

GROUP ACCOUNTS

THE GROUP ACCOUNTS

1. Introduction

The Accounting Code of Practice requires that where an authority has material financial interests and a significant level of control over one or more entity, it should prepare Group Accounts. The group financial statements required include the Group Income and Expenditure Account, Reconciliation of the Single Surplus for the year to the Group Surplus, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement; these are shown on the following pages. The aim of these statements is to give an overall picture of the authority's financial activities and the resources employed in carrying out those activities. There are no significant effects due to group consolidation.

2. Inclusion of Organisations within the Group Accounts

The authority has group relationships with two organisations over which it has varying degrees of control or influence.

Six Town Housing has been included in the group accounts and details of the authority's shareholdings, degree of commitment to the organisation and other financial transaction details are given in explanatory Note 1 to the Group Statements on page 116.

The other group relation that has not been included in the group accounts is between Bury MBC and Ask Ltd. The joint venture – AskBury - was created in December 2004 and apart from the initial exchange of £20 at the company formation no further transactions have occurred between Bury MBC and AskBury as at 31 March 2009.

3. Basis of Consolidation

Six Town Housing has been identified as a subsidiary of Bury MBC and as such its financial statements have been consolidated on a line by line basis to comply with FRS 2 – acquisition accounting.

The acquisition accounting basis for consolidation has been used as Bury MBC, the parent company, has taken 100% control of the subsidiary. In order to create the subsidiary, part of the authority has been externalised and therefore at the formation of the company the assets and liabilities were transferred at fair value which did not give rise to good will.

The date of incorporation was 30 October 2003 and trading began on 1 April 2005.

Six Town Housing's financial year runs, the same as Bury MBC's, from 1 April 2008 to 31 March 2009, therefore no adjustments are required regarding the accounting year.

4. Accounts

Six Town Housing's Statement of Accounts 2008/09 have been audited by Baker Tilly UK and are to be submitted to their Audit and Standards Committee on Thursday 08 July 2009, followed by the Board on 19 August 2009 and AGM meeting on 4 November 2009 for approval.

Copies of Six Town Housing Ltd 2008/09 Statement of Accounts can be obtained from Six Town Housing Finance Department, Point Blue, Moor Street, Bury BL9 5AQ.

GROUP INCOME AND EXPENDITURE ACCOUNT 2008/09

This statement sets out the income and expenditure relating to the authority and its subsidiaries as a whole, together with any appropriations to reserves.

<u>2007/2008</u>		<u>2008/2009</u>			<u>Notes</u>
<u>Net Expenditure</u>		<u>Gross Expenditure</u>	<u>Income</u>	<u>Net Expenditure</u>	
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	
4,346	Central Services to the Public	29,512	(26,219)	3,293	
9,524	Non-Distributed Costs	6,596	(36)	6,560	
258	Court Services	235	(22)	213	
33,880	Cultural Environmental & Planning Services	52,634	(22,060)	30,574	
39,920	Children's and Education Services	195,145	(160,542)	34,603	
23,111	Highways Roads & Transport Services	28,390	(8,373)	20,017	
(1,854)	Local Authority Housing (HRA)	14,242	(9,617)	4,625	
4,991	Other Housing Services	47,441	(40,063)	7,378	
39,531	Adult Social Care	71,625	(29,935)	41,690	
8,882	Corporate & Democratic	4,622	8,461	13,083	
904	Other Operating Income & Exp.	217	(21)	196	
163,493	NET COST OF SERVICES	450,659	(288,427)	162,232	
26	Gain or loss on disposal of fixed assets			(2,175)	
7,405	Surplus or deficit of trading undertakings			(897)	
1,797	Amounts payable into the Housing Capital Receipts Pool			449	
5,934	Interest payable			6,200	
(4,805)	Interest and Investment Income			(5,156)	
(1,045)	Pensions interest cost and expected return on pensions assets			4,211	
57	Taxation of group entities			36	
172,862	NET EXPENDITURE			164,900	
(66,444)	Demands or precepts on the Collection Fund			(69,358)	
	Transfer to/from the Collection Fund in respect of previous year's deficit/surplus				
(10,932)	Government grants			(15,871)	
(49,602)	Distribution from non-domestic rate pool			(55,392)	
45,884	NET (SURPLUS)/DEFICIT FOR THE YEAR			24,279	

