets held for sale are classified as current assets as they are expected to be sold in the next 12 months from the balance sheet date.

32. Creditors

31 March 2009 £000's	31 March 2010 £000's		**31 March 2011 £000's**
(2,400)	(3,747)	Central government bodies	(2,256)
(3,086)	(2,632)	Other local authorities	(3,352)
(5)	(53)	NHS bodies	(44)
-	-	Public corporations and trading funds	-
(8,845)	(9,788)	Other entities and individuals	(8,802)
(14,336)	(16,220)		(14,454)

33. Provisions

Provisions are defined in *note 19* to the Statement of Accounting Policies on *page 28* Movements during the year were as follows:

	Insurance - Short Term £000s	Insurance - Long Term £000s	Accumulated Absences - Short Term £000s	Total £000s
Balance at 1 April 2010	811	334	-	1,145
Used	(143)	(48)	-	(191)
Reversed	(353)	(120)	-	(473)
New	340	115	291	746
Balance at 31 March 2011	655	281	291	1,227

The Insurance Provision at 31 March 2011 represents funds set aside for the purpose of providing for liabilities, which are likely or certain to be incurred but are uncertain as to the amount or the date on which they will arise. Insurance claims are met by an insurance fund operated by the Council. Insurance premiums are paid into the fund from the revenue account by services requiring insurance cover. Insurance claims less than the policy excesses, and policy excesses, are then met from the Insurance Fund. Risks covered by the fund include: Employers Liability; Third Party Claims; Property; Motor Vehicles; Terrorism and Officials Indemnity within agreed excess levels.

The Accumulated Absences Provision represents the value of untaken annual leave at 31 March 2011.

34. Usable Reserves

31 March 2010 £000s		31 March 2011 £000s
(5,853)	General Fund Balance	(7,717)
(7,913)	Earmarked General Fund Reserves	(5,830)
(1,545)	Housing Revenue Account	(1,266)
(2,489)	Earmarked Housing Revenue Account Reserves	(3,151)
(9,975)	Capital Receipts Reserve	(6,420)
-	Major Repairs Reserve	-
(2,930)	Capital Grants Unapplied Account	(2,871)
(30,705)	**Total Usable Reserves**	(27,255)

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and notes 7 and 8

35. Unusable Reserves

31 March 2010 £000s		31 March 2011 £000s
(51,550)	Revaluation Reserve	(38,189)
4	Available-for-Sale Financial Instruments Reserve	(1,530)
(346,308)	Capital Adjustment Account	(305,567)
1,237	Financial Instruments Adjustment Account	2
102,452	Pensions Reserve	35,755
(56)	Collection Fund Adjustment Account	(104)
(7)	Deferred Capital Receipts Reserve	(6)
-	Accumulated Absences Account	291
(294,228)	**Total Unusable Reserves**	(309,348)

35.1 Revaluation Reserve

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

revalued downwards or impaired and the gains are lost

used in the provision of services and the gains are consumed through depreciation, or

disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2009/10 £000s		2010/11 £000s
(1,930)	**Balance at 1 April**	(51,550)
(57,330)	Upward revaluation of assets	(2,952)
6,972	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	15,539
378	Difference between fair value depreciation and historical cost depreciation	660
360	Accumulated gains on assets sold or scrapped	114
-	Amount written off to the Capital Adjustment Account	-
(51,550)	**Balance at 31 March**	(38,189)

35.2 Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

revalued downwards or impaired and the gains are lost;

disposed of and the gains are realised.

2009/10 £000s		2010/11 £000s
(3)	**Balance at 1 April**	4
-	Upward revaluation of investments	(1,534)
7	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-
-	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-
4	**Balance at 31 March**	(1,530)

35.3 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

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

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

2009/10 £000s			2010/11 £000s
(394,610)	**Balance at 1 April**		(346,308)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
10,126	Charges for depreciation and impairment of non current assets	8,021	
57,253	Revaluation losses on Property, Plant and Equipment	46,155	
68	Amortisation of intangible assets	70	
3,952	Revenue expenditure funded from capital under statute	2,675	
1,491	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	668	57,589
72,890			
(2,939)	Adjusting amounts written out of the Revaluation Reserve		(929)
69,951	Net written out amount of the cost of non current assets consumed in the year		56,660
	Capital financing applied in the year:		
(4,556)	Use of the Capital Receipts Reserve to finance new capital expenditure	(4,045)	
(5,165)	Use of the Major Repairs Reserve to finance new capital expenditure	(5,159)	
(1,574)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,274)	
(807)	Application of grants to capital financing from the Capital Grants Unapplied Account	(59)	
(1,695)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,824)	
(5,862)	Capital expenditure charged against the General Fund and HRA balances	(4,440)	(16,801)
(19,659)			
(1,990)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		882
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
(346,308)	**Balance at 31 March**		(305,567)

35.4 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2009/10 £000s		2010/11 £000s
1,372	**Balance at 1 April**	1,237
(121)	Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
(114)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(113)
63	Proportion of discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	64
280	Impairment of Investments - Principal (Allowed under regulations)	-
(243)	Impairment of Investments - Interest (Allowed under regulations)	-
-	Impairment of Investments - Principal (Charged to Comprehensive Income & Expenditure Statement)	(1,768)
-	Impairment of Investments - Interest (Charged to Comprehensive Income & Expenditure Statement)	582
(135)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1,235)
1,237	**Balance at 31 March**	2

Regulations issued in March 2009 allow the authority not to charge amounts relating to impaired investments to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations.

Under the regulations, the authority must transfer the balance on the Financial Instruments Adjustment Account to the General Fund no later than 31 March 2011, and must also credit the Financial Instruments Adjustment Account with interest earned until such time as the balance has been transferred to the General Fund.

35.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £000s		2010/11 £000s
42,830	**Balance at 1 April**	102,452
59,521	Actuarial gains or losses on pensions assets and liabilities	(46,481)
5,710	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(14,854)
(5,609)	Employer's pensions contributions and direct payments to pensioners payable in the year	(5,362)
102,452	**Balance at 31 March**	35,755

35.6 Collection Fund Adjustment Account

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

2009/10 £000s		2010/11 £000s
(139)	**Balance at 1 April**	(56)
83	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(48)
(56)	**Balance at 31 March**	(104)

35.7 Deferred Capital Receipts Reserve

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

2009/10 £000s		2010/11 £000s
(10)	**Balance at 1 April**	(7)
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
3	Transfer to the Capital Receipts Reserve upon receipt of cash	1
(7)	**Balance at 31 March**	(6)

35.8 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. There were no adjustments made in 2009/10 as the amounts were not considered to be material.

2009/10 £000s		2010/11 £000s
-	**Balance at 1 April**	-
-	Settlement or cancellation of accrual made at the end of the preceding year	-
-	Amounts accrued at the end of the current year	-
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	291
-	**Balance at 31 March**	291

36. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note. Section 40 of the Local Government and Housing Act 1989 defines capital purposes expenditure, which may be financed from capital resources (mainly borrowing within approved Government limits and usable capital receipts). Under local government capital accounting arrangements, only expenditure which adds value to non-current assets is capitalised.

Some expenditure falling within the capital purposes definition is not capitalised and is therefore charged to a revenue account. In such circumstances, the charge to a revenue account is deemed to form part of the statutory obligation to provide a Minimum Revenue Provision for debt redemption.

2009/10 £000's		**2010/11 £000's**
50,444	**Opening Capital Financing Requirement**	50,479
	Capital investment	
15,663	Property, Plant and Equipment	14,139
-	Investment Properties	-
80	Intangible Assets	18
3,733	Revenue Expenditure Funded from Capital under Statute	2,675
	Sources of finance	
(4,556)	Capital receipts	(4,045)
(7,328)	Government grants and other contributions	(6,492)
	Sums set aside from revenue:	
(5,862)	Direct revenue contributions	(4,440)
(1,695)	Minimum Revenue Provision	(1,824)
50,479	**Closing Capital Financing Requirement**	50,510
	Explanation of movements in year	
1,314	Increase in underlying need to borrowing (supported by government financial assistance)	1,314
351	Increase in underlying need to borrowing (unsupported by government financial assistance)	512
65	Assets acquired under finance leases	29
(1,695)	Minimum Revenue Provision	(1,824)
35	**Increase/(decrease) in Capital Financing Requirement**	31

37. Leases

Authority as Lessee

Finance Leases

The authority has reviewed all assets leased in as operating leases and reclassified all vehicles, plant and equipment in their primary lease period as finance leases with effect from 1 April 2009. This was undertaken after detailed checks were carried out on the substance of the transactions, where it was established that most of the risks and rewards of ownership were transferred to the Council.

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

1 April 2009 £000s	31 March 2010 £000s		31 March 2011 £000s
-	-	Other Land and Buildings	-
2,474	1,758	Vehicles, Plant, Furniture and equipment	1,075
2,474	1,758	**Total**	1,075

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

1 April 2009 £000s	31 March 2010 £000s		31 March 2011 £000s
		Finance Lease liabilities (net present value of minimum lease payments):	
690	691	current	589
1,721	1,084	non-current	514
		Finance costs payable in future years	
126	116	current	73
224	119	non-current	47
2,761	2,010	**Minimum lease payments**	1,223

The minimum lease payments will be payable over the following periods:

	Finance Lease Liabilities		Finance Costs Payable	
	31 March 2010 £000s	31 March 2011 £000s	31 March 2010 £000s	31 March 2011 £000s
Not later than one year	691	589	116	73
Later than one year and not later than five years	1,058	514	118	47
Later than five years	26	-	1	-
Total	1,775	1,103	235	120

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2010 £000s		31 March 2011 £000s
-	Not later than one year	-
-	Later than one year and not later than five years	-
857	Later than five years	857
857	**Total**	857

Authority as Lessor

Operating Leases

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2010 £000s		31 March 2011 £000s
105	Not later than one year	238
1,008	Later than one year and not later than five years	1,049
2,045	Later than five years	1,766
3,158	**Total**	3,053

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

38. Impairment Losses

The Authority did not recognise any impairment losses during 2010/11.

39. Grant Income

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

1 April 2009 £000's	31 March 2010 £000's		31 March 2011 £000's
		Capital Grants Receipts in Advance	
(1,661)	(1,049)	Section 106 Contributions	(1,321)
(3)	(5)	External Contributions to Capital Schemes	(5)
(1,664)	(1,054)	**Total**	(1,326)

40. Disclosure of nature and Extent of Risk Arising from Financial Instruments

Key Risks

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

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

- The requirements of the Code of Practice were formally adopted by the Council in 2002, and subsequent changes to the code have been adopted by the Council;

- The Council includes a section on Treasury Management in its financial standing orders;
- The Council approves annually in advance prudential indicators for the following three years:
- The Council's overall borrowing, which was limited to £65m in 2010/11;
- Its maximum exposures to fixed and variable rates which were 100% for fixed rates and 50% for variable rates in 2010/11;
- Its maximum and minimum for exposures the maturity structure of its debt which for 2010/11 is shown below;

Period	**Lower Limit**	**Upper Limit**
Up to 1 Year	0%	50%
1 Year to 2 Years	0%	50%
2 Years to 5 Years	0%	50%
5 Years to 10 Years	0%	75%
Over 10 Years	0%	100%

- Its maximum annual exposures to investments maturing beyond a year which was set at £15m for 2010/11
- An annual investment strategy was approved for 2010/11 which set out the criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These were reported as part of the Council's medium term financial plan and approved at Full Council on 24 February 2010 for 2010/11. This information is available on the Council's website. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported quarterly as part of the Council's quarterly budget monitoring to Councillors. During 2010/11 the Council stayed within all the above limits approved by Council. Actual performance is also reported after each year, as is a mid year update

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs' are a requirement of the Code of Practice and are reviewed annually.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time limit for investments in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

The Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modeling approach with credit ratings from all three rating agencies – Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

Credit watches and credit outlooks from credit rating agencies

CDS spreads to give early warning of likely changes in credit ratings

Sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2010/11 was approved by Full Council on 24/02/10 and is available on the Council's website.

