

Statement of Accounts 2005 -2006

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006

31.3.05 £'000	Notes	31.3.06 £'000	31.3.06 £'000
Fixed Assets			
1,627			2,127
			Intangible Fixed Assets
			Tangible Fixed Assets
			Operational Assets
746,950		722,396	Council Dwellings
266,442		283,163	Other Land and Buildings
1,763		4,985	Vehicles, Plant and Equipment
77,369		87,527	Infrastructure
3,334		3,275	Community Assets
<u>46,710</u>		<u>46,131</u>	Non Operational Assets
1,142,568	1-6		1,147,477
10,769	7		10,765
<u>10,106</u>	8		<u>9,399</u>
1,165,070			1,169,768
Total Long Term Assets			
Current Assets			
1,330		4,077	
43,461	9	41,570	
26,910	10	32,303	
<u>8,014</u>		<u>9,932</u>	
79,715			87,882
			Stocks and Work in Progress
			Debtors and Payments in Advance
			Investments
			Cash in Hand
			Short Term Borrowing
4,007		757	
<u>58,705</u>	11	<u>71,679</u>	<u>72,436</u>
1,182,073			1,185,214
			Creditors and Receipts In Advance
			Total Assets less Current Liabilities
315,248	12	367,016	
176,053	13	190,934	
22,085	14	23,565	
<u>15,702</u>	15	<u>15,026</u>	596,541
652,985			588,673
			Long Term Borrowing
			Liability related to defined benefit pension scheme
			Deferred Liabilities
			Provisions
			Total Assets less Liabilities
Financed by:			
4,481	16		4,779
62,460	16		67,739
506,790			416,909
203,432			233,971
100			0
-176,053	13		-190,934
6,456	19		2,119
21,188	17		21,996
13,362			21,328
<u>10,769</u>	18		<u>10,766</u>
652,985			588,673
			Government Grant Contributions Unapplied
			Government Grants Deferred
			Fixed Asset Restatement Account
			Capital Financing Account
			Usable Capital Receipts Reserve
			Pension Reserve
			Major Repairs Reserve
			Earmarked Reserves
			General Fund Balances
			Housing Revenue Account
			Total Net Worth

I certify that the Consolidated Balance Sheet and related accounts present fairly the financial position of Wigan Council at 31st March 2006.

David Smith

D J Smith MA PhD CPFA Director of Finance & I.T.

28th June 2006

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NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Movement of Fixed Assets 2005/06

This table contains the details of the revaluations, additions and disposals, together with the reduction in value attributable to depreciation.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equip. £'000	Infrastructure £'000	Community Assets £'000	Non - Operational Assets £'000	TOTAL £'000
Certified valuation at 31.3.05	760,290	277,231	3,505	98,994	3,334	47,009	1,190,363
Accumulated depreciation	13,340	10,789	1,742	21,625	0	299	47,795
Net book value of assets At 31 March 2005	746,950	266,442	1,763	77,369	3,334	46,710	1,142,568
Movement in 2005/06							
Expenditure in year	72,821	27,193	3,054	13,957	627	0	117,652
Prior Year Adjustments	0	-174	1,438	0	0	9	1,273
Disposals	-15,113	-1,205	0	0	0	-8,557	-24,875
Revaluations	-82,227	-5,958	0	0	-686	7,951	-80,920
Depreciation	-13,375	-4,402	-1,270	-3,799	0	-16	-22,862
Depreciation adjustment							
Following revaluations	13,340	1,267	0	0	0	34	14,641
Impairment	0	0	0	0	0	0	0
Net book value As at 31.3.06	722,396	283,163	4,985	87,527	3,275	46,131	1,147,477

During the year the Council's assets were reviewed for impairment. £0.83m (net book value) of impairment was found to be due to changes in market values and re-organisation of the provision of primary schools. This has been reflected within the Fixed Asset Restatement Account and is included within the revaluations and depreciation adjustments figures above. Impairment due to a clear consumption of economic benefits identified during the year was found to be immaterial.

