

NOTTINGHAMSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2006/07

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EXPLANATORY FOREWORD

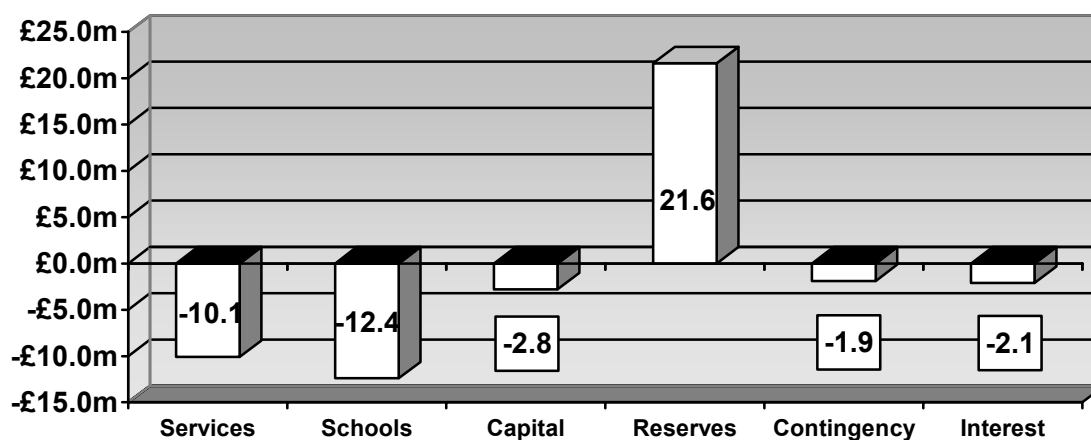
1. The County Council's Statement of Accounts for the year 2006/07 is set out on the following pages. It is prepared in accordance with the 2006/07 Code of Practice on Local Authority Accounting and Best Value Accounting Code of Practice, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The statements also comply with appropriate guidance notes issued by CIPFA covering the Statements of Standard Accounting Practice (SSAPs), Financial Reporting Standards (FRSs) and Urgent Issues Task Force Abstracts (UITFA) as they apply to local authorities.
2. This foreword gives a brief summary of the Council's overall financial results for 2006/07. It also indicates the type of expenditure incurred and the ways in which money has been raised to pay for this.

Revenue Expenditure

3. The original budget estimated that £2.2 million would need to be transferred from General Fund balances. The final accounts show that £7.0 million was instead added to balances, a variation of £9.2 million compared with the original budget.

	Original Budget £m	Actual £m	Variance from Budget £m
INCOME			
Income raised from taxation:			
Precept Income (Council Tax)	270.1	270.1	0.0
Non Domestic Rate Income	107.2	107.2	0.0
Revenue Support Grant	20.7	20.7	0.0
Business Growth Incentive	1.0	2.4	(1.4)
Public Service Agreement	5.0	5.0	0.0
	<u>404.0</u>	<u>405.4</u>	<u>(1.4)</u>
NET EXPENDITURE (inc appropriations)	<u>406.2</u>	<u>398.4</u>	<u>(7.8)</u>
Contribution (to)/from County Fund Balances	<u>2.2</u>	<u>(7.0)</u>	<u>(9.2)</u>

4. The main variations to net expenditure were:



	£m	£m
Areas where expenditure was reduced:		
Net underspendings by Services	(10.1)	
Net contribution to statutory reserves by Schools	(12.4)	
Contributions to Capital Expenditure	(2.8)	
Contingency not required	(1.9)	
Interest on borrowings	(2.1)	
Other	(0.1)	(29.4)
Reserves created from items above:		
Schools Reserves	12.4	
Tram Phase 2	4.1	
Carry Forwards	5.3	
Other	(0.2)	21.6
Overall decrease in net expenditure compared with budget		<u>(7.8)</u>

5. The following table shows the position on the various balances and available reserves held by the County Council and usable for revenue purposes.

	1.4.06	Movement during year	31.3.07
	£m	£m	£m
County Fund Balances	12.5	7.0	19.5
Reserves:			
Capital Expenditure	1.8	1.4	3.2
Capital Receipts & Grants Unapplied	2.4	6.2	8.6
Earmarked for Budget Carry Forwards	7.2	0.6	7.8
Earmarked for Services	10.2	3.1	13.3
Earmarked from Contingency	0.0	1.1	1.1
East Leake PFI	2.2	(0.1)	2.1
Leasing Alternatives	0.4	0.2	0.6
Pay Review Reserve	18.1	5.5	23.6
Trading Organisations	1.2	0.3	1.5
Tram PFI	2.3	0.6	2.9
Tram Phase 2	0.0	4.1	4.1
Bassetlaw PFI	6.0	11.9	17.9
Landfill Allowances	1.3	1.2	2.5
Schools Statutory reserve	23.7	12.4	36.1
Waste PFI	0.0	3.2	3.2
	<u>89.3</u>	<u>58.7</u>	<u>148.0</u>

6. The gross revenue cost of County Council services was £1,046 million in 2006/07. The analysis by type of expenditure is:

	Amount £m	Proportion %
Employees:		
Teachers and Lecturers	280.9	26.9
Other Employees	301.3	28.8
Other Running Costs	432.0	41.3
Capital Charges to service revenue accounts	31.8	3.0
	<u>1,046.0</u>	<u>100.0</u>

7. The County Council has embarked upon an ambitious drive to reduce its service costs by £32 million per annum over the next 3 financial years. This is to help contain council tax increases to 4% and to fund additional expenditure on essential services, particularly vulnerable children and adults.
8. This year the calculation of FRS17 liabilities have resulted in a moderate decrease in the assessment of the long-term pension liabilities (see Note 12 to the Accounts). The annual contribution required from the County Council gives the current impact of future liabilities and shows a moderate increase (see Note 11 to the Accounts).

9. The County Council continues to provide services and support to the Coroner's Service which is now a separate entity from the Authority. The revenue effect is shown under Contributions to Other Bodies within the Income and Expenditure Account (Page 17).
10. The methods of financing the gross revenue cost of services are shown in the following table:

	Amount £m	Proportion %
Specific Revenue Grants paid to County Council	568.8	54.4
Fees and Charges etc.	<u>124.1</u>	<u>11.9</u>
	692.9	66.3
Council Tax, National Non-Domestic Rate, Revenue Support Grant, LABGI and PSA	405.4	38.8
Interest and Investment Income	3.6	0.3
Other Items	<u>(55.9)</u>	<u>(5.4)</u>
	<u>1,046.0</u>	<u>100.0</u>

Capital Expenditure and Financing

11. The County Council's capital expenditure in 2006/07 was £124.05 million excluding amounts counted as capital expenditure for control purposes. The external capital financing costs amounted to £16.5 million.
12. At 31 March 2007, the insured value of the County Council's buildings was £1,400 million. This sum excludes the considerable investment in roads and other infrastructure works that has taken place over the years. In addition the Council owns approximately 5,315 hectares of land. The book value of net fixed assets was £1,512 million.
13. The Council's borrowings, used to finance the past acquisitions of assets were £254.5 million at 31 March 2007. This includes long term borrowings, loans to be repaid within 1 year and deferred liabilities. The County Council now makes use of financial instruments called Lender Option Borrower Option (LOBO) which offer attractive borrowing rates of interest as well as greater flexibility. At 31 March 2007 the amount owed was £100.0 million.
14. The Authority has entered into Private Finance Initiative (PFI) partnerships. The major schemes are as follows:
- The provision of a tram service by Arrow Consortium. The County and City Councils are 20% and 80% partners in the contract. The Tram became operational on 9th March 2004.
 - The provision of schools at East Leake. Service commenced during 2003/04.
 - The provision of schools and leisure facilities in Bassetlaw.
 - Waste recycling and energy recovery facilities.

Further details of all PFI contracts are set out in Note 31 to the Accounts.

Opinion on the financial statements

I have audited the financial statements and pension fund accounts of Nottinghamshire County Council for the year ended 31 March 2007 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. The pension fund accounts comprise both Fund Accounts, the Net Assets Statements, and the related notes. The financial statements and pension fund accounts have been prepared under the accounting policies set out within them.

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

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer's responsibilities for preparing the financial statements, including the pension fund accounts, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

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

I report to you my opinion as to whether the financial statements and the pension fund accounts present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial transactions of both pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

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

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

Basis of audit opinion

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

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

INDEPENDENT AUDITOR'S REPORT TO NOTTINGHAMSHIRE COUNTY COUNCIL

Opinion

In my opinion:

The financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended; and

Both pension fund accounts present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial transactions of the Pension Funds during the year ended 31 March 2007, and the amount and disposition of the funds' assets and liabilities as at 31 March 2007 other than liabilities to pay pensions and other benefits after the end of the scheme year.

David Brumhead

28 September 2007

Littlemoor House
Littlemoor
Eckington
Sheffield
S21 4EF

INDEPENDENT AUDITOR'S REPORT TO NOTTINGHAMSHIRE COUNTY COUNCIL

Conclusion on 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 regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

certifying that I have done so;

stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Nottinghamshire County Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Best Value Performance Plan

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on 18 December 2006. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

David Brumhead 28 September 2007

Littlemoor House
Littlemoor
Eckington
Sheffield
S21 4EF

STATEMENT OF 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 secure that one of its officers has the responsibility for the administration of those affairs. The Strategic Director of Resources is the responsible officer.
- * to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- * to prepare and publish a Statement of Accounts in accordance with the Accounts and Audit Regulations 2003, as amended ("the Regulations") .

The Strategic Director of Resources' Responsibilities

The Strategic Director of Resources is responsible for the preparation of the Authority's Statement of Accounts, in accordance with the appropriate CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this Statement of Accounts, the Strategic Director of Resources has:

- * selected suitable accounting policies and then applied them consistently;
- * made judgements and estimates that were reasonable and prudent;
- * complied with the Code and the Regulations.

The Strategic Director of Resources has also:

- * kept proper accounting records which were up to date;
- * taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the accounts present fairly the financial position at the accounting date and its income and expenditure for the year ended on that date.

A Deakin, CPFA
Strategic Director of Resources
1 November 2007

STATEMENT OF APPROVAL OF THE STATEMENT OF ACCOUNTS

The Statement of Accounts was approved by a meeting of the County Council on 1 November 2007. The Strategic Director of Resources is satisfied with the position set out in the Statement of Accounts. As Chairman of Nottinghamshire County Council I am satisfied that the approval process for the Statement of Accounts has now been completed satisfactorily and that the Statement of Accounts may now be issued.

Councillor John Allin
Chairman of the County Council
1 November 2007

STATEMENT ON INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Nottinghamshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the County Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

The system of internal control has been in place at Nottinghamshire County Council for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts and, except for the details of significant internal control issues at section 5, accords with proper practice.

3. THE INTERNAL CONTROL ENVIRONMENT

The Authority's internal control environment comprises the many systems, policies, procedures and operations in place to:-

- establish and monitor the achievement of the Authority's objectives

The Council's objectives are contained in the Strategic Plan, Community Strategy and other specific Strategies and Plans. Progress against these objectives is monitored by the Authority on a six monthly basis via the six-month Progress Report and the Annual Performance Plan. In addition, all departments have business plans which link to the Strategic Plan and which are monitored on a regular basis. The Scrutiny function is well established and has an agreed programme of scrutiny reviews.

- facilitate policy and decision making

The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Responsibility for decision making, the role of full Council, the Cabinet, Committees, Select Committees and the process for determining the Authority's Key Decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Cabinet Members, Committees and Officers are specified.

- ensure compliance with established policies, procedures, laws and regulations

The Authority has in place Budget and Policy Framework Procedure Rules which set out how budget and policy decisions are made. Key roles are performed by statutory officers, including the Head of Paid Service, the Authority's Monitoring Officer and Section 151 Officer. A regular programme of work is carried out by Internal Audit reviewing compliance with established procedures. In addition, Scrutiny Committees, External Audit and External Inspection Agencies contribute to the review of the Authority's compliance with its policies, procedures, laws and regulations. A Risk Management Strategy is in place and key risks have been identified in a Corporate Risk Register.

- ensure the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which the Authority's functions are exercised,

having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty.

The Council's budget process establishes the resources required to deliver its services and objectives which involves a review of the overall use of resources. The Authority has completed a number of value for money reviews and is currently restructuring and has, in some cases reduced service levels to cut expenditure. A Procurement Strategy is in place designed to ensure the Authority uses its resources efficiently and effectively. Internal Audit's annual plan of work includes reviewing the use of resources and public surveys/reference groups are used to gauge the public's perception of services provided.

- provide appropriate financial management of the Authority and reporting of financial management

The Authority sets a balanced budget with revenue and capital budgets integrated and presented as such to Members. A risk assessment of material items of income and expenditure is carried out and reported to Members as part of the budget setting process. Appropriate limits have been approved in line with the Prudential Code for Capital Accounting. Budgets are monitored regularly and Members receive financial information which is relevant, understandable and consistent with underlying financial records. Financial reserves are kept under review and the Authority maintains an adequate Internal Audit function. Financial procedures are identified in approved Financial Regulations which include an anti-fraud and anti-corruption policy and were revised in 2006/07. An Audit Committee is in place which meets regularly and receives relevant reports on audit issues.

A Treasury Management policy has been adopted and approved by Council. The Authority prepares its accounts in accordance with professional guidance and complies with the statutory timetable for publication.

- ensure adequate performance management of the Authority and the reporting of performance management

A Performance Management Framework is in place which includes regular review by the Corporate Performance Group (an internal working group) that meets regularly to assess the Authority's progress against its targets. Performance reports are considered by Cabinet and Council. Benchmarking is a regular feature of performance reporting and the Comprehensive Performance Assessment, carried out by the External Auditor, reviews the operation of the Authority's Performance Management Framework.

4. REVIEW OF EFFECTIVENESS

The County Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the Authority's Assurance Framework which includes the work of the Internal Audit Section and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the External Auditors and other review agencies and inspectorates in their reports.

