

# **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 Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, Reconciliation of the Single Entity (Surplus) or Deficit on Provision of Services for the year to the Group Surplus, 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 substantial control and 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 the notes to the Group Statements on page 120.

Also included in the group accounts is Bury MBC Townside Fields Limited. The company was incorporated on the 14<sup>th</sup> October 2009 and is a wholly owned subsidiary of Bury Council.

## 3. Basis of Consolidation

Six Town Housing and Bury MBC Townside Fields Ltd have been identified as subsidiaries of Bury Council and as such their 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 for Six Town Housing as Bury Council, 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 Council, from 1 April 2010 to 31 March 2011, therefore no adjustments are required regarding the accounting year.

For Bury MBC Townside Fields Limited, the acquisition accounting basis for consolidation has been used because Bury Council has taken 100% control of the company.

## 4. Accounts

Six Town Housing's Statement of Accounts 2010/2011 are audited by Baker Tilly UK and are to be submitted to their Audit and Standards Committee, followed by the Board, and AGM meeting for approval.

Copies of Six Town Housing Ltd 2010/11 Statement of Accounts can be obtained from Six Town Housing Finance Department, 6, Knowsley Place, Angouleme Way, Bury BL9 0EL.

For Bury MBC Townside Fields Limited pre-audit accounts for the year ended 31<sup>st</sup> March 2011 have been used to prepare the group accounts. The company's auditors are Horsfield and Smith.

## **GROUP MOVEMENT IN RESERVES STATEMENT**

	<u>General Fund Balance</u>	<u>Earmarked GF Reserves</u>	<u>Housing Revenue Account</u>	<u>Collection Fund Balance</u>	<u>Capital Receipts Unapplied</u>	<u>Major Repairs Reserve</u>	<u>Capital Grants Unapplied</u>	<u>Total Usable Reserves</u>	<u>Unusable Reserves</u>	<u>Total Group Reserves</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Balance at 1 <sup>st</sup> April 2009	13,346	8,453	922	78	(40)	973	983	24,715	479,509	504,224
<b><u>Movement in reserves during 2009/10</u></b>										
Surplus / (deficit) on the provision of services	(16,502)	417	0	0	0	0	0	(16,085)	0	(16,085)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(186,782)	(186,782)
Total Comprehensive Income and Expenditure	(16,502)	417	0	0	0	0	0	(16,085)	(186,782)	(202,867)
Adjustments between accounting basis & funding basis under regulations	17,576	0	(141)	0	347	(82)	(70)	17,630	(17,630)	0
Net increase / decrease before transfers to earmarked reserves	1074	417	(141)	0	347	(82)	(70)	1,545	(204,412)	(202,867)
Transfers to / from ear-marked reserves	(4,495)	13,647	0	(288)	0	0	0	8,864	(8,864)	0
Increase / decrease (movement) in 2009/10	(3,421)	14,064	(141)	(288)	347	(82)	(70)	10,409	(213,276)	(202,867)
Balance at 31 March 2010 carried forward	9,925	22,517	781	(210)	307	891	913	35,124	266,233	301,357

	<u>General Fund Balance</u>	<u>Earmarked GF Reserves</u>	<u>Housing Revenue Account</u>	<u>Collection Fund Balance</u>	<u>Capital Receipts Unapplied</u>	<u>Major Repairs Reserve</u>	<u>Capital Grants Unapplied</u>	<u>Total Usable Reserves</u>	<u>Unusable Reserves</u>	<u>Total Authority Reserves</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Balance at 1 <sup>st</sup> April 2010	9,925	22,517	781	(210)	307	891	913	35,124	266,233	301,357
<b><u>Movement in reserves during 2010/11</u></b>										
Surplus / (deficit) on the provision of services	(2,190)	2,333	0	0	0	0	0	143	0	143
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	209,333	209,333
Total Comprehensive Income and Expenditure	(2,190)	2,333	0	0	0	0	0	143	209,333	209,476
Adjustments between Group accounts and Authority accounts	0	1,643	0	0	0	0	0	1,643	0	1,643
Net increase / decrease before transfers	(2,190)	3,976	0	0	0	0	0	1,786	209,333	211,119
Adjustments between accounting basis & funding basis under regulations	12,600	0	(93)	0	779	(871)	(291)	12,124	(12,124)	0
Net increase / decrease before transfers to earmarked reserves	10,410	3,976	(93)	0	779	(871)	(291)	13,910	197,209	211,119
Transfers to / from ear-marked reserves	(7,526)	14,821	0	(183)	0	0	0	7,112	(7,112)	0
Increase / decrease (movement) in 2010/11	2,884	18,797	(93)	(183)	779	(871)	(291)	21,022	190,097	211,119
Balance at 31 March 2011 carried forward	12,809	41,314	688	(393)	1,086	20	622	56,146	456,330	512,476

