

**AUDIT COMMITTEE – 26 JULY 2013**

<b>Title of paper:</b>	<b>DRAFT STATEMENT OF ACCOUNTS 2012-13</b>	
<b>Director(s)/ Corporate Director(s):</b>	Carole Mills - Deputy Chief Executive/Corporate Director for Resources	<b>Wards affected:</b> All
<b>Report author(s) and contact details:</b>	Barry Dryden, Senior Finance Manager, Financial Reporting <a href="mailto:barry.dryden@nottinghamcity.gov.uk">barry.dryden@nottinghamcity.gov.uk</a> 0115 876 2799	
<b>Other colleagues who have provided input:</b>	None	
<b>Relevant Council Plan Strategic Priority:</b>		
World Class Nottingham		
Work in Nottingham		
Safer Nottingham		
Neighbourhood Nottingham		
Family Nottingham		
Healthy Nottingham		
Leading Nottingham		✓
<b>Summary of issues (including benefits to citizens/service users):</b>		
This report sets out progress regarding the 2012/13 Statement of Accounts (the Statement) for Nottingham City Council, and outlines the process for approving the Statement in accordance with the Accounts and Audit Regulations 2011		
<b>Recommendation(s):</b>		
<b>1</b>	Note that the Statement of Accounts was submitted to the Audit Commission for audit review on 28 June 2013.	
<b>2</b>	Note that the contents of the Statement of Accounts will be placed on deposit for public inspection for 20 working days from 8 July 2013	
<b>3</b>	Note that there have been no significant changes to the accounting policies presented to Audit Committee on 26 April 2013	
<b>4</b>	Review the Council's position and confirm that it is appropriate for the Statement of Accounts to be produced on a going concern basis.	
<b>5</b>	Note that the Audit Committee will be required to review the final audited Statement when it is presented on 27 September 2013.	

## **1. BACKGROUND**

- 1.1 The Accounts and Audit Regulations 2011 (the Regulations) require the City Council to produce an annual Statement of Accounts and outlines the process for their approval and publication. The Regulations require the Council to make the unaudited Statement available for public inspection.
- 1.2 The Review of Accounting Policies report to Audit Committee on 26 April 2013 stated that any major changes in Accounting Policies would be brought to this meeting. There are no changes at this time.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 Under s8 of the Regulations, the responsible financial officer has to certify that the Council's pre-audit Statement presents a true and fair view of the income, expenditure and financial position of the Council. In accordance with the Regulations, the Chief Finance Officer (CFO) certified the 2012/13 Statement on 28 June 2013 and the Statement was passed to the external auditors (KPMG) to begin their audit on the same date.
- 2.2 The certification will allow the Statement to be placed on deposit for public inspection for a period of 20 working days from 8 July 2013 to 2 August 2013. A public notice to this effect was placed in the local press on 5 June 2013 and on the Council's website. Following this period, KPMG will be available on or after 5 August 2013 for any local government elector or their representative to question them about the accounts or make any objections.
- 2.3 The accounting policies presented to Audit Committee on 26 April have been passed to KPMG for review. KPMG have not identified any major changes that are required
- 2.4 International Accounting Standard 1 requires the Council to undertake an annual review to assure itself that it is appropriate for the Statement to be produced on a going concern basis. In line with best practice, it is recommended that Audit Committee formally confirm that the Council is a going concern. The inherent nature of local authorities is considered to be sufficient to satisfy this requirement; although the work undertaken by the CFO in assessing the Medium Term Financial Plan for the robustness of the budget and adequacy of reserves further supports this.
- 2.5 The Regulations require that the audited Statement is submitted for consideration and approval by the Council or a committee of the Council prior to the end of September in the following financial year. To meet this requirement a further report, supported by the audited Statement, will be brought to the Audit Committee on 27 September.

- 2.6 The Audit Committee's terms of reference include dealing with matters relating to the Statement, and will be required to review the final Statement and consider any findings made by KPMG at the September meeting. As the Statement is a long and complex document, the draft executive summary and main statements are set out in **Appendix A**. The full Statement is also available on request from [barry.dryden@nottinghamcity.gov.uk](mailto:barry.dryden@nottinghamcity.gov.uk) or from the City Council's website at <http://www.nottinghamcity.gov.uk/index.aspx?articleid=1095>

**3. OTHER OPTIONS CONSIDERED IN MAKING ECOMMENDATIONS**

- 3.1 None.