Throughout 2006/07 the Authority has maintained and reviewed its system of internal control in a number of ways. In particular:-

- (a) the County Council has reviewed the Authority's political structure and revised its scrutiny arrangements. In addition it has received or agreed the:-
 - Annual Performance Plan 2006/07
 - Statement of Accounts 2005/06
 - Authority's Six Monthly Performance Report
 - Treasury Management Policy and Strategy Statement
 - County Council Property Strategy
 - Overview and Scrutiny Work Programme
 - County Council Information Policies
 - Medium Term Financial Strategy 2007/08 to 2010/11
- (b) Cabinet have considered and approved a number of reports in its role as the Executive including:-

- Revenue and Capital Budget Monitoring
 - Scrutiny Committee Reports
 - Strategic Plan Targets
 - Direction of Travel Statement
 - Community Cohesion Strategy
 - Annual Performance Plan 2006/07
 - Budget Proposals 2007/08
 - Six Monthly Performance Report
 - PFI Waste Management Contract
 - Medium Term Financial Strategy 2007/08 to 2010/11
 - Local Area Agreement – Partnership Agreement and Financial Arrangements
- (c) The Audit Committee has received both Internal Audit and External Audit Plans and Reports over the course of 2006/07 as well as considering weaknesses revealed in the internal control system highlighted in Internal Audit reports. It has reviewed the Audit Commission's Annual Governance Report and has commented upon the changes to the Authority's Financial Regulations.
- (d) The Overview and Scrutiny Committee and other Select Committees have carried out a programme of reviews during 2006/07, including relationships between the County Council and other Nottinghamshire Councils, After Care Services, Educational attainment and targets and reported the results of these to Cabinet.
- (e) The County's Standards Committee has reviewed the Authority's Travel and Accommodation policy and the Conduct Hearing process. It has received reports on the Authority's complaints procedure, the Freedom of Information Act, the ethical framework and corporate governance as well as the Ombudsman's Annual Letter 2005/06 and a report on the electoral initiatives budget.
- (f) Internal Audit has undertaken planned reviews of internal control procedures across all departments and across a range of functions in the Authority. Each review contains an opinion on the internal controls in place and any unsatisfactory audit opinions are followed up and if necessary reported to the Audit Committee. Internal Audit's overall opinion on the Authority's system of internal control, based on the sample of audits completed, is that it is adequate.
- (g) The Annual Audit and Inspection Letter 2007 made positive comments on the Authority's internal control environment stating that significant risks are well managed and that there are strong arrangements in place to maintain a sound system of internal control including the Audit Committee. The Letter contained some recommendations for implementation in 2007/08.

The Audit Committee has advised us on the effectiveness of the system of internal control.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

The Authority faces another challenging year in 2007/08 and the following represent the key issues in relation to internal control:-

(a) Sickness Absence

Sickness absence continues to affect capacity and value for money though additional support is being provided for managers and a number of initiatives are underway. Performance reviews will need to focus on progress being made during 2007/08.

(b) Pay Phase II

This continues to be a major project with significant financial and business implications for the Authority. A detailed project structure is in place and this needs to be appropriately applied to manage the implementation of this strategy during 2007/08.

(c) Departmental Restructuring

The restructuring process is continuing and the integration of new arrangements proposed will have significant implications for the work of the Authority and will need to be carefully monitored.

(d) Budget Pressures

Given the likelihood of increasing budget pressures, the Council will need to continue to prioritise its budget and identify longer term efficiency savings.

(e) Adult Social Care

Further progress is needed in some aspects of Adult Social Care to support people to continue to live at home such as increasing the take up of direct payments and greater provision of non-residential intermediate care.

(f) Data Quality

Data quality is in need of improvement in some areas and resources have been allocated to improve the data checking process.

R A Latham
Chief Executive
13 June 2007

Councillor D Kirkham
Leader
13 June 2007

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL POLICIES

The Statement of Accounts has been prepared in accordance with the appropriate Code of Practice on Local Authority Accounting and Best Value Accounting Code of Practice, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The statements also comply with appropriate guidance notes issued by CIPFA covering the Statements of Standard Accounting Practice (SSAPs), Financial Reporting Standards (FRSs) and Urgent Issues Task Force Abstracts (UITFA) as they apply to local authorities. Any variations are shown in Notes to the Accounts or in the policies set out below. The Statement of Accounts has been prepared on an historical cost basis, modified for certain fixed assets held at valuation.

2. COSTS OF SUPPORT SERVICES

All costs of support services are fully allocated. The costs of office accommodation are recharged in proportion to floor area occupied. Other central administrative expenses are recharged on the basis of allocation of staff time. The costs of the Democratic Representation and Management, Corporate Management and Non-Distributed Costs are identified separately in the Income and Expenditure Account. Architectural and Engineering Services provided by the Strategic Director of Resources and Strategic Director of Communities relating to the capital programme are recharged to capital accounts on the basis of professional scale fees.

3. PENSIONS

The County Council participates in two different pension schemes which meet the needs of employees in particular services. The net pension costs included in the Accounts have been determined in accordance with relevant statutory regulations and are unchanged by FRS17. The requirements of FRS17 have been complied with and are set out in the Pensions Note to the Statement of Accounts. Both schemes are classed as defined benefit schemes, providing members with defined benefits related to pay and service. The schemes are as follows:-

a) Teachers Pension Scheme

This is an unfunded scheme administered by the Teachers Pension Agency. The pension cost charged to the Education Service is the contribution rate set by the DfES on the basis of a notional fund. This scheme is accounted for on a defined contribution basis.

b) Local Government Pension Scheme

This is a funded pension scheme. Non-teaching employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The Council's Actuary calculates, every three years, the amount of the Employer's Contribution Rate for each of the following three financial years. This is the statutory amount charged to the Accounts each year and paid over in full to the Pension Fund.

FRS17 requires an annual snapshot of the assets and liabilities of the Fund. This is undertaken by the Council's Actuary. The Actuary also calculates the charges to be made to the Revenue Accounts under FRS17. These are split into the Current Service Cost (CSC), the Past Service Cost (PSC), the Interest Cost (IC) and the Expected Return on Assets (ERA). The CSC is charged to the Service Revenue Accounts with the PSC charged to Non-Distributed Costs, both of which are grouped within the Net Cost of Services. The IC and ERA are charged to Net Operating Expenditure. The Balance Sheet shows the calculated actuarial position of the assets and liabilities of the Fund as at 31 March each year. The bases for the actuarial calculations are set out in the Notes to the Accounts.

For both teachers and other employees, further costs arise in respect of certain pensions paid on an unfunded basis and these amounts are charged to Non-Distributed Costs in the Income and Expenditure Account in the financial year to which they relate. The Council's Actuary has also calculated the Authority's liabilities in accordance with FRS17 for these unfunded amounts and these are included in the Accounts and the Notes to the Accounts.

4. DEPRECIATION

All operational assets, other than land, are depreciated over their useful economic lives. Where depreciation is provided for, assets are depreciated using the straight line method. The lives of the assets vary and are within the following ranges:

Asset Type	Useful Life In Years
Buildings	1 - 50
Vehicles and plant	1 - 20
Infrastructure	40
IT and other equipment	3 - 5
Intangible	3 - 5
Furniture & Fittings	5 -15

5. DEFERRED CHARGES

Deferred charges comprise capital grants to other bodies and revenue expenditure capitalised by permission of the Secretary of State. These amounts are charged to Service revenue accounts during the period over which they represent continuing value to the Authority which, in general, means they are fully amortised in the year of expenditure. Where they represent value for more than one financial year they would be included in Intangible Assets. For such expenditure funded from capital resources, a contribution from the Capital Financing Account to the Income and Expenditure Account ensures that costs amortised to revenue do not affect the amount to be met from government grants and local taxpayers. Where revenue expenditure has been capitalised by permission of the Secretary of State, the charges to the Income and Expenditure Account may be increased in later years in accordance with the regulations governing the Minimum Revenue Provision.

Capital grants made to other bodies are written off to the appropriate Service revenue account during the financial year because they do not represent value to the Authority beyond the end of the financial year. This includes grants made to bodies where the Authority is the accountable body and exercises control over grant distribution.

6. CAPITAL EXPENDITURE

The de minimis level for expenditure to be classified as capital is set at £6,000 for capital financing purposes. Amounts below this are classified as revenue expenditure.

7. FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. This includes assets acquired under finance leases which have been capitalised on the same basis as assets acquired by other methods of financing.

Operational assets are fixed assets held and used by the Authority in the direct delivery of services or used for functions which are directly related to the support of such services.

Asset values have been included in the Balance Sheet as follows:

- a) The current land and building values used in the Statement of Accounts are based upon a certificate as at 31 March 2007 issued by the Council's Professional Services Manager, D. Buckland MRICS, on 31 May 2007. A rolling five year revaluation programme is in place to maintain the accuracy of the valuations and when significant changes occur in any year they are included in the revaluation work undertaken during that year. Operational assets have been included in the Balance Sheet at the lower of net current replacement cost and net realisable value in existing use. Non-operational assets have been included at the lower of net current replacement cost and net realisable value.
- b) Infrastructure and equipment have been included at debt outstanding at 31 March 1994 plus actual expenditure since that date.
- c) Vehicles and plant have been included at written down valuation at 1 April 1994 with subsequent acquisitions included at cost as an appropriate approximation of valuation.

- d) Intangible assets comprise software licences which are included at cost and are not subject to revaluation. They are amortised in equal amounts over their useful lives.
- e) Furniture and fittings are included at cost, plus the value of items as at 31 March 2004 which are still in operational use.
- f) Assets under construction are included at actual cost.
- g) Community assets are included at nil except recent acquisitions which are held at cost and land or buildings which are held at valuation as set out in a) above.

The asset amounts shown in the Balance Sheet are the net values after depreciation.

The de minimis levels used for 2006/07 in compiling the assets are as follows:

Land and Buildings	£10,000
Infrastructure	All are included.
Community	£10,000
Vehicles and plant	£6,000
Intangible	£6,000
IT and communications equipment	£6,000
Finance leased equipment	£6,000
Other equipment	£6,000
Furniture and Fittings	£6,000
Under Construction	All are included.

8. INVESTMENTS

Investments are carried at their original cost price unless otherwise stated in the Notes to the Accounts. Economic Development investments are written off to the Income and Expenditure Account in the year of advance to reflect the high risk of the investment but the nominal value is shown in the Notes to the Accounts. From 2005/06 dividends are credited to revenue when the Authority has a right to receive them. For dividends from quoted securities, this is when they are quoted ex-dividend. For unquoted securities, this is when the dividend is declared, unless the security is sold before it becomes receivable. Previously dividends were included when received.

9. STOCKS AND WORK IN PROGRESS

These are valued at the lower of cost and net realisable value.

10. DEBTORS AND CREDITORS

Revenue and capital transactions during the year are recorded on an income and expenditure basis. In order to comply with the accruals concept of FRS18, year end debtors and creditors are raised where goods are supplied or services rendered by the County Council in the financial year, but payment or receipt does not occur until the following financial year. Accounting instructions require accruals to be raised where amounts are in excess of £1,000. Schools are asked to take responsibility for accruing for employee costs where individual amounts owing are in excess of £1,000.

In addition to debtors and creditors for goods supplied and services rendered, significant debtors and creditors can arise from such items as government grants and pay awards. The approach adopted in these cases is to make estimates on the basis of the best information that is presently available, or make forecasts of the cost of pay awards that are not yet settled but likely to apply to part of the financial year to which the accounts relate.

11. EXTERNAL DEBT

The Authority makes provision each year for scheduled debt repayments. The amount of these repayments is dependent upon the type and period of loans raised. The Authority may also redeem or restructure debt early to make most effective use of available resources.

12. LEASING OF VEHICLES, PLANT AND EQUIPMENT

Where assets are acquired under finance leases, the assets are capitalised above the de minimis level of £6,000 and the related outstanding lease commitment shown as a deferred credit

liability in the Balance Sheet in accordance with SSAP21. The leasing rentals payable are split with the interest element charged to the Income and Expenditure Account and the capital element reducing the deferred credit liability.

Lease rentals payable under operating leases are charged to the Income and Expenditure Account in the financial year to which they relate.

13. PRIVATE FINANCE INITIATIVE (PFI)

The Authority has entered a number of Private Finance Partnerships. These schemes are accounted for in accordance with FRS5 and SSAP21. Rental charges are made to the appropriate service revenue accounts. Assets and residual or reversionary interest assets are shown in the Balance Sheet where appropriate.

14. GRANTS RECEIVED

Grants received for capital purposes are taken to the government grants deferred account. Where the associated asset is depreciated the grant is amortised over its useful life through a contribution to departmental revenue accounts. The zero impact on the revenue account is achieved by a transfer to the Capital Financing Account. Where an asset is not depreciated the amortisation amount is transferred to the Capital Financing Account in the financial year the asset is financed.

Specific revenue grants are matched to the expenditure to which they relate. General revenue grants are included in the revenue account in the period in which they are payable.

15. PROVISIONS AND RESERVES

The Authority makes appropriate provisions for bad debts. Provisions are made for any liabilities which have been incurred using the best estimate of the amount and timing. Provisions are utilised for the purposes for which they were established. All other amounts set aside are classified as reserves. Expenditure incurred is charged to the appropriate provision or to the revenue account where a contribution is made from a reserve.

16. CAPITAL RECEIPTS

When assets are sold or disposed of, the capital receipt is held in a reserve account (Capital Receipts Unapplied) until it is used to finance further capital expenditure. Interest earned on cash from capital receipts unapplied is credited to the General Fund.

17. LIQUID RESOURCES

Liquid resources are identified and accounted for in accordance with FRS1 and comprise current asset investments.