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

The following analysis summarises the Authority's maximum exposure to credit risk. The table (composite defaults from Fitch, Standard & Poors and Moody's) gives details of global corporate finance average cumulative default rates (including financial organisations) for the period since at least 1990 to 2009. Defaults shown are by long term rating category on investments out to 1 year, which were the most commonly held investments during the year.

	Amount at 31 March 2011	**Historical experience of default**	**Adjustment for market conditions at 31 March 2011**	**Estimated maximum exposure to default**
	£000s	**%**	**%**	**£000s**
Deposits with banks and financial institutions	(a)	(b)	(c)	(a * c)
AAA rated counterparties	0	0.00%	0.00%	0
AA rated counterparties	6,000	0.03%	0.03%	1.8
A rated counterparties	0	0.08%	0.08%	0
Other counterparties	4,499	0.24%	22.35%	1,005.5
Trade debtors	12,973	3.30%	3.30%	428.1
Total	23,472			1,435.4

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £5m deposited across two of these institutions, with varying maturity dates and interest rates as follows:

Investments included in current assets figure in the Balance Sheet include the following investments that have been impaired because of the financial difficulties experienced by Icelandic Banks.

	Heritable	Landsbanki	Landsbanki	Landsbanki
Date Invested	12/12/2007	5/11/2007	29/8/2008	2/9/2008
Maturity Date	10/12/2008	3/11/2007	28/8/2009	2/6/2009
Amount Invested	£499,000	£1,000,000	£1,000,000	£2,000,000
Interest Rate	6.21%	6.18%	6.18%	6.09%
Carrying Amount	£349,733	£818,148	£774,053	£1,551,410
Impairment	£354,452	£392,311	£385,950	£762,600

The Council originally invested £1,000,000 with Heritable on 12 December 2007, but £501,000 has since been repaid.

The carrying amounts of the investments included in the balance sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate.

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators / receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the authority considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008, and total repayments of £151,200 (15.12%) were received in 2010/11 (£349,800 in 2009/10) and the revised impairment is based on the assumption that a further 34.90% will be received by the end of 2012/13, taking the total dividends expected to be paid to 85.00%

Therefore in calculating the impairment the Authority has made the following assumptions re timing of recoveries:

Date	Repayment	Date	Repayment
April 2011	6.25%	April 2012	5.00%
July 2011	5.00%	July 2012	5.00%
October 2011	5.00%	October 2012	3.65%
January 2012	5.00%		

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 6 October 2008.

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. The current position on estimated future payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 94.85p in the £.

Date	Repayment	Date	Repayment
December 2011	22.17%	December 2015	8.87%
December 2012	8.87%	December 2016	8.87%
December 2013	8.87%	December 2017	8.87%
December 2014	8.87%	December 2018	19.46%

Recovery is subject to the following uncertainties and risks:

- Whilst the Icelandic courts have initially confirmed that deposits enjoy preferential creditor status, this is currently subject to appeal.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling.
- Settlement of the terms of a 'bond' which will allow creditors of Old Landsbanki to enjoy rights in New Landsbanki.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Based on initial estimates, if preferential creditor status is not achieved the recoverable amount may only be 33p in the £.

Recoveries are expressed as a percentage of the authority's claim in the administration, which it is expected may validly include interest accrued up to 22 April 2009.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Council maintains strict credit criteria for investment counterparties.

The Council does not generally allow credit for its trade debtors, such that £11,716m of the £12.973m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2010 £000s	31 March 2011 £000s
Less than three months	15,743	7,408
Three to six months	460	660
Six months to one year	648	3,096
More than one year	610	552
Total	**17,461**	**11,716**

To offset the debtors outstanding the Council does have £1,170m of provisions.

Collateral – During the reporting period the council held no collateral as security.

There is no evidence that financial assets neither past due nor impaired would create any losses.

Accounting for Impairment

The total impairment (principal plus interest not received) recognised in the Income and Expenditure Account in 2010/11, £1,132,163 has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the authority until monies are recovered.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

The expiry of the regulations requires the authority to charge the full impairment in 2010/11.

Liquidity risk

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

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

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

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

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

The maturity analysis of financial liabilities based on the contractual cash flows in the balance sheet is as follows:

	31 March 2010 £000s	**31 March 2011 £000s**
Less than one year	3,011	2,492
Between one and two years	792	882
Between two and five years	2,960	2,078
Between five and ten years	0	0
Between ten and twenty years	0	5,000
More than twenty years	23,349	18,347
Total	**30,112**	**28,799**

The maturity analysis of financial assets based on the contractual cash flows in the balance sheet is as follows:

	31 March 2010 £000s	**31 March 2011 £000s**
Less than one year	4,452	5,144
Between one and two years	1,037	468
Between two and three years	409	2,712
More than three years	4,072	1,599
Total	**9,970**	**9,923**

All trade and other payables (12,973m) are due to be paid in less than one year and are not shown in the table above.

Market risk – The Council look to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

The Council did not have the authority to invest in gilts during 2010/11.

All investments undertaken during 2010/11 met the Council's criteria when the investment was made, in terms of the counterparty with whom the investment was made and was within the limit for that counterparty. As at 31 March 2011 the Council held investments, based on the carrying value in the balance sheet, with institutions domiciled in the following countries.

	31 March 2011 £000s	**31 March 2011 %**
UK	6,430	64.80
Iceland	3,493	35.20
Total	**9,923**	**100.00**

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (i.e HRA). Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

All of the Council's borrowing and investments held during 2010/11 were at fixed interest rates.

Price risk - The Council does not generally invest in equity shares or marketable bonds, but does have shareholdings in Ipswich Buses Limited, which is wholly owned by the Council. Whilst these holding are generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The shares are classified as Available-for-Sale, meaning that all movements in price will on gains and losses recognised in the Available for Sale reserve.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

41. Post Balance Sheet Events

There are no post balance sheet events.

42. Collection Fund Balance

The balance on this account represents amounts owed to, or by, precepting authorities, including Ipswich Borough Council, on behalf of their local taxpayers. Further details can be found on *pages 114 to 116.*

43 Legacies – Felix Cobbold and Jennings Bequest

These are held to provide a yearly income for the purchase of museum items. The balances for 2010/11 are included in the Council's reserves in the sum of £127,264 (£127,011 in 2009/10).

44. Trust Funds

The Council acts as trustees for the two funds listed below. In neither case do the funds represent assets of the council, and they have not been included in the Balance Sheet.

Ipswich Town Trust – set up to provide grants to local charities.

Mayor of Ipswich Relief Fund – set up to provide assistance in the event of an emergency.

The balances represent the trusts' assets that are mainly invested in Government stock.

There are no liabilities.

The funds are not subject to audit by the Council's auditors, PricewaterhouseCoopers LLP.

45. Prior Period Adjustments

Apart from those adjustments resulting from the changes from UK GAAP to IFRS, there have been no other prior period adjustments identified, which materially affect the 2010/11 accounts.

46. Financial Relationships with Companies

The Council's only related company is Ipswich Buses Limited. At 26 March 2011, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

The Council has no commitment to meet accumulated deficits or losses of Ipswich Buses Limited.

47. Contingent Liabilities

Back Pay

The Council is aware of the possibility that Equal Pay claims may be lodged against it. It is not possible to estimate the cost of any such claim, however, the Council is currently finalising an Equal Pay Audit on its current pay system and believes that there is a low risk of any claim being successful. It is believed that this risk further diminishes when the new grading, pay and terms and conditions of service are implemented. Currently this is planned for 1 April 2012.

48. Contingent Assets

At 31 March 2011, the Authority had no material Contingent Assets.

49. Pensions

Participation in pensions schemes

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

Pensions and other benefits are available to all full time Council employees under the requirements of statutory regulations. In certain circumstances, the regulations extend to cover part-time employees. The Local Government Pension Scheme is a funded defined benefit final salary scheme. The cost of pensions and other benefits is provided from the Pension No. 1 Fund, other than the cost arising from the award of added years under the Local Government (Compensation for Premature Retirement Regulations) 1982. Suffolk County Council in accordance with the Local Government Pension Regulations, 1997 as amended, administers the Fund. The Fund's Actuary determined the Council's contribution to the Fund for 2010/11. The contribution rate remained at 24.8% of pay to address the Pension Fund deficit over 15 years.

The actuarial value of the fund's liabilities as at 31 March 2011, in accordance with International Accounting Standard (IAS) 19, was completed in April 2011 by Hymans Robertson, who are an independent firm of actuaries.

Transactions relating to retirement benefits

We recognise 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 we are 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 in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and Movement in Reserves Statement during the year:

2009/10 £000's	Local Government Pension Scheme	2010/11 £000's
	Comprehensive Income and Expenditure Account	
	Net Cost of Services:	
2,283	- Current Service Cost	**4,284**
-	- Past Service Cost	**(21,888)**
15	- Settlements & Curtailments	**329**
	Net Operating Expenditure:	
10,687	- Interest Cost	**12,997**
(7,274)	- Expected Return on Scheme Assets	**(10,576)**
5,711	*Net Charge to the Comprehensive Income and Expenditure Account*	**(14,854)**
	Movement in Reserves Statement:	
(5,711)	- Reversal of Net Charges made for retirement benefits in accordance with IAS19	**14,854**
	Actual amount charged against the General Fund Balance for pensions in the year:	
5,609	- Employers' Contributions payable to scheme	**5,362**

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Account, actuarial gains of £46,481,000 (losses of £59,521,000 in 2009/10) were included under Other Comprehensive Income and Expenditure. The cumulative amount of actuarial losses recognised in the Movement in Reserves Statement is £42,643,000 as shown below:

2009/10 £000's	Movement in Reserves Statement	2010/11 £000's
30,345	Actuarial Gains/(Losses) on Plan Assets	**(1,804)**
(89,866)	Actuarial Gains/(Losses) on Obligation	**48,285**
(59,521)	**Actuarial Gain/(Loss) Recognised in MIRS**	**46,481**
(89,124)	**Cumulative Actuarial Gain/(Loss) Recognised in MIRS**	(42,643)

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

2009/10 £000's	Funded Liabilities: Local Government Pension Scheme	2010/11 £000's
156,275	1 April	**253,985**
2,283	Current service cost	**4,284**
10,687	Interest cost	**12,997**
1,475	Contributions by scheme participants	**1,429**
89,866	Actuarial (gains)/losses	**(48,285)**
-	Past service (gains)/losses	**(21,888)**
(6,616)	Benefits paid	**(7,451)**
15	Impact of settlements & curtailments	**329**
253,985	31 March	**195,400**

Reconciliation of fair value of the scheme assets:

2009/10 £000's	Local Government Pension Scheme	2010/11 £000's
113,446	1 April	**151,533**
7,274	Expected rate of return	**10,576**
30,345	Actuarial gains/(losses)	**(1,804)**
5,609	Employer contributions	**5,362**
1,475	Contributions by scheme participants	**1,429**
(6,616)	Benefits paid	**(7,451)**
151,533	31 March	**159,645**

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

The actual return on scheme assets in the year was £10,897,000, 2009/10: £37,619,000

Scheme history

Local Government Pension Scheme	Year to 31 Mar 2007 £000's	Year to 31 Mar 2008 £000's	Year to 31 Mar 2009 £000's	Year to 31 Mar 2010 £000's	**Year to 31 Mar 2011 £000's**
Total Present Value of Liabilities	(183,684)	(160,359)	(156,275)	(253,985)	**(195,400)**
Fair Value of Assets	155,133	147,539	113,446	151,533	**159,645**
Surplus/(deficit) in the scheme:	(28,551)	(12,820)	(42,829)	(102,452)	**(35,755)**

The Council's underlying assets and liabilities for retirement benefits at 31 March are shown above. These Liabilities represent the long-term underlying commitment that the Council has to pay retirement benefits.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2012 is £5,428,000.

Liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years, based on assumptions about mortality rates and salary levels. The actuary determines the rate of employer contribution over the remaining working life of employees necessary to meet all liabilities.

The main assumptions used in their calculation are: -

Local Government Pension Scheme	2009/10	**2010/11**
Long-term expected rate of return on assets in the scheme:		
Equity Investments	7.8%	**7.5%**
Bonds	5.0%	**4.9%**
Property	5.8%	**5.5%**
Cash	4.8%	**4.6%**
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	20.8 years	**21.4 years**
Women	24.1 years	**23.3 years**
Longevity at 65 for future pensioners:		
Men	22.3 years	**23.7 years**
Women	25.7 years	**25.7 years**
Rate of inflation	3.8%	**2.8%**
Rate of increase in salaries	5.3%	**5.1%**
Rate of increase in pensions	3.8%	**2.8%**
Rate for discounting scheme liabilities	5.5%	**5.5%**
Expected return on assets	7.0%	**6.7%**
Take up option to convert annual pension into retirement lump sum - pre April 2008	25%	**25%**
- post April 2008	63%	**63%**

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

31 March 2010 % of assets	**Assets Whole Fund**	**31 March 2011 % of assets**
68	Equities	**69**
20	Bonds	**18**
9	Property	**9**
3	Cash	**4**
100	**Estimated Assets**	**100**

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	Year to 31 Mar 2007	Year to 31 Mar 2008	Year to 31 Mar 2009	Year to 31 Mar 2010	**Year to 31 Mar 2011**
Local Government Pension Scheme	%	%	%	%	%
Differences between the expected and actual return on assets	0.9	-11.2	-39.2	20.0	0.2
Experience gains and (losses) on liabilities	0.0	4.0	0.0	0.0	13.0

The Actuary estimates that this liability comprises of approximately £83,309,000, £23,742,000 and £88,349,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2011. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

It is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

The liabilities as at 31 March 2011 are based on the current benefit structure of the LGPS.

Following the Chancellor's budget statement on 22 June 2010, the actuary has based his calculations on future pension increases being linked to the Consumer Prices Index (CPI) and not the Retail Prices Index (RPI). The effect of this change comes through as a negative past service cost item in the revenue account (see *Note13 page 53)*.

The Fund Actuary, using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary, has provided the above figures. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of the actuarial calculations may be affected by uncertainties within a range of possible values.

Further information can be found in Suffolk County Council's Pension Fund Annual Report, which is available upon request from: The Director of Finance, Endeavour House, Ipswich IP1 2BX.

50. Operating Activities

The cash flows for operating activities include the following items:

2009/10 £000		2010/11 £000
(995)	Interest received	(269)
1,831	Interest paid	1,693
0	Dividends received	0

51. Investing Activities

The cash flows for investing activities include the following items:

2009/10 £000		2010/11 £000
10,842	Purchase of property, plant and equipment, investment property and intangible assets	8,617
105,226	Purchase of short-term and long-term investments	101,739
743	Other payments for investing activities	366
(2,154)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,019)
(127,550)	Proceeds from short-term and long-term investments	(101,966)
(1,837)	Other receipts from investing activities	(1,900)
(14,730)	**Net cash flows from investing activities**	5,837

52. Financing Activities

The cash flows for financing activities include the following items:

2009/10 £000		2010/11 £000
(5,600)	Cash receipts of short- and long-term borrowing	(1,698)
0	Other receipts from financing activities	(2,328)
690	Cash payments for the reduction of the outstanding liabilities relating to finance leases	672
22,823	Repayments of short- and long-term borrowing	3,010
2,330	Other payments for financing activities	0
20,243	**Net cash flows from financing activities**	(344)

53. Prior Period Adjustments

Apart from those adjustments resulting from the changes from UK GAAP to IFRS, there have been no other prior period adjustments identified, which materially affect the 2010/11 accounts.

HRA INCOME AND EXPENDITURE STATEMENT

This account summarises the transactions relating to the provision, management and maintenance of Council Houses and Flats.

2009/10 £000s		Note	**2010/11 £000s**
	INCOME		
(27,095)	Gross Rent Income - Domestic	**1&2**	**(27,642)**
(905)	- Commercial		**(893)**
(710)	Charges for Services and Facilities		**(759)**
(174)	Contributions from General Fund		**(181)**
(28,884)	**Total Income**		**(29,475)**
	EXPENDITURE		
5,387	Repairs and Maintenance		**5,296**
5,695	Supervision and Management		**6,195**
96	Rents, Rates and Taxes		**103**
6,107	Housing Revenue Account Subsidy	**3**	**6,519**
33,504	Depreciation and Impairment of Non-current Assets		**66,210**
65	Debt Management Costs		**71**
-	Provision for Bad Debts		**188**
22	Subsidy Limitation Transfer to General Fund		**-**
50,876	**Total Expenditure**		**84,582**
21,992	**Net Cost of HRA Services per Comprehensive Income and Expenditure Account**		**55,107**
114	HRA services share of Corporate and Democratic Core		**115**
16	HRA services share of Unallocated Overheads		**-**
22,122	**Net Cost of HRA Services**		**55,222**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(628)	(Gain)/Loss on sale of HRA Non-current Assets		**(236)**
1,351	Interest Payable and Similar Charges		**1,206**
(24)	HRA Investment Income		**(14)**
22,821	**(Surplus)/Deficit for Year on HRA Services**		**56,178**

MOVEMENT ON THE HRA STATEMENT

2009/10 £000s		2010/11 £000s
(2,845)	**Balance on the HRA at the end of the previous year**	**(1,545)**
22,821	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	**56,178**
(21,624)	Adjustments between accounting basis and funding basis under statute	**(56,561)**
1,197	**Net (Increase)/Decrease before transfers to or from reserves**	**(383)**
103	Transfers to/from Reserves	**662**
1,300	**(Increase)/Decrease in year on the HRA**	**279**
(1,545)	**Balance on the HRA at the end of the current year**	**(1,266)**

HRA adjustments between accounting basis and funding basis under regulations are detailed in note 7 to the Movement in Reserves Statement (full accounts).

HRA transfers to or from (earmarked) reserves are detailed in note 8 to the Movement in Reserves Statement (full accounts).

NOTES TO THE HOUSING REVENUE ACCOUNT

1. *Gross Rent Income*

This is the total rent income due for the year after allowance is made for voids etc. During the year, 0.48% of lettable properties were vacant (0.47% in 2009/10). Typical rents were £64.99 per week in 2010/11 representing an increase of £1.53 or 2.41% over the previous year.

2. *Rent Rebates*

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 60% of the rents collected are made up of benefits paid to tenants (60% in 2009/10).

3. *Housing Revenue Account Subsidy*

This subsidy represents the amount paid to the Government by Ipswich Borough Council in respect of the Council's notional HRA. The breakdown of subsidy payable by the Council is as follows: -

2009/10 £000's		**2010/11 £000's**
(12,918)	Management & Maintenance	(13,188)
(5,165)	Major Repairs Allowance	(5,159)
(1,912)	Charges on Capital	(1,748)
1	Interest on Receipts	-
26,084	Guideline Rent Income	26,631
6,090	**HRA Subsidy Claimed**	6,536
	Adjustment for final payment	
17	Revised charges for capital	(17)
6,107	**HRA Subsidy (Receivable)/Payable**	6,519

4. *Housing Stock*

The Council was responsible for managing an average of 8,164 dwellings, excluding temporary accommodation, during 2010/11 (8,183 dwellings in 2009/10).

The average stock was made up as follows: -

2009/10		**2010/11**
4,968	Houses/Bungalows	4,949
3,215	Flats	3,215
8,183		8,164

The change in stock can be summarised as follows: -

2009/10		**2010/11**
8,196	Stock at 1 April	8,170
28	Less: Sales/Demolitions etc.	12
2	Add: New Buildings/Acquistions	0
8,170	Stock at 31 March	8,158

5. Rent Arrears

5.1 During the year, 2010/11 rent arrears as a proportion of gross rent income have increased from 1.86% of the amount due to 2.12%

2009/10 £000's		**2010/11 £000's**
517	Arrears at 31 March	604

Amounts written off during the year amounted to £83,515

5.2 The Housing Revenue Account made a contribution to the provision for bad debts account of £187,887 in 2010/11, and the aggregate provision for uncollectible debts, as at 31st March 2011 amounted to £385,884 (see *note 29* on *page 76*).

6. Reserves

The reserves shown below are ring-fenced to the Housing Revenue Account.

6.1 The balance on the Repairs Reserve as at 31 March 2011 was £1,000,000. This forms part of the Repairs and Renewals Reserve included in *note 8* to the Movement in Reserves Statement on *page 49*.

6.2 The balance on the Sheltered Scheme Energy Reserve at 31 March 2011 was £102,612 and forms part of the Miscellaneous Reserve included in *note 8* to the Movement in Reserves Statement on *page 49*.

6.3 The balance on the IT Development Reserve as at 31 March 2011 was £98,501. This forms part of the Miscellaneous Reserve included in *note 8* to the Movement in Reserves Statement on *page 49*.

6.4 The balance on the Supporting People (Hostels) Reserve as at 31 March 2011 was £331,366. This forms part of the Miscellaneous Reserve included in *note 8* to the Movement in Reserves Statement on *page 49*.

6.5 A contribution of £23,164 was made to the Housing Revenue Account from the Supporting People Sheltered Reserve in 2010/11. The balance on the Supporting People Sheltered Reserve as at 31 March 2011 was £282,343. This forms part of the Miscellaneous Reserve included in *note 8* to the Movement in Reserves Statement on *page 49*.

6.6 A contribution of £81,760 was made to the Housing Revenue Account from the Ipswich Standard Reserve in 2010/11. The balance on the Ipswich Standard Reserve as at 31 March 2011 was £0. This forms part of the Miscellaneous Reserve included in *note 8* to the Movement in Reserves Statement on *page 49*.