**4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)**

- 4.1 None.

**5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)**

- 5.1 None.

**6. EQUALITY IMPACT ASSESSMENTS (EIAs)**

- 6.1 An EIA is not required as this report does not include proposals for new or changing policies, services or functions.

**7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

Draft Statement of Accounts  
Closedown working papers

**8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

Code of Practice on Local Authority Accounting  
CIPFA Supplementary Guidance  
LAAP bulletins  
Accounts and Audit Regulations 2011.

## 1. Executive Summary

The Statement of Accounts provides a summary of the Council's financial performance for 2012/13. This is primarily reflected in the Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet, while the Movement in Reserves and Cash Flow statements provide further analysis of specific movements on the Balance Sheet.

### 1.1 Income and Expenditure – Funding Basis

DESCRIPTION	2011/12 £m	2012/13 £m
Cost of services (portfolios)	278.445	270.501
(Surplus)/Deficit before transfers to reserves	(5.305)	(15.851)
(Surplus)/Deficit after transfers to reserves	(3.082)	(2.116)

When setting its Budget and Council Tax, the Council is required to follow legislative requirements to fund its expenditure (Funding Basis). On the Funding Basis the Council generated a surplus of income over expenditure of £2.116m after contributions of £13.735m had been made to earmarked reserves. This surplus increases the General Fund by £2.116m, and was generated by services underspending by £6.446m, offset by additional uses of the General Fund totalling £4.330m.

Further analysis of the spending in 2012/13 is set out in section 2.2 of the Explanatory Foreword.

### 1.2 Income and Expenditure – Financial Reporting Basis

DESCRIPTION	2011/12 £m	2012/13 £m
Cost of Services	432.536	304.771
Total Comprehensive Income and Expenditure (Surplus)/Deficit	353.571	(28.878)

The CIES is produced using International Financial Reporting Standards (IFRS) and shows a surplus for the year of £28.878m. The difference from the Funding Basis is due to the inclusion of the Housing Revenue Account (HRA), the treatment of capital financing and timing differences in the recognition of income and expenditure. The surplus, together with a reduction in unusable reserves (£14.896) is used to increase the General Fund (£2.116m), Earmarked Reserves (£13.735m), HRA Reserves (£0.436m) and Capital Financing Reserves (£24.578m).

Further explanation of these differences is set out in section 5 of the accounts and in note 6.3.1.

## 1.3 Balance Sheet

TABLE 1.3 KEY FIGURES - BALANCE SHEET		
DESCRIPTION	31 March 2012 £m	31 March 2013 £m
Long Term Assets	2,083.640	2,086.298
Current Assets	256.618	324.898
Current Liabilities	(273.594)	(242.368)
Long Term Liabilities	(1,274.781)	(1,348.070)
<b>NET ASSETS</b>	<b>791.883</b>	<b>820.758</b>

The Balance Sheet shows the value of the Council's assets and liabilities at the end of the financial year. The most significant assets relate to the value of property plant and equipment (PPE). The value of these assets has fallen by £2.862m. This movement is as a result of a number of factors:

- Expenditure on new PPE assets or improving existing assets has increased their value by £120.653m.
- PPE assets have been depreciated to reflect use over their lifetime. This charge has reduced the value of these assets by £81.387m
- Each year the Council's PPE assets are reviewed to assess whether their depreciated value reflects an objective assessment of their current value. This assessment has resulted in an increase in the value of these assets by £0.910m.
- A number of schools have switched to Academy status which, together with the de-recognition of other assets, resulted in £35.725m of assets being removed.
- The disposal, sale or removal of other PPE assets has reduced their value by £3.066m
- Assets transferred to Held for Sale amounted to £4.247m

Further details appear in note 6.2.1

Within long term liabilities, expenditure on assets that have been financed by borrowing has helped to produce a net increase in the long term borrowing figure of £63.609m. However, this increase has been offset by the repayments on existing loans. The Council is required to monitor its need to borrow arising from capital expenditure (Capital Financing Requirement) which currently stands at £902.178m, an increase of £9.106m. Note 6.5.9 provides further details of capital expenditure and its financing.