INCOME AND EXPENDITURE ACCOUNT

Service	Note	2005/2006	Gross Expenditure	2006/2007	Net Expenditure
		Net Expenditure Restated (*) £000		Income £000	
Continuing County Council Services					
Education		412,163	590,941	(544,765)	46,176
Environmental Services		24,121	32,564	(8,984)	23,580
Highways, Roads and Transportation	2	43,242	63,431	(18,926)	44,505
Leisure		5,574	9,599	(4,466)	5,133
Libraries		13,123	14,976	(1,487)	13,489
Planning and Development		9,066	11,438	(2,803)	8,635
Social Services		182,796	298,980	(103,697)	195,283
Democratic Representation & Management		4,989	5,112	(9)	5,103
Corporate Management		2,838	9,699	(7,009)	2,690
Non Distributed Costs		(18,425)	5,430	-	5,430
Central Services to the Public		2,956	3,152	(773)	2,379
Contributions to Other Bodies					
Coroner		540	603	(1)	602
Net Cost of Services		682,983	1,045,925	(692,920)	353,005
Interest & investments income		(983)	-	(3,588)	(3,588)
Net (surplus)/deficit of Trading Undertakings		1,373	10,393	(9,361)	1,032
Pensions Interest Costs & Expected Return on Pensions Assets		17,908	64,537	(50,338)	14,199
Other Operating Income & Expenditure		(1,710)	2	(285)	(283)
Interest Payable	28	15,054	16,540	-	16,540
Insurance Revenue (surplus)/deficit	33	(2,554)	1,041	(1,585)	(544)
Net Operating Expenditure		712,071	1,138,438	(758,077)	380,361
Precept Income	6	(257,151)			(270,138)
General Government Grants	6	(251,684)			(20,694)
Non-domestic Rates Redistribution	6	(229,921)			(107,203)
Local Authority Business Growth Incentive		(1,007)			(2,369)
Public Service Agreement		-			(5,051)
(Surplus)/Deficit for the Year:		<u>(27,692)</u>			<u>(25,094)</u>

STATEMENT OF MOVEMENT ON THE GENERAL FUND

	2005/06	2006/07
	£000	£000
(Surplus)/Deficit for the Year:	(27,692)	(25,094)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund		
Balance for the year.	1 21,592	5,682
Increase in General Fund Balance for the year	(6,100)	(19,412)
General Fund Balance brought forward	(30,124)	(36,224)
General Fund Balance carried forward	<u>(36,224)</u>	<u>(55,636)</u>
Amount of General Fund balance held by governors under schemes to finance schools	(24,805)	(33,532)
Other General Fund balances held by schools	1,043	(2,601)
Amount of General Fund balance generally available for new expenditure	(12,462)	(19,503)
	<u>(36,224)</u>	<u>(55,636)</u>

* The 2005/06 figures have been restated to show the effects of the new accounting policies. See page 24 for details.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2005/06 £000	2006/07 £000
(Surplus)/Deficit for the year on the Income and Expenditure Account	(27,692)	(25,094)
(Surplus)/Deficit arising on revaluation of fixed assets	47,497	(131,263)
Actuarial (gains)/losses on pension fund assets/liabilities	28,714	(86,200)
Transfer to Magistrates Courts	32,174	-
Any other (gains) and losses	18,309	(2,414)
Total recognised (gains)/losses for the year	<u>99,002</u>	<u>(244,971)</u>

BALANCE SHEET

		31 March 2006 Restated (*)		31 March 2007	
Long Term Assets	Note	£000	£000	£000	£000
Intangible Fixed Assets		1,940		1,778	
Tangible Fixed Assets					
Operational					
Land and Buildings		916,626		1,057,057	
Vehicles and Plant		7,628		9,382	
Equipment, Furniture & Fittings		39,433		38,911	
Community		34		34	
Infrastructure		282,264		305,748	
Non Operational					
Land and Buildings		40,714		67,519	
Under Construction		<u>16,533</u>		<u>31,422</u>	
Net Fixed Assets	15		1,305,172		1,511,851
Deferred Assets	31	-		-	
Long-term advances	21	842		376	
Long-term debtors	22	9,218		19,021	
Long Term Investments	20	-		20,000	
Total Long-Term Assets			1,315,232		1,551,248
Current Assets:					
Investments	20	-		-	
Landfill Trading Allowances	26	4,493		5,124	
Stocks and work in progress		3,646		4,095	
Debtors	22	52,673		55,435	
Less Bad Debt Provision		<u>(2,843)</u>		<u>(2,418)</u>	
		49,830		53,017	
Temporary Investments	23	86,400		122,500	
Bank		-	144,369	-	184,736
Current Liabilities:					
Creditors	24	(105,094)		(128,962)	
Government Grants Deferred	32	(188,312)		(223,273)	
Bank Overdraft	25	(54,648)		(61,540)	
Deferred Income		-		-	
Loans to be repaid within 1 year	27	(3,611)		(5,492)	
Temporary Borrowing	29	(85)	(351,750)	(225)	(419,492)
Total Assets less Current Liabilities			1,107,851		1,316,492
Long term borrowing	27	(224,536)		(249,043)	
Deferred Liability	27	(4,433)		(4,027)	
Provisions	34	<u>(10,491)</u>	<u>(239,460)</u>	<u>(13,422)</u>	<u>(266,492)</u>
FRS17 Pensions Liability			(502,093)		(438,732)
Total Assets less Liabilities			<u>366,298</u>		<u>611,268</u>
Available Reserves					
Capital Reserves	35		1,796		3,185
Capital Receipts & Grants Unapplied	36		2,418		8,567
Revenue Reserves	37		48,925		80,624
General Insurance	33		7,140		7,684
Other Reserves					
Schools statutory reserve	38		23,762		36,133
Capital Financing Account	39		260,830		269,848
Fixed Asset Restatement Account	40		511,060		624,456
FRS17 Pensions Reserve	12		(502,093)		(438,732)
Balances (including Housing Act Advances)	41		12,460		19,503
			<u>366,298</u>		<u>611,268</u>

* The 2005/06 figures have been restated to show the effects of the new accounting policies. See page 24 for details.

CASH FLOW STATEMENT

	Note	2005/06 £000	2006/07 £000
Revenue Activities			
Cash Outflows:			
Cash paid	- Employees	560,701	582,153
	- Other Operating Costs	531,280	535,681
		<u>1,091,981</u>	<u>1,117,834</u>
Cash Inflows:			
Precept Income		(257,151)	(270,138)
Revenue Support Grant/NNDR		(481,605)	(127,897)
LABGI		(1,007)	(2,369)
PSA		-	(5,051)
Other Government Grants	4	(179,706)	(576,182)
Cash Received for Goods & Services		(235,648)	(232,206)
		<u>(1,155,117)</u>	<u>(1,213,843)</u>
Revenue Activities Net Cash Flow:		(63,136)	(96,009)
Returns on Investments and Servicing of Finance			
Cash Outflows:			
Interest Paid		15,054	16,540
Cash Inflows:			
Interest Received		(983)	(3,588)
		14,071	12,952
Capital Activities			
Cash Outflows:			
Capital Payments		101,005	123,327
Purchase of Long Term Investments		440	20,000
Capital Grants		1,456	2,511
		<u>102,901</u>	<u>145,838</u>
Cash Inflows:			
Sale of Fixed Assets		(10,697)	(14,267)
Capital Grants and Contributions Received		(30,634)	(51,184)
Sale of Long Term Investments		(16,904)	-
Other Capital Income		-	(417)
		<u>(58,235)</u>	<u>(65,868)</u>
Capital Activities Net cash flow:		44,666	79,970
Total Net cash flow before financing:		(4,399)	(3,087)
Management of Liquid Resources			
Increase/(Decrease) in short term deposits		(600)	36,100
Financing			
Cash Outflows:			
Repayments of amounts borrowed		3,764	4,018
Cash Inflows:			
New loans raised		(30,000)	(30,140)
		<u>(26,236)</u>	<u>(26,122)</u>
(Increase)/Decrease in cash		<u>(31,235)</u>	<u>6,891</u>

RECONCILIATION TO THE CASH FLOW STATEMENT

Reconciliation of (Surplus)/Deficit to the Cash Flow Statement

	2005/06 £000	2006/07 £000
Net (Surplus)/Deficit	(27,692)	(25,094)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	22,524	5,682
Increase in General Fund Balance for the year		
External Interest Paid	(15,054)	(16,540)
Minimum Revenue Provision	(13,291)	(14,628)
Revenue Contributions to Capital Outlay	(8,447)	(4,604)
Contributions (to)/from provisions and reserves	(27,009)	(49,374)
Other	(258)	-
Increase/(decrease) in revenue debtors	1,909	14,268
Increase/(decrease) in stocks/w.i.p.	(491)	449
Increase/(decrease) in Landfill Trading Allowances	4,493	631
Increase/(decrease) in revenue creditors	(2,271)	(23,146)
Increase/(decrease) in schools balances	932	12,371
Increase/(decrease) in other balances	536	388
Deduct interest and investment income	983	3,588
Revenue Activities Net Cash Flow	<u>(63,136)</u>	<u>(96,009)</u>

Movement in current assets and liabilities:

	31/3/06 £000	31/3/07 £000	Moved 06/07 £000
Debtors	59,048	72,038	12,990
Creditors	(105,094)	(128,962)	(23,868)
Other balances	-	-	-
Stocks and Work in Progress	3,646	4,095	449
Temporary Loan Investments	86,400	122,500	36,100
Landfill Trading Allowances	4,493	5,124	631
	<u> </u>	<u> </u>	<u> </u>

Movement in cash reconciled to the opening and closing Balance Sheets amounts:

	31/3/06 £000	31/3/07 £000	Moved 06/07 £000
Imprests	37,509	74,970	37,461
Cash & bank	(36,808)	(60,745)	(23,937)
Pensions Fund Cash	<u>(55,349)</u>	<u>(75,765)</u>	<u>(20,416)</u>
Net Cash Flow	<u>(54,648)</u>	<u>(61,540)</u>	<u>(6,892)</u>

Reconciliation of cash movement to net debt

	£000
Increase/(decrease) in cash in the period	(6,891)
Cash inflow from (increase)/decrease in debt	(26,123)
Cash inflow from increase/(decrease) in liquid resources	36,100
Movement in net debt for the period	3,086
Net debt at 1 April 2006	(200,913)
Net debt at 31 March 2007	<u>(197,827)</u>

Analysis of net debt

	Balance as at 1 April 2006 £000	Cash flow £000	Non Cash £000	Balance as at 31 March 2007 £000
Cash in hand/(overdrawn)	(54,648)	(6,891)	-	(61,539)
Long term investments	-			-
Short term deposits	86,400	36,100	-	122,500
Debt due after 1 year	(228,969)	(24,102)	-	(253,071)
Debt due within 1 year	(3,696)	(2,021)	-	(5,717)
	<u>(200,913)</u>	<u>3,086</u>	<u>-</u>	<u>(197,827)</u>

Reconciliation of Financing and Management of Liquid Resources

	Repayments of Amounts Borrowed £000	New Loans Raised £000	Repayment of Short Term Deposits £000	(Increase)/Decrease in Cash and Cash Equivalents £000
Short term deposits	-	-	36,100	36,100
Temporary Borrowing	-	(30,140)	-	(30,140)
Public Works Loans Board	3,611	-	-	3,611
City and District Councils	406	-	-	406
	<u>4,017</u>	<u>(30,140)</u>	<u>36,100</u>	<u>9,977</u>

There have been no policy changes in the management of liquid resources.

SUMMARY REVENUE ACCOUNTS OF TRADING UNDERTAKINGS

	2005/06			2006/07		
	Turnover	Expend- iture	Surplus/ (Deficit)	Turnover	Expend- iture	Surplus/ (Deficit)
	£000	£000	£000	£000	£000	£000
Contracting Services <i>Cleaning, catering, vehicle maintenance, building and grounds maintenance and highways maintenance to the Authority. Some work is undertaken on behalf of external clients.</i>	71,118	72,268	(1,150)	77,387	78,506	(1,119)
Legal Services <i>Provision of legal services to the Authority</i>	2,678	2,636	42	2,758	2,809	(51)
County Supplies <i>A purchasing and supply service to the Authority and some external public bodies</i>	5,952	5,947	5	6,013	5,890	123
Design, Publications & Print <i>A design and printing service to the Authority</i>	2,319	2,258	61	2,161	2,192	(31)
Clayfields Secure Unit <i>Specialist childrens' services to the Youth Justice Board and Local Authorities</i>	3,685	3,306	379	3,708	3,662	46
Total	<u>85,752</u>	<u>86,415</u>	<u>(663)</u>	<u>92,027</u>	<u>93,059</u>	<u>(1,032)</u>

Notes:

1. The Contracting Services deficit is a result of the pension costs impact of FRS17.

Explanation of Prior Period Adjustments

In the 2006/07 Statement of Accounts, the Council has adopted three significant new accounting policies that impact on the comparative figures for 2005/06 in the Income and Expenditure Account:

- capital financing charges for the use of fixed assets are no longer made to service revenue accounts, support services and trading accounts
- credits for government grants deferred are now posted to service revenue accounts, support services and trading accounts rather than credited as corporate income items
- gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account

These changes have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts (only figures that have changed are included in the table in detail)

	Consolidated Revenue Account in 2005/06 Statement of Accounts £000	Removal of capital financing charges £000	Relocation of government grants deferred credits £000	Recognition of gains and losses on disposal of fixed assets £000	2005/06 Comparatives in Income and Expenditure Account £000
Continuing Council Services					
Education	443,777	(28,251)	(3,363)	-	412,163
Environmental Services	24,277	(156)	-	-	24,121
Highways, Roads and Transportation	58,435	(13,122)	(2,071)	-	43,242
Leisure	5,694	(120)	-	-	5,574
Libraries	13,896	(773)	-	-	13,123
Planning and Development	9,639	(267)	(306)	-	9,066
Social Services	184,955	(1,860)	(299)	-	182,796
Democratic Representation & Management	4,989	-	-	-	4,989
Corporate Management	4,572	(1,175)	(559)	-	2,838
Non Distributed Costs	(18,425)	-	-	-	(18,425)
Central Services to the Public	2,985	(29)	-	-	2,956
Coroner	540	-	-	-	540
Impact on Net Cost of Services	735,334	(45,753)	(6,598)	-	682,983
Asset management revenue account (interest payable and similar charges in in 2006/07)	(37,297)	45,753	6,598	-	15,054
Other Net Operating Costs	14,034	-	-	-	14,034
Impact on Net Operating Expenditure	712,071	-	-	-	712,071

In the 2006/07 Statement of Accounts, the Council has made amendments to the accounting treatment for East Leake and Bassetlaw PFI schemes to comply with FRS5. In addition, there has been some minor adjustments in presentation in order to comply with the Statement of Recommended Practice. This impacts on the comparative figures for 2005/06 in the Balance Sheet.

These changes have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts (only figures that have changed are included in the table in detail)

	Balance Sheet 2005/06 Statement of Accounts £000	PFI Schemes & Other Accounting Adjustments £000	2005/06 Comparatives in Balance Sheet £000
Long Term Assets			
Operational - Land and buildings	914,686	1,940	916,626
Long-term advances	1,196	(354)	842
Deferred Assets	22,751	(22,751)	-
Long-term debtors	6,363	2,855	9,218
Other Long Term Assets	388,546	-	388,546
Total Long-Term Assets	1,333,542	(18,310)	1,315,232
Current Assets			
Debtors	52,673	-	52,673
Less Bad Debt Provision	(3,197)	354	(2,843)
	49,476	354	49,830
Bank	701	(701)	-
Other Current Assets	94539	-	94539
Liabilities			
Current Liabilities			
Bank Overdraft	-	(54,648)	(54,648)
Pensions Fund Cash	(55,349)	55,349	-
Other Current Liabilities	(297,102)	-	(297,102)
Long Term Liabilities	(741,553)	-	(741,553)
Total Assets less Liabilities	384,254	(17,956)	366,298
Available Reserves			
Capital Receipts & Grants Unapplied	-	2,418	2,418
Revenue Reserves	48,487	438	48,925
Other Reserves			
Capital Financing Account	286,000	(25,170)	260,830
Fixed Asset Restatement Account	506,702	4,358	511,060
Other Available Reserves	(456,935)	-	(456,935)
Impact on Total Reserves	384,254	(17,956)	366,298

NOTES TO THE STATEMENT OF ACCOUNTS

1. Statement of Movement on the General Fund Balance

Reconciliation of items for the movement on the General Fund.