6.7 The balance on the Community Caretakers Reserve as at 31 March 2011 was £41,543. This forms part of the Miscellaneous Reserve included in *note 8* to the Movement in Reserves Statement on *page 49*.

6.8 The pensions liability is balanced by a pension reserve of the same value, which reflects the fact that the Council is not required to raise housing rents to cover the liability. Further information can be found in *note 6* to the Statement of Accounting Policies on *pages 10 - 13*.

6.9 A contribution of £18,114 was made to the Insurance Reserve from the Housing Revenue Account.

7. HRA Assets

	Balance at 31/03/10 £000's	Revaluations during year £000's	Restatements/ Appropriations during year £000's	Additions during year £000's	Disposals during year £000's	Gains/Losses on Disposal £000's	Depreciation during year £000's	Balance at 31/03/11 £000's
Assets Held for Sale	-	(19)	593	-	(735)	234	-	73
Community Assets	-	-	-	-	-	-	-	-
Council Dwellings	348,469	(61,406)	577	10,906	-	2	4,169	294,379
Investment Properties	75	-	-	-	-	-	-	75
Other land & buildings	12,770	122	(1,410)	29	-	-	256	11,255
Surplus	-	(40)	240	-	-	-	-	200
Vehicles. Plant, Equipment Etc	317	-	-	268	-	-	135	450
Total	**361,631**	**(61,343)**	-	**11,203**	**(735)**	**236**	**4,560**	**306,432**

	Balance at 31/03/10 £000's	Revaluations during year £000's	Restatements/ Appropriations during year £000's	Additions during year £000's	Disposals during year £000's	Gains/Losses on Disposal £000's	Depreciation during year £000's	Balance at 31/03/11 £000's
Houses	349,562	(61,303)	162	10,906	(735)	236	4,170	294,658
Land	2,514	-	-	-	-	-	-	2,514
Other Property	9,555	(40)	(162)	297	-	-	390	9,260
Total	**361,631**	**(61,343)**	-	**11,203**	**(735)**	**236**	**4,560**	**306,432**

The total capital receipts generated during the year was:

2009/10 £000's		**2010/11 £000's**
21	Land	40
1,904	Council Houses	715
-	Other Property	-
1,925		755
41	Excluded Discounts Repaid and Housing Advances	21
1,966	**Total**	776

The Council dwellings included in the Balance Sheet on *page 35* are shown at Existing Use Social Housing Value, which represents 39% of their market value. Their vacant possession value as at 31 March 2011 is £753,120,795 This represents the economic cost to government of providing council housing at less than open market rents.

31 March 2010		**31 March 2011**
	Analysis of Dwellings in the HRA: -	
4,952	Houses/Bungalows	4,945
2,663	Flats	2,658
555	Sheltered Housing Units	555
8,170	**Total**	**8,158**

8. Housing Revenue Account Capital Expenditure and Financing

2009/10 £000's		**2010/11** **£000's**
	EXPENDITURE	
	Housing Revenue Account Services:	
12,339	Houses	10,906
-	Land	-
87	Other	40
12,426	**TOTAL**	10,946
	FINANCING	
-	Usable Capital Receipts	23
(85)	External Contributions	44
(5,165)	Major Repairs Reserve	5,159
(1,314)	Credit Approvals	1,314
(5,862)	Revenue Contributions to Capital Outlay	4,406
(12,426)	**TOTAL**	10,946

9. HRA Revenue Expenditure Funded from Capital under Statute

DESCRIPTION	**Balance at 1 April 2010** **£000's**	**Additions during year** **£000's**	**Adjustments during year** **£000's**	**Written Off during year** **£000's**	**Balance at 31 March 2011** **£000's**
Pension Fund Deficit	-	-	-	-	-
Other Capital Expenditure not creating a Fixed Asset	-	11	-	(11)	-
Total	-	11	-	(11)	-

Note 23 to the Statement of Accounting Policies (see *page 30*) provides an explanation of Revenue Expenditure Funded from Capital Under Statute. Such charges (or credits) are recorded within service accounts, as appropriate, but are reversed in the Movement on the HRA Statement, thereby having a neutral impact on the revenue surplus or deficit.

10. Major Repairs Reserve

The Major Repairs Reserve is now required to be established in relation to the Housing Revenue Account (HRA). The items credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the HRA appropriations account. The amounts debited to the Major Repairs Reserve are expenditure for HRA capital purposes, where this is to be funded from the Major Repairs Reserve, and transfers to the HRA required by statutory provision. The former is credited to the Capital Adjustment Account and the latter to the HRA appropriations account.

2009/10 £000's		2010/11 £000's
	INCOME	
-	Balance B/fwd	-
(4,624)	Depreciation on Fixed Assets - On Dwellings	(4,169)
(218)	- On Other Assets	(391)
(323)	Amount transferred from HRA to Reserve	(599)
(5,165)		(5,159)
	EXPENDITURE	
-	Amount transferred from Reserve to HRA	-
5,165	Capital Expenditure - all on Dwellings	5,159
5,165		5,159
-	Balance C/fwd	-

11. Capital Asset Charges Accounting Adjustment

In order to ensure that the charges for the use of Non-current Assets do not impact on Rents, the capital charges are removed and replaced by actual interest paid on external borrowing.

12. Prior Period Adjustments

Apart from those adjustments resulting from the changes from UK GAAP to IFRS, there have been no other prior period adjustments identified, which materially affect the 2010/11 Housing Revenue Account.

THE COLLECTION FUND

Income and Expenditure Account

2009/10 £000's		Note	**2010/11 £000's**
	INCOME		
	Local Taxes: -		
(52,996)	Council Tax		(54,520)
(48,324)	Business Rates		(48,402)
	Transfers from General Fund		
(11,379)	Council Tax Benefits		(12,080)
(84)	Proportion of Discretionary Relief not met by National Pool (adjustment)		(84)
	Share of Estimated (Deficits) / Surpluses (Council Tax)		
507	Suffolk County Council		84
141	Ipswich Borough Council		23
70	Suffolk Police Authority		12
(112,065)			(114,967)
	EXPENDITURE		
	Precepts & Demands: -		
44,821	Suffolk County Council	**2**	45,951
12,505	Ipswich Borough Council	**2**	12,761
6,358	Suffolk Police Authority	**2**	6,557
	Business Rates: -		
47,473	Payment to National Pool		48,229
193	Cost of Collection Allowance		195
86	Interest on Repayments		62
	Provision of Uncollectable Amounts: -		
398	Council Tax		573
656	Business Rates		397
112,490			114,725
425	**DEFICIT/(SURPLUS) ON FUND MOVEMENTS IN YEAR**		(242)

2009/10 £000's	**Statement of Accumulated Balances**	**2010/11 £000's**
(711)	Opening Balance on Fund	(286)
425	Movement during the year	(242)
(286)	**Closing Balance on Fund**	(528)

2009/10 £000's	**Collection Fund Balance Share**	**2010/11 £000's**
(56)	Ipswich Borough Council	(104)
(201)	Suffolk County Council	(371)
(29)	Suffolk Police Authority	(53)
(286)	**Collection Fund Balance Deficit/(Surplus)**	(528)

NOTES TO THE COLLECTION FUND

1. General

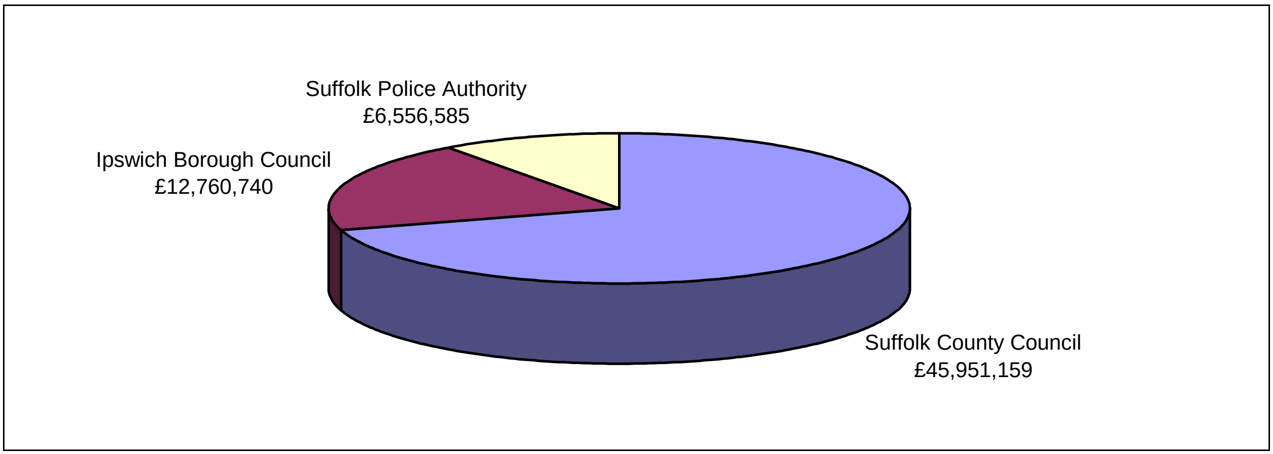
This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the Council.

2. Income from Council Tax

The Council set a charge of £312.84 per band D property. Its tax base, i.e. the number of chargeable dwellings in each valuation band, is as follows: -

	No. of Chargeable Dwellings as at September 2010	**Band D Equivalent No. of Dwellings**
Band A	18,031	9,759
Band B	22,031	15,120
Band C	10,832	8,694
Band D	4,068	3,684
Band E	2,065	2,340
Band F	870	1,189
Band G	330	507
Band H	13	9
	58,240	41,302
Contributions in Lieu (in respect of class "O" exempt dwellings)		-
		41,302
Adjustments for changes:		
New Dwellings		281
Additional discounts, exemptions, appeals etc.		(281)
		41,302
Discounted by assumed collection rate of 98.75%		**40,790**

Part of the Council Tax collected pays for services provided by Suffolk County Council and the Suffolk Police Authority. They precept on the Collection Fund for their share of the Council Tax. In 2010/11 the precepts, shown in comparison with Ipswich Borough Council's share of Council Tax were: -



3. Income from Non-domestic Rates

The Council collects Non-domestic Rates for its area, which are based on local rateable values multiplied by a uniform rate. The total amount calculated less allowable reliefs and other deductions, is paid to a central pool managed by Central Government, which in turn pays back to authorities their share of the pool, based on a standard amount per head of adult population.

The non-domestic rateable value as at 31 March 2011 was £134.10m and the uniform business rate was 41.4p.

4. Bad and Doubtful Debts

The value of write-offs in 2010/11 were: Business Rates £351,652 (2009/10 - £317,134) and Council Tax £337,891 (2009/10 - £226,022).

GROUP ACCOUNTS

1. Introduction

The Accounting Code of Practice requires Local Authorities with material interests in subsidiary and associated companies to prepare group accounts. This is in accordance with paragraph 9.1.1.6 of the Code. A Local Authority group comprises the Local Authority and its interest in companies which would be regarded as its subsidiaries or associates if the Local Authority was subject to the Companies Act.

2. Accounting Policies

The Accounting Policies, adopted for Group Accounts, are consistent with the main Accounting Policies, as detailed on *pages 7 to 30*.