2. Intangible Assets

	£'000
Balance at 1 April 2005	1,627
Expenditure In Year	686
Written Off To Revenue In Year	-186
Balance at 31 March 2006	2,127

The Council's Intangible Assets consist of purchased computer software licences, associated hardware and external consultant fees relating to the acquisition of major computer systems. The major systems classified in this way are the integrated corporate financial system, the housing purchase order system and the social services client system. These items are considered to have a 10 year life and are written off over that period.

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3. Capital Commitments

As at 31 March 2006, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Leigh Sports Village	18,345	2005	2008
Council Housing – Structural Repairs	13,900	2006	2007
Council Housing – Kitchens	9,600	2006	2007
Trencherfield Mill Redevelopment	8,452	2004	2007
Council Housing – Fencing	6,000	2006	2007
Platt Bridge New School	3,429	2004	2008
Leigh Sports Village – Pool	3,000	2006	2007
Westwood Park Phase 2 – Infrastructure Works	2,741	2004	2008
Hindley Green – Merge to Single Site	2,119	2004	2007
Wigan Pier Quarter Development	1,445	2005	2007
Wigan to Leigh Quality Bus Corridors	1,181	2004	2007
Wigan West New School	1,144	2004	2007
Golborne J & I – New School	1,007	2005	2008
Hindley Community High School – New SEN Unit	987	2004	2007
Marsh Green – Reduction to One Form Entry	906	2006	2008
Orrell Lamberhead Green Junior School – Remove Building	745	2004	2007
Brookfield Special School – Special School Review Adaptations	738	2004	2007
Green Hall Special School – Special School Review Adaptations	630	2004	2007
Wigan to Skelmersdale Public Transport Improvements	608	2004	2007

4. Capital Expenditure and Financing in Year

Capital expenditure and arrangements made to finance this outlay are as follows:

2004/05 £'000		2005/06 £'000
334,503	Opening Capital Financing Requirement	371,513
118,227	<i>Capital Investment:</i> Operational Assets	118,563
12,704	Deferred Charges	13,451
-23,734	<i>Sources of Finance:</i> Capital Receipts	-11,845
-54,758	Government Grants and Other Contributions	-38,734
-15,429	Revenue Provision	-21,963

371,513	Closing Capital Financing Requirement	430,985
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Explanation of Movements During Year

34,441	Increase in underlying need to borrow (supported by Government financial assistance)	48,196
2,569	Increase in underlying need to borrow (unsupported by Government financial assistance)	11,276
37,010	Increase / (decrease) in Capital Financing Requirement	59,472

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NOTES TO THE CONSOLIDATED BALANCE SHEET

5. Fixed Asset Valuation

The Authority's property portfolio, which comprises both freehold and leasehold properties, have been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The valuations were undertaken by RICS qualified personnel from the Authority's Legal and Property Services staff and Dixon Webb, a private firm of surveyors. Not all the properties were inspected, as this was neither practicable nor considered by the valuer to be necessary for the purpose of the valuation. Inspections were carried out between April 2005 and March 2006.

The Code of Practice requires any deficit from the revaluation of assets that is due to the impairment rather than a change in the market value to be charged to the net cost of services. Property Assets are revalued on a rolling programme over 5 years, although material charges to asset valuations will be recognised as they occur. Surpluses or deficits arising from revaluation are credited or debited to a fixed asset restatement account. Properties regarded by the Authority as operational were valued on the basis of market value for the existing use or, where this could not be assessed because there was no market value for the subject asset, the depreciated replacement cost method of valuation was employed. Properties regarded by the Authority as non-operational have been valued on the basis of market value. All valuations comply with those definitions settled by the International Valuation Standards Committee (IVSC).