		2005/06		2006/07	
	Note	£000	£000	£000	£000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year.					
Amortisation of Intangible Fixed Assets			(420)		(625)
Depreciation of fixed Assets			(27,912)		(30,143)
Impairment of Fixed Assets			2,205		-
Government Grants Deferred Amortisation			6,598		8,039
Write-down of deferred charges to be financed from capital resources			(1,456)		(2,511)
PFI Adjustments			(207)		755
Net Charges made for retirement benefits in accordance with FRS17.			(39,045)		(66,198)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the movement on the General Fund Balance for the year.					
Minimum Revenue Provision			13,291		14,628
Capital Expenditure charged to the General Fund			8,447		4,604
Employers Contribution to Pension Fund			38,083		43,437
Transfers to or from the General Fund balance that are required to be taken into account when determining the movement on the General Fund balance for the year					
Capital Reserves	35	217		1,389	
Insurance Revenue Reserves	33	2,554		544	
Revenue Reserves	37	19,237		31,763	
Net Transfer to Earmarked Reserves			22,008		33,696
Net additional amount to be debited/(credited) to the General Fund balance for the year			<u>21,592</u>		<u>5,682</u>

2. Agency Work

The County Council carries out work on behalf of the Highways Agency, mainly relating to traffic signal maintenance and payment of energy charges for Area 7 of the Trunk Road network. Expenditure is fully reimbursed by the Highways Agency and the amount for 2006/07 was £439,273 (£518,000 2005/06).

3. Audit Fees

The Authority has been advised of the following fees payable to the Audit Commission. All fees have been included in the accounts for the period to which they relate except grant claims. The fees included for grant claims are an estimate of the cost of the certification of grant claims and returns relating to 2006/07 which will be paid to the Audit Commission in 2007/08.

	2005/06	2006/07
	£000	£000
External Audit	230	251
Inspection	9	17
Grant claims	55	20
	<u>294</u>	<u>288</u>

4. Specific Revenue Grants

The value of grants included as income within the Income and Expenditure Account is as follows:

	2005/06	2006/07
Service	£000	£000
Leisure	1,158	517
Libraries	37	-
Environmental Services	318	3,534
Highways and Transportation	7,004	7,115
Education	108,849	503,142
Social Services	58,394	50,521
Planning and Development	2,043	1,776
Central Services	1,903	28
Corporate Management	-	2,129
General	-	7,420
	<u>179,706</u>	<u>576,182</u>
Funding Body		
Countryside Commission	1	23
Dept. for Communities & Local Govt.	43,391	52,756
Department for Education and Skills	103,314	493,780
Department of Health	24,516	20,277
Children's Fund	1,454	1,731
Department for Transport	2,366	2,531
Department for Works and Pensions	1,072	1,237
European Grants	1,714	372
Home Office	889	2,056
Milk Intervention Board	160	138
DEFRA - Recycle Waste	155	434
Arts Council	509	222
Rural Development Council	-	550
Neighbourhood Renewal	12	5
Other	153	70
	<u>179,706</u>	<u>576,182</u>

There is a three year agreement between the Government Office and the Local Strategic Partnership. The Authority is the Accountable Body for the Local Area Agreement Grant in Nottinghamshire. It receives and distributes the grant to other councils in the area. Each council includes the grant it spends in it's own accounts, apportioned between the services funded.

In addition to the above specific Government grants the County Council received £258k from the BIG Lottery Fund for Sherwood Forest Living Legend.

5. Minimum Revenue Provision

Regulations require local authorities to set aside money to provide for redemption of at least 4% of outstanding debt. This amount is offset against the level of depreciation already charged to the Authority's revenue accounts to ensure that depreciation charges do not increase the net expenditure of the Authority. The amount required under the MRP regulations for 2006/07 was £14.6 million (£13.3 million 2005/06) and the amount of depreciation charged was £30.76 million (£28.3 million 2005/06).

6. Revenue Support Grant, National Non-Domestic Rates and Council Tax, and Dedicated Schools Grant

Revenue Support Grant and National Non-Domestic Rates are paid to the County Council directly by the Government. The County Council set the 2006/07 Tax for a Band D property at £1,081.43 (£1,032.88 in 2005/06). This was suitably adjusted for other bands of property and a precept was issued to the District Councils to recover the relevant amounts. Any variances in the amounts actually collected by the District Councils on behalf of the County Council will be adjusted in the amounts payable next year.

From 2006/07 the Government changed the way they funded local education authorities. Schools expenditure is now entirely financed by the Dedicated Schools Grant. As a result of this change there was a corresponding reduction in Revenue Support Grant.

7. Employee Remuneration

The table below shows the number of staff employed by the County Council whose taxable remuneration amounted to £50,000 or more in the financial year. Remuneration includes salary, lump sum payments made by the County Council, expenses and the money value of benefits in kind. The amounts exclude pension contributions made by the County Council and the employee.

Pay Band	Number of Staff	
	2005/06	2006/07
£150,000 - £159,999	-	1
£140,000 - £149,999	-	-
£130,000 - £139,999	-	-
£120,000 - £129,999	1	3
£110,000 - £119,999	-	-
£100,000 - £109,999	2	5
£90,000 - £99,999	3	-
£80,000 - £89,999	1	5
£70,000 - £79,999	28	32
£60,000 - £69,999	29	39
£50,000 - £59,999	97	120
	<u>161</u>	<u>205</u>

8. Income from bodies under the Local Authority (Goods and Services) Act 1970

The County Council is empowered by this Act to provide goods and services to other public bodies. The Authority provided the following:

	2005/06	2005/06	2006/07	2006/07
	£000 Exp	£000 Income	£000 Exp	£000 Income
Administration and Professional Services				
NHS Trusts	17,032	17,032	19,912	19,912
Other Authorities	6,591	6,592	5,850	5,850
Schools and Colleges	126	126	78	78
Maintenance works				
NHS Trusts	6	10	4	10
Other Authorities	1,029	1,118	1,028	1,094
Schools and Colleges	179	208	82	97
	<u>24,963</u>	<u>25,086</u>	<u>26,954</u>	<u>27,041</u>

The 2005/2006 amounts have been amended as follows:
Administration & Professional Services for Other Authorities has increased by £10k and Maintenance Works for Other Authorities has increased by £49k (income).

9. Section 137 of the Local Government Act 1972

Local authorities are empowered by Section 137 of the Local Government Act 1972, as amended, to make contributions to certain charitable funds, not for profit bodies providing a public service and mayoral appeals. There is a financial limit to this type of expenditure equivalent to £1.90 per head of population and for Nottinghamshire in 2006/07 this amounted to £1.44 million (£1.44 million 2005/06). During 2006/07 these powers were not used.

10. Publicity Work

Local authorities are required to disclose their expenditure on publicity. The definition of publicity includes a number of routine items of expenditure. The County Council's expenditure is summarised below:

	2005/06	2006/07
	£000	£000
Advertising for staff	1,357	1,196
Other advertising, including education courses	528	554
Public Relations - salaries and running costs	509	607
Economic Development promotions	27	-
Other publicity expenditure	789	809
	<u>3,210</u>	<u>3,166</u>
As a percentage of gross expenditure	0.28%	0.28%

11. Pensions – Contributions

Teachers

In 2006/07 the County Council paid £29.4 million to the Teacher's Pension Agency (£28.5 million in 2005/06) in respect of teachers' pension costs, which represents 13.65% of teachers' pensionable pay (13.50% in 2005/06). In addition, the County Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2006/07 these amounted to £4.2 million (£4.1 million in 2005/06), representing 1.97% of pensionable pay (1.94% in 2005/06).

Other Employees

During 2006/07 the net cost of pensions and other benefits amounted to £34.3 million (£31.8 million in 2005/06), which represented 14.90% of pensionable pay (14.35% in 2005/06). The actuarial report upon which the 2006/07 accounts have been prepared was for a 3 year period commencing 1 April 2005. The report indicated that the cost of providing for 100% of pension funding in accordance with SSAP 24 "Accounting for Pension Costs" was 14.9% of pensionable pay. The report sets out the following employer pension fund contribution rates for the County Council:

2005/06	14.3% of pensionable pay
2006/07	14.9% of pensionable pay
2007/08	15.5% of pensionable pay

The County Council is responsible for all pension payments relating to discretionary added years benefits it has awarded, together with the related inflation increases. The annual costs are funded by charges to Services. In 2006/07 these amounted to £1.5 million, (£1.4 million in 2005/06) representing 0.63% of pensionable pay (0.63% in 2005/06). The County Council also paid £2.4 million into the Pension Fund in 2006/07 (£0.2 million 2005/06) to fund the non-discretionary additional strain on the pension fund of early retirements.

12. Pensions – FRS17

The FRS17 position as at the 31 March 2007 was a net liability of £438.7 million (£502.1 million 31/3/06), comprised of £67.1 million for teachers (£68.3 million 31/3/06) and £371.6 million for other employees (£433.8 million 31/3/06). Assets have been valued using the market value at 31 December 2006 increased by market index returns for the last three months of the accounting period. Liabilities have been valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. This work was

undertaken by Mercer Human Resource Consulting Limited, an independent firm of actuaries, based upon the estimated position at 31 March 2007 provided by the County Council during March 2007. The actual figures for 2006/07 are not considered materially different to the estimates provided.

Teachers

Under FRS17 the Teachers added years scheme is classed as an unfunded defined benefit scheme and the Actuary has calculated that the Council's liability as at 31 March 2007 was £67.1 million (£68.3 million at 31/3/06). The Past Service Cost for the year was £0.3 million (£0.5 million 2005/06) and the Interest Cost was £3.2 million (£3.4 million 2005/06).

Local Government Pension Scheme

	31 March 2006		31 March 2007	
	£000	%	£000	%
Market Value of Assets:				
Equities	557,750	69.4	611,959	68.6
Government Bonds	64,294	8.0	68,689	7.7
Other Bonds	50,631	6.3	37,467	4.2
Property	114,925	14.3	150,760	16.9
Cash/Liquidity	16,073	2.0	23,194	2.6
Other	-	0.0	-	-
Total Assets	803,673	100.0	892,069	100.0
Liabilities	1,237,510		1,263,753	
Surplus/(Deficit)	<u>(433,837)</u>		<u>(371,684)</u>	

The movement in the deficit during the financial year is set out below:

	2005/06	2006/07
	£000	£000
Deficit at 1 April	(408,397)	(433,837)
Current Service Cost	(39,562)	(46,569)
Employer Contributions	34,229	39,027
Past Service (Cost)/Gain	20,356	(486)
Curtailment Cost	(304)	(3,162)
Expected Return on Assets	42,685	50,338
Interest on Pension Liabilities	(57,233)	(61,299)
Actuarial Gain (Loss)	(25,611)	84,304
Deficit at 31 March	<u>(433,837)</u>	<u>(371,684)</u>

The difference between the expected and actual return on assets showed an actuarial gain of £18.6 million representing 2.1% of the scheme assets (2005/06 showed a gain of £102.8 million or 12.8%). In 2006/07 the real interest rate used to discount liabilities was increased from 2.0% in 2005/06 to 2.3%. The impact of this was to decrease scheme liabilities by £65.7 million or 5.20%. There were no actuarial liability losses in 2006/07 (£28.4 million or 2.3% in 2005/06).

The increase/(decrease) in the Pensions Reserve relates to the Local Authority Pension Schemes and is analysed below, measured as absolute amounts and as a percentage of the assets or liabilities at the 31 March:

		2003/04		2004/05		2005/06		2006/07	
		£m	%	£m	%	£m	%	£m	%
Differences between expected and actual return on assets	Officers	52.7	9.8	26.4	4.1	102.8	12.8	18.6	2.1
	Teachers	-	-	-	-	-	-	-	-
Differences between actuarial assumptions about liabilities and actual experience	Officers	-	-	(29.3)	2.8	(28.3)	2.3	0.0	0.0
	Teachers	-	-	(1.0)	1.6	-	-	-	-
Changes in demographic and financial assumptions used to estimate liabilities	Officers	-	-	(183.6)	17.5	(100.1)	8.1	65.7	5.2
	Teachers	-	-	(7.3)	11.5	(3.1)	4.5	1.9	2.8
		52.7		(194.8)		(28.7)		86.2	

The actuarial assumptions used to calculate the position in accordance with FRS17 were as follows:

	31 March 2006	31 March 2007
Rate of Inflation	2.90%	3.10%
Rate of increase in salaries	4.65%	4.85%
Rate of increase in pensions	2.90%	3.10%
Discount rate	4.90%	5.40%
Rate of return from equities	7.00%	7.50%
Rate of return from Government bonds	4.30%	4.70%
Rate of return from Other bonds	4.90%	5.40%
Rate of return from Property	6.00%	6.50%
Rate of return from Cash/Liquidity	4.50%	5.25%
Rate of return from other investments	n/a	n/a
Proportion of employees opting to take an increased lump sum/reduced pension	50.00%	50.00%

FRS17 requires the Authority to determine the surplus or deficit of its Pension Fund on an annual basis. In the short-term, changes in the value of investments can lead to a significant variation to the surplus or deficit on the fund which might be expected to show a smoother trend over the longer term. Every three years the Authority reviews its contributions to the fund based upon a detailed actuarial exercise which takes account of existing liabilities and likely investment returns and sets out an approach to meeting 100% of liabilities over a period of time. This takes a longer-term view of the fund position than that required by FRS17 and is expected to be less prone to significant changes in fund value as a result of short-term fluctuations in market values. The Authority does not expect the deficit shown to make a significant impact upon reserves or revenue funding requirements in the short term. The triennial revaluation effective 1 April 2005 showed that the Authority's contributions to the fund would be increasing by 0.6% of pensionable pay in each of the next 3 financial years.

The County Council publishes a Pension Fund Annual Report which is available upon request.

13. Specific Capital Government and European Grants and Contributions

These relate to contributions from Central Government and the European Union used to finance specific schemes in the Council's capital programme, mainly grant aid for reclamation schemes, certain road improvements and education. Where capital grants are receivable, these are used, as far as possible, to finance capital expenditure to which they relate in the year that the grants are receivable. Contributions are also received from district councils and other organisations towards capital expenditure incurred by the Council.

14. Capital Grants to Other Bodies

Capital Grants to other bodies result in deferred charges which are amortised to the Income and Expenditure Account in the year in which they are made and therefore are not included in fixed assets in the Balance Sheet.