RECONCILIATION OF THE SINGLE ENTITY SURPLUS OR DEFICIT FOR THE YEAR TO THE GROUP SURPLUS OR DEFICIT

2007/08 £000's		2008/09 £000's
46,167	(Surplus) / deficit for the year on the Authority Income and Expenditure Account	23,313
0	Adjustments for transactions with other group entities	0
46,167	Surplus / Deficit in the Group Income and Expenditure Account attributable to the Authority	23,313
(283)	(Surplus) / deficit in the Group Income and Expenditure Account attributable to group entities (adjusted for intra-group transactions):	966
	Subsidiaries	
	Associates	
	Joint Venture	
45,884	Surplus / Deficit for the year on Group Income and Expenditure Account	24,279

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2007/08 £000's		2008/09 £000's
45,884	Net (surplus) or deficit for the year on the Income and Expenditure Account	24,279
(187,948)	(Surplus) / deficit arising on revaluation of fixed assets	(893)
(36,650)	Actuarial (gains) / losses on pension fund assets and liabilities	56,670
(9,983)	Any other (gains)/losses for the year	(6,653)
(188,697)	Total Recognised (Gains) / Losses for the Year	73,403

GROUP BALANCE SHEET AS AT 31 MARCH 2009

The Group Balance Sheet summarises the financial position of the authority and its subsidiaries as a whole. It shows the value of the group assets and liabilities at the end of the financial year.

GROUP BALANCE SHEET						
31 MARCH 2008			31 MARCH 2009			
£'000	£'000		£'000	£'000		Note
		<u>FIXED ASSETS</u>				
		Intangible Assets				
		Goodwill				
5,457	5,457	Other Intangible assets	5,572	5,572		
		Operational Assets				
295,059		Council Dwellings	292,997			
347,170		Other Land & Buildings	348,490			
2,138		Vehicles & Plant	3,041			
27,895		Infrastructure Assets	29,847			
639		Community Assets	637			
60,658	733,559	Other Non-Operational Assets	71,244	746,256		
	739,016	TOTAL FIXED ASSETS		751,828		
		<u>LONG TERM INVESTMENTS</u>				
10,214	10,214	Manchester Airport PLC	10,214			
		Royal Bank of Scotland	5,029	15,243		
		<u>LONG TERM DEBTORS</u>				
9,323		Loan Accounts	9,006			
25	9,348	Debt Managed on Behalf of Other Local Authorities	24	9,030		
		<u>CURRENT ASSETS</u>				
1,146		Stocks & Work in Progress	1,090			
37,238		Short Term Investments	27,545			
36,520		Sundry Debtors & Advance Payments	34,731			
8,455	83,359	Cash in Hand	5,775	69,141		
		<u>LESS: CURRENT LIABILITIES</u>				
(1,361)		Short Term Loans Outstanding	(4,377)			
(126)		Deposits & Clients' Funds	(192)			
(43,246)		Sundry Creditors & Advance Receipts	(46,464)			
(10,751)		Capital Grants Unapplied	(4,876)			
(1,026)	(56,510)	Cash Overdrawn	(1,529)	(57,438)		
785,427		TOTAL ASSETS LESS CURRENT LIABILITIES		787,804		
		<u>LESS: LONG TERM LIABILITIES</u>				
		Loans Outstanding:				
(113,206)		External	(119,018)			
(8,622)		Deferred Liabilities	(8,058)			
(14,905)		Government Grants – Deferred	(29,697)			
(59,762)		Pension Liability	(114,844)			
(22,040)	(218,535)	Provisions	(22,699)	(294,316)		
	566,892	TOTAL NET ASSETS		493,488		

<u>31 MARCH 2008</u>		GROUP BALANCE SHEET	<u>31 MARCH 2009</u>		Note
<u>£'000</u>	<u>£'000</u>		<u>£'000</u>	<u>£'000</u>	
		FINANCED BY :			
		RESERVES AND OTHER BALANCES			
394,804		Capital Adjustment Account	(378,895)		
52		Financial Instruments Adjustment A/c	(431)		
187,948		Revaluation Reserve	(188,120)		
(59,600)		Pensions Reserve	114,200		
4,331		Major Repairs Reserve	(973)		
39,357		Fund Balances and Reserves	(39,269)		
	<u>566,892</u>	TOTAL GROUP BALANCES AND RESERVES		<u>493,488</u>	

GROUP CASH FLOW STATEMENT 2008/09

The Group Cash Flow Statement summarises the cash flows of the authority and its subsidiaries during the year.