3. Ipswich Buses Limited

3.1 The Company was set up in accordance with the provisions of the Transport Act 1985, to run the bus operation in Ipswich, previously managed by the Council. The Company started operations in October 1986. At 26 March 2011, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

3.2 The Company reports a 52 week period ending 26 March 2011.

3.3 The Council has no commitment to meet accumulated deficits or losses of Ipswich Buses Ltd.

3.4 Copies of the published accounts of Ipswich Buses Limited for the period ended 26 March 2011, can be obtained from Ipswich Buses Limited, Constantine Road, Ipswich, IP1 2DL. Summarised accounts for Ipswich Buses are shown overleaf:

		Period Ended 26 March 2011 £000's
Turnover		(8,597)
Operating and other expenditure (net)		7,853
(Profit)/Loss on ordinary activities after taxation		(744)
A summary of the Company's financial position as at 26 March 2011 is as follows:-	**£000's**	**£000's**
Fixed Assets- Tangible Assets		3,664
Current Assets	2,788	
less Current Liabilities	1,859	929
Total assets less current liabilities		4,593
less Creditors falling due after more than one year		1,080
Net assets excluding Pension Liability		3,513
Pension Liability		(1,980)
Net Assets-including pension liability		1,533
Represented by:- Capital and Reserves		
Equity - called up ordinary share capital		-
Profit and Loss account		1,533
		1,533

		Period Ended 27 March 2010 £000's
Turnover		(8,423)
Operating and other expenditure (net)		7,556
(Profit)/Loss on ordinary activities after taxation		(867)
A summary of the Company's financial position as at 27 March 2010 is as follows:-	**£000's**	**£000's**
Fixed Assets- Tangible Assets		4,863
Current Assets	2,492	
less Current Liabilities	1,849	643
Total assets less current liabilities		5,506
less Creditors falling due after more than one year		1,318
Net assets excluding Pension Liability		4,188
Pension Liability		(7,903)
Other Financial Liabilities		(240)
Net Assets-including pension liability		(3,955)
Represented by:- Capital and Reserves		
Equity - called up ordinary share capital		-
Profit and Loss account		(3,955)
		(3,955)

3.4 The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipswich Buses Limited. The main effect of this consolidation has been to increase the Council's revenue reserves by £3.092m, representing the Council's share of the Bus Company's shareholders' funds.

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000s	Earmarked General Fund Reserves £000s	Housing Revenue Account £000s	Earmarked Housing Revenue Account Reserves £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s	Share of Reserves of Subsidiary £000s	Total Reserves £000s
Balance at 31 March 2009	(3,293)	(5,062)	(2,846)	(2,385)	(13,797)	-	(2,123)	(29,506)	(352,490)	(381,996)	1,208	(380,788)
<u>Movement in Reserves during 2009/10</u>												
Surplus or deficit on provision of services	26,123	-	22,821	-	-	-	-	48,944	-	48,944	(867)	48,077
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	8,119	8,119	3,614	11,733
Total Comprehensive Income and Expenditure	26,123	-	22,821	-	-	-	-	48,944	8,119	57,063	2,747	59,810
Adjustments between accounting basis & funding basis under regulations	(31,534)	-	(21,624)	-	3,822	-	(807)	(50,143)	50,143	-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(5,411)	-	1,197	-	3,822	-	(807)	(1,199)	58,262	57,063	2,747	59,810
Transfers to/from Earmarked Reserves	2,851	(2,851)	104	(104)	-	-	-	-	-	-	-	-
Increase/Decrease in 2009/10	(2,560)	(2,851)	1,301	(104)	3,822	-	(807)	(1,199)	58,262	57,063	2,747	59,810
Balance at 31 March 2010 carried forward	(5,853)	(7,913)	(1,545)	(2,489)	(9,975)	-	(2,930)	(30,705)	(294,228)	(324,933)	3,955	(320,978)

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000s	Earmarked General Fund Reserves £000s	Housing Revenue Account £000s	Earmarked Housing Revenue Account Reserves £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s	Share of Reserves of Subsidiary £000s	Total Reserves £000s
Balance at 31 March 2010	(5,853)	(7,913)	(1,545)	(2,489)	(9,975)	-	(2,930)	(30,705)	(294,228)	(324,933)	3,955	(320,978)
Movement in Reserves during 2010/11												
Surplus or deficit on provision of services	(16,725)	-	56,178	-	-	-	-	39,453	-	39,453	(744)	38,709
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(51,123)	(51,123)	(4,744)	(55,867)
Total Comprehensive Income and Expenditure	(16,725)	-	56,178	-	-	-	-	39,453	(51,123)	(11,670)	(5,488)	(17,158)
Adjustments between accounting basis & funding basis under regulations	16,944	-	(56,561)	-	3,555	-	59	(36,003)	36,003	-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	219	-	(383)	-	3,555	-	59	3,450	(15,120)	(11,670)	(5,488)	(17,158)
Transfers to/from Earmarked Reserves	(2,083)	2,083	662	(662)	-	-	-	-	-	-	-	-
Increase/Decrease in 2010/11	(1,864)	2,083	279	(662)	3,555	-	59	3,450	(15,120)	(11,670)	(5,488)	(17,158)
Balance at 31 March 2011 carried forward	(7,717)	(5,830)	(1,266)	(3,151)	(6,420)	-	(2,871)	(27,255)	(309,348)	(336,603)	(1,533)	(338,136)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Ipswich Borough Council			Ipswich Buses Ltd.			Consolidated Adjustments				Total		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
2009/10	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's		£000's	£000's	£000's
Central Services	17,601	(14,006)	3,595	-	-	-	-	-	-		17,601	(14,006)	3,595
Cultural, Environmental and Planning Services	53,415	(15,694)	37,721	-	-	-	(378)	80	(298)	(a)	53,037	(15,614)	37,423
Highways, Roads and Transport	13,627	(9,869)	3,758	8,307	(9,412)	(1,105)	467	(80)	387	(a)	22,401	(19,361)	3,040
Housing Services	93,278	(68,877)	24,401	-	-	-	(4)	-	(4)	(a)	93,274	(68,877)	24,397
Corporate and Democratic Core	4,475	(920)	3,555	-	-	-	(8)	-	(8)	(a)	4,467	(920)	3,547
Non Distributed Costs	4,162	-	4,162	-	-	-	-	-	-		4,162	-	4,162
Exceptional Item: Value Added Tax Refund	-	(2,155)	(2,155)	-	-	-	-	-	-		-	(2,155)	(2,155)
Net cost of services	186,558	(111,521)	75,037	8,307	(9,412)	(1,105)	77	-	77		194,942	(120,933)	74,009
Other Operating Expenditure:													
Payments to the Government Housing Capital Receipts Pool	1,406	-	1,406	-	-	-	-	-	-		1,406	-	1,406
Gain/Loss on the disposal of non current assets	1,520	(2,141)	(621)	-	(20)	(20)	-	-	-		1,520	(2,161)	(641)
Capital Receipts not from disposal of non current assets	-	(25)	(25)	-	-	-	-	-	-		-	(25)	(25)
	2,926	(2,166)	760	-	(20)	(20)	-	-	-		2,926	(2,186)	740
Financing and Investment Income & Expenditure:													
(Gains)/Losses on trading operations	7,613	(8,251)	(638)	-	-	-	(77)	-	(77)	(a)	7,536	(8,251)	(715)
Interest payable and similar charges	1,903	-	1,903	107	-	107	(6)	-	(6)	(a)	2,004	-	2,004
Exceptional item: Investment Impairment Charge	280	-	280	-	-	-	-	-	-		280	-	280
Pensions interest cost and expected return on pension assets	10,687	(7,274)	3,413	1,052	(754)	298	-	-	-		11,739	(8,028)	3,711
Interest receivable and similar income	-	(1,088)	(1,088)	-	(30)	(30)	6	-	6	(a)	6	(1,118)	(1,112)
Changes in the fair value of investment properties	-	(1,990)	(1,990)	-	-	-	-	-	-		-	(1,990)	(1,990)
Investment properties income	-	(1,050)	(1,050)	-	-	-	-	-	-		-	(1,050)	(1,050)
(Gains)/Losses on financial instruments held for trading	-	-	-	297	(397)	(100)	-	-	-		297	(397)	(100)
	20,483	(19,653)	830	1,456	(1,181)	275	(77)	-	(77)		21,862	(20,834)	1,028
Taxation and Non-Specific Grant Income:													
Council tax income	-	(12,563)	(12,563)	-	-	-	-	-	-		-	(12,563)	(12,563)
Non domestic rates	-	(9,612)	(9,612)	-	-	-	-	-	-		-	(9,612)	(9,612)
Non-ringfenced government grants	-	(2,319)	(2,319)	-	-	-	-	-	-		-	(2,319)	(2,319)
Capital grants and contributions	-	(3,189)	(3,189)	-	-	-	-	-	-		-	(3,189)	(3,189)
	-	(27,683)	(27,683)	-	-	-	-	-	-		-	(27,683)	(27,683)
(Surplus)/Deficit on Provision of Services			48,944			(850)			-				48,094
Taxation			-			(17)			-				(17)
(Surplus)/Deficit on revaluation of non-current assets			(51,409)			-			-				(51,409)
(Surplus)/Deficit on revaluation of available for sale financial assets			7			-			-				7
Actuarial (Gains)/Losses on pension fund assets/liabilities			59,521			4,633			-				64,154
Income tax on other comprehensive income			-			(1,019)			-				(1,019)
Other Comprehensive Income and Expenditure			8,119			3,614			-				11,733
Total Comprehensive Income and Expenditure			57,063			2,747			-				59,810

Explanation of Consolidation Adjustments:
(a) Elimination of inter-group transactions