	2005/06	2006/07
	£000	£000
Balance at 1 April	-	
Capital Grants	1,456	2,511
Amortised to Income and Expenditure Acc.	<u>(1,456)</u>	<u>(2,511)</u>
Balance at 31 March	<u>=====</u>	<u>=====</u>

15. Fixed Assets

	Op Land & Buildings £000	Vehicles & Plant £000	Equip. Furn. & Fitts £000	Infra- Structure £000	Under Constrn £000	Comm- unity £000	Intangible Assets £000	Non-Op Land & Buildings £000	TOTAL £000
Gross Book Value									
As at 31 March 2006 restated	976,156	11,968	53,539	338,283	16,533	35	2,931	40,714	1,440,159
Capital Expenditure	50,059	2,620	5,988	32,299	26,955		463	5,666	124,050
Disposals	(12,208)	(977)	(127)					(5,602)	(18,914)
Revaluations - Capital Expend- iture	93,274	288	(457)	1	(12,035)			25,479	106,550
Reclassifications	(1,262)			31	(31)			1,262	0
Total as at 31 March 2007	1,106,019	13,899	58,943	370,614	31,422	35	3,394	67,519	1,651,845
Depreciation									
As at 31 March 2006	(59,530)	(4,340)	(14,106)	(56,019)	-	(1)	(991)	-	(134,987)
Amount charged in the year	(14,370)	(903)	(6,019)	(8,847)		-	(625)		(30,764)
Disposals	291	723	33						1,047
Revaluations	24,647	3	60						24,710
Reclassifications									-
Total as at 31 March 2007	(48,962)	(4,517)	(20,032)	(64,866)	-	(1)	(1,616)	-	(139,994)
Net Fixed Assets									
As at 31 March 2007	1,057,057	9,382	38,911	305,748	31,422	34	1,778	67,519	1,511,851
As at 31 March 2006 restated	916,626	7,628	39,433	282,264	16,533	34	1,940	40,714	1,305,172

Notes:

- Assets are revalued in accordance with the rolling five-year programme.
- Revaluations show the net position after capital expenditure and the increased value of assets in the financial year.
- Intangible assets comprise software licences.
- Capital Expenditure for the financial year is set out in the table above. In addition capital grants were made to other bodies making capital expenditure of £126.6 million in total:

Capital Expenditure	2006/07
	£000
County Council	124,049
Capital Grants to other bodies	2,511
	<u>126,560</u>

16. Capital Expenditure & Financing

	Note	2005/06 £000	2006/07 £000
<i>Opening Capital Financing Requirement (CFR)</i>		288,790	342,552
<i>Prior Period Adjustment to CFR</i>		20,334	
<i>Capital Investment</i>			
Operational assets		98,574	118,383
Non-operational assets		980	5,666
Deferred charges		1,456	2,511
<i>Sources of finance</i>			
Capital receipts	36	(10,697)	(14,267)
Government grants and other contributions	13	(35,354)	(43,000)
Sums set aside from revenue (inc. MRP)		(21,531)	(19,232)
		<u>342,552</u>	<u>392,613</u>
<i>Explanation of movements in year</i>			
Increase in underlying need to borrow (supported by Government financial assistance)		26,315	29,704
Increase in underlying need to borrow (unsupported by Government financial assistance)		7,113	20,357
		<u>33,428</u>	<u>50,061</u>

The effect of capital expenditure upon the value of assets in the Balance Sheet varies according to the type of asset (see paragraph 7 of the Accounting Policies). The estimated commitments for capital expenditure in future years from schemes that had started and a legal contract had been entered into by 31 March 2007 are:-

	£000
2007/08	20,888
2008/09	1,962
2009/10	-
2010/11	-
2011/12	-
	<u>22.850</u>

17. Valuation of Fixed Assets

The valuation of Land and Buildings is the responsibility of R. Hanson ARICS, Service Director of Resources (Property). A five-year rolling programme of revaluation is in place to maintain the accuracy of valuations. The basis of fixed asset valuations is set out below:

Operational Properties	Open Market Value in existing use, or, where this cannot be assessed because there is no market for the subject asset, the Depreciated Replacement Cost.
Non-operational Properties	Open Market Value.
Fixed Plant and Machinery	Included in the valuation of the buildings.
Furniture & Fittings	Included at cost, plus the value of items as at 31 March 2004 which are still in operational use.
Vehicles and Plant	Included at cost.
Equipment	Included at cost.
Fixed assets under construction	Included at cost.
Community	Included at cost.
Intangible Assets	Included at cost.

18. Foundation Schools

Grant Maintained schools became Foundation schools from 1 September 1999 although the Authority became responsible for their funding from 1 April 1999. These schools continue to own the land and buildings but as the provision of schooling forms part of the Education Service of the Authority, their assets and liabilities have been included in the Authority's Balance Sheet. There are three such schools and the combined value of their land and buildings is £27.69 million.

19. Information on Assets

	Number of Buildings	
	31/3/06	31/3/07
Nursery & Primary Schools	307	302
Secondary Schools	56	56
Special Schools	15	15
Libraries	60	58
Community Homes & Family Centres	24	27
Homes for Elderly & Disabled	20	19
Day Centres & Clubs for Elderly & Disabled	30	33
Staff and other houses	148	153
Other, including Factories, Depots & Offices	319	294
	<u>979</u>	<u>957</u>

The Council owns approximately 5,315 hectares of land, of which some 900 hectares are used as Smallholdings. It also has 4,262 kilometres of roads. For insurance purposes, the reinstatement value of the Council's buildings is £1,400 million.

20. Investments

Long Term Investments

Two £10 million money market loans were issued during the year to an AA rated UK bank. They both have a 3 year nominal life with 6 monthly options to repay by the borrower,

Economic Development

There are equity holdings amounting to £ 0.26 million (£0.26 million 2005/06) that have been written off to the Income and Expenditure Account to reflect the high risk of the investment.

21. Long Term Advances

	31/3/06	31/3/07
	£000	£000
Economic Development	783	331
House Purchases	4	3
Other	55	42
	<u>842</u>	<u>376</u>

	31/3/06	31/3/07
	£000	£000
Economic Development Breakdown:		
One year or less	16	143
More than one year	767	188
	<u>783</u>	<u>331</u>

Economic Development Loans are made to local businesses to improve employment prospects in the County Council area.

House Purchases are the amounts owed to the County Council on loans made for house purchase. No new advances were made in the year. Net repayments of capital amounted to £2,143 in the year (£80 in 2005/06). Interest charges to borrowers were £68 (£375 in 2005/06). Charges to borrowers are designed to cover the running costs. The surplus for the year was £2,436 (£182 deficit in 2005/06). There is an accumulated surplus of £881 at the end of 2006/07 (£1,555 accumulated deficit in 2005/06).

22. Debtors and Long Term Debtors

Debtors (less Bad Debt Provision)	31/3/06	31/3/07
	£000	£000
The analysis of debtors by category is:		
Government grants	11,568	9,649
Other short term debt	38,262	43,368
Balance at 31 March	<u>49,830</u>	<u>53,017</u>

Long Term Debtors	31/3/06	31/3/07
	£000	£000
Adult Care Property Debt	1,592	1,366
Car Loans	1,061	820
East Leake/Bassetlaw PFI schools prepayments	2,855	11,834
Tram PFI	2,086	2,660
Other	1,624	2,341
Balance at 31 March	<u>9,218</u>	<u>19,021</u>

23. Temporary investments with other local authorities and financial institutions

The County Council invests any cash surplus which it has. The amount invested at the year end depends on the cash flow position at that date.

24. Creditors

	31/3/06	31/3/07
	£000	£000
The analysis of creditors by category is:		
Government grants	26,981	41,078
Other	78,113	87,884
Balance at 31 March	<u>105,094</u>	<u>128,962</u>

25. Bank Overdraft

The Authority monitors the cash balances on a daily basis to make maximum use of the funds available and aims to keep any balance within a daily ceiling of £250,000, with surplus funds being invested.

26. Landfill Allowances Trading Scheme

From 2005/06 the Authority receives a landfill tonnage allowance which is the maximum amount of waste which should be disposed of by landfill. This target reduces each year. From 2010 any landfill in excess of the cumulative targets will require the Authority to pay a penalty to the Government of £150 per tonne. For 2006/07 this allowance was 215,604 tonnes (222,000 in 2005/06) of which 146,588 (157,558 in 2005/06) were utilised. The Authority is allowed to trade its allowances with other Authorities. The market value of these for 2006/07 was £17.98 per tonne (£20.20 in 2005/06). The following entries have been made to the Income and Expenditure Account.

	2005/06	2006/07
	£000	£000
Reserve b/fwd from 2005/06		(1,310)
Adjustment due to audit of actual Allowances used in 2005/06		(92)
Revaluation of Reserve b/fwd to 2006/07 prices		154
Provision - Payment due to Government	3,183	2,636
Income - Allowances from Government	(4,493)	(3,877)
Trading Surplus to Revenue Reserves	<u>(1,310)</u>	<u>(2,489)</u>
(See Note 37)		

The movement in the value of allowances between 2005/06 and 2006/07 is as follows:-

	2005/06	2006/07
	£000	£000
Allowances brought forward	-	4,493
Use of allowances to settle liability with DEFRA	-	(3,091)
Revaluation of balance of 2005/06 allowances (£20.20 per tonne) to 2006/07 value (£17.98 per tonne)	-	(154)
Allowances for year	4,493	3,876
Allowances carried forward	<u>4,493</u>	<u>5,124</u>

27. Long Term Borrowing and Deferred Liabilities

	2005/06		2006/07	
	£000		£000	
(a) Long Term Borrowing				
Amounts still owed on loans received from external sources to acquire capital assets such as roads, buildings & equipment.				
Long term borrowing for repayment within 1 year	3,611		5,492	
Long term borrowing for repayment after 1 year	<u>224,536</u>		<u>249,043</u>	
Total Long Term Borrowing at 31 March	228,147		254,535	
	2005/06		2006/07	
	£000	%	£000	%
Maturity date				
Within 1 year	3,611	2	5,492	2
1 year and up to 2 years	5,492	2	2,855	1
2 years and up to 5 years	10,980	5	12,026	5
5 years and up to 10 years	26,796	12	28,998	11
10 years and up to 15 years	23,875	10	26,135	10
15 years and up to 20 years	41,975	18	40,414	16
20 years and up to 25 years	23,294	10	20,493	8
25 years and over	<u>92,124</u>	41	<u>118,122</u>	47
	<u>228,147</u>	100	<u>254,535</u>	100
Source of Borrowing				
Public Works Loan Board	158,147		154,535	
External Bonds and loans	<u>70,000</u>		<u>100,000</u>	
	<u>228,147</u>		<u>254,535</u>	
(b) Deferred Liabilities				
Loan taken over from District Councils when the responsibility for services was transferred to the County Council on local government reorganisation in 1974.	4,433		4,027	

28. Interest paid on External Borrowing

This is the principal source of financing for capital expenditure, with repayments being spread over the estimated life of the asset and interest charged on the amount outstanding.

	2005/06	2006/07
	£000	£000
Net Interest paid to lenders	14,994	16,459
Management Expenses	60	81
Total Revenue Costs	<u>15,054</u>	<u>16,540</u>

The average cost of external borrowing was 6.30% (2005/06 6.75%).

Following Local Government re-organisation in 1974, the County Council took over assets from other local authorities on which there were repayments of advances still outstanding. These debts are administered by the other authorities and the amounts recharged to the County Council are included in the above figures.

29. Temporary Borrowing

Temporary Borrowing relates to loans raised for periods between 1 and 364 days. There was £225,000 outstanding at the end of the financial year 2006/07 (£85,000 2005/06.)

30. Leasing of Vehicles, Plant and Equipment

At 31 March 2007 the County Council had annual commitments under non-cancellable operating leases as set out below. There were no finance leases.

	£000
2007/08	658
2008/09	430
2009/10	166
2010/11	96
2011/12	28

All operating lease costs are charged to the Income and Expenditure Account; for 2006/07 this amounted to £0.9 million (£1.5 million 2005/06).

31. Private Finance Initiative (PFI)

Greater Nottingham Light Rapid Transport (Tram)

The County and City Councils are 20% and 80% partners in the contract for the provision of a tram service by the Arrow Consortium. The service became operational in 2004. A PFI credit of £174.2 million has been approved and the revenue costs are expected to be funded in the early years by the additional Government Grant received. Any surplus in the early years will be transferred to reserves to meet any excess costs in later years. The residual interests of the County Council are estimated to be £5.6 million which will be accumulated in equal instalments of £0.21 million over the financial years 2004/05 to 2030/31.

East Leake Schools

The Council has a contract with East Leake Schools Limited for the provision of a new secondary and primary school and community leisure facilities in East Leake. £17.2 million of PFI credits have been approved. Service commenced during 2003/04. The charge to the County Council for 2006/07 was £3.1 million (2005/06 £2.5 million). The revenue contributions towards this charge from Rushcliffe Borough Council for the community leisure facilities amounted to £0.27 million (2005/06 £0.27 million).

The County Council retains the freehold of the land which is valued, after recognising the lease to East Leake Schools Limited, and included in the Balance Sheet as a fixed asset.

The Council has also made a payment of £2.9 million which is included in the Balance Sheet as a prepayment, being amortised over the life of the operational contract in equal annual instalments of £20,800.

The Authority will not be required to make any payment over and above any unitary charge due at 31 July 2027 for the land and buildings to be transferred back to the Council at that date. The estimated value of the new assets at contract end (excluding the land) will be £12.6 million. This value is being built up by annual Balance Sheet entries of £0.55 million.

Boiler installation and maintenance

The authority has also signed a £3.2 million Private Finance Initiative (PFI) contract for the supply and maintenance of school boilers. The value of individual items is included in the revaluation of buildings. £2.3 million was financed through a 10 year lease ending in March 2010, with annual rentals of £0.4 million in 2006/07 (£0.4 million 2005/06).

Bassetlaw Schools

The Council has a contract with Transform Schools (Bassetlaw) Ltd for the provision of 5 secondary schools, 2 post-16 centres, 1 special school and 2 Community Leisure centres. PFI credits of £131.6 million have been allocated by government for the scheme in Bassetlaw that started interim operations during 2005/06. The new schools are becoming operational on a number of dates during 2007 and the charge to the County Council for 2006-07 was £15.5 million. The revenue contribution from Bassetlaw District Council towards this charge for the Community Leisure facilities amounted to £4.5 million.

The County Council retains the freehold of the land, which is valued, after recognising the licence to Transform Schools, and included in the Balance Sheet, as a fixed asset.

The Council has made an advance payment of government grant of £9 million. This is included in the Balance Sheet as a prepayment and will start to be amortised from 2007-08 over the life of the operational contract in equal annual instalments.

The Authority will not be required to make any payment over and above any unitary charge due at 31 July 2032 for the land and buildings to be transferred back to the Council at that date. The estimated value of the new assets at contract end (excluding the land) will be £75.6 million. This value is being built up by annual Balance Sheet entries of £3.02 million.

Waste Recycling

The Authority has recently received government support for a Nottinghamshire Waste PFI scheme which involves the commissioning of Materials Recycling Facilities and an Energy Recovery Facility. A PFI credit of £38.3 million has been allocated. The contract was signed on 26 June 2006 and the main facilities are expected to become operational over the next five years. The charge to the County Council in 2006/07 was £15.4 million.

32. Government Grants Deferred

Only grants relating to depreciable assets are recorded here. Grants recorded here are used in the capital financing process and amortised over the life of the asset to the service departments in order to offset the depreciation charges. Where assets are not depreciated the amounts are recorded in the Capital Financing Account (CFA).

