

**CORE FINANCIAL
STATEMENTS**

Draft

STATEMENT OF MOVEMENT IN RESERVES

	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked Reserves £000	Useable Capital Receipts £000	Deferred Capital Receipts £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2009	1,696	1,233	10,284	32,635	1,524	47,372	110,105	157,477
Movement in Reserves during 2009/10								
Surplus or (deficit) on provision of services	0	18	(989)	(5,989)	23	(6,937)	(39,155)	(46,092)
Other Comprehensive Expenditure and Income	0	18	(989)	(5,989)	23	(6,937)	(39,155)	(46,092)
Total Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	0	18	(989)	(5,989)	23	(6,937)	(38,054)	(44,991)
Net increase / decrease before transfers to earmarked reserves	0	0	0	0	0	0	0	0
Transfers to/from earmarked reserves	0	0	0	0	0	0	0	0
Increase / Decrease in 2009/10	0	18	(989)	(5,989)	23	(6,937)	(38,054)	(44,991)
Balance as at 31 March 2010 carried forward	1,696	1,251	9,295	26,646	1,547	40,435	72,051	112,486
Movement in Reserves during 2010/11								
Surplus or (deficit) on provision of services	0	0	0	0	0	0	0	0
Other comprehensive Expenditure and Income	0	0	0	0	0	0	0	0
Total Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	0	0	0	0	0	0	0	0
Net increase / decrease before transfers to earmarked reserves	0	0	0	0	0	0	0	0
Transfers to/from earmarked reserves	0	0	0	0	0	0	0	0
Increase / Decrease in 2010/11	0	0	0	0	0	0	0	0
Balance as at 31 March 2011 carried forward	1,696	1,251	9,295	26,646	1,547	40,435	72,051	112,486

STATEMENT OF MOVEMENT IN RESERVES

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'useable reserves' (i.e. these 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. 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 ACCOUNT

Restated 2009/10*				NOTE	2010/11		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000			GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
			Central services to the public:				
1,226	(455)	771	Council Tax Collection		0	0	0
924	(438)	486	Other Central Services		0	0	0
			Cultural, Environmental, Regulatory & Planning Services:				
6,356	(948)	5,408	Leisure Services		0	0	0
513	(176)	337	Cemeteries and Crematoria		0	0	0
1,793	(384)	1,409	Environmental Health		0	0	0
5,872	(1,417)	4,455	Waste Collection and Disposal		0	0	0
3,128	(734)	2,394	Planning and Development		0	0	0
2,160	(54)	2,106	Other Services		0	0	0
5,449	(5,427)	22	Highways and Transport Services		0	0	0
39,576	(36,334)	3,242	Housing General Fund		0	0	0
4,444	(331)	4,113	Corporate and Democratic Services		0	0	0
252	0	252	Non-distributed Costs		0	0	0
71,693	(46,698)	24,995	Cost of Services		0	0	0
		24	Interest payable and similar charges				0
		(745)	Interest and Investment Income				0
			transferred to Watford Community Housing Trust:				
18	(36)	(18)	Housing Revenue Account		0	0	0
71,711	(46,734)	24,256	(Surplus) / Deficit on Provision of Services		0	0	0
		(16)	(Gain) or loss on disposal of fixed assets				0
		(1,488)	Unattached capital receipts				0
		(2,164)	(Surplus) or deficit on trading undertakings not included in Net Cost of Services				0
			Contribution of Housing Capital Receipts to Government Pool				0
		5					0
		3,060	Actuarial gains / losses on pension assets / liabilities				0
		0	Commutation of Improvement Grants				0
		(603)	Other Comprehensive Income and Expenditure				0
		23,653	Total Comprehensive Income and Expenditure				0
		(8,222)	Demand on the Collection Fund*				0
		(2,189)	General Government Grants				0
		(6,526)	Non-domestic Rates redistribution				0
		6,716	Total Comprehensive Income and Expenditure				0

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting policies, 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.