The Balance Sheet also includes a liability of £546.235m relating to pension schemes. This liability represents the likely pension entitlements payable to all current staff and pensioners offset by the current value of the pension fund. This method of assessing the impact of pensions can be very volatile, resulting in significant charges or credits to the CIES. For 2012/13 the credit to the CIES was £7.957m. However, the Funding Basis approach maintains an element of stability by only accounting for the annual employer's contributions and payments to the Fund. The Pension Fund is then periodically reviewed and employer's contributions are adjusted to meet liabilities over the longer term. Therefore, the difference in approach relates to timing differences in recognising the net charge to the CIES.

The figure for Net Assets represents an overall view of the net value of the Council after netting off all assets and liabilities. At 31 March 2013, this totals £820.758m.

## 1.4 Movement in Reserves Statement

<b>TABLE 1.4 KEY FIGURES - MOVEMENT IN RESERVES STATEMENT</b>			
<b>DESCRIPTION</b>	<b>31 March 2012 £m</b>	<b>Movement 2012/13 £m</b>	<b>31 March 2013 £m</b>
General Fund	11.686	2.116	13.802
Earmarked General Fund Reserves	105.249	13.735	118.984
Other Usable Reserves	36.551	25.014	61.565
Unusable Reserves	638.394	(11.987)	626.407
<b>TOTAL AUTHORITY RESERVES</b>	<b>791.880</b>	<b>28.878</b>	<b>820.758</b>

Previous years' surpluses and deficits on the CIES are reflected in the reserves figures. The Movement in Reserves Statement shows how the reserves have changed during the year.

The reserves are split between usable and unusable. Usable reserves are available to support the Council's revenue budget, otherwise known as the General Fund (£13.802m), Earmarked Reserves (£118.984m) the HRA (£5.030m) and Capital Financing (£56.535m). The movement in the General Fund reflects the surplus after transfers to reserves on the funding basis (Table 1.1). Unusable reserves are created to account for the timing differences between the Funding Basis and IFRS basis of accounting as already referred to in paragraph 1.2. These reserves are therefore not available for distribution as they are required as and when the timing differences fall out.

Further details of the reserves and movements are set out in the Movement in Reserves Statement and in notes 6.2.3, 6.2.12 and 6.2.13.

## 1.5 Group Accounts

<b>TABLE 1.5 KEY FIGURES - GROUP ACCOUNTS</b>		
<b>DESCRIPTION</b>	<b>2011/12 £m</b>	<b>2012/13 £m</b>
Total Comprehensive Income and Expenditure (Surplus)/Deficit	375.994	(32.513)
Net Assets	775.361	808.587
Council's Share of other Group Reserves/Minority Interests	(16.522)	(12.171)

Group Accounts consolidate statements for the Council with organisations where the Council has material financial interests and a significant level of control. The 2012/13 Group Accounts consolidate the accounts for Arrow Light Rail Ltd, Bridge Estate, Nottingham City Homes (NCH), Nottingham City Transport (NCT), Nottingham Ice Centre, Enviroenergy and Nottinghamshire Futures Ltd.

On an IFRS basis the group's surplus is £3.635m higher than the Council's primarily due to gains and losses on the pension scheme valuations for NCT and NCH. The value of the Group as represented by Net Assets is £808.587m. This is £12.171m less than the Council's Net Assets, which is due in part to the additional pension scheme liabilities. This reduction is also reflected in the Group's reserves as a result of the consequential accumulated net losses. Further details appear in section 8 of the accounts.

## 1.6 Forward Plans

TABLE 1.6 KEY FIGURES - FORWARD PLANS			
DESCRIPTION	2013/14 £m	2014/15 £m	2015/16 £m
Medium Term Financial Outlook - Indicative Cumulative Revenue Gap	-	22.462	43.256
Capital Programme - Planned Expenditure	209.763	205.066	69.157

Details of the Council's Plans for the future are held in a number of documents including the Nottingham Plan to 2020, the Medium Term Financial Plan and the Asset Management Plan.