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

<u>2009/2010</u>			<u>2010/2011</u>			
<u>Gross</u> <u>Expenditure</u>	<u>Restated</u> <u>Gross</u> <u>Income</u>	<u>Net</u> <u>Expenditure</u>	<u>Gross</u> <u>Expenditure</u>	<u>Gross</u> <u>Income</u>	<u>Net</u> <u>Expenditure</u>	<u>Note</u>
<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	
<b>Continuing Services</b>						
32,851	(28,810)	4,041	Central Services to the Public including Court Services	36,058	(29,892)	6,166
51,804	(21,001)	30,803	Cultural, Environmental, Regulatory & Planning Services	60,065	(19,647)	40,418
206,496	(166,259)	40,237	Children's & Education Services	246,912	(177,465)	69,447
28,890	(7,925)	20,965	Highways & Transport Services	31,749	(8,546)	23,203
8,799	(9,460)	(661)	Local Authority Housing (HRA)	6,405	(11,674)	(5,269)
51,857	(47,847)	4,010	Other Housing Services	58,861	(54,994)	3,867
76,552	(30,958)	45,594	Adult Social Care Services	90,234	(24,308)	65,926
5,141	7453	12,594	Corporate & Democratic Core	5,338	7,533	12,871
6,097	(36)	6,061	Non-Distributed Costs	4,869	(62,136)	(57,267)
680	(332)	348	Other Operating Inc & Exp.	1,403	(423)	980
<b>469,167</b>	<b>(305,175)</b>	<b>163,992</b>	<b>Cost Of Services</b>	<b>541,894</b>	<b>(381,552)</b>	<b>160,342</b>
<b>Other Operating Expenditure</b>						
212	(451)	(239)	(Gain)/Loss on Disposal of Non-Current Assets		(481)	(481)
27,610	(29,252)	(1,642)	Operations (Surplus)/Deficits on Trading	35,748	(32,551)	3,197
242	0	242	Contribution of Housing Capital Receipts to Government Pool	761	0	761
<b>28,064</b>	<b>(29,703)</b>	<b>(1,639)</b>		<b>36,509</b>	<b>(33,032)</b>	<b>3,477</b>
<b>Financing and Investment Income and Expenditure</b>						
6,468	0	6,468	Interest Payable & other Similar Charges	6,995	0	6,995
0	(2,401)	(2,401)	Interest and Investment Income	0	(2,999)	(2,999)
9,708	0	9,708	Pensions Interest Cost and Expected Return on Pensions Assets (IAS19)	6,812	0	6,812
(14)	0	(14)	Taxation of Group Entities	5	0	5
<b>16,162</b>	<b>(2,401)</b>	<b>13,761</b>		<b>13,812</b>	<b>(2,999)</b>	<b>10,813</b>
<b>Taxation and Non-Specific Grant Income</b>						
0	(72,761)	(72,761)	Demand On Collection Fund: Collection Fund Surplus	0	(75,297)	(75,297)
0	(21,266)	(21,266)	Council Tax Government Grants (not attributable to specific services)	0	(25,146)	(25,146)
0	(52,558)	(52,558)	Non-Domestic Rate distribution	0	(57,753)	(57,753)
0	(13,443)	(13,443)	Capital grants and contributions	0	(16,579)	(16,579)
<b>0</b>	<b>(160,028)</b>	<b>(160,028)</b>		<b>0</b>	<b>(174,775)</b>	<b>(174,775)</b>
<b>(Surplus) or Deficit On Provision of Services</b>						
<b>513,393</b>	<b>(497,307)</b>	<b>16,086</b>		<b>592,215</b>	<b>(592,358)</b>	<b>(143)</b>
<b>Other Comprehensive Income and Expenditure</b>						
		15,743	(Surplus) / Deficit on revaluation of property, plant and equipment			(36,220)
		103	(Surplus) / Deficit on revaluation of available for sale financial assets			103
		170,584	Actuarial (gains) / losses on pension assets and liabilities			(169,995)
		352	Any other (gains)/ losses for the year			(4,865)
			<b>Other Comprehensive Income and Expenditure</b>			<b>(210,977)</b>
		<b>186,782</b>				
		<b>202,868</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(211,120)</b>

