

## Group Accounts

### Introduction

Stevenage Homes Limited was set up by Stevenage Borough Council in October 2006 to enable improvements to be made to the housing stock to achieve Decent Homes Standard. The company was incorporated as a private company limited by guarantee under the Companies Act 1985 and does not have any share capital. Stevenage Homes Ltd has a sole member in Stevenage Borough Council for which Stevenage Borough Council guaranteed to subscribe £1 if called to do so in the event that Stevenage Homes Ltd should be wound up.

In accordance with FRS 2 'Accounting for Subsidiary Undertakings' and FRS 9 'Associates & Joint Ventures', acquisition accounting has been applied as the Council has control over the operating and financial policies of SHL.

## Group Income & Expenditure Account

2008/09			2009/10	
Restated Net Expenditure £'000	Expenditure on Services	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
157	Adult Social Care	111	0	111
4,335	Central Services to Public	11,706	8,241	3,465
93	Children's Services	677	638	39
17,023	Cultural Environmental & Planning Services	28,128	7,436	20,692
1,825	Highways Roads & Transport Services	3,994	3,120	874
754	Housing Revenue Account (HRA)	51,134	35,674	15,460
12,319	Housing Services	47,790	37,491	10,299
2,952	Corporate & Democratic Core	3,069	0	3,069
807	Non Distributed Costs	185	0	185
<b>40,265</b>	<b>Net Cost of Services</b>	<b>146,794</b>	<b>92,600</b>	<b>54,194</b>
(266)	(Gain)/loss on disposal of fixed assets			(465)
(245)	Surplus on Trading Operations			(219)
16	Interest payable			11
723	Contribution to Housing Pooled Receipts			882
(2,148)	Interest and investment income			(573)
1,111	Pensions Interest Cost & Expected Return on Pensions Assets			2,816
<b>39,456</b>	<b>Net Operating Expenditure</b>			<b>56,646</b>
(5,129)	Income from Collection Fund			(5,413)
(1,042)	General Government Grants			(1,757)
(6,825)	Contribution from Non-Domestic Rate Pool			(6,348)
<b>26,460</b>	<b>DEFICIT FOR YEAR</b>			<b>43,128</b>

## Reconciliation of single entity Deficit to Group Deficit

Restated 2008/09 £'000		2009/10 £'000
25,885	Deficit for the year on Income & Expenditure Account for Stevenage Borough Council	43,239
(11,371)	Adjustments for transactions with Group entities	(11,835)
14,514	Deficit in Group Income & Expenditure Account attributable to Stevenage Borough Council	31,404
1,200	Deficit/(Surplus) in Group Income & Expenditure Account attributable to Stevenage Homes Limited	(111)
11,371	Adjustments for transactions with Group entities	11,835
<b>27,085</b>	<b>Deficit for the year on Group Income &amp; Expenditure Account</b>	<b>43,128</b>

## Group Statement of total Recognised Gains & Losses

Restated 2008/09 £000		2009/10 £000
27,086	Deficit for the year on the Income & Expenditure Account	43,128
(51,611)	(Surplus) / Deficit arising from revaluation of fixed assets	65,887
15,573	Actuarial (Gains)/Losses on the Pension Scheme assets & liabilities	37,302
(1)	Other (gains) / losses	(45)
<b>(8,953)</b>	<b>Total Recognised (gain)/loss for the year</b>	<b>146,272</b>
	<b>Attributable :</b>	
(12,622)	Stevenage Borough Council	140,857
3,669	Stevenage Homes Limited	5,415
<b>(8,953)</b>	<b>Total Recognised (gain)/loss for the year</b>	<b>146,272</b>

Accounting Policy changes and other adjustments have had no effect on the 2008/09 General Fund Balance as at 31 March 2009. However these adjustments have meant a reduction in the Council's net worth of £1,027,489. (See Note 1 to the Single Entity Core Statements).