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2010/11	Ipswich Borough Council Gross Expenditure £000's	Ipswich Borough Council Gross Income £000's	Ipswich Borough Council Net Expenditure £000's	Ipswich Buses Ltd. Gross Expenditure £000's	Ipswich Buses Ltd. Gross Income £000's	Ipswich Buses Ltd. Net Expenditure £000's	Consolidated Adjustments Gross Expenditure £000's	Consolidated Adjustments Gross Income £000's	Consolidated Adjustments Net Expenditure £000's	Total Gross Expenditure £000's	Total Gross Income £000's	Total Net Expenditure £000's
Central Services	18,384	(14,244)	4,140	-	-	-	-	-	-	18,384	(14,244)	4,140
Cultural, Environmental and Planning Services	30,748	(14,741)	16,007	-	-	-	(383)	79	(304) (a)	30,365	(14,662)	15,703
Highways, Roads and Transport	10,670	(8,109)	2,561	8,269	(9,235)	(966)	537	(79)	458 (a)	19,476	(17,423)	2,053
Housing Services	129,497	(71,684)	57,813	-	-	-	(61)	-	(61) (a)	129,436	(71,684)	57,752
Corporate and Democratic Core	4,527	(957)	3,570	-	-	-	(4)	-	(4) (a)	4,523	(957)	3,566
Non Distributed Costs	71	-	71	-	-	-	-	-	-	71	-	71
Exceptional Item: Pension Scheme - Past Service Gain	(21,888)	-	(21,888)	-	-	-	-	-	-	(21,888)	-	(21,888)
Net cost of services	172,009	(109,735)	62,274	8,269	(9,235)	(966)	89	-	89	180,367	(118,970)	61,397
Other Operating Expenditure:												
Payments to the Government Housing Capital Receipts Pool	522	-	522	-	-	-	-	-	-	522	-	522
Gain/Loss on the disposal of non current assets	775	(1,011)	(236)	-	(38)	(38)	-	-	-	775	(1,049)	(274)
Capital Receipts not from disposal of non current assets	-	(106)	(106)	-	-	-	-	-	-	-	(106)	(106)
	1,297	(1,117)	180	-	(38)	(38)	-	-	-	1,297	(1,155)	142
Financing and Investment Income & Expenditure:												
(Gains)/Losses on trading operations	7,419	(7,889)	(470)	-	-	-	(89)	-	(89) (a)	7,330	(7,889)	(559)
Interest payable and similar charges	1,725	-	1,725	82	-	82	(4)	-	(4) (a)	1,803	-	1,803
Exceptional item: Investment Impairment Charge	1,009	-	1,009	-	-	-	-	-	-	1,009	-	1,009
Pensions interest cost and expected return on pension assets	12,997	(10,576)	2,421	1,130	(945)	185	-	-	-	14,127	(11,521)	2,606
Interest receivable and similar income	-	(563)	(563)	-	(17)	(17)	4	-	4 (a)	4	(580)	(576)
Changes in the fair value of investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Investment Properties income	-	(1,043)	(1,043)	-	-	-	-	-	-	-	(1,043)	(1,043)
(Gains)/Losses on financial instruments held for trading	-	-	-	126	(273)	(147)	-	-	-	126	(273)	(147)
	23,150	(20,071)	3,079	1,338	(1,235)	103	(89)	-	(89)	24,399	(21,306)	3,093
Taxation and Non-Specific Grant Income:												
Council tax income	-	(12,832)	(12,832)	-	-	-	-	-	-	-	(12,832)	(12,832)
Non domestic rates	-	(10,401)	(10,401)	-	-	-	-	-	-	-	(10,401)	(10,401)
Non-ringfenced government grants	-	(1,573)	(1,573)	-	-	-	-	-	-	-	(1,573)	(1,573)
Capital grants and contributions	-	(1,274)	(1,274)	-	-	-	-	-	-	-	(1,274)	(1,274)
	-	(26,080)	(26,080)	-	-	-	-	-	-	-	(26,080)	(26,080)
(Surplus)/Deficit on Provision of Services			39,453			(901)			-			38,552
Taxation			-			157			-			157
(Surplus)/Deficit on revaluation of non-current assets			(3,107)			-			-			(3,107)
(Surplus)/Deficit on revaluation of available for sale financial assets			(1,535)			-			-			(1,535)
Actuarial (Gains)/Losses on pension fund assets/liabilities			(46,481)			(5,930)			-			(52,411)
Income tax on other comprehensive income			-			1,186			-			1,186
Other Comprehensive Income and Expenditure			(51,123)			(4,744)			-			(55,867)
Total Comprehensive Income and Expenditure			(11,670)			(5,488)			-			(17,158)

Explanation of Consolidation Adjustments:
(a) Elimination of inter-group transactions

GROUP BALANCE SHEET

1 April 2009 Ipswich Borough Council £000s	Ipswich Buses £000s	Consolidation Adjustment £000s	Total £000s		31 March 2010 Ipswich Borough Council £000s	Ipswich Buses £000s	Consolidation Adjustment £000s	Total £000s	31 March 2011 Ipswich Borough Council £000s	Ipswich Buses £000s	Consolidation Adjustment £000s	Total £000s
435,079	3,682	-	438,761	Property, Plant & Equipment	434,284	3,124	-	437,408	381,242	3,268	-	384,510
-	703	-	703	Deferred Tax Assets	-	1,739	-	1,739	-	396	-	396
12,204	-	-	12,204	Investment Property	14,194	-	-	14,194	13,312	-	-	13,312
111	-	-	111	Intangible Assets	123	-	-	123	71	-	-	71
7,366	-	(252) (a)	7,114	Long Term Investments	5,832	-	(252) (a)	5,580	6,627	-	(252) (a)	6,375
12	-	-	12	Long Term Debtors	9	-	-	9	8	-	-	8
454,772	**4,385**	**(252)**	**458,905**	**Long Term Assets**	**454,442**	**4,863**	**(252)**	**459,053**	**401,260**	**3,664**	**(252)**	**404,672**
25,285	-	-	25,285	Short Term Investments	4,452	-	-	4,452	5,144	-	-	5,144
314	99	-	413	Inventories	326	93	-	419	331	109	-	440
12,659	982	(65) (b)	13,576	Short Term Debtors	17,531	670	(91) (b)	18,110	11,803	558	(109) (b)	12,252
734	1,637	-	2,371	Cash and Cash Equivalents	546	1,729	-	2,275	452	2,088	-	2,540
-	-	-	-	Other Financial Assets	-	-	-	-	-	33	-	33
21	-	-	21	Assets held for sale	169	-	-	169	73		-	73
39,013	**2,718**	**(65)**	**41,666**	**Current Assets**	**23,024**	**2,492**	**(91)**	**25,425**	**17,803**	**2,788**	**(109)**	**20,482**
(2,233)	-	-	(2,233)	Cash and Cash Equivalents	(421)	-	-	(421)	(345)	-	-	(345)
(11,107)	(728)	-	(11,835)	Short Term Borrowing	(3,011)	(590)	-	(3,601)	(2,492)	(489)	-	(2,981)
(14,336)	(1,711)	65 (b)	(15,982)	Short Term Creditors	(16,220)	(1,180)	91 (b)	(17,309)	(14,454)	(1,246)	109 (b)	(15,591)
(1,216)	(95)	-	(1,311)	Provisions	(811)	(79)	-	(890)	(946)	(124)	-	(1,070)
(28,892)	**(2,534)**	**65**	**(31,361)**	**Current Liabilities**	**(20,463)**	**(1,849)**	**91**	**(22,221)**	**(18,237)**	**(1,859)**	**109**	**(19,987)**
(62)	-	-	(62)	Long Term Creditors	(45)	-	-	(45)	(40)	-	-	(40)
(308)	-	-	(308)	Provisions	(334)	-	-	(334)	(281)	-	-	(281)
(36,312)	(1,945)	252 (a)	(38,005)	Long Term Borrowing	(27,101)	(1,318)	252 (a)	(28,167)	(26,307)	(1,080)	252 (a)	(27,135)
(42,830)	(3,195)	-	(46,025)	Defined Benefits	(102,452)	(7,903)		(110,355)	(35,755)	(1,980)	-	(37,735)
(1,721)	(637)	-	(2,358)	Other Long Term Liabilities	(1,084)	(240)	-	(1,324)	(514)	-	-	(514)
(1,664)	-	-	(1,664)	Capital Grants Receipts in Advance	(1,054)	-	-	(1,054)	(1,326)	-	-	(1,326)
(82,897)	**(5,777)**	**252**	**(88,422)**	**Long Term Liabilities**	**(132,070)**	**(9,461)**	**252**	**(141,279)**	**(64,223)**	**(3,060)**	**252**	**(67,031)**
381,996	**(1,208)**	-	**380,788**	**Net Assets**	**324,933**	**(3,955)**	-	**320,978**	**336,603**	**1,533**	-	**338,136**
(29,505)	(1,987)	-	(31,492)	Usable Reserves	(30,705)	(2,209)	-	(32,914)	(27,255)	(3,117)	-	(30,372)
(352,491)	3,195	-	(349,296)	Unusable Reserves	(294,228)	6,164	-	(288,064)	(309,348)	1,584	-	(307,764)
(381,996)	**1,208**	-	**(380,788)**	**Total Reserves**	**(324,933)**	**3,955**	-	**(320,978)**	**(336,603)**	**(1,533)**	-	**(338,136)**

Explanation of Consolidation Adjustments:

(a) Elimination of IBC's investment in Ipswich Buses Limited (identified as a creditor in Ipswich Buses Limited accounts)

(b) Elimination of debtor included in IBC accounts and creditor included in Ipswich Buses' accounts

GROUP CASH FLOW STATEMENT

2009/10					2010/11			
Ipswich Borough Council £000s	Ipswich Buses £000s	Consolidation Adjustment £000s	Total £000s		Ipswich Borough Council £000s	Ipswich Buses £000s	Consolidation Adjustment £000s	Total £000s
48,944	(867)	-	48,077	Net (surplus) or deficit on the provision of services	39,453	(744)	-	38,709
(53,751)	(33)	-	(53,784)	Adjust net surplus or deficit on the provision of services for non cash movements	(47,256)	(632)	-	(47,888)
(2,330)	111	(6)	(2,225)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2,328	82	(4)	2,406
(7,137)	(789)	(6)	(7,932)	Net cash flows from Operating Activities	(5,475)	(1,294)	(4)	(6,773)
(14,730)	(68)	6	(14,792)	Investing Activities	5,837	259	4	6,100
20,243	765	-	21,008	Financing Activities	(344)	676	-	332
(1,624)	(92)	-	(1,716)	Net increase or decrease in cash and cash equivalents	18	(359)	-	(341)
1,499	(1,637)	-	(138)	Cash and cash equivalents at the beginning of the reporting period	(125)	(1,729)	-	(1,854)
(125)	(1,729)	-	(1,854)	**Cash and cash equivalents at the end of the reporting period**	(107)	(2,088)	-	(2,195)

1. Non-Current Assets – Ipswich Buses Limited

Movements in net tangible fixed assets during the year were as follows:

	Balance at 27 March 2010 £000's	Revaluations during year £000's	Additions during year £000's	Disposals during year £000's	Depreciation during year £000's	Balance at 26 March 2011 £000's
Operational Assets						
Property, Plant & Equipment	3,124	-	699	256	299	3,268
	3,124	-	699	256	299	3,268

The cumulative amounts of provisions for depreciation are as follows:

	Balance at 27 March 2010 £000's	Less cumulative depreciation on assets disposed of during year £000's	Depreciation during year £000's	Balance at 26 March 2011 £000's
Operational Assets				
Property, Plant & Equipment	5,139	(209)	508	5,438
	5,139	(209)	508	5,438

2. Finance Leases – Ipswich Buses Limited

2.1 The net carrying amount of plant and machinery held under finance leases, as at 26 March 2011 was £2,800,624 (at 27 March 2010: £2,954,321).

2.2 Finance Lease Liabilities

Property, Plant & Equipment	Lease Payments 2010/11 £000's	Interest 2010/11 £000's	Principal 2010/11 £000's
Amounts payable within one year	543	54	489
Amounts payable in 2nd to 5th year inclusive	805	61	744
Amounts payable thereafter	87	3	84
	1,435	**118**	**1,317**

3. Debtors – Ipswich Buses Limited

27 March 2010 £000's		26 March 2011 £000's
	Amounts falling due within one year:-	
97	Trade Receivables (related parties)	115
319	Other Trade Receivables	215
254	Prepayments	228
670		558

4. Borrowing – Ipswich Buses Limited

27 March 2010 £000's		26 March 2011 £000's
	Non-current liabilities	
1,066	Finance lease liabilities	828
252	Debenture loan from associate	252
1,318	**Total Long Term Borrowing**	1,080
	Current Liabilities	
590	Current portion of finance lease liabilities	489
590	**Total Short Term Borrowing**	489

5. Creditors – Ipswich Buses Limited

27 March 2010 £000's		26 March 2011 £000's
	Amounts falling due within one year:-	
6	Trade Payables (related parties)	6
211	Other Trade Payables	280
963	Non-trade Payables and Accrued Expenses	961
1,180		1,247

6. *Provisions – Ipswich Buses Limited*

	Potential Claims against the company £000's
Balance at 27th March 2010	79
Provisions made during the year	104
Provisions used during the year	(20)
Provisions reversed during the year	(39)
Balance at 26 March 2011	124
Current	124
	124

£104K represents two potential tribunal claims from ex employees. The valuation of £104k is based on best advice from our employment law solicitors, which in turn is based on a mid-point case scenario.