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

<b>2009/2010</b> <b>Restated</b> <b>£000's</b>		<b>2010/2011</b> <b>£000's</b>
16,502	(Surplus) / deficit for the year on the Authority Comprehensive Income and Expenditure Statement	2,190
0	Adjustments for transactions with other group entities	0
16,502	Surplus / Deficit on provision of services in the Group Comprehensive Income and Expenditure Statement attributable to the Authority	2,190
(416)	(Surplus) / deficit on provision of services in the Group Comprehensive Income and Expenditure Statement attributable to group entities (adjusted for intra-group transactions): Subsidiaries Associates Joint Venture	2,333
<b>16,086</b>	Surplus / Deficit on provision of services for the year on Group Comprehensive Income and Expenditure Statement	<b>(143)</b>

**GROUP BALANCE SHEET AT 31<sup>ST</sup> MARCH 2011**

<b>1/4/2009</b> <b>Restated</b> <b>£'000</b>	<b>31/3/2010</b> <b>Restated</b> <b>£'000</b>		<b>31/3/2011</b> <b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>Note</b>
		<b>PROPERTY, PLANT &amp; EQUIPMENT</b>				
5,572	5,424	Intangible Fixed Assets	5,272	<b>5,272</b>		
1,149	1,149	Investment Property	1,136	<b>1,136</b>		
		<i>Tangible Fixed Assets</i>				
		Operational Assets:				
292,629	273,065	Council Dwellings	305,244			
354,867	359,963	Other Land & Buildings	357,059			
29,847	30,526	Infrastructure Assets	31,600		1	
4,133	4,150	Vehicles & Plant	3,652			
637	638	Community Assets	638			
48,136	42,861	Non-Operational Assets	42,890			
16,938	9,718	Assets under construction	18,652			
405	2,016	Surplus assets held for disposal	2,016			
<b>754,313</b>	<b>729,510</b>	<b>TOTAL FIXED ASSETS</b>	<b>761,751</b>	<b>768,159</b>		
		<b>LONG TERM INVESTMENTS</b>				
10,214	10,214	Manchester Airport PLC		10,214		
5,029	5,004	Royal Bank of Scotland		0		
<b>15,243</b>	<b>15,218</b>				<b>10,214</b>	
		<b>LONG TERM DEBTORS</b>				
0	0	Long term Debtors - General		130		