## STATEMENT OF ACCOUNTS 2009/10

Group Balance Sheet as at 31 March 2010

2008/09				2009/10	
Restated		Net	Fixed		
£'000		Assets		Notes	£'000
171		Intangible fixed assets			145
		<i>Tangible fixed assets : Operational</i>			
596,819		Council Dwellings			510,835
94,021		Other Land & Buildings			93,498
6,947		Vehicles, plant, furniture & equipment			7,541
2,521		Infrastructure assets			2,444
		Community assets			2,116
		<i>Tangible fixed assets: Non-operational</i>			
25,800		Investment properties			27,840
10,678		Assets under construction			1,443
4,378		Surplus assets held for disposal			4,093
741,606					649,955
		Long term investments			
2,097		Long term Debtors			
304		- Mortgages			258
9		- Car loans			2
744,016		<b>Total Long Term Assets</b>			650,215
		<b>Current Assets</b>			
106		Stock and work in progress		3	162
6,295		Debtors		4	9,486
31,484		Investments			16,084
79		Cash at bank and in hand		7	12
		<b>Current Liabilities</b>			
(2,000)		Borrowing repayable within 12 months			(8)
(3,584)		Receipts in advance			(3,847)
(10,130)		Creditors		5	(9,976)
22,250		<b>Net Current Assets</b>			11,913
766,266		<b>Total Assets less Current Liabilities</b>			662,128
		Long term borrowing			(5,000)
(1,751)		Provisions			(1,262)
(4,288)		Government Grants Deferred - Unapplied			(3,688)
(9,032)		Government Grants Deferred - Applied			(9,374)
(304)		Deferred capital receipts			(280)
(35,000)		Pensions Liability		8	(72,907)
715,891		<b>Total Assets less Liabilities</b>			(92,511)
					<b>569,617</b>

## Group Balance Sheet as at 31st March 2010 continued.

<b>2008/09</b>			<b>2009/10</b>
<b>Restated</b>		<b>Notes</b>	<b>£'000</b>
<b>£'000</b>	<b>Fund Balances &amp; Reserves</b>		<b>£'000</b>
107,224	Revaluation Reserve		36,623
625,496	Capital Adjustment Account		598,051
(35,000)	Pensions Reserve		(72,907)
11,566	Usable Capital Receipts		1,094
2,906	General Fund		1,954
2,095	Housing Revenue Account		2,430
920	SHL Revenue Reserve		989
438	Earmarked Reserves		1,179
246	Collection Fund Adjustment Account		204
<b><u>715,891</u></b>	<b>Total Net Worth</b>		<b><u>569,617</u></b>

## Group Cash Flow Statement

2008/09 Restated £'000		Note	2009/10 £'000
	<b>Revenue activities</b>		
6,885	Net Cash (inflow)/Outflow from Revenue Activities	9	5,161
	<b>Returns on Investment &amp; Servicing of Finance</b>		
	<i>Cash outflows</i>		
15	Interest Paid		11
	<i>Cash inflows</i>		
(2,206)	Interest Received		(1,164)
(2,191)	Net Cash (inflow)/Outflow from Returns on Investment & Servicing of Finance		(1,153)
	<b>Capital Activities</b>		
	<i>Cash outflows</i>		
20,766	Purchase of fixed assets		24,082
729	Other Capital Spend		1,188
0	Purchase of Long Term Investments		
	<i>Cash inflows</i>		
(4,672)	Sale of Fixed Assets		(1,929)
(7,721)	Capital grants received		(2,253)
(7,037)	Other Capital Cash Receipts		(6,313)
2,065	Net Cash Inflow from Capital Activities		14,775
6,759	Net cash (inflow) outflow before financing		18,783
	<b>Management of Liquid Resources</b>		
4,220	Net movement in short term deposits	10	(15,400)
1,071	Net (decrease)/increase in other liquid resources		1788
5,291	Net cash (inflow)/outflow-Management of Liquid Resources		(13,612)
	<b>Financing</b>		
	<i>Cash outflows</i>		
0	Repayments of amounts borrowed		2,000
	<i>Cash inflows</i>		
(2,000)	New short term loans raised		(5,008)
(10,000)	New long term loans raised		(2,097)
<b>50</b>	<b>Net (increase)/decrease in Cash</b>	<b>11</b>	<b>66</b>

## Notes to Group Financial Statements

### 1. Accounting policies

The Group financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting – A Statement of Recommended Practice (the SORP). Details are given in the Statement of Accounting Policies on page 128.

Where material additional amounts are included in the Group Financial Statements, notes have been included to give further details. The notes to the Single Entity Core Financial Statements provide supporting information in other cases.

### 2. Basis of Preparation

In accordance with FRS 2 'Accounting for Subsidiary Undertakings' and FRS 9 'Associates & Joint Ventures', acquisition accounting has been applied as the Council has control over the operating and financial policies of SHL.