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equip. £'000	Infrastructure £'000	Community Assets £'000	Non - Operational Assets £'000	TOTAL £'000
Value at Historical Cost	0	0	8,150	112,951	0	0	121,101
Gross Value at Current Value in 2005/06	735,771	297,243	0	0	3,275	46,154	1,082,443
Total	735,771	297,243	8,150	112,951	3,275	46,154	1,203,544

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NOTES TO THE CONSOLIDATED BALANCE SHEET

6. Information on Assets Held

The number and type of fixed assets owned by the Council include the following:

Number as at 31.3.05		Number as at 31.3.06
23,873	Council dwellings	23,396
	Operational buildings	
9	Town Hall/Offices	9
31	Other District Offices	34
1	Magistrates Court	0
8	Social Services Homes & Hostels	8
2	Sports Centres/Stadium	2
4	Swimming Pools	4
14	Libraries	14
0	Nurseries	2
32	Primary schools	33
13	Secondary schools	13
11	Special schools	11
3	Depots	3
55	Surface car parks	56
4	Multi-storey car parks	4
9	Cemeteries	9
1	Crematorium	1
	Operational equipment	
77	Vehicles	92
	Infrastructure assets	
1,107	Highways (km)	1,107
470	Footpaths & Bridleways (km)	476
	Community assets	
17,075	Art & Artefacts (items)	17,075
86	Civic regalia (items)	86
34	Parks	34
30	Playing Fields/Recreation Grounds	30
8	Allotment Sites	8
5	War Memorials	5

Deferred Charges

These represent expenditure which may be properly capitalised but which does not result in the creation of a fixed asset in the Council's ownership.

2004/05 £'000		2005/06 £'000
1,269	Balance as at 1 April	0
-1,269	Reclassification to Intangible Fixed Assets	0
12,704	Expenditure on Deferred Charges incurred	13,451
-12,704	Amounts written off to Capital Financing Account	-13,451
<u>0</u>	Balance as at 31 March	<u>0</u>

Expenditure on deferred charges is generally written off to the capital financing account in the year that it is incurred, as it provides no long term benefit to the Authority.

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7. Long Term Investments

The value of investments held at 31st March 2006 is analysed below:

31.3.05		31.3.06
£'000		£'000
10,214	Shareholdings in : Manchester Airport Plc	10,214
538	Wigan Football Company Ltd	538
17	Other Investments	13
<u>10,769</u>		<u>10,765</u>

The Council holds 10,214,000 fully paid £1 ordinary shares in Manchester Airport plc, 5% of the issued shares.

Wigan Football Company operates the JJB Stadium at Robin Park, Wigan. The Council holds 4,499,492 ordinary £1 shares which are 15% of the total issued.

On the 9 August 2005, the Council sold its entire 11.3% shareholding in Modesole Ltd, the proceeds amounted to £0.877m and will be treated in the accounts as a capital receipt. Earlier Modesole had also declared a final dividend that was received on the 13 July 2005. The Council received £0.305m of this dividend.

8. Long Term Debtors

These are debtors which are not immediately due and payable, but are repayable over a period of time. They are analysed below:

31.3.05		31.3.06
£'000		£'000
8,875	Manchester Airport transferred debt	8,382
858	Car Loans to Staff	723
177	Loans for House Purchases	122
196	Transferred Debt re Pre-1974 functions	172
<u>10,106</u>		<u>9,399</u>

9. Debtors and Payments in Advance

An analysis of debtors which fall due within one year is shown below:

31.3.05		31.3.06
£'000		£'000
12,749	Sundry Debtors	8,256
8,335	Capital Grants & Contributions	9,701
6,329	Council Tax	6,276
4,948	Housing Rent Arrears	4,887
3,668	Local Business Rates	3,576
3,507	Care in the Community	3,108
1,857	HMRCVAT	5,038
2,704	Wigan & Leigh Housing	1,036
1,906	Standards Fund and Other Education Grant	1,751
915	Operating Leases	744
616	Rent Allowance Subsidy	0
324	Residential and nursing Charges	0
293	Rental Income	167
187	Salaries and Wages Accruals	126
173	Leisure Trust	248
141	Supplementary District Recoupment	112
135	Community Charge	126
6,236	Others	7,377
<u>55,023</u>		<u>52,529</u>
<u>-11,562</u>	Less : Bad Debts Provisions	<u>-10,959</u>
43,461	Net Total	41,570

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NOTES TO THE CONSOLIDATED BALANCE SHEET

10. Short Term Investments

During the year the Authority invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2006 an amount of £32.3m was invested in this way (£26.91m at 31.3.05).