9,006	9,855	Loan Accounts	9,811		
24	22	Debt Managed for Probation Services	21	<b>9,962</b>	
<b>9,030</b>	<b>9,877</b>				
<b>CURRENT ASSETS</b>					
1,090	1,250	Stocks & Work in Progress	1,283		
390	335	Assets Held for Sale	70		
30,695	28,406	Sundry Debtors & Advance Payments	31,946		
26,491	14,907	Short Term Investments	30,415		
6,829	17,118	Cash And Cash Equivalents	14,203		
<b>65,495</b>	<b>62,016</b>			<b>77,917</b>	
<b>LESS : CURRENT LIABILITIES</b>					
(4,377)	(2,278)	Short Term Loans Outstanding	(15,597)		
(193)	(253)	Deposits & Clients' Funds	(221)		
(852)	(864)	Short Term Provisions	(1,427)		
(42,379)	(27,962)	Sundry Creditors & Advance Receipts	(29,682)		
(1,528)	(5,397)	Bank Accounts	(3,889)		
<b>(49,329)</b>	<b>(36,754)</b>			<b>(50,816)</b>	
<b>16,166</b>	<b>25,262</b>	<b>NET CURRENT ASSETS</b>			<b>27,101</b>
<b>794,752</b>	<b>779,867</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>815,436</b>
<b>LESS: LONG TERM LIABILITIES</b>					
(119,018)	(130,594)	External Loans Outstanding	(124,032)		
(3,867)	(9,690)	Capital Grants Receipts in Advance	(14,097)		
(1,072)	(1,139)	Finance Lease Liabilities	(728)		
(8,058)	(8,686)	Deferred Liabilities	(8,181)		
(114,842)	(281,394)	Pension Liability	(113,083)		
(43,671)	(47,008)	Long Term Provisions	(42,839)		
<b>(290,528)</b>	<b>(478,511)</b>				<b>(302,960)</b>
<b>504,224</b>	<b>301,356</b>	<b>TOTAL NET ASSETS</b>			<b>512,476</b>
<b>1/4/2009</b>	<b>31/3/2010</b>		<b>31/3/2011</b>		
<b>Restated</b>	<b>Restated</b>				
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b> <b>Note</b>
<b>FINANCED BY :</b>					
<b>USABLE RESERVES</b>					
3,771	(14,564)	Earmarked Reserves	(21,686)		
40	(307)	Capital Receipts Unapplied	(1,086)		
(983)	(913)	Capital Grants Unapplied	(622)		
(13,346)	(9,925)	General Fund	(12,809)		
(922)	(781)	Housing Revenue Account	(688)		
(973)	(891)	Major Repairs Reserve	(20)		
(1,114)	(629)	Competitive Services / Commuted Sums	(1,589)		
(79)	210	Collection Fund Balance	393		
(11,109)	(7,323)	Other Balances	(18,039)		
<b>(24,715)</b>	<b>(35,123)</b>				<b>(56,146)</b>
<b>UNUSABLE RESERVES</b>					
(189,546)	(173,797)	Revaluation Reserve	(209,981)		
(408,497)	(389,201)	Capital Adjustment Account	(377,735)		
(431)	(328)	Financial Instruments	(225)		
(63)	68	Adjustment Reserve			
		Collection Fund Adjustment Account	214		
4,942	5,121	Accumulated Absences	4,014		
114,200	273,700	Pension Reserve	113,000		
0	18,288	Equal Pay Back Pay Reserve	14,446		
(114)	(84)	Deferred Capital Receipts	(63)		
<b>(479,509)</b>	<b>(266,233)</b>				<b>(456,330)</b>
<b>(504,224)</b>	<b>(301,356)</b>	<b>TOTAL RESERVES AND BALANCES</b>			<b>(512,476)</b>



## GROUP CASH FLOW STATEMENT

<u>2009/10</u>	<u>2010/2011</u>			
<u>Restated</u>		<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
<b><u>OPERATING ACTIVITIES</u></b>				
<b>Cash Outflows:</b>				
192,667	Cash Paid to and on behalf of Employees	195,464		
219,210	Cash Paid for Goods and Services	278,598		
27,397	Housing Benefit paid out	31,213		
4,416	Interest Paid	4,501		
242	Payments to Housing Capital Receipts Pool	761		
1,925	Net Increase / (Decrease) in Council Tax Liquid Resources	1,570		
0	Six Town Housing	577		
0	Bury MBC Townside Fields	24		
<b>445,857</b>	<b>Cash Outflows Generated from Operating Activities</b>		<b>512,708</b>	
<b>Cash Inflows:</b>				
(24,889)	Rents (after Rebates)	(25,240)		
(61,436)	Council Tax Receipts (excl major preceptors share of receipts)	(62,825)		
0	VAT Receipts	(1,244)		
55	Corporation Tax	(14)		
(52,558)	NNDR Receipts from National Pool	(57,753)		
(12,131)	Revenue Support Grant	(8,386)		
(40,669)	DWP Grants for Benefits	(45,533)		
0	Government Grant (Six Town Housing)	(1,450)		
(155,455)	Other Government Grants	(164,925)		
(2,400)	Interest Received	(2,999)		
(1,000)	Airport Dividend Received	(1,000)		
(543)	Six Town Housing	0		
(95,451)	Cash Received for Goods and Services	(157,139)		
<b>(446,477)</b>	<b>Cash Inflows Generated from Operating Activities</b>		<b>(528,508)</b>	
<b>(620)</b>	<b>(INFLOW) / OUTFLOW FROM OPERATING ACTIVITIES</b>			<b>(15,800)</b>
<b><u>INVESTING ACTIVITIES</u></b>				
32,774	Purchase of Fixed Assets		21,623	
0	Capital Expenditure (Six Town Housing)		332	
1,395	Purchase of Long Term Investments		3,791	
(11,584)	Net Increase / (Decrease) in Short Term Deposits		15,508	
(655)	Proceeds of Sale of Fixed Assets		(1,584)	
(18,206)	Capital Grants received		(16,686)	
<b>3,724</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			<b>22,984</b>
<b><u>FINANCING ACTIVITIES</u></b>				
Repayments of amounts borrowed:				
3,876	Long Term loans repaid		7,343	
348	Short Term loans repaid		21,000	
847	Net Receipts from Long Term Debtors		85	
(13,700)	New Long Term Loans		(9,100)	
0	New Short Term Loans		(26,000)	
<b>(8,629)</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>			<b>(6,672)</b>
<b>(5,525)</b>	<b>NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS</b>			<b>512</b>