In accordance with FRS 6 'Acquisitions & Mergers' the Council is required to disclose details of changes in Group structure during the year.

The consideration together with the book and fair value of assets acquired was nil therefore there was no Goodwill arising on acquisition. Neither were there any revaluations or asset write downs or provisions immediately after acquisition.

In accordance with FRS 3 'Reporting Financial Performance' the post acquisition results of SHL have been included under Continuing Operations.

### 3. Stock and Work in progress

<b>31 March 2009</b>		<b>31 March 2010</b>
<b>£'000</b>		<b>£'000</b>
16	Fuel	26
52	Other	50
<b>68</b>	<b>Total Stevenage Borough Council</b>	<b>76</b>
38	Central Stores	86
<b>38</b>	<b>Total Stevenage Homes Ltd</b>	<b>86</b>
<b>106</b>	<b>Total for Group</b>	<b>162</b>

Stock levels for Stevenage Homes Ltd have risen as imprest stock and sundry materials held in the operative vans are now recognised in the 2009/10 Accounts.

## Notes to Group Financial Statements

### 4. Debtors

Restated 31 March 2009 £'000		31 March 2010 £'000	% change +/-
17	Car Loans	7	-59%
2,056	Government Departments	3,687	79%
51	Other Local Authorities	536	950%
1,090	Housing Rents & Leaseholders	1,023	-6%
320	Collection Fund	392	23%
3,534	Other Debtors	4,836	33%
(773)	Provision for Bad Debts	(995)	29%
<b>6,295</b>	<b>Group Total</b>	<b>9,486</b>	<b>51%</b>

Other debtors include £133,188 (£7,787 2009/10) relating to Stevenage Homes Limited.

The 2008/09 balances have been restated for Other Local Authority and Government debtors. This is as a result of change recommended treatment of Non Domestic Business Rates (NNDR) and council tax arrears, pre-payments and surpluses. This is explained in more detail in Note 1 of the Single Entity Core Accounts on page 32.

Group debtors exclude balances arising from trading between Stevenage Borough Council and Stevenage Homes Limited together with the related VAT balances. These elimination entries are detailed in note 6 to the Group Accounts, page 91.

## Notes to Group Financial Statements

## 5. Creditors

31 March 2009 Restated £'000		31 March 2010 £'000	% change +/-
611	Government Departments	486	-20%
1,036	Other Local Authorities	565	-45%
7,384	Sundry Creditors	7,457	1%
<b>9,031</b>	<b>Stevenage Borough Council Total</b>	<b>8,508</b>	<b>-6%</b>
249	Trade Creditors	920	269%
102	Government Departments	391	283%
748	Sundry Creditors	157	-79%
<b>1,099</b>	<b>Stevenage Homes Ltd Total</b>	<b>1,468</b>	<b>34%</b>
<b>10,130</b>	<b>Group Total</b>	<b>9,976</b>	<b>-2%</b>

Group creditors exclude balances arising from trading between Stevenage Borough Council and Stevenage Homes Limited together with the related VAT balances. These elimination entries are detailed in note 6 to the Group Accounts, page 91.



## Notes to Group Financial Statements

### 6. Inter-company Adjustments

The Group Accounts require balances between Group entities to be eliminated. The table below shows the relevant adjustments.

	<b>Stevenage Borough Council £000</b>	<b>Stevenage Homes Limited £000</b>	<b>Adjustment entries £000</b>	<b>Group £000</b>
<b>Debtors</b>				
Government Departments	3,675	-	(422)	3,253
Intercompany debtor	-	2,660	(2,660)	-
	<u>3,675</u>	<u>2,660</u>	<u>(3,082)</u>	<u>3,253</u>
<b>Creditors</b>				
Government Departments	-	(486)	422	(64)
Intercompany creditor	(2,660)	-	2,660	-
	<u>(2,660)</u>	<u>(486)</u>	<u>3,082</u>	<u>(64)</u>

The inter-company balances arise through trading between Stevenage Homes Ltd and Stevenage Borough Council in relation to the management of housing stock. UK GAAP requires that inter-company debtors and creditors are eliminated in the presentation of Group financial statements and this is reflected in the adjustments shown in the table above. This also includes the elimination of debtors and creditors relating to VAT arising from intercompany trading.

