

Balance Sheet as at 31 March 2006

2004/05 £'000	Notes	£'000	£'000	£'000
629	INTANGIBLE ASSETS			387
	<u>NET TANGIBLE FIXED ASSETS</u>			
	OPERATIONAL ASSETS	1,3 & 4		
29,144	Land and Buildings		33,580	
478	Police Houses		508	
10,753	Vehicle, plant, furniture and equipment		<u>11,691</u>	
40,375				45,779
	NON-OPERATIONAL ASSETS	1,3 & 4		
58	Land and Buildings		58	
42	Police Houses		<u>63</u>	
100				121
12	LONG TERM DEBTORS	5		<u>13</u>
41,116	TOTAL NET FIXED ASSETS			46,300
	CURRENT ASSETS			
424	Stocks and work in progress	6	402	
100	Prepayments	7	4,488	
6,208	Debtors and Accruals	7	4,384	
90	Cash in Hand		57	
45,309	Investments – Short Term		<u>45,519</u>	
52,131				54,850
	LESS CURRENT LIABILITIES			
1,059	Income in Advance		795	
9,285	Creditors and Accruals	8	7,102	
1,754	Cash Overdrawn		3,351	
513	Short Term Borrowing	9	<u>562</u>	
12,611				<u>11,810</u>
39,520	NET CURRENT ASSETS			<u>43,040</u>
80,636				89,340
-				-
1,530	Provisions	10	1,907	
8,839	Long-Term Borrowing	11	9,438	
	Deferred Liabilities			
957,445	Pensions Liability		<u>1,214,177</u>	
967,814				<u>1,225,522</u>
887,178				<u>1,136,182</u>
	FINANCED BY			
	Capital Reserves			
6,578	Capital Grant Deferred	12	6,335	
1,431	Fixed Asset Restatement Account		2,414	
25,273	Capital Financing Account		29,067	
520	Capital Receipts Unapplied		893	
-	Capital Grants Unapplied		<u>141</u>	
33,802				38,850
	Revenue Reserves			
(957,445)	Pensions Reserve	16		(1,214,177)
62	General Revenue Reserve			62
36,403	Specific Revenue Reserve	13		<u>39,083</u>
887,178				<u>1,136,182</u>

Notes to Balance Sheet

1. Fixed Assets

	Operational Assets			Non-Operational Assets		Intangible Assets	TOTAL
	Land & Buildings £'000	Police Houses £'000	Vehicles & Equipment £'000	Land & Buildings £'000	Police Houses £'000		
Cost or Valuation							
Balance at 1 April 2005	31,308	523	21,648	58	46	1,360	54,943
Reclassification of Premises Assets Reclassified as Non-Operational		(76)			76		
Additions	3,864		3,790				7,654
Disposals	(366)	(84)	(2,780)		(46)	(7)	(3,283)
Revaluation	1,685	189	(8)				1,866
Balance at 31 March 2006	<u>39,491</u>	<u>552</u>	<u>22,650</u>	<u>58</u>	<u>76</u>	<u>1,353</u>	<u>61,180</u>
Depreciation							
Balance at 1 April 2005	2,164	45	10,903	-	4	723	13,839
Assets Reclassified as Non-operational		(7)			7		
Reclassification of Premises							
Charge for the year	771	11	2,415		7	250	3,454
Disposals	(24)	(5)	(2,359)		(5)	(7)	(2,400)
Balance as at 31 March 2006	<u>2,911</u>	<u>44</u>	<u>10,959</u>		<u>13</u>	<u>966</u>	<u>14,893</u>
Net Book Value at 31 March 2006	33,580	508	11,691	58	63	387	46,287

The Non Operational premises relate to police houses awaiting disposal.
Land and Buildings have been depreciated in line with the requirements of FRS 15 Tangible Fixed Assets.
Intangible assets relate to computer software capitalized.

Statement of physical assets

<u>31 March 2005</u>		<u>31 March 2006</u>
67	Police stations	65
2	Non-operational premises	2
11	Police houses	8
0	Radio aerial sites	0
634	Vehicles	664

2. Significant Commitments under Capital Contracts

The estimated value of significant commitments under capital contracts at 31st March 2006 totaled £2.3M, which relates to the LPT design and build partnership contract.

3. Property Valuations

The statement below shows the progress of the Authorities rolling program for the valuation of land and buildings.