*The prior year adjustments relate to

BALANCE SHEET AS AT 31 MARCH 2011

Restated 2008/09 £000	Restated 2009/10 £000		Note	2010/11 £000 £000	
		Property, Plant and Equipment			
39,819	40,709	Land and Buildings		40,709	
3,410	3,217	Vehicles, Plant and Equipment		3,217	
0	0	Community Assets		0	
8,781	9,298	Infrastructure Assets		9,298	
0	0	Surplus Assets		0	
52,010	53,224				53,224
		Other Long Term Assets			
100,360	102,140	Investment Properties		102,140	
2,170	2,235	Assets Held for Sale		2,235	
1,411	1,463	Long Term Debtors		1,463	
103,941	105,838				105,838
155,951	159,062	LONG TERM ASSETS			159,062
		CURRENT ASSETS			
28	37	Inventories		37	
8,446	17,397	Short Term Debtors		17,397	
47,594	34,827	Short Term Investments		34,827	
752	396	Cash and Cash Equivalents		396	
56,820	52,657				52,657
212,771	211,719	TOTAL ASSETS			211,719
		CURRENT LIABILITIES			
(10,181)	(11,828)	Short Term Creditors		(11,828)	
(995)	(2,234)	Short Term Borrowing		(2,234)	
(11,176)	(14,062)				(14,062)
201,595	197,657	TOTAL ASSETS LESS CURRENT LIABILITIES			197,657
		LONG TERM LIABILITIES			
(3,065)	(3,568)	Government Grants & Other Contributions Deferred		(3,568)	
(1,857)	(1,811)	Government Grants & Other Contributions Unapplied		(1,811)	
(137)	(286)	Deferred Liabilities		(286)	
(821)	(812)	Provisions		(812)	
(38,238)	(78,694)	Liability related to Defined Benefit Pension Scheme		(78,694)	
(44,118)	(85,171)				(85,171)
157,477	112,486	NET ASSETS			112,486

BALANCE SHEET AS AT 31 MARCH 2011

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Restated 2008/09 £000	Restated 2009/10 £000		Note	2010/11 £000 £000	
		FINANCED BY:			
		USABLE RESERVES			
32,635	26,646	Useable Capital Receipts Reserve		26,646	
1,696	1,696	General Fund Balance		1,696	
1,233	1,251	Housing Revenue Account Balance		1,251	
1,524	1,547	Deferred Capital Receipts		1,547	
10,284	9,295	Earmarked Reserves		9,295	
47,372	40,435				40,435
		UNUSABLE RESERVES			
124,828	126,135	Capital Adjustment Account		126,135	
(79)	(78)	Financial Instruments Adjustment Account		(78)	
154	147	Collection Fund Adjustment Account		147	
23,440	24,541	Revaluation Reserve		24,541	
0	0	Accumulated Absences Reserve		0	
(38,238)	(78,694)	Pensions Reserve		(78,694)	
110,105	72,051				72,051
157,477	112,486	TOTAL RESERVES		112,486	

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 are useable 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. 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.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

Restated 2008/09 £000	Restated 2009/10 £000		Note	2010/11 £000 £000	
5,198	6,684	Net Cash (Inflow) / Outflow from the provision of services			0
		Net cash flows from Operating Activities			
2	0	Interest paid		0	
7	25	Interest element of finance lease rental payments		0	
(3,115)	(1,233)	Interest received		0	
(3,106)	(1,208)				0
		Investing Activities			
8,453	6,974	Purchase of non current assets		0	
0	0	Purchase of short term and long term investments		0	
71	0	Other payments for investing activities		0	
(828)	(212)	Proceeds from the sale of fixed assets		0	
(1,821)	(675)	Capital grants received		0	
(3,165)	(1,547)	Other receipts from investing activities		0	
2,710	4,540				0
		Financing Activities			
(1,100)	(12,400)	Net increase / (decrease) in short-term deposits		0	
(3,106)	3,906	Other (receipts) / payments from financing activities		0	
32	74	Other payments for the capital element of finance leases		0	
(4,174)	(8,420)				0
628	1,596	Net (increase) / decrease in cash and cash equivalents			0
(386)	242	Cash and Cash equivalents at the beginning of the reporting period			1,838
(242)	1,838	Cash and Cash equivalents at the end of the reporting period	7		1,838

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