The Council will continue to face a period of uncertainty due to the current economic conditions and a number of Government initiatives. The council has set a balanced budget for 2013/14. However, it is clear that there will be further funding reductions in the future within which inflationary and demographic pressures will have to be managed. As a result, the current Medium Term Financial Outlook shows an estimated gap of £43.256m by 2015/16.

A similar challenge is faced by the Capital Programme. However, the programme is boosted by expenditure on NET lines 2 and 3 for the next two years. Thereafter the programme is dominated by expenditure on public sector housing, which will be predominantly financed by the Housing Revenue Account.

Further details appear in section 2 of the accounts.

## 2. Core Financial Statements

### 2.1 Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

**TABLE 4.1: COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

DESCRIPTION (Note)	2011/12			2012/13		
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure	Income	Expenditure	Expenditure	Income	Expenditure
	£m	£m	£m	£m	£m	£m
Central services to the public	4.765	(2.865)	<b>1.900</b>	5.383	(3.183)	2.200
Cultural and related services	66.626	(10.847)	<b>55.779</b>	62.933	(11.047)	51.886
Environmental and Regulatory services	46.753	(15.834)	<b>30.919</b>	46.208	(16.156)	30.052
Planning Services	35.240	(11.841)	<b>23.399</b>	26.451	(19.800)	6.651
Education and children's services	338.239	(227.693)	<b>110.546</b>	280.198	(189.497)	90.701
Highways and transport services	61.441	(33.937)	<b>27.504</b>	63.978	(46.198)	17.780
Local authority housing (HRA)	143.193	(93.076)	<b>50.117</b>	78.591	(100.574)	(21.983)
Other housing services	202.239	(175.630)	<b>26.609</b>	203.545	(184.765)	18.780
Adult social care	116.252	(37.396)	<b>78.856</b>	118.714	(34.281)	84.433
Corporate and democratic core	44.243	(21.496)	<b>22.747</b>	49.080	(28.944)	20.136
Non distributed costs	4.406	(0.246)	<b>4.160</b>	4.444	(0.309)	4.135
<b>Cost of Services</b>	<b>1,063.397</b>	<b>(630.861)</b>	<b>432.536</b>	<b>939.525</b>	<b>(634.754)</b>	<b>304.771</b>
Other operating expenditure (Note 6.1.1)						
Transfer of school buildings to academies	94.778	-	<b>94.778</b>	26.573	-	26.573
Other	40.987	(9.249)	<b>31.738</b>	17.137	(10.197)	6.940
Financing and investment income and expenditure (Note 6.1.2)	132.027	(70.465)	<b>61.562</b>	93.902	(55.091)	38.811
Taxation and non-specific grant income (Note 6.1.3 & 6.1.5)						
Exceptional Items						
Investment Impairment	30.261	-	<b>30.261</b>	-	-	-
HRA Debt Redemption	-	(65.988)	<b>(65.988)</b>	-	-	-
HRA Debt Premiums	-	(12.755)	<b>(12.755)</b>	-	-	-
Other	-	(340.342)	<b>(340.342)</b>	-	(341.713)	(341.713)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>1,361.450</b>	<b>(1,129.660)</b>	<b>231.790</b>	<b>1,077.137</b>	<b>(1,041.755)</b>	<b>35.382</b>
Surplus or deficit on revaluation of Property, Plant and Equipment assets (Note 6.1.6)			<b>(66.236)</b>			<b>(56.259)</b>
Actuarial gains/losses on pension assets/liabilities (Note 6.1.4)			<b>188.110</b>			<b>(7.957)</b>
Other gains/losses recognised required			<b>(0.093)</b>			<b>(0.044)</b>
<b>Other Comprehensive Income and Expenditure</b>			<b>121.781</b>			<b>(64.260)</b>
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE (SURPLUS)/DEFICIT</b>			<b>353.571</b>			<b>(28.878)</b>