<u>Year of Valuation</u>	<u>Name of Valuer</u>	<u>Qualifications</u>	<u>Basis of Valuation</u>
2000/01	SD Weightman & P Gleeson	A.R.I.C.S.I.R.R.V M.R.I.C.S.I.R.R.V	Existing use value
2001/02	SD Weightman & P Gleeson	A.R.I.C.S.I.R.R.V M.R.I.C.S.I.R.R.V	Existing use value
2002/03	P Gleeson & CR Bradley	M.R.I.C.S.I.R.R.V BsC (Hons)	Existing use value
2003/04	SD Weightman	A.R.I.C.S.I.R.R.V	Existing use value
2004/05	No revaluations undertaken		
2005/06	P Gleeson	M.R.I.C.S.I.R.R.V	Existing use value

Two valuations undertaken in 2005-06

	Operational Assets		Non-Operational Assets	
	Land & Buildings	Police Houses	Land & Buildings	Police Houses
	£'000	£'000	£'000	£'000
Valued at Current Value in:				
2005/06	17,455	379		
2004/05	909			
2003/04	7,105	129		
2002/03	5,055			
2001/02	2,894			
2000/01				
1999/00			63	58
	<hr/>	<hr/>		
	33,418	508		
Leased Property	55			
LPG Sites	107			
	<hr/>	<hr/>	<hr/>	<hr/>
	33,580	508	63	58

4. Summary of capital expenditure and sources of finance

The note below shows the movement in the capital financing requirement due to capital expenditure for 2005/06, and the source of finance used.

The capital financing requirement is an indicator that authorities have to include within the suite of Prudential Indicators relating to capital finance in Local Authorities.

It is a measure of the authority's underlying need to borrow for capital purpose.

2004/05 £'000		2005/06 £'000
7,412	Opening Capital Financing Requirement	7,822
	<u>Capital Investment</u>	
10,573	Operational Assets	7,654
	<u>Sources of Finance</u>	
(7,643)	Revenue Provision	(4,912)
(2,520)	Capital Grant	(2,093)
<u>7,822</u>	Closing Capital Financing Requirement	<u>8,471</u>
	<u>Explanation of Movements in Year</u>	
410	Increase in underlying need to borrow (supported by Government Financial Assistance)	649
<u>410</u>	<u>Increase(decrease) in Capital Financing Requirement</u>	<u>649</u>

5. Long Term Debtors

2004/05 £'000		2005/06 £'000
12	Car loans to staff	13

6. Stocks and Work in Progress

2004/05 £'000		2005/06 £'000
15	Printing	21
84	Fuel	73
38	General Store and Supplies	38
287	Uniforms	270
<u>424</u>		<u>402</u>

7. Prepayments and Debtors/Accruals

The prepayment of £4,488 reflects payroll costs relating to 2006/07.

2004/05 £'000		2005/06 £'000
3,757	Government Departments	1,929
1,220	Other Police and Local Authorities	1,315
1,231	Other	1,140
<u>6,208</u>		<u>4,384</u>

8. Creditors/Accruals

2004/05 £'000		2005/06 £'000
315	Government Departments	109
2,024	Other Police and Local Authorities	694
6,946	Other	6,299
<u>9,285</u>		<u>7,102</u>

9. Short Term Borrowing

	Balance at 1 April 2005 £'000	Movement 2005/06 £'000	Balance at 31 March 2006 £'000
Public Works Loan Board	513	49	562

10. Provisions

The Authority has provided funds for:

	Balance at 1 April 2005 £'000	Contributions to the provision £'000	Expenditure met from the provision £'000	Balance at 31 March 2006 £'000
Insurance	648	-	-	648
Compensatory Grant	882	977	(925)	934
Commuted Police Overtime	-	325	-	325
	<u>1,530</u>	<u>1,302</u>	<u>(925)</u>	<u>1,907</u>

The insurance provision represents the amount to provide for 'excess' clauses of the Authority's insurance policies in respect of claims. Settlement of these claims is likely to be spread over a number of years.

Compensatory grant is the amount of income tax paid for officers that relates to rent allowance received in the previous financial year.

A provision has been included within the revenue account for commuted overtime (time in lieu). This provision, relates to the estimated cost of police officers time due, and outstanding, at 31st March 2006.

11. Long Term Borrowing

	Balance at 1 April 2005 £'000	Loans Raised £'000	Loans Repaid £'000	Transferred to Short Term Borrowing £'000	Balance at 31 March 2006 £'000
Public Works Loan Board	8,839	1,186	(538)	(49)	9,438

Analysis of loans by maturity

Debt at 31 March 2005 £'000		Debt at 31 March 2006 £'000	
515	1-2 years	561	
1,510	2-5 years	1,639	
2,461	5-10 years	2,675	
2,318	10-15 years	2,495	
2,035	More than 15 years	2,068	
<u>8,839</u>		<u>9,438</u>	

12. Deferred Liabilities

Capital Grant

Relates to grant used to fund Capital Expenditure, and is written off to the Asset Management Revenue Account over the useful life of the asset to match the depreciation of the asset to which it relates.