11. Creditors

An analysis of creditors which are due and payable within one year is shown below:

31.3.05		31.3.06
£'000		£'000
21,095	Trade Creditors (revenue & capital)	34,074
5,673	Inland Revenue	5,925
4,905	Education Grants Carried Forward	6,951
2,371	Pooling of Capital Receipts	2,684
2,337	Wigan & Leigh Housing Management Fee	0
1,241	External School Creditors	503
1,668	Other Employees Superannuation	1,937
1,521	Teachers Superannuation	1,538
1,068	Wigan 4 Work	1,425
994	National Non-domestic Rates Pool	908
897	Joint Financing Scheme Receipt in Advance	714
877	Public Works Loan Board - Accrued Interest	877
799	Council Tax Payers Receipt in Advance	1,058
642	Social Services Grants & Fees	1,283
481	Housing Rents Prepayments	547
463	Rent Allowances	549
321	Wages & Salaries	457
314	Teachers Supply Agency	0
312	Leigh Sports Village	0
95	Local Businesses Rates Receipt in Advance	178
83	External Audit Charges	93
57	Housing Subsidy	184
47	Gas Accounts Sept - March	0
0	North West Improvement Network Grant	2,579
0	Leasing Payments	1,060
0	Drug and Alcohol Funding	634
0	5 Boroughs NHS Trust - New Capacity Funding	280
0	Manchester Airport Land Rent	104
10,444	Others	5,137
58,705	Net Total	71,679

12. Long Term Borrowing

The tables below show the source of loans outstanding, the movements during the year and an analysis of current borrowings by maturity date.

31.3.05	Source of Loan	Increases	Decreases	31.3.06
£'000	Outstanding	in year	in year	£'000
		£'000	£'000	£'000
315,224	Public Works Loans Board	52,500	732	366,992
0	Money Market			0
24	Individuals			24
315,248		52,500	732	367,016
31.3.05	An Analysis by maturity is:			31.3.06
£'000				£'000
732	Maturing within 1-2 years			753
12,294	Maturing within 2-5 years			21,186
67,371	Maturing within 5-10 years			83,705
234,851	Maturing within more than 10 years			261,372
315,248				367,016

The additional PWLB loans were taken out to invest in housing stock refurbishment of £39.5m in 2004/05 and an additional £52.5m in 2005/06.

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NOTES TO THE CONSOLIDATED BALANCE SHEET

13. Pensions

Note 10 to the Consolidated Revenue Account contain details of the Council's participation in the Local Government Pensions Scheme and the Teachers Pension Scheme. The note to the Consolidated Balance Sheet provides details relating to the pension liability and matching pension reserve of £191m. The date of the most recent actuarial valuation is 31 March 2004.

Local Government Pensions Scheme

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March for the Local Government Scheme are as follows:

31 March 2005 £'000	Net Pension Asset as at	31 March 2006 £'000
474,200	Estimated Employer Assets (A)	578,900
574,053	Present Value of Scheme Liabilities	688,234
76,200	Present Value of Unfunded Liabilities	81,600
650,253	Total Value of Liabilities (B)	769,834
(176,053)	Net Pension Asset /(Liabilities)(A)-(B)	(190,934)

The liabilities show the underlying commitments that the council has in the long run to pay retirement benefits. The statutory arrangements for funding the deficit mean that the financial position of the Council 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.