### 7. Cash at bank & in hand

<b>31 March 2009 £'000</b>		<b>31 March 2010 £'000</b>
71	Cash at bank & in hand	12
<u>71</u>	<b>Total Stevenage Borough Council</b>	<u>12</u>
8	Cash at Bank & in hand	0
<u>11</u>	<b>Total Stevenage Homes Ltd</b>	<u>0</u>
<u>79</u>	<b>Total for Group</b>	<u>12</u>

## Notes to Group Financial Statements

### 8. Pensions Liability

The Net Pensions Liability has been analysed between Stevenage Borough Council and Stevenage Homes Ltd which was admitted to the LGPS on 1 October 2006.

<b>2008/09</b> <b>£000</b>		<b>2009/10</b> <b>£000</b>
55,449	Estimate assets in Scheme	72,248
(87,775)	Estimated liabilities in Scheme	(136,997)
<u>(32,326)</u>	Net asset/(liability) attributable to <b>Stevenage Borough Council</b>	<u>(64,749)</u>
9,490	Estimated assets in Scheme	13,574
(12,164)	Estimated liabilities in Scheme	(21,733)
<u>(2,674)</u>	Net asset/(liability) attributable to <b>Stevenage Homes Ltd</b>	<u>(8,159)</u>
<u><b>(35,000)</b></u>	<b>Net asset/(liability) for Group</b>	<u><b>(72,908)</b></u>

## Notes to Group Financial Statements

## 9. Revenue Activities

2008/09 Restated £'000	Reconciliation of revenue surplus to net cash flow:	2009/10	
		£'000	£'000
27,080	Deficit for the year		42,591
(988)	Housing Revenue Account Balance		334
	<i>Non Cash Items</i>		
(19,638)	Removal of Depreciation and Impairment from Income and Expenditure Account	(41,067)	
(2,395)	Removal of excess of depreciation charged to HRA Services over the Major Repairs Allowance	(1,116)	
(265)	Removal of Revenue Expenditure Funded from Capital Resources Under Statute from Income & Expenditure Account	(691)	
751	Removal of Government Grants Deferred from Income & Expenditure Account	829	
(533)	Removal of FRS 17 pension entries in Income and Expenditure Account	(414)	
241	Removal of Profit/Loss on Sale of Assets	419	
(44)	Council tax Deficit/Surplus not yet distributed	(41)	
(106)	Contribution to provisions	222	
0	Revenue contribution MRA used	6,207	
(367)	Removal of Contributions to Reserves	947	
(22,356)			(34,705)
	<i>Costs charged elsewhere in Cash Flow</i>		
2,192	Interest	1,125	
2,192			
	<i>Items on an accruals basis</i>		
(723)	Adjustment for pooled capital receipts payment	(882)	
(66)	Add/(less) (decrease)/increase in stock	58	
(3,031)	Add/(less) (decrease)/increase in debtors	(4,979)	
0	Add/(less) (decrease)/increase in long term debtors	0	
4,777	Add/(less) (increase)/decrease in creditors	1,619	
957			(4,184)
<b>6,885</b>	<b>Net cash flow (from)/to revenue activities</b>		<b>5,161</b>

## Notes to Group Financial Statements

### 10. Analysis of Movement in Liquid Resources

#### Movement in liquid resources:

2008/09 Restated Net movements £'000		Balance 1 Apr 09 £'000	2009/10 Balance 31 Mar 10 £'000	Net Movements £'000
4,220	Short Term Investments	31,484	16,084	(15,400)
1,071	Other Movements	23	1,811	1,788
<u>5,291</u>				<u>(13,612)</u>

### 11. Analysis of Movement in Cash & Cash Equivalents

#### Movement in Cash and Cash Equivalents:

2008/09 Restated Net movements £'000		Balance 1 Apr 09 £'000	2009/10 Balance 31 Mar 10 £'000	Net Movements £'000
0	Imprest Accounts	11	11	0
48	Cash in hand/(overdrawn)	60	1	59
<u>48</u>	<b>Total Stevenage Borough Council</b>			<u>59</u>
2	Cash in hand/(overdrawn)	7	0	7
<u>2</u>	<b>Total Stevenage Homes Limited</b>			<u>7</u>
<u>50</u>	<b>Total for Group</b>			<u>66</u>