	2005/06	2006/07
	£000	£000
Balance at 1 April	161,139	188,312
Grants and contributions due on		
Depreciable assets	35,354	42,900
Non depreciable grants		100
Magistrates Courts transfer	(1,583)	
Amortised during the year	(6,598)	(8,039)
Balance at 31 March	<u>188,312</u>	<u>223,273</u>

33. Insurance Provision and Reserve

The Authority operates a self-insurance scheme and covers each kind of risk up to set limits which are reviewed annually. External insurers cover risks in excess of the internally insured amounts. The major areas where significant risks are covered externally are Fire, Liability and Motor. The insurance provision covers known liabilities. Amounts are also set aside in the insurance reserve to cover possible insurance claims losses that are not yet known about.

The total of the insurance provision and reserve as at 31 March 1998 has been ring-fenced for liabilities arising up to that date. The balance and the liabilities are being shared by the County and City Councils in the proportion of 23.55 % City and 76.45% County.

The amount set aside in the insurance provision is detailed in Note 34. The insurance reserve is shown below:

Insurance Reserve	2005/06	2006/07
	£000	£000
Ring-fenced at 31 March 1998	1,269	1,219
Since 1 April 1998	5,871	6,465
	<u>7,140</u>	<u>7,684</u>

Insurance Account	2005/06	2006/07
	£000	£000
Premiums paid	2,657	2,596
Claims made	6,615	4,538
Contribution to Provision	45	1,917
	9,317	9,051
Less charges to Departments	(7,891)	(8,241) *
	1,426	810
Miscellaneous charges	261	231
Total Expenditure	1,687	1,041
External Premiums	(26)	(27)
Interest on Old Fund	(105)	(107)
Recoveries	(4,110)	(1,451)
Total Income	(4,241)	(1,585)
Net (surplus)/deficit	<u>(2,554)</u>	<u>(544)</u>

* Classed as expenditure to avoid double counting in the net cost of services

34. General Provisions

Where events have happened which are likely to result in costs to the Authority, an estimate of the likely impact is made and a provision is set aside. The provisions made are set out in the table below.

Description	31/3/06	Movement	31/3/07
	£000	£000	£000
General Insurance Claims prior to 1/4/98	618	(20)	598
General Insurance Claims from 1/4/98	6,159	1,943	8,102
Landfill Trading Allowances	3,183	(547)	2,636
Provision for Restructure	-	1,443	1,443
S117 Mental Health Act	36	(36)	-
Provisions below £200,000	495	148	643
Total	<u>10,491</u>	<u>2,931</u>	<u>13,422</u>

35. Capital Expenditure Reserve

This reserve is used to meet capital expenditure. The balance brought forward from 2005/06 was £1.8 million. During the financial year, the balance on the reserve was reviewed and increased by £1.4 million. £0.03 million was used to finance capital expenditure leaving a reserve of £3.2 million.

36. Capital Receipts and Grants Unapplied

These comprise capital grants from the Government and the usable part of the capital receipts from the sale of assets. The County Council has approved the use of capital receipts for the financing of capital expenditure.

		Capital Receipts	Grants and Contributions	Total
		£000	£000	£000
Balance at 1 April 2006	*	2,418	-	2,418
Receivable		17,985	45,431	63,416
Applied		<u>(14,267)</u>	<u>(43,000)</u>	<u>(57,267)</u>
Balance at 31 March 2007		<u>6,136</u>	<u>2,431</u>	<u>8,567</u>

* Includes a prior period adjustment of £2.42 m in respect of East Leake PFI scheme.

37. Revenue Reserves

	2005/06	Movement	2006/07
	£000	£000	£000
Contracting Services	263	262	525
Other Trading Services	945	(3)	942
Earmarked for Services	10,225	3,136	13,361
Earmarked Reserves	7,202	561	7,763
Leasing Alternatives Reserve	358	225	583
Landfill Reserve	1,310	1,179	2,489
Bassetlaw PFI Reserve	5,929	11,941	17,870
East Leake PFI Reserve	2,284	(227)	2,057
Tram PFI Reserve	2,336	574	2,910
NET Phase 2 Reserve	-	4,151	4,151
Waste PFI Reserve	-	3,188	3,188
Earmarked from Contingency	-	1,134	1,134
Pay Review Reserve	18,073	5,578	23,651
	<u>48,925</u>	<u>31,699</u>	<u>80,624</u>

Contracting Services and **Other Trading Services** reserves comprise accumulated revenue surpluses plus or minus any transfer between those reserves and the General Fund

Earmarked Reserves carry forward unspent budget earmarked for use in the following financial year. The balance brought forward from 2005/06 was £7.2 million which was used in 2006/07. Another reserve of £5.3 million has been created in 2006/07 to cover unspent budget that has been approved for use in 2007/08.

Earmarked for Services are amounts set aside to cover expected events where the accounting criteria for the creation of provisions are not met.

Leasing Alternatives Reserve was set up to allow for equipment to be financed by outright purchase rather than lease arrangements.

Landfill Allowance Trading Scheme (LATS) Reserve is the value of allowances which have not been utilised or sold by the Authority. Each year the Government sets the number of tonnes of landfill which the Authority should not exceed. This target reduces each year. From 2010 any landfill in excess of the cumulative targets will require the Authority to pay a penalty to the Government of £150 per tonne. Where the Authority uses less landfill than the target, the excess allowances are held in a reserve at market value, which was £17.98 per tonne as at 31st March 2007.

Tram, East Leake, Bassetlaw and Waste PFI Reserves are surplus funding amounts set aside during the early years of the PFI contracts. These contributions from central government and the County Council will be required in later years to finance the unitary charge.

NET Phase 2 Reserve has been established to fund the anticipated development costs for phase 2 of the Tram Network.

Earmarked from Contingency are amounts set aside to cover allocations from 2006/07 contingency where expenditure has yet to be incurred.

Pay Review Reserve has been set aside for the implementation of the County Council's review of pay structures. Pay increases arising from the review will be backdated.

38. Schools Statutory Reserve

Surplus and deficit balances relating to schools must be carried forward from one financial year to the next in accordance with the requirements of Section 48 of the School Standards and Framework Act 1998. The Schools Statutory Reserve is committed to be spent on schools and is not available to the Authority for general use.

During 2006/07 the overall reserve has increased by £12.4 million to £36.1 million. Within the total reserve school accumulated balances increased by £6.9m to £25.3 million; a further £8.3 million relates to unspent standards fund, £2.3 million of which must be spent by the end of August 2007. The remaining balance of £5.9 million is to fund capital schemes. The reserve also included £3.7 million relating to the non-ISB (Individual Schools Budgets) element of the Schools Budget.

Part of the reserve is used to finance a school loan scheme, whereby schools are advanced funding for major capital items and then repay this over a three year period.

	31/03/06	Movement 31/03/07	
	£000	in year	
	£000	£000	£000
<u>School Balances</u>			
Standards Fund balances held by schools	6,525	1,742	8,267
Other balances held by schools	18,280	6,985	25,265
Total School Balances (held by Governors)	<u>24,805</u>	<u>8,727</u>	<u>33,532</u>
Additional school budget balances to carry forward	299	(298)	1
	<u>25,104</u>	<u>8,429</u>	<u>33,533</u>
Non ISB Balances	<u>-</u>	<u>3,701</u>	<u>3,701</u>
<u>Borrowing Against the Reserve</u>			
School Loan Scheme	(1,342)	241	(1,101)
Total Borrowing Against Reserve	<u>(1,342)</u>	<u>241</u>	<u>(1,101)</u>
School Statutory Reserve Total	<u>23,762</u>	<u>12,371</u>	<u>36,133</u>

39. Capital Financing Account

This account contains a number of capital accounting entries: a) the amount of capital expenditure financed from revenue and capital receipts; b) the difference between the amount of depreciation charged in the year and the amount required to be charged to revenue to repay the principal element of external loans (The Minimum Revenue Provision); c) the adjustments to the Income and Expenditure Account for residual and reversionary PFI assets; and d) the value of Government Grants amortised in the financial year.

	2005/06	2006/07
	£000	£000
Balance at 1 April	273,173	260,830
MRP less depreciation and City contribution	(15,040)	(16,137)
Capital Grants to other bodies	(1,456)	(2,511)
PPA* PFI Deferred Asset Bassetlaw	(24,088)	-
PPA* PFI Pre payment East Leake	(2,418)	-
PPA* PFI East Leake - Reversionary Interest	374	-
PFI East Leake - Residual Interest	548	549
PFI Tram - Residual Interest	207	207
Reinstatement of Impaired Assets	2,205	-
Magistrates Courts Transfer	1,583	-
Capital Financing:		
Revenue Contributions	8,447	4,604
Capital Receipts Applied	10,697	14,267
Amortisation of Government Grants:		
Assets depreciated	6,598	8,039
Balance at 31 March	<u>260,830</u>	<u>269,848</u>

* PPA - Prior period adjustment

40. Fixed Asset Restatement Account

This account contains the increase in valuation of assets resulting from the introduction of the current system of capital accounting. It is adjusted for the effect of the revaluation of fixed assets. It is reduced by the value of capital expenditure not increasing the asset valuation and by the net book value of disposed assets.

	2005/06	2006/07
	£000	£000
Balance at 1 April	596,318	511,060
Revaluations/Capital Expenditure *	(45,291)	131,263
Disposal of fixed assets	(4,005)	(17,867)
Fixed Asset Impairment	(2,205)	-
Magistrates Courts assets transfer	(33,757)	-
Balance at 31 March	<u>511,060</u>	<u>624,456</u>

* Includes Prior period adjustment of £4.36 million in respect of East Leake PFI

41. Balances

	31/03/06	31/03/07
	£000	£000
County Fund	12,462	19,502
Housing Act Advances*	(2)	1
	<u>12,460</u>	<u>19,503</u>

* See note 21 on Long Term Advances

42. Members' Allowances

The Authority makes payments to Councillors for work undertaken in the course of their duties. The cost during the financial year was £1,313,319 (£1,200,203 2005/06). In addition to this, Members were reimbursed a total of £161,275 (£150,500 2005/06) for expenses incurred on Council business.

43. Related Party Transactions

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

Central government exercises control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of specific revenue grants are set out in Note 4.

Councillors have direct control over the Council's financial and operating policies. Grants totalling £809,140 were made to twenty-three organisations in which twenty-six members had an interest (2005/06 £1,661,818 to twenty-six organisations and nineteen members). The grants were made with proper consideration of declarations of interest.

The Register of Members' Interests is open to public inspection and is also available via the Council's website at <http://www.nottinghamshire.gov.uk/registerofmembersinterests.doc>.

44. Trust Funds

The Council acts as trustee for a number of separate trust funds, most of which are relatively small amounts. For example, many of the Education Trust Funds relate to legacies left by individuals for the benefit of specified schools. The balances have been restated to show the cash balances held by the Authority which are summarised below:

	Balance at 31/03/06 £000	Income £000	Expend- iture £000	Balance at 31/03/07 £000
Education	32	3	13	22
Social Services	117	246	118	245
Community Services	21	5	2	24
Nottinghamshire Charitable Grants Fund	77	4	12	69
	<u>247</u>	<u>258</u>	<u>145</u>	<u>360</u>

In addition to cash balances held, the Authority has invested surplus funds, principally in gilt-edged securities, and the values are set out below:

	Value of Investments	
	£000	£000
	31/03/06	31/03/07
Education	23	23
Social Services	234	102
Community Services	60	60
Nottinghamshire Charitable Funds	12	12
	<u>329</u>	<u>197</u>

45. European Monetary Union

It is unclear at present if and when the United Kingdom will change its currency to the Euro. If it does, the Authority will incur substantial additional costs related to changing systems and equipment and additional staffing and training costs. The extent and timing of these costs cannot be estimated at present.

46. Pooled Budgets

Under Section 31 of the Health Act 1999, Nottinghamshire County Council has entered into the following Pooled Budget Arrangements with the partners set out below. The County Council is the Host Authority for one of the pooled budgets and has responsibility for its financial management. The details are set out below:

Integrated Community Equipment Service (ICES) – North County	Integrated Community Equipment Service (ICES) – South County
Nottinghamshire County Council (Host)	Nottinghamshire County Council
Ashfield Primary Care (NHS) Trust*	Nottingham City Council (Host)
Bassetlaw Primary Care (NHS) Trust	Nottingham City Primary Care (NHS) Trust
Mansfield Primary Care (NHS) Trust*	Broxtowe & Hucknall Primary Care (NHS) Trust*
Newark Primary Care (NHS) Trust*	Gedling Primary Care (NHS) Trust*
	Rushcliffe Primary Care (NHS) Trust*

* These PCT's became part of the Nottinghamshire County Teaching PCT from 1st October 2006

Integrated Community Equipment Service (ICES) – North County

The partnership is established to provide an integrated service providing equipment and minor adaptations for home nursing and daily living needs in line with Department of Health Guidance. The funding of the partnership, which commenced in February 2006, is set out in the statement below.

Pooled Budgets Memo Account	2005/06	2006/07
North County	£000	£000
Funding		
Nottinghamshire County Council	123	764
Bassetlaw PCT	30	306
Newark PCT	32	295
Mansfield PCT	28	362
Ashfield PCT	24	229
Total Funding	<u>237</u>	<u>1,956</u>
Expenditure		
Partnership Management & Administration costs	17	62
Project set up costs	19	-
Specialist Equipment	9	-
Equipment	171	1,726
Minor Adaptations	21	168
Total Expenditure	<u>237</u>	<u>1,956</u>

Integrated Community Equipment Service (ICES) – South County

The partnership is established to provide health and social care equipment for children and adults who require assistance to perform essential activities in their daily living. The County Council contributed £0.73 million in 2006/07 (£0.72 million in 2005/06) to the partnership.

47. Movement on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory purposes, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Purpose of the Reserve	Balance at 1 April 2006	Movement in Year	Balance at 31 March 2007
		£000	£000	£000
Fixed Asset Restatement Account	Store of gains on revaluation of fixed assets	511,060	113,396	624,456
Capital Financing Account	Store of capital resources set aside to meet past expenditure	260,830	9,018	269,848
Usable Capital Receipts & Grants Unapplied Reserve	Proceeds of fixed asset sales and grants received available to meet future capital investment	2,418	6,149	8,567
Pensions Reserve	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	(502,093)	63,361	(438,732)
General Fund	Resources available to meet future running costs	36,224	19,412	55,636
Other Reserves	Earmarked Reserves, inc. insurance and capital reserves	57,859	33,634	91,493
Total		<u>366,298</u>	<u>244,970</u>	<u>611,268</u>

48. Contingent Liabilities

- The Authority has contingent liabilities relating to insurance – see Note 33.
- The Authority has set aside a reserve in the accounts for the implementation of the Single Status Agreement from 1 April 2002. However, there remains a potential low liability in relation to individuals pursuing equal pay claims – see Note 37.
- A potential dispute over rights of way/highways issues. The County Council continues to seek resolution by dialogue rather than litigation.