## 2.2 Balance Sheet

The Balance Sheet shows the value, as at 31 March each year, of the assets and liabilities recognised by the Council. The net assets (i.e. assets less liabilities) are matched by the reserves held. Reserves are reported in two categories:

- usable reserves - i.e. those reserves that may be used to help provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- those reserves that the Council is not able to use to help provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to help provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>TABLE 4.2: BALANCE SHEET</b>			
<b>DESCRIPTION</b>	<b>Notes</b>	<b>Restated 31 March 2012 £m</b>	<b>31 March 2013 £m</b>
Property, Plant & Equipment	6.2.1	1,934.536	1,931.674
Heritage Assets	6.2.2	44.489	46.344
Investment Property	6.2.4	37.454	36.962
Intangible Assets	6.2.5	2.063	1.781
Long Term Investments		12.472	10.885
Long Term Debtors	6.2.16(a)	52.626	58.652
<b>Long Term assets</b>		<b>2,083.640</b>	<b>2,086.298</b>
Assets Held for Sale	6.2.6	5.607	5.918
Intangible Assets (current assets)	6.2.11(a)	-	0.034
Short Term Investments	6.2.16(a)	49.963	147.455
Inventories	6.2.7	1.468	1.209
Short Term Debtors	6.2.8	76.230	93.366
Cash and Cash Equivalents	6.2.9	123.350	76.916
<b>Current Assets</b>		<b>256.618</b>	<b>324.898</b>
Short Term Borrowing	6.2.16(b)	(126.923)	(85.898)
Short Term Creditors	6.2.10	(146.671)	(151.718)
Provisions (current provisions)	6.2.11(a)	-	(4.752)
<b>Current Liabilities</b>		<b>(273.594)</b>	<b>(242.368)</b>
Long Term Borrowing	6.2.16(b)	(637.713)	(701.322)
Other Long Term Liabilities	6.2.16(b)	(81.476)	(81.162)
Provisions (non-current)	6.2.11(b)	(11.127)	(14.761)
Capital Grants Receipts in Advance	6.2.14	(7.646)	(4.590)
Defined Benefit Pension Scheme	6.2.15	(536.819)	(546.235)
<b>Long Term Liabilities</b>		<b>(1,274.781)</b>	<b>(1,348.070)</b>
<b>NET ASSETS</b>		<b>791.883</b>	<b>820.758</b>
Usable Reserves	6.2.12*	153.486	194.351
Unusable Reserves	6.2.13	638.397	626.407
<b>TOTAL RESERVES</b>		<b>791.883</b>	<b>820.758</b>

\* See tables 4.3 and 6.2.3 for details

## APPENDIX A

### 2.3 Movement in Reserves Statement

This statement shows the in-year movement of the various reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. However, these are different from the statutory amounts required to be charged to the General Fund Balance and the HRA for council tax setting and dwellings rent setting purposes, which are shown by the Net Increase/Decrease before Transfers to Earmarked Reserves line. Discretionary transfers to or from earmarked reserves are undertaken before arriving at the Increase/Decrease in Year line

TABLE 4.3(a): MOVEMENT IN RESERVES STATEMENT 2012/13

DESCRIPTION (Note)	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 31 March 2012</b>	11.686	105.249	4.594	0.440	15.817	15.700	153.486	638.394	791.880
<b>Movement in reserves during 2012/13:</b>									
Surplus/(deficit) on the provision of services	(45.214)	-	9.832	-	-	-	(35.382)	-	(35.382)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	64.260	64.260
<b>Total Comprehensive Income and Expenditure (Table 4.1)</b>	<b>(45.214)</b>	<b>-</b>	<b>9.832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35.382)</b>	<b>64.260</b>	<b>28.878</b>
Adjustments between accounting basis and funding basis under regulations (Note 6.3.1)	61.065	-	(9.396)	8.863	12.190	3.525	76.247	(76.247)	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>15.851</b>	<b>-</b>	<b>0.436</b>	<b>8.863</b>	<b>12.190</b>	<b>3.525</b>	<b>40.865</b>	<b>(11.987)</b>	<b>28.878</b>
Transfers to/from Earmarked Reserves	(13.735)	13.735	-	-	-	-	-	-	-
<b>Increase/Decrease in Year</b>	<b>2.116</b>	<b>13.735</b>	<b>0.436</b>	<b>8.863</b>	<b>12.190</b>	<b>3.525</b>	<b>40.865</b>	<b>(11.987)</b>	<b>28.878</b>
<b>BALANCE AT 31 MARCH 2013</b>	<b>13.802</b>	<b>118.984</b>	<b>5.030</b>	<b>9.303</b>	<b>28.007</b>	<b>19.225</b>	<b>194.351</b>	<b>626.407</b>	<b>820.758</b>