<u>2007/2008</u>	Group Cash Flow Statement		<u>2008/09</u>	
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>	
	Net Cash Inflow from Revenue Activities			
(4,912)	Net Cash (Inflow) / Outflow		3,885	
	Dividends from Joint Ventures and Associates			
(1,250)			(1,300)	
	Returns on Investments and Servicing of Finance			
	Cash Outflows			
5,225	Interest paid		4,398	
	Cash Inflows			
(4,805)	Interest received		(4,956)	
	Taxation			
41			57	
	Capital Expenditure and Financial Investment			
	Cash Outflows			
22,385	Purchase of fixed assets	33,806		
0	Purchase of long-term investments	5,029		
1,797	Other capital cash payments	449	39,284	
<u>24,182</u>				
	Cash Inflows			
(5,870)	Sale of fixed assets	(5,459)		
(18,021)	Capital grants received	(13,886)	(19,345)	
<u>(23,891)</u>				
0	Acquisitions and Disposals	0	0	
	Management of Liquid Resources			
	Net (increase)/decrease in short term deposits		(9,693)	
<u>1,888</u>				
<u>(3,522)</u>	Net Cash Inflow before Financing		<u>12,330</u>	

	Financing		
	Cash Outflows		
8,287	Repayment of amounts borrowed		48,800
	Cash Inflows		
	Net Receipts from Long Term Debtors	(319)	
(385)	Loans raised	<u>(57,628)</u>	(57,947)
(9,713)			
(10,098)			
(5,333)	Net (Increase)/Decrease in Cash		3,183

M. Owen

M. OWEN C.P.F.A.
Director of Finance & E-Government
25 June, 2009

Notes to the Group Statements

1. Subsidiary Income and Expenditure

The operating expenditure and income of Six Town Housing has been included within "Housing Services".

2. Amount to be met from Government Grant and Local Taxes

This is the same amount as that disclosed in the Income and Expenditure Account of Bury MBC.

3. Goodwill

No goodwill arose in respect of the subsidiary as Bury MBC set up the company and received an interest in the company equal to the fair value of assets transferred to it upon formation.

5. Fixed Assets

Six Town Housing's fixed assets are included as tangible assets and are valued at historical cost, the same as the assets of Bury MBC.

6. Six Town Housing - wholly owned subsidiary

Nature of the Business: Six Town Housing was set up to manage and maintain the housing stock of Bury MBC. Six Town Housing has no share capital and is wholly owned by the authority. Bury MBC has a 100% interest in Six Town Housing, a company which is limited by guarantee.

Percentage of Total Shareholding: The composition of the Board and the voting rights is as follows:

	Members	% of voting Rights
Bury MBC	5	29.4
Tenant	7	41.2
Independent	5	29.4
		100

The related party transaction between Council Members on the board of Six Town Housing and Bury MBC are detailed in Bury MBC Statement of Accounts Note 16 (page 61).

Bury MBC's Commitment: Six Town Housing is the wholly owned subsidiary of Bury MBC. The Council is therefore committed that in the event of Six

Town Housing being wound up to contribute up to the limit of the guarantee. After the satisfaction of all the debts and liabilities the remaining assets will be transferred to the Council's Housing Revenue Account.

Financial Transactions and Operations: In 2008/09 Six Town Housing made a net operating loss of £0.966m compared to a gain of £0.283m in 2007/08. However after taking into account net actuarial losses of £0.503m, to comply with FRS 17 "accounting for pension costs", a total recognised loss of £1.469m was recorded in Six Town Housing's accounts (there was a gain of £0.857m in 2007/08). Bury MBC paid management fees of £13.392m in 2008/09 (£12.9m in 2007/08) to Six Town Housing for the management of its housing stock.

7. Reconciliation of the deficit in the group Income and Expenditure Account to the revenue activities net cash flow

<u>2007/2008</u>	GROUP RECONCILIATION OF REVENUE CASH FLOW	<u>2008/2009</u>	
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>
46,167	DEFICIT FOR THE YEAR ON REVENUE ACCOUNT		24,279
(9)	Six Town Housing Surplus		1,087
	Non Cash Movements in Revenue Account:		
(44,490)	Provision for Depreciation	(28,799)	
4,341	Other Provisions	659	
(4,494)	Minimum Revenue Provision	4,595	
(3,903)	Contributions from / (to) Revenue Reserves	(1,373)	
(1,992)	Other non-cash Movements	6,622	(18,296)
(50,538)			
	Movements in Current Assets and Liabilities:		
(123)	Increase / (Decrease) in Stock	(56)	
2,653	Increase / (Decrease) in Revenue Debtors	(1,789)	
(3,892)	(Increase) / Decrease in Revenue Creditors & Advance Receipts	(3,198)	
(1,362)			(5,043)
	Items shown elsewhere in the Cash Flow Statement:		
(5,225)	Interest Paid	(4,398)	
4,805	Interest Received	4,956	
1,250	Dividend Income	1,300	
830			1,858
(4,912)	NET CASH INFLOW FROM REVENUE ACTIVITIES		3,885