49. Post Balance Sheet Events

There are no material events to report since the accounts were prepared which are not reflected in the accounts.

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

FUND ACCOUNT FOR YEAR ENDED 31 March 2007

	Notes	2005/06 £000	2006/07 £000
Contributions	10		
Receivable from:			
Employees - normal		33,893	35,389
- additional voluntary		472	468
Employers - normal		85,521	93,795
- special		-	-
- additional	7	3,470	6,102
Transfers In - individuals		18,505	15,546
Transfers In - groups		-	-
Other income		-	-
		141,861	151,300
 Benefits payable	 10		
Pensions		69,628	74,280
Lump Sums Payable:			
Retiring Allowances		12,834	17,478
Ill-health Retirement Grants		111	189
Death Grants		1,340	1,548
Compensation		109	181
		84,022	93,676
 Payments to and on account of Leavers			
Transfers Out - individuals		19,831	10,615
Transfers Out - groups		-	-
Refunds		234	78
State Scheme		168	21
		20,233	10,714
 Administration Expenses		 1,384	 1,495
 Net additions from dealings with members		 <u>36,222</u>	 <u>45,415</u>
 Returns on Investments			
Investment Income	5	68,095	74,580
Change in market value of investments		348,722	118,306
Taxation	1	-	-
Investment management expenses		(3,997)	(5,420)
		412,820	187,466
 Net Returns on Investments		 <u>412,820</u>	 <u>187,466</u>
 Net increase/decrease in the Fund during the year		 449,042	 232,881
Opening net assets of the scheme		1,735,812	2,184,854
Closing net assets of the Fund		<u>2,184,854</u>	<u>2,417,735</u>

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

NET ASSETS STATEMENT

	Notes	31 March 2006 £000	31 March 2007 £000
Investments	5		
Fixed Interest Securities:			
UK Public Sector		141,073	127,026
UK Other		99,580	97,355
Overseas Public Sector		43,970	40,155
Overseas Other		18,304	20,260
Index Linked Securities		16,515	26,081
Equities - listed			
UK		810,546	866,391
Overseas		313,804	365,691
Pooled Investment Vehicles			
Unit Trusts		193,249	171,527
Unitised Insurance Policies		79,045	105,426
Other Managed Funds		78,426	117,638
Property Unit Trusts		62,824	79,651
Unlisted Investments		588	403
Property	5	260,530	308,705
Hedging		-	-
Cash and Currency	8	56,766	76,929
Total Investments		2,175,220	2,403,238
Net Current Assets/(Liabilities)	6	9,634	14,497
		2,184,854	2,417,735

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Pension Fund accounts have been prepared in accordance with the accounting recommendations of the Financial Reports of Pension Schemes - a Statement of Recommended Practice, except for income from property, which is accounted on a cash received basis, and the treatment of irrecoverable withholding tax on dividends, which are not recorded in the Accounts. Disclosures in the Pension Fund accounts have been limited to those required by the Code of Practice on Local Authority Accounting in the United Kingdom: a Statement of Recommended Practice. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

DEBTORS AND CREDITORS

The accruals concept for debtors and creditors is applied to these accounts in compliance with Financial Reporting Standard 18 except for income from securities, which is brought into the accounts on the due date of payment.

INVESTMENTS

Equities traded through the Stock Exchange Electronic Trading Service SETS, are valued on the basis of the latest mid market price. *Other quoted investments* are valued on the basis of the mid-market value quoted on the relevant stock market.

Unit Trusts and managed funds are valued at the average of the bid and offer prices provided by the relevant fund managers, which reflect the market value of the underlying investments.

Unquoted securities are valued by the fund managers at the year end in accordance with generally accepted guidelines.

The market value of *fixed interest investments* includes income accrued at 31 March but not yet due for payment.

Property investments are stated at open market value based on an annual independent valuation at 31 December 2006, with subsequent purchases included at cost.

Acquisition costs are included in the purchase cost of investments.

Overseas investment values are translated at the closing exchange rate ruling at the Balance Sheet date.

The *change in market value* of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

INVESTMENT INCOME

Income is accounted for on an accruals basis, apart from *Income from property* which is accounted for on a cash received basis as it is collected and paid over by the Fund's property manager, Arlington Property Investors.

TAXATION

UK equity dividends are quoted and accounted for at the net rate. The tax credit, which the Fund is unable to recover, is not accounted for. Overseas equity dividends are also accounted for net of withholding tax, where this is deducted at source. Partial reclaims of withholding tax, where allowed, are accounted for when received and adjusted at the year end by outstanding claims.

FOREIGN CURRENCIES

Where forward exchange contracts are in place in respect of assets and liabilities in foreign currencies, the contract rate is used. Other assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at the rate ruling on the date of the transaction.

Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments

CONTRIBUTIONS

Normal contributions, both from the members and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from the employer are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.

BENEFITS PAYABLE

Under the rules of the Scheme, members receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.

Other benefits are accounted for on the date the member leaves the Scheme or on Death.

TRANSFERS TO AND FROM OTHER SCHEMES

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They take account of transfers where the trustees (or administering authority) of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

There were no scheme mergers or group transfers, in or out, in either 2005/06 or 2006/07.

OTHER EXPENSES

Administration and investment management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT. Nottinghamshire County Council charges the Fund with the costs it incurs in administering the scheme and investing the Fund.

2. CONSTITUTION OF THE FUND

The Nottinghamshire County Council Pension Fund is governed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). The Fund covers both County, City and District Council employees within Nottinghamshire, except Teachers and Lecturers for whom separate pension arrangements apply, together with other bodies who are specifically authorised by the Regulations.

Local Act powers were obtained in June 1985 by the Nottinghamshire County Council (Superannuation) Act 1985 to enable the Pension Fund to be split into two parts - one for local government employees and the other for employees of admitted bodies. This was done with effect from 1 April 1986 when the assets and the accrued pension fund liabilities for employees of all the admitted bodies were transferred into the new Fund, called the Admission Agreement etc. Pension Fund. Both Funds are operated on a similar basis.

3. CONTRIBUTORS AND PENSIONERS

	31/3/06	Numbers at 31/3/07				Total
	Total	County Council	City Council	District Councils	Other	
Contributors	39,655	17,470	10,022	4,437	7,553	39,482
Deferred Beneficiaries	17,764	9,309	4,899	2,533	3,791	20,532
Pensioners	19,904	10,300	4,065	3,797	2,928	21,090

4. OPERATION OF THE FUND

(a) **Contributions and Solvency**

Employees are required by the Regulations to make percentage contributions by deduction from earnings at the rate of 6% for officers and either 5% or 6% for manual workers. Employers are required to make such balancing contributions, determined by the Fund's Actuary, as will maintain the Fund in a state of solvency, having regard to existing and prospective liabilities. In 2006/07 18 authorities made additional contributions totalling £2.36 million above their normal employer's contributions (2005/06 : 13 Authorities : £3.47 million).

(b) **Actuarial Valuations**

As required by the Regulations an Actuarial Valuation of the Fund was carried out as at 31 March 2004. The market value of the Fund's assets at the valuation date of 31 March 2004 was £1,502.8 million. The Actuary has estimated that the value of the Fund was sufficient to meet 73% of its expected future liabilities in respect of service completed to 31 March 2004. The new contribution rates were expected to improve this to 100% within a period of 20 years.

The Actuarial Valuation was carried out using the projected unit method and the contribution rates were calculated following the completion of the Actuarial Valuation. The assumptions used within the valuation were as follows:

	Past Service	Future Service
Investment return:		
- pre retirement	7.35% pa	6.50% pa
- post retirement	5.60% pa	6.50% pa
Pensionable pay increases	4.25% pa	4.25% pa
Pension increases	2.50% pa	2.50% pa

Valuation of assets is based upon market values.

The employers' contribution rates paid in 2004/05 were set by the 31 March 2001 valuation, whilst those to be paid from 2005/06 to 2007/08 were set by the 31 March 2004 valuation. The following list shows the rates payable by the main employers:

	Percentages of Pensionable Pay			
	2004/5	2005/6	2006/7	2007/8
	%	%	%	%
Nottinghamshire County Council	13.7	14.3	14.9	15.5
Bassetlaw District Council	17.1	21.9	21.9	21.9
Plus		£151,000	£302,000	£453,000
Mansfield District Council	17.0	17.7	18.4	19.1
Newark and Sherwood District Council	16.2	17.5	18.8	20.1
Ashfield District Council	15.4	17.0	18.6	20.2
Broxtowe Borough Council	14.9	15.5	16.1	16.7
Gedling Borough Council	13.6	14.5	15.4	16.2
Rushcliffe Borough Council	14.2	16.0	17.8	19.7
Nottingham City Council	14.2	14.7	15.2	15.8

(c) **Investment Policy**

The investment policy of the Fund is designed to maximise growth to help meet the future liabilities. The powers of investment are governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended). Strategic decisions on investment policy are made by the Pensions Committee, advised by a Pensions Investment Sub-Committee, but the day to day investments are managed by organisations specialising in the management of pension fund assets. The Sub-Committee meets on a quarterly basis to review the investments of the Fund. Its membership consists of elected County Councillors, 3 representatives of Nottingham City Council, 2 representatives of the District Councils, 2 representatives of the trade unions, and a representative elected by the other scheduled bodies. It is also attended by an independent adviser and the Strategic Director of Resources.

5. INVESTMENTS

The original values of investments are based on market values at 1 April 1974 for investments held at that date and at cost plus expenses for subsequent purchases. At 31 March 2007 an analysis of the management arrangements was as follows:

	31/3/06		31/3/07	
	£000	%	£000	%
In-house	861,790	39	953,357	40
Aegon	319,442	15	310,877	13
Schroder Investment Management	452,089	21	487,203	20
Martin Currie	126,104	6	142,448	6
Arlington Property Investors UK Ltd	288,333	13	339,127	14
Hermes Lens Asset Management	92,440	4	106,164	4
Standard Life	14,274	1	23,271	1
Governance 4 Owners	-	0	14,833	1
Noble Group	20,748	1	25,958	1
Total Market Value	2,175,220	100	2,403,238	100
Original Value	1,597,226		1,772,472	
Excess of Market Value over Original Value	577,994		630,766	

The analysis of investment income by type of investment shows:

	2005/06	2006/07
	£000	£000
Fixed Interest	13,263	12,001
Equities	36,214	43,378
Index-linked	243	66
Pooled Vehicles	846	895
Property Unit Trusts	516	611
Property	13,724	13,965
Cash	3,289	3,664
Joint Ventures	-	-
Other	-	-
	<u>68,095</u>	<u>74,580</u>

Purchases and Sales of investments were as follows:

	2005/06	2006/07
	£000	£000
Purchases at cost	1,017,635	909,476
Sales at market value net of cost of sales	905,760	767,154
Net Purchases/(Sales)	<u>111,875</u>	<u>142,322</u>

Individual Investments over 5% of the Fund

At 31 March 2007 the fund held no investment representing over 5% of the fund (2005/06 also nil).

Property

Property is shown at open market value (as defined by the International Valuation Standards Committee) as determined by Savills Commercial Limited, as at 31 December 2006 with subsequent additions to 31 March 2007 at cost. The analysis of property is:

	31 March 2006	31 March 2007
	£000	£000
Freehold	245,955	292,980
Leasehold more than 50 years	14,575	15,725
	<u>260,530</u>	<u>308,705</u>
Original Value	200,227	212,986

6. NET CURRENT ASSETS - DEBTORS AND CREDITORS

	31 March 2006 £000	31 March 2007 £000
Debtors - sale of investments	1,425	1,263
- other	13,381	14,663
Creditors - purchase of investments	(4,112)	0
- other	(1,060)	(1,429)
	<u>9,634</u>	<u>14,497</u>

7. MEMBERS ADDITIONAL VOLUNTARY CONTRIBUTIONS

During the period the County Council received additional voluntary contributions (avc) from members amounting to £1,056,716 (2005/06 £973,038). These were separately invested with Prudential Assurance and Scottish Widows, and are not disclosed within the assets or liabilities of either the main or the admitted bodies funds.

8. RELATED PARTY TRANSACTIONS

The net assets statement includes cash of £77 million (2005/06 £57 million) which is held by Nottinghamshire County Council and earns interest at the 7-day local government rate. The cash is the property of the Pension Fund and is not used for the purposes of the County Council. The maximum amount held with the County Council during 2006/07 was £100 million (2005/06 £93 million).

County Councillors Mr J Carter and Mr D Taylor are members of Nottinghamshire County Council Pensions Committee and are in receipt of pensions from this fund. There are no other related party transactions between members and officers of the Council and the Fund.

9. MEMBERS' REPORT

A summarised version of these accounts is circulated to all members of the Fund.

10. ANALYSIS OF CONTRIBUTIONS AND BENEFITS

	County Council		Scheduled Bodies	
	2005/6 £000	2006/7 £000	2005/6 £000	2006/7 £000
Contributions from employers	32,144	36,753	56,847	63,145
Contributions from employees	13,414	13,867	20,951	21,989
Benefits payable	34,432	39,733	49,590	53,943

11. STATEMENT OF INVESTMENT PRINCIPLES

The Pensions Committee has determined a Statement of Investment Principles for the Fund. A copy may be obtained by writing to the Strategic Director of Resources, County Hall, West Bridgford, Nottingham, NG2 7QP.