£20K represents a likely HSE fine in relation to a fatality in 2005. The provision is shown in ‘current’ as the HSE could pursue the matter at any time, with no time limitations.

7. *Pension Costs – Ipswich Buses Limited*

The company has operated two company pension schemes, one providing benefits based on final pensionable pay, the other being a defined contribution scheme.

Defined Contribution Scheme

The assets of the scheme are held separately from those of the company, being managed by an independent investment manager. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year. The total charge for the year was £50,908 (2009/10: £58,101).

Defined Benefit Scheme

During the year the company made the decision to close the Defined Benefit Local Government Pension Scheme to active membership. For those in the scheme at 31 December 1993 benefits are based on final pensionable pay. The assets of the scheme are held separately from those of the company. All scheme members are now pensioners or deferred. There is no active membership.

Pension scheme assets are measured using market values. Liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The surplus (to the extent it is considered recoverable) or deficit is recognised in full and presented on the face of the balance sheet.

The assets of the scheme are held separately from those of the company, being invested with the Suffolk County Council Superannuation Fund in accordance with the Local Government Superannuation Regulations. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent completed valuation was at 31 March 2010. In addition to the triennial valuation, the company has annual IAS19 reviews carried out and the results of these are used in preparing the accounts of the company.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

2009/10 £000's		2010/11 £000's
(599)	Present value of unfunded defined benefit obligations	(515)
(21,950)	Present value of funded defined benefit obligations	(17,398)
14,646	Fair value of plan assets	15,933
(7,903)	**Total Employee Benefits**	(1,980)

2009/10 £000's	**Movements in present value of defined benefit obligation**	**2010/11 £000's**
15,597	Opening Defined Benefit Obligation	22,549
132	Current Service Cost	-
1,052	Interest Cost	1,130
35	Contributions by Members	-
6,622	Actuarial Losses/(Gains)	(4,928)
25	Losses on Curtailment	-
(914)	Benefits Paid	(838)
22,549	Closing Defined Benefit Obligation	17,913

2009/10 £000's	Movements in fair value of plan assets	2010/11 £000's
12,402	Opening Fair Value of Employer Assets	14,646
754	Expected Return on Assets	945
35	Contributions by Members	-
380	Contributions by the Employer	178
1,989	Actuarial Gains/(Losses)	1,002
(914)	Benefits Paid	(838)
14,646	Closing Fair Value of Employer Assets	15,933

2009/10 £000's	Expense recognised in the income statement	2010/11 £000's
132	Current Service Cost	-
25	Losses on Curtailments	-
1,052	Interest on defined benefit pension plan obligation	1,130
(754)	Expected Return on Employer Assets	(945)
455	**Total**	185

The expense is recognised in the following line items in the income statement:

2009/10 £000's		2010/11 £000's
157	Staff Costs	-
298	Finance expense	185
455	**Total**	185

Actuarial gains and losses recognised directly in equity in the Movement in Reserves Statement since 28th March 2009, the transition date to Adopted IFRSs:

2009/10 £000's		2010/11 £000's
(18)	Cumulative amount at 27 March 2010	(4,651)
(4,633)	Recognised in the year	5,930
(4,651)	**Total**	1,279

The fair value of the plan assets and the return on those assets were as follows:

2009/10 Fair Value £000's		2010/11 Fair Value £000's
7,909	Equities	10,994
-	Government Debt	-
5,858	Corporate Bonds	2,868
879	Property	1,434
-	Other	637
14,646	**Total**	15,933
2,743	Actual Return on Plan Assets	1,032

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	At 31/03/07	At 29/03/08	At 28/03/09	At 27/03/10	At 26/03/11
Price increases	3.20%	3.60%	3.10%	3.80%	2.80%
Rate of increase in salaries	4.70%	5.10%	4.60%	5.30%	5.10%
Rate of increase in pensions	3.20%	3.60%	3.10%	3.80%	2.80%
Discount rate	5.40%	6.90%	6.90%	5.50%	5.50%
Expected return on assets	5.40%	6.70%	6.20%	6.60%	6.70%

Life expectancy for non-pensioners is based on the PMA/PFA92 year of birth tables, with improvements from 2007 in line with the medium cohort and a 1% underpin. Based on these assumptions the average future life expectancies at age 65 are:

Current male pensioners 21.0 years, current female pensioners 23.7 years, future male pensioners 22.9 years, future female pensioners 25.6 years.

Historic mortality assumptions for all the below year ends are based on the PFA92 and PMA92 tables.

Year Ended	Prospective Pensioners	Pensioners
27 March 2010	Year of birth, medium cohort	Year of birth, medium cohort
	and 1% p.a. minimum improvements from 2007	
28 March 2009	calendar year 2033	calendar year 2017
29 March 2008	calendar year 2033	calendar year 2017
31 March 2007	calendar year 2017	calendar year 2004

An allowance has been made for 25% of future retirements to elect additional tax-free cash up to HMRC limits.

History of plans

The history of the plans for the current and prior periods is as follows:

	2006/07	2007/08	2008/09	2009/10	2010/11
Balance Sheet	£000's	£000's	£000's	£000's	£000's
Present value of defined benefit obligation	(17,576)	(15,997)	(15,597)	(22,549)	(17,913)
Fair value of plan assets	16,125	15,198	12,402	14,646	15,933
Deficit/surplus	(1,451)	(799)	(3,195)	(7,903)	(1,980)

Experience adjustments	2006/07	2007/08	2008/09	2009/10	2010/11
	£000/%	£000/%	£000/%	£000/%	£000/%
Experience adjustments on plan liabilities (as a percentage of plan liabilities)	-0.15%	0.81%	-0.05%	-0.10%	8.65%
Experience adjustments on plan assets (as a percentage of plan assets)	-0.06%	-12.51%	-29.59%	13.58%	0.55%

8. Share Capital – Ipswich Buses Limited

27 March 2010 £000's		26 March 2011 £000's
	Equity	
563	Authorised (Ordinary Shares of £1 each)	563
	Non-equity	
-	Authorised (Cumulative Non Redeemable Preference Shares of £1 each)	-
563	Total Authorised	563

2 allotted called up and fully paid ordinary shares at £1 each were in issue both at the current and previous year-end.

9. Financial Instruments – Ipswich Buses Limited

Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Derivative financial instruments

Following the adoption of IFRS7, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

The company's income is mostly cash driven and most trade receivables are with Local Authorities, representing payment for contracted services. The carrying amounts and fair value amounts are considered to be the same.

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

31 March 2010 Carrying amounts	31 March 2010 Fair Value	IAS 39 categories of financial instruments	31 March 2011 Carrying amounts	31 March 2011 Fair Value
1,729	1,729	Cash and cash equivalents	2,088	2,088
670	670	Other loans and receivables	558	558
2,399	2,399	Total financial assets	2,646	2,646
		Financial assets measured at amortised cost		
-	-	Other financial assets measured at amortised cost	33	33
-	-		33	33
		Financial liabilities measured at amortised cost		
1,908	1,908	Other interest-bearing loans and borrowings	1,569	1,569
1,180	1,180	Trade and other payables	1,247	1,247
240	240	Other financial liabilities measured at amortised cost	-	-
3,328	3,328	Total financial liabilities measured at amortised cost	2,816	2,816
(929)	(929)	**Total financial instruments**	(137)	(137)

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Exposure to credit risk

As the company's income is mostly cash driven and most trade receivables are with Local Authorities, the carrying amounts and fair value amounts are considered to be the same.

The maximum exposure to credit risk for trade receivables at the balance sheet date by type of counterparty was as follows:

27 March 2010 £000's		26 March 2011 £000's
232	Local District and County Authorities	253
63	Other miscellaneous trade receivables	24
295		277

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

27 March 2010 Gross	27 March 2010 Impairment		26 March 2011 Gross	26 March 2011 Impairment
186	-	Not past due	167	-
103	-	Past due 0-30 days	102	-
6	-	Past due 31-120 days	8	-
-	-	More than 120 days	-	-
295	-	Total financial assets	277	-

Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The company carries out a cash flow projection four years forward to ensure that it is able to meet its financial obligations.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2011						2010					
	Carrying amount £000	**Contract-ual cash flows £000**	**1 year or less £000**	**1 to <2years £000**	**2 to <5years £000**	**5years and over £000**	Carrying amount £000	Contract-ual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000
Non-derivative financial liabilities												
Secured bank loans												
Finance lease liabilities	**1,317**	**1,317**	**489**	**382**	**362**	**84**	1,656	1,656	590	483	583	
Unsecured bank facility												
Shares classified as debt												
Bank overdrafts												
Trade and other payables*	**1,247**	**1,247**	**1,247**				1,180	1,180	1,180			
Derivative financial liabilities												
Interest rate swaps used for hedging												
Forward exchange contracts used for hedging:												
Outflow												
Inflow												
Other forward exchange contracts:												
Outflow												
Inflow												

10 Related Party Transactions – Ipswich Buses Limited

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council, who are the parent undertaking and the ultimate controlling party and own 100% of the shares of the company. The following Directors and retired Directors of Ipswich Buses Limited are members of Ipswich Borough Council: -

Richard Atkins, Inga Lockington, Paul West.

2009/10 £000's		2010/11 £000's
28	Car Parks Servicing Income	28
427	Fuel Distribution	522
79	Rent Payable	79
252	Debenture Loan - Payable at the year end	252
6	- Interest payable in the year	6
At the end of the year the netted off balance owed by Ipswich Borough Council was £109K (2009/10 - £90K)		

Ipswich Borough Council are guarantors to the defined benefit scheme as mentioned in note 7.

11 Operating Leases – Ipswich Buses Limited

Non-cancellable operating lease rentals are payable as follows:

2009/10 £000s		2010/11 £000s
	Annual commitments	
67	Less than one year	66
162	Between one and five years	99
-	More than five years	-
229		165

The company leases some small items of office equipment etc. on operating leases of 5 years maximum duration at an annual cost of £11k (2009/10 £13k). The company has 3 leases comprising offices, engineering facilities and vehicle parking, also of 5 years duration) at an annual cost of £55k (2009/10 £80k).

12 Explanation of transition to Adopted IFRSs

These are the Company's first financial statements prepared in accordance with Adopted IFRSs.