Balance at 1 April 2005 £'000	Grant Deferred 2005/06 £'000	Written Off 2005/06 £'000	Balance at 31 March 2006 £'000
6,578	2,093	(2,336)	6,335

13. Specific Reserves

2004/05		Added	Used	Movements within Reserves	2005/06
£'000		£'000	£'000	£'000	£'000
5,079	Planned Budget Carry Over / Service Development	5,763	(4,044)	(2,926)	3,872
294	Police Authority	331	(294)		331
204	Air Support				204
4,757	Capital Funding	1,608	(4,678)	(80)	1,607
1,665	Risk Management				1,665
2,970	Police Pensions	2,264	(3,939)		1,295
21,434	Investment	6,474	(805)	3,006	30,109
<u>36,403</u>		<u>16,440</u>	<u>(13,760)</u>	<u>-</u>	<u>39,083</u>

These represent funds, which have been earmarked for specific purposes.

The Planned Budget Carry-over/Service Developments, is required to meet committed identified spending needs, in facilitating the devolved budget process used by the Force.

The Risk Management Reserve has been created to enable the Force to assist in meeting the cost of items highlighted within the Forces Risk Management strategy, Crime Fighting Fund, Insurances.

Due to changes in Police Pension's accounting (introduced by the Home Office), the amount shown above is not required, as the liability for all lump sum payments will be met by the Home Office and is available for recycling.

The Investment Reserve relates to amounts set aside to fund the LPT Estates Strategy and supports the base revenue budget.

14. Police Property Act Fund

2004/05		2005/06
£'000		£'000
9	Opening Balance	14
7	Income (in year)	7
<u>16</u>		<u>21</u>
(2)	Less Expenditure	(5)
<u>14</u>		<u>16</u>

15. Contingent Liabilities

A number of potential civil claims could be brought against the Authority. The total estimated liability is £3.2M (2004/05 £3.5M).

The timing of the civil claims is very unpredictable and is likely to be over a number of years.

16. Pensions

Note 13 to the Revenue Account contains details of the Authority's participation in the Local Government pension scheme and the Police Pension Scheme in providing civilian and uniformed officers with retirement benefits.

The underlying assets and liabilities for retirement benefits to the authority at 31 March are as follows:

	Local Government Pension Scheme		Police Pension Scheme		Totals	
	31 March 2006	31 March 2005	31 March 2006	31 March 2005	31 March 2006	31 March 2005
	£'000	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the Scheme	(83,210)	(64,858)	(1,184,547)	(932,934)	(1,267,757)	(997,792)
Estimated Assets in the Scheme	53,580	40,347			53,580	40,347
Net Asset / (liability)	(29,630)	(24,511)	(1,184,547)	(932,934)	(1,214,177)	(957,445)

The liabilities show the underlying commitments that the authority has in the long-term to pay retirement benefits. The total liability of £1,214m has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in a negative overall balance of £1,136m. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary every three years. The last full actuarial valuation of the Local government fund was 31st March 2004.
- Finance is only required to be raised to cover police pensions when pensions are actually paid.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Police Scheme has been assessed by The Government Actuary's Department (GAD) and the Local Authority Scheme, which is administered by the East Riding of Yorkshire Council has been assessed by Hymans Robertson, actuaries.

The main assumptions used in their calculations have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2006	2005	2006	2005
	%	%	%	%
Rate of Inflation	3.1	2.9	3.2	2.9
Rate of Increases in Salaries	4.6	4.4	4.7	4.4
Rate of Increase for Pensions	3.1	2.9	3.2	2.9
Rate for Discounting Scheme Liabilities	4.9	5.4	4.9	5.4

The Police Pension Scheme has no assets to cover its liabilities. Assets in the East Riding Of Yorkshire Council fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the assets held by the fund:

	Long Term Return at 31 March 2006	Assets at 31 March 2006	Long Term Return at 31 March 2005
	%	£'000	%
Equity Investments	7.4	42,920	7.7
Bonds	4.6	4,990	4.8
Property	5.5	3,200	5.7
Cash	4.6	2,480	4.8
Total	6.9	53,590	7.1

17. Proceeds Of Crime Act 2002

Humberside Police hold funds relating to the above Act which have been seized from 3rd parties, as suspected proceeds of crime. At 31st March 2006 the balance of funds seized is £44K.