S KENYON, C.P.F.A.  
Assistant Director of Resources (Finance & Efficiency)  
21 June 2011

## 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". The operating expenditure and income of Bury MBC Townside Fields Limited has been included within "Corporate and Democratic Services".

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

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

### 3. **Goodwill**

No goodwill arose in respect of either subsidiaries.

### 5. **Plant, Property and Equipment**

Six Town Housing's fixed assets are included as tangible assets and are valued at historical cost, the same as the assets of Bury Council. The fixed assets of Bury MBC Townside Fields Limited are also valued at historic cost in line with Bury Council's policy.

### 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:

	<b>Members</b>	<b>% of voting Rights</b>
<b>Bury Council</b>	5	29.4
<b>Tenant</b>	7	41.2
<b>Independent</b>	5	29.4
		<b>100</b>

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 12 (Page 63).

**Bury Council'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 2010/2011 Six Town Housing made a net operating profit of £2.388m compared to a profit of £0.594m restated in 2009/2010. Bury MBC paid management fees of £13.154m in 2010/2011 (£13.494m in 2009/2010) to Six Town Housing for the management of its housing stock.

## 7. Bury MBC Townside Fields Limited – wholly owned subsidiary

**Nature of Business:** Bury MBC Townside Fields was formed to facilitate the development of Knowsley Place. The company's share capital (Ordinary Share Capital £1) is wholly owned by Bury Council.

Bury MBC Townside Fields Limited made a profit of £0.038m for the year ended 31<sup>st</sup> March 2011 compared to a loss of 0.105m for the period to 31<sup>st</sup> March 2010. As at 31<sup>st</sup> March 2011, Bury Council has invested £10.215m in Bury MBC Townside Fields Ltd.

## 8. Reconciliation of the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure Statement to the net cash (Inflow) / Outflow from Operating Activities .

<u>2009/2010</u>	<b>GROUP RECONCILIATION OF REVENUE CASH FLOW</b>	<u>2010/2011</u>	
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>
<b>16,502</b>	<b>DEFICIT FOR THE YEAR ON PROVISION OF SERVICES</b>		<b>2,190</b>
(522)	Six Town Housing Surplus		(2,295)
105	Bury MBC Townside Fields Loss		(38)
	<b>Non Cash Movements in Revenue Account:</b>		
(31,576)	Provision for Depreciation	(31,479)	
(3,349)	Other Provisions	3,606	
5,106	Minimum Revenue Provision	5,390	
(14,074)	Contributions from / (to) Revenue Reserves	(9,819)	
16,915	Other non-cash Movements	15,293	
<b>(27,978)</b>			<b>(17,009)</b>
	<b>Movements in Current Assets and Liabilities:</b>		
160	Increase / (Decrease) in Stock	33	
(2,289)	Increase / (Decrease) in Revenue Debtors	3,541	
14,418	(Increase) / Decrease in Revenue Creditors & Advance Receipts	(1,720)	
<b>12,289</b>			<b>1,854</b>
	<b>Items shown elsewhere in the Cash Flow Statement:</b>		
(4,416)	Interest Paid	(4,501)	
2,400	Interest Received	2,999	
1,000	Dividend Income	1,000	
<b>(1,016)</b>			<b>(502)</b>
<b>(620)</b>	<b>NET CASH INFLOW FROM REVENUE ACTIVITIES</b>		<b>(15,800)</b>