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted

IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

27 March 2010 UK GAAP £000's	27 March 2010 Effect of transition to Adopted IFRSs £000's	27 March 2010 Adopted IFRSs £000's		Note	26 March 2011 UK GAAP £000's	26 March 2011 Effect of transition to Adopted IFRSs £000's	26 March 2011 Adopted IFRSs £000's
			Non-current assets:				
3,124	-	3,124	Property, plant and equipment		3,268	-	3,268
-	-	-	Intangible assets		-	-	-
-	-	-	Investment property		-	-	-
-	-	-	Investments in associates		-	-	-
-	-	-	Other financial assets		-	-	-
-	1,739	1,739	Deferred tax assets		-	396	396
3,124	1,739	4,863			3,268	396	3,664
			Current assets:				
93	-	93	Inventories		109	-	109
-	-	-	Tax receivable		-	-	-
-	-	-	Other financial assets		-	-	-
670	-	670	Trade and other receivables		558	-	558
1,729	-	1,729	Cash and cash equivalents		2,088	-	2,088
-	-	-	Assets classified as held for sale		-	33	33
-	-	-	Other financial assets		-	-	-
2,492	-	2,492			2,755	33	2,788
5,616	1,739	7,355	**Total assets**		6,023	429	6,452
			Current liabilities				
-	-	-	Bank overdraft		-	-	-
590	-	590	Other interest-bearing loans and borrowings		489	-	489
974	-	974	Trade and other payables		1,076	-	1,076
59	-	59	Employee benefits		56	-	56
-	-	-	Deferred government grants		-	-	-
147	-	147	Tax payable		114	-	114
79	-	79	Provisions		124	-	124
-	-	-	Other financial liabilities		-	-	-
-	-	-	Liabilities classified as held for sale		-	-	-
1,849	-	1,849			1,859	-	1,859
			Non-current liabilities				
1,318	-	1,318	Other interest-bearing loans and borrowings		1,080	-	1,080
-	-	-	Trade and other payables		-	-	-
6,164	1,739	7,903	Employee benefits		1,584	396	1,980
-	-	-	Deferred government grants		-	-	-
-	-	-	Tax payable		-	-	-
-	-	-	Provisions		-	-	-
-	240	240	Other financial liabilities		-	-	-
-	-	-	Deferred tax liabilities		-	-	-
7,482	1,979	9,461			2,664	396	3,060
9,331	1,979	11,310	**Total liabilities**		4,523	396	4,919
(3,715)	(240)	(3,955)	**Net assets**		1,500	33	1,533
			Equity				
-	-	-	Share capital		-	-	-
(3,715)	(240)	(3,955)	Retained earnings		1,500	33	1,533
(3,715)	(240)	(3,955)	**Total Equity**		1,500	33	1,533

Notes to the reconciliation of equity

a) The figures of (£240k) (2009/10) and £33k (2010/11) represent the fair value of a fuel hedge entered into with Fortis Bank on 1st October 2008, which expires on 30th September 2011.

Reconciliation of profit/loss

	Note	UK GAAP £000's	2010/11 Effect of transition to Adopted IFRSs £000's	Adopted IFRSs £000's
Revenue		8,026	571	8,597
Other income		684	(8)	676
Total Income		8,710	563	9,273
Changes in inventories of finished goods and work in progress		-	-	-
Raw materials and consumables used		(1,732)	(437)	(2,169)
Staff costs		(4,520)	-	(4,520)
Depreciation and amortisation		(508)	-	(508)
Other expenses		(1,072)	-	(1,072)
Total Expenses		(7,832)	(437)	(8,269)
Operating Profit		878	126	1,004
Financial income		17	273	290
Financial expenses		(267)	(126)	(393)
Net financing expense		(250)	147	(103)
Profit before tax		628	273	901
Taxation		(157)	-	(157)
Profit from continuing operations		471	273	744

Notes to the reconciliation of profit/loss

a)	*Revenue*	*Re-classification of other income*	*£571k*
b)	*Other income*	*Re-classification of other income*	*(£571k)*
		Re-classification of bus service operators grant	*£563k*
c)	*Raw materials and consumables used*	*Re-classification of bus service operators grant*	*(£563k)*
		Re-classification of fuel hedge losses	*£126K*
d)	*Financial income*	*Movement on fair value of fuel hedge*	*£273K*
e)	*Financial expenses*	*Re-classification of fuel hedge losses*	*(£126K)*

Under UK GAAP, Ipswich Buses Limited prepared a cash flow statement. The starting profit figure is different under IFRS (£744k) to that under UK GAAP (£878k). The resultant movement in cash is identical to that in UK GAAP and the difference of £134k can be reconciled as follows:

2009/10 £000s			2010/11 £000s
	Adjustments to profit for the year	Note	
427	Financial Income		290
(405)	Financial Expense		(267)
17	Taxation		(157)
39			(134)

GLOSSARY OF FINANCIAL TERMS

Accounting Period

The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for Local Authority accounts.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Agency

The provision of services by one organisation (the Agent) on behalf of, and re-imbursed by, the organisation responsible for providing the service.

Bad or Doubtful Debts

It is practice for an organisation to create a provision for bad debts representing the estimated amount of debt existing at the 31 March, which is deemed to be irrecoverable.

Budget

The Council's aims and policies in financial terms. Also referred to as 'Estimates'.

Budget Requirements

Estimated net revenue expenditure on General Fund Services, which, after allowance for any use of internal reserves, can be financed from General Government Grants (Revenue Support Grant and a share of the Non-Domestic Rates National Pool) and the Council Tax.

Capital Charges

A charge to revenue accounts, including depreciation where appropriate, to reflect the use of non-current assets in the provision of services .

Capital Expenditure

Expenditure on capital assets which have a long term value to the Authority e.g. land, buildings and equipment (known as non-current assets) or the payment of grants to other people for the purchase or improvement of capital assets e.g. house renovation grants (known as deferred charges).

Capital Financing

The raising of money to pay for capital expenditure. In the past the cost of capital assets was usually met by borrowing, but capital expenditure may also be financed by other means such as leasing, contributions from revenue accounts, and the proceeds from the sale of capital assets, capital grants, and contributions from developers or others.

Capital Financing Costs

Principal and interest repayments relating to loans.

Capital Grants

Grants from the Government, the National Lottery and developers towards capital expenditure on a specific service or project.

Capital Receipts

Proceeds arising from the sale of capital assets or from the repayment to the Council of capital grants and loans. A proportion of capital receipts may be used to finance additional capital spending. The remaining proportion must normally be set aside for the future repayment of debt.

Collection Fund

The Collection Fund brings together income from council tax, and business ratepayers. From this fund the Borough, County Council's and Police Authority precept for their annual net expenditure.

Contingent Liability

A liability which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example the default by a borrower on a loan from third party for which the Authority has given a guarantee.

Credit Approval

A maximum amount (set for the Council annually by the Department of the Environment, Transport and the Regions) against which the Council can borrow or use the capital financing reserve to finance capital expenditure.

Creditors

Amounts owed by the Council for work done, goods received or services rendered within an accounting period, but for which payment was not made at the balance sheet date.

Current Assets

Assets that can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts, which will become due or could be called upon during the next accounting period.

Depreciation

A measure of the cost of the wearing out of a non-current asset, through wear and tear, deterioration or obsolescence.

Debtors

Amounts owed to the Council but for which payment was not made at the balance sheet date.

Employee Costs

These include salaries, wages and related National Insurance and superannuation costs payable by the Council, together with training expenses.

Finance lease

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

Financial Year

The Local Authority financial year commences 1 April and finishes 31 March the following year.

General Fund (GF)

The Council's main account, which includes all services except Council Housing and the Council's Trading Services. The net expenditure on the account is financed from Government Revenue Support Grant, the contribution from the National Non-Domestic Rate Pool and Council Tax.

Government Grants

Payments by Central Government towards Local Authority expenditure. They may be specific e.g. Housing Benefits, or general e.g. Revenue Support Grant.

Gross Expenditure

The total cost of providing services before any income is deducted.

Housing Revenue Account (HRA)

This account covers the provision of Council houses, including supervision and management and repairs and maintenance. There is a statutory requirement to keep this account separate from those of other services, including other housing services.

Infrastructure Assets

A type of non-current asset, for example street lighting and sewers.

Intangible Assets

Non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights.

Interest

An amount received or paid for the use of a sum of money when it is invested or borrowed.

Inventories

Items of raw materials and stores an Authority has purchased to use on a continuing basis, which are not used at the year end.

Minimum Revenue Provision (MRP)

The minimum amount that must be charged to an Authority's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a prescribed percentage to its credit ceiling (approximates to outstanding debt) at the beginning of the financial year.

National Non Domestic Rates (NNDR)

A NNDR poundage is set annually by Central Government and collected by Charging Authorities. The proceeds are redistributed by the Government between Local Authorities in proportion to their resident population.

Net Book Value

The amount at which non-currrent assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Expenditure

Gross expenditure less any related income.

Operating Lease

A lease whereby at the end of the lease period ownership of the asset remains with the lessor.

Precept

The amount, which a Precepting Authority (i.e. a County Council) requires from a Charging Authority (Borough/District Council) to meet its expenditure requirements (from the Council Tax collected on behalf of the Precepting Authority).

Provision

An amount set aside in a separate account to cover known likely losses. An example of a provision is the Insurance Provision.

Reserves

An amount set aside in a separate account for future use. Reserves may be capital (can only be used for capital purposes) or revenue (can only be used by revenue accounts). Reserves can be earmarked for a specific purpose or classified as general i.e. not earmarked for a particular purpose, for example the general fund revenue balance.

Revenue Account

Accounts covering income and expenditure relating to the day-to-day running of the Council's services.

Revenue Expenditure Funded from Capital Under Statute

Revenue Expenditure Funded from Capital Under Statute reflects the current approach to accounting for expenditure that is not capital expenditure in accordance with GAAP but which statute allows to be funded from capital resources.

The expenditure is financed from capital resources and is written off in the period in which it occurs.

Revenue Support Grant (RSG)

A general grant paid to all Authorities to help finance the cost of services.

Revised Budget

An estimate of likely actual expenditure, made towards the end of the financial year. Also referred to as a 'Revised Estimate'.

Tangible Non-Current Assets

Tangible assets that yield benefits to the Local Authority for a period of more than one year.

Work in Progress

The cost of work done on an uncompleted project at a specified date (in the Statement of Accounts, this is the financial year-end date), which has not been recharged to the appropriate account at that date.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPSWICH BOROUGH COUNCIL

We have audited the financial statements of Ipswich Borough Council and its Group for the year ended 31 March 2011 which comprise the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Movement in Reserves Statement, the Authority and Group Balance Sheet as at the end of the period, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom supported by the Best Value Accounting Code of Practice 2010/11.

Respective responsibilities of the Head of Finance and auditors

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 31, the Head of Finance is responsible for the preparation of the financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and the Best Value Accounting Code of Practice 2010/11 and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for Ipswich Borough Council's members as a body in accordance with the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority and Group; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Authority and Group's affairs as at 31 March 2011 and of the Authority and Group income and expenditure and cash flows for the year then ended; and
- have been prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and the Best Value Accounting Code of Practice 2010/11.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the governance statement on which we report to you if, in our opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Julian Rickett (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Norwich

29 September 2011

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, we are satisfied that, in all significant respects, Ipswich Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

We certify that we have completed the audit of the Authority and Group accounts of Ipswich Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Julian Rickett (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Appointed auditors

Norwich

29 September 2011