TABLE 4.3(b): MOVEMENT IN RESERVES STATEMENT 2011/12

DESCRIPTION (Note)	General Fund Balance		Earmarked General Fund Reserves		Housing Revenue Account		Capital Receipts Reserve		Major Repairs Reserve		Capital Grants Unapplied		Total Usable Reserves		Unusable Reserves		Total Authority Reserves	
	£m		£m		£m		£m		£m		£m		£m		£m		£m	
<b>Balance at 31 March 2011</b>	<b>8.604</b>		<b>102.979</b>		<b>5.171</b>		<b>1.015</b>		<b>13.397</b>		<b>22.088</b>		<b>153.254</b>		<b>992.200</b>		<b>1,145.454</b>	
<b>Movement in reserves during 2011/12:</b>																		
Surplus/(deficit) on the provision of services	(236.428)		-		4.638		-		-		-		(231.790)		-		(231.790)	
Other Comprehensive Income and Expenditure	-		0.047		-		-		-		-		0.047		(121.828)		(121.781)	
<b>Total Comprehensive Income and Expenditure (Table 4.1)</b>	<b>(236.428)</b>		<b>0.047</b>		<b>4.638</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>(231.743)</b>		<b>(121.828)</b>		<b>(353.571)</b>	
Adjustments between accounting basis and funding basis under regulations (Note 6.3.1)	241.733				(5.215)		(0.575)		2.420		(6.388)		231.975		(231.975)		-	
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>5.305</b>		<b>0.047</b>		<b>(0.577)</b>		<b>(0.575)</b>		<b>2.420</b>		<b>(6.388)</b>		<b>0.232</b>		<b>(353.803)</b>		<b>(353.571)</b>	
Transfers to/from Earmarked Reserves	(2.223)		2.223		-		-		-		-		-		-		-	
<b>Increase/Decrease in Year</b>	<b>3.082</b>		<b>2.270</b>		<b>(0.577)</b>		<b>(0.575)</b>		<b>2.420</b>		<b>(6.388)</b>		<b>0.232</b>		<b>(353.803)</b>		<b>(353.571)</b>	
<b>BALANCE AT 31 MARCH 2012</b>	<b>11.686</b>		<b>105.249</b>		<b>4.594</b>		<b>0.440</b>		<b>15.817</b>		<b>15.700</b>		<b>153.486</b>		<b>638.397</b>		<b>791.883</b>	

Details regarding the Major Repairs Reserve are covered in the HRA notes to the accounts.

## 2.4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how cash and cash equivalents are generated and used by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been used for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

<b>TABLE 4.4: CASH FLOW STATEMENT</b>			
<b>DESCRIPTION</b>	<b>Notes</b>	<b>2011/12 £m</b>	<b>2012/13 £m</b>
<b>Net Surplus/(Deficit) on the provision of Services</b>		<b>(231.790)</b>	<b>(35.382)</b>
Adjustments to net surplus or deficit on the provision of services for non-cash movements		491.032	202.796
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(149.222)	(82.389)
<b>Net Cash Flows from Operating Activities</b>	<b>6.4.1</b>	<b>110.020</b>	<b>85.025</b>
Investing activities	<b>6.4.2</b>	(259.752)	(140.407)
Financing activities	<b>6.4.3</b>	186.144	8.948
<b>Net Increase or Decrease in Cash and Cash Equivalents</b>		<b>36.412</b>	<b>(46.434)</b>
Cash and cash equivalents at the beginning of the reporting period		86.938	123.350
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH 2013</b>		<b>123.350</b>	<b>76.916</b>