ADMISSION AGREEMENT ETC. PENSION FUND

FUND ACCOUNT FOR YEAR ENDED 31 March 2007

	Notes	2005/06 £000	2006/07 £000
Contributions			
Receivable from:			
Employees - normal		1,232	1,312
- additional voluntary		22	23
Employers - normal		2,428	2,592
- special		-	-
- additional		-	10
Transfers In - individuals		1,149	445
Transfers In - groups		-	-
Other income		-	-
		4,831	4,382
Benefits			
Pensions		1,324	1,411
Lump Sums:			
Retiring Allowances		314	520
Ill Health		-	-
Death Grants		36	-
Compensation		-	-
		1,674	1,931
Payments to and on account of Leavers			
Transfers Out - individuals		740	326
Transfers Out - groups		-	-
Refunds		23	4
State Scheme		-	-
		763	330
Administration expenses		53	56
Net additions from dealings with members		<u>2,341</u>	<u>2,065</u>
Returns on investments			
Investment Income	5	1,617	1,900
Change in market value of investments		10,927	3,772
Taxation	1	-	-
Investment management expenses		(92)	(101)
Net returns on investments		<u>12,452</u>	<u>5,571</u>
Net increase/(decrease) in the Fund during the year		14,793	7,636
Opening net assets of the scheme		51,190	65,983
Closing net assets of the Fund		<u>65,983</u>	<u>73,619</u>

ADMISSION AGREEMENT ETC. PENSION FUND

NET ASSETS STATEMENT

	Notes	31 March 2006 £000	31 March 2007 £000
Investments	5		
Fixed Interest Securities:			
Public Sector		-	-
Other		-	-
Equities - listed			
UK		23,421	24,422
Overseas		6,401	7,646
Index Linked Securities		-	-
Pooled investment vehicles:			
Fixed Interest OEICs		8,021	7,899
Index Linked OEICs		904	933
Unit Trusts		9,674	10,125
Unitised Insurance Policies		4,806	5,163
Other Managed Funds		-	3,459
Property		9,389	10,545
Property		-	-
Cash	7	2,986	2,700
Total Investments		65,602	72,892
Net Current Assets/(Liabilities)	6	381	727
		<u>65,983</u>	<u>73,619</u>

ADMISSION AGREEMENT ETC. PENSION FUND

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Admission Agreement etc Pension Fund accounts have been prepared in accordance with the accounting recommendations of the Financial Reports of Pension Schemes - a Statement of Recommended Practice, except for the treatment of irrecoverable withholding tax on dividends, which are not recorded in the Accounts. Disclosures in the Admission Agreement etc Pension Fund accounts have been limited to those required by the Code of Practice on Local Authority Accounting in the United Kingdom: a Statement of Recommended Practice. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

DEBTORS AND CREDITORS

The accruals concept for debtors and creditors is applied to these accounts in compliance with Financial Reporting Standard 18 except for income from securities which is brought into the accounts on the due date of payment.

INVESTMENTS

Equities traded through the Stock Exchange Electronic Trading Service SETS, are valued on the basis of the latest mid market price. *Other quoted investments* are valued on the basis of the mid-market value quoted on the relevant stock market.

Unit Trusts and managed funds are valued at the average of the bid and offer prices provided by the relevant fund managers, which reflect the market value of the underlying investments.

The market value of *fixed interest investments* includes income accrued at 31 March but not yet due for payment.

Acquisition costs are included in the purchase cost of investments.

Overseas investment values are translated at the closing exchange rate ruling at the Balance Sheet date.

The *change in market value* of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

INVESTMENT INCOME

Income is accounted for on an accruals basis

TAXATION

UK equity dividends are quoted and accounted for at the net rate. The tax credit, which the Fund is unable to recover, is not accounted for. Overseas equity dividends are also accounted for net of withholding tax, where this is deducted at source. Partial reclaims of withholding tax, where allowed, are accounted for when received and adjusted at the year end by outstanding claims.

FOREIGN CURRENCIES

Where forward exchange contracts are in place in respect of assets and liabilities in foreign currencies, the contract rate is used. Other assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at the rate ruling on the date of the transaction. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

CONTRIBUTIONS

Normal contributions, both from the members and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from the employer are accounted for in accordance with

the agreement under which they are paid, or in the absence of such an agreement, when received.

BENEFITS PAYABLE

Under the rules of the Scheme, members receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.

Other benefits are accounted for on the date the member leaves the Scheme or on Death.

TRANSFERS TO AND FROM OTHER SCHEMES

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They take account of transfers where the trustees/administering authority of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

OTHER EXPENSES

Administration and investment management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT.

Nottinghamshire County Council charges the Fund with the costs it incurs in administering the scheme and investing the Fund.

2. CONSTITUTION OF THE FUND

Local Act powers were obtained in 1985 to the establishment of this fund and it is governed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).

3. CONTRIBUTORS AND PENSIONERS

	Number at 31/3/06	Number at 31/3/07
Contributors	1,074	1,099
Deferred beneficiaries	663	741
Pensioners	329	369

4. OPERATION OF THE FUND

(a) Contributions and Solvency

Employees are required by the Regulations to make percentage contributions by deduction from earnings at the rate of 6% for officers and either 5% or 6% for manual workers. Employers are required to make such balancing contributions, determined by the Actuary, as will maintain the fund in a state of solvency, having regard to existing and prospective liabilities.

(b) Actuarial Valuations

As required by the Regulations an Actuarial Valuation of the Fund was carried out as at 31 March 2004.

The market value of the Fund's assets at the valuation date of 31 March 2004 was £43.50 million. The Actuary has estimated that the value of the Fund was sufficient to meet 80% of its expected future liabilities in respect of service completed to 31 March 2004.

The Actuarial Valuation was carried out using the projected unit method and the contribution rates were calculated following the completion of the actuarial valuation. The assumptions used within the valuation were as follows:

	Past Service	Future Service
Investment return:		
- pre retirement	7.35% pa	6.5% pa
- post retirement	5.6% pa	6.5% pa
Pensionable pay increases	4.25% pa	4.25% pa
Pension increases	2.5% pa	2.5% pa

Valuation of assets is based upon market values. The employers' contribution rates payable are set out in Note 9.

(c) **Investment Policy**

The investment policy of the Fund is designed to maximise growth to help meet the future liabilities. The powers of investment are governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended). Strategic decisions on investment policy are made by a Pensions Committee, advised by a Pensions Investment Sub-Committee. This meets on a quarterly basis to review the investments of the Fund. Its membership consists of elected County Councillors, 3 representatives of Nottingham City Council, 2 representatives of the District Councils, 2 representatives of the trade unions, and a representative elected by the other scheduled bodies. It is also attended by an independent adviser and the Strategic Director of Resources.

5. INVESTMENTS

A comparison with original values of investments is given in the table below. The original values of investments are based on market values at 1 April 1974 for investments held at that date and at cost plus expenses for subsequent purchases. At 31 March 2007 an analysis of the management arrangements was as follows:

	31/3/06		31/3/07	
	£000	%	£000	%
In-house	27,874	43	28,822	40
Arlington Property Investors	3,551	5	3,810	5
Aegon	8,925	14	8,832	12
Martin Currie	-	0	3,459	5
Schroder Investment Management	25,252	38	27,555	38
Total Market Value	65,602	100	72,478	100
Original Value	51,828		56,212	
Excess of Market Value over Original Value	<u>13,774</u>		<u>16,266</u>	

The analysis of investment income by type of investment shows:

	2005/06	2006/07
	£000	£000
Fixed Interest	4	-
Equities	1,115	1,350
Index-linked	-	-
Pooled vehicles	17	17
Property Unit Trusts	342	415
Property rents	-	-
Cash interest	138	118
Joint ventures	-	-
Other	1	-
	<u>1,617</u>	<u>1,900</u>

Purchases and Sales of Investments were as follows:

	2005/06	2006/07
	£000	£000
Purchases at cost	15,924	10,065
Sales at market value	12,762	3,770
Net Purchases/(Sales)	<u>3,162</u>	<u>6,295</u>

Individual Investments over 5% of the Fund

At 31 March 2007 the Fund held, £6.85 million of Schroders' Property Unit Trust £6.26 million of Aegon Long Balanced Fund, £4.35 million of Schroder Institutional European Fund and £3.81 million of Arlington UK Balanced Property Fund representing 9.3%, 8.5%, 5.9% and 5.2% of the Fund respectively. (2005/06 the Fund held £6.30 million of Aegon Long Balanced Fund, £5.84 million of Schroders' Property Unit Trust, £3.55 million of Arlington UK Balanced Property Fund and £3.43 million of Schroder Institutional European Fund representing 9.5%, 8.9%, 5.4% and 5.2% of the Fund respectively.)

6. NET CURRENT ASSETS - DEBTORS AND CREDITORS

	31 March 2006	31 March 2007
	£000	£000
Debtors - sale of investments	-	47
- other	441	699
Creditors - purchase of investments	(15)	-
- other	(45)	(19)
Net Current Assets/(Liabilities)	<u>381</u>	<u>727</u>

7. RELATED PARTY TRANSACTIONS

The net assets statement includes cash of £2.7 million (2005/06 £3.0 million) which is held by Nottinghamshire County Council and earns interest at the 7-day local government rate. The cash is the property of the Pension Fund and is not used for the purposes of the County Council. The maximum amount held with the County Council during 2006/07 was £3.9 million (2005/06 £4.0 million) There are no other related party transactions between members and officers of the Council and the Fund.

8. MEMBERS' REPORT

A summarised version of these accounts is circulated to all members of the Fund.

9. ADMITTED BODIES

The employers' contribution rates paid in 2004/05 were set by the 31 March 2001 valuation, and those to be paid in the years 2005/6 to 2007/8 were set by the 31 March 2004 valuation. The rates are shown as a percentage of pensionable pay.

Employer	2004/05	2005/06 to 2007/08
	%	%
Ashfield CAB	9.5	11.6
Ashfield Women's Centre	10.0	11.6
Bassetlaw CAB	10.3	11.6
Bestwood Advice Centre	9.5	11.6
Bestwood Partnership Forum		11.6
Broxtowe Partnership Trust	10.0	11.6
Bulwell Vision	10.3	11.6
Catholic Children's Society	9.5	11.6
Child Migrants Trust	10.3	11.6
City Arts	10.3	11.6
City of Nottingham Scout District	10.0	11.6
Clifton Advice Centre	9.5	11.6
Connexions Nottinghamshire (incl Guideline Careers)	12.1	12.8
Disabilities Living Centre	10.0	11.6
Eastwood & District CAB	10.3	11.6
Eastwood Volunteer Bureau	10.0	11.6
EMFEC	9.5	11.6
EM Media	10.3	11.6
EMMLAC	10.3	11.6
Enviroenergy Ltd	10.3	11.6
Experience Nottingham Ltd	10.3	11.6
First Data (Training) Ltd	10.0	11.6
Greater Nottingham Partnership	10.3	11.6
Greenfields Centre Ltd	9.5	11.6
Groundwork Ashfield and Mansfield	9.5	11.6
Groundwork Greater Nottingham	9.5	11.6
Hyson Green Boys Club	10.3	11.6
Institute of Burial Cremation Admin	10.3	11.6
Jesse Boot Community Basketball & Sports	10.3	11.6
Kirkby Youth Housing Trust	10.0	11.6
Mansfield CAB	9.5	11.6
Mansfield Rd Baptist Housing	10.0	11.6
Meadows Advice Group	9.5	11.6
Meadows Partnership Trust	10.3	11.6
Meden Valley Making Places Ltd	10.3	11.6
NECTA	10.0	11.6
Newark Emmaus Trust	10.0	11.6
New Deal for Radford & Hyson Green	10.3	11.6
NORSACA	9.5	11.6
Nottingham Association of Local Councils	10.3	11.6
Nottingham & District Racial Equality Council	9.5	11.6
Nottingham CAB	9.5	11.6
Nottingham Deaf Society	9.5	11.6
Nottingham Development Enterprise	9.5	11.6
Nottingham Independent Venture	10.0	11.6
Nottingham Ice Centre	10.0	11.6
Nottingham Regeneration	10.3	11.6
Nottinghamshire County Scout Association	9.5	11.6
Nottinghamshire Rural Community Council	9.5	11.6
Ollerton and District CAB	9.5	11.6
Profile Nottingham	10.0	11.6
Pro-Vision Catering	10.5	14.0
Regeneration East Midlands	10.3	11.6
Rushcliffe Homes (Metropolitan Housing Trust from 2.4.07)	12.4	10.4
SLM Ltd	12.6	12.4
Southwell Council for Family Care	9.5	11.6

Southwell Leisure Centre	9.5	11.6
Technical Aid for Nottingham Communities	9.5	11.6
The Carers' Federation	10.3	11.6
The Partnership Council	10.0	11.6
The Pearson Centre for Young People	10.0	11.6
The Renewal Trust	10.0	11.6
Trent University Students' Union	9.5	11.6
UPP (Nottm)	12.6	13.2
VOSE	10.0	11.6

10. STATEMENT OF INVESTMENT PRINCIPLES

The Pensions Committee has determined a Statement of Investment Principles for the Fund. A copy may be obtained by writing to the Strategic Director of Resources, County Hall, West Bridgford, Nottingham, NG2 7QP.

Glossary of Terms

Accruals	The concept that income and expenditure are recognised as they are earned or incurred, not as money happens to be received or paid.
Added Years	Additional years of service awarded to increase benefits of employees taking early retirement.
Balance Sheet	The accounting statement which sets out the Council's total net assets and how they were financed.
Budget	The Council's statement of spending plans and policies for a financial year, expressed in financial terms.
Capital Financing Account (CFA)	Contains the elements previously recorded in the Provision for Credit Liabilities, together with amounts to be set aside to repay debt and the amount of capital expenditure financed by capital receipts and revenue. It also contains the difference between the amounts provided for depreciation and the amount for Minimum Revenue Provision.
Capital Receipts	Income received from the sale of capital assets and available, subject to rules laid down by Government, to finance new capital expenditure or to repay debt.
Cash Flow Statement	Summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes.
Creditors	Persons or bodies owed monies by the Authority that have not been paid by the end of the financial year.
DEFRA	Department for Environment, Food and Rural Affairs
Debtors	Persons or bodies owing sums to the Authority that have not been paid by the end of the financial year.
Direct Labour/Service Organisations	Workforces employed directly by local authorities to carry out works of repair, maintenance, construction etc. of buildings, grounds and roads and to provide catering and cleaning services and repairs and maintenance of vehicles.
Earmarked Reserves	Reserves set aside for a specific purpose.
Fixed Asset Restatement Account (FARA)	Represents the difference between the revalued amount of fixed assets as shown in the accounts and actual costs.
Fixed Assets	Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.
General Fund	This balance is a general revenue reserve, part of this fund is earmarked to provide a number of Reserves.

Government Grants Deferred Account

The amount of money given to the Council to spend on depreciable assets that have a lasting value, for example vehicles. This amount is reduced each year as the value of the asset reduces due to wear and tear.

Income and Expenditure Account

The account which sets out the Council's Income and Expenditure for the year.

Infrastructure Assets

Fixed assets such as roads and bridges.

Leasing

A method of financing capital expenditure where a rental charge for an asset is paid for a specific period. There are two forms of lease, 'finance leases' which transfer substantially all the risks and rewards of ownership to the lessee and other leases which are known as 'operating leases'.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to revenue in the year for the repayment of debt (credit liabilities and credit arrangements). An authority may voluntarily set aside amounts in excess of the minimum required.

Non-Operational Assets

Fixed assets held which are not used in the provision of services.

Operational Assets

Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Precept Income

County Councils obtain part of their income from precepts levied on the district councils in their area. Precepts, based on the 'council tax bases' of the district councils, are levied on each district's 'collection fund'.

Provisions

Sums of money set aside to meet specific expenses which are likely or certain to be incurred, but where the amounts cannot be accurately determined or dates on which they will arise. The sums set aside are charged to the appropriate service revenue accounts.

Reserves

Sums of money set aside to cover future eventualities. The sums set aside are charged to the General Fund and not to service revenue accounts.

Trust Funds

Funds established where the Authority acts as trustee. These amounts do not form part of the County Council's resources.