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 main assumptions used in the Local Government Scheme calculations have been:

31 March 2005 % per annum	Assumptions as at	31 March 2006 % per annum
2.9%	Price Increases	3.1%
4.4%	Salary Increases	4.6%
2.9%	Pension Increases	3.1%
5.4%	Discount Rate	4.9%

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have taken the view that there is insufficiently reliable evidence to assume a level of take-up of the change in the pension scheme. Consequently the valuation of the Council's retirement benefit liabilities as at 31 March 2006 does not include any allowance for this change to the pension scheme.

Assets in the Local Government Scheme are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

Long Term Return % per annum	Fund Value at 31 March 2005 £'000	Assets (Employer)	Long Term Return % per annum	Fund Value at 31 March 2006 £'000
7.7	321,000	Equities	7.4	379,200
4.8	66,800	Bonds	4.6	92,000
5.7	48,000	Property	5.5	53,800
4.8	38,400	Cash	4.6	53,900
6.9	474,200	Total	6.5	578,900

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Teachers Pension Scheme

The scheme is a defined benefit scheme administered by the Teachers Pensions Agency (TPA). Although the scheme is unfunded the TPA uses a notional fund as the basis for calculating the employers contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued and are included in the total pension liability of £191m (£176m in 2004/05).

14. Deferred Liabilities

Deferred liabilities are liabilities which are payable beyond the next year. At the 31st March 2006, these totalled £23.565m.

31.3.05		31.3.06
£'000		£'000
18,533	Former G.M.C. debt	17,956
0	Landfill Allowance Trading Scheme	2,677
2,337	Former L.C.C. debt	1,997
1,039	Deferred Purchase Repayments	814
176	Loan repayments mortgaged Properties:	121
22,085	Balance as at 31st March	23,565

The debt outstanding, on the assets transferred from the Greater Manchester Council (GMC) at the 1986 reorganisation, and from Lancashire County Council (LCC) at the 1974 reorganisation to Wigan Council, is administered by Tameside MBC and Lancashire County Council on behalf of all successor Authorities. The assets are included in the relevant class of fixed assets.

In 2005/06 the Government introduced a Landfill Allowance Trading Scheme. The deferred liability relating to the Landfill Allowance Trading Scheme represents the Council's full 2005/06 liability for biodegradable municipal waste landfill usage as required by the Waste Emission Trading Act 2003. The above figure is offset within the relevant classification of current assets. The liability is based on a national valuation provided by the government.

15. Provisions

These amounts have been set aside to cover the following potential liabilities:

	Balance at	Increase	Decrease	Balance at
	31.3.05	in year	in year	31.3.06
	£'000	£'000	£'000	£'000
Insurance Fund	13,225	4,967	3,946	14,246
Section 117 refunds	524	0	258	266
Others	1,953	28	1,467	514
	15,702	4,995	5,671	15,026

At 31st March 2006 the Council held an Insurance provision of £14.246m. Out of this total an amount of £1.5m is earmarked for environmental liabilities in respect of former domestic refuse sites. The remainder is for future payments of claims made or yet to be made for incidents before 31st March 2006. These include incidents where a legal liability arises and to incidents of damage to Council property. The increase reflects contributions from services. The decrease is mainly attributable to the payment of premiums (£1.4m) and the settlement of claims (£2.5m).

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NOTES TO THE CONSOLIDATED BALANCE SHEET

The Council has retained a provision of £0.266m for potential claims under Section 117 of the Mental Health Act 1983. Other provisions contain amounts for car litigation and various claims for compensation and potential liabilities.

In addition to these amounts shown above, the Council holds bad debts provisions totalling £10.959m (£11.562m at 31.3.05). These have been off set against debtors on the Balance Sheet and include £6.671m relating to Business Rates, Community Charge and Council Tax (£6.993m at 31.3.05).

16. Government and Capital Grants Account

31.3.05 £'000		31.3.06 £'000
55,840	Balance Brought forward	66,941
23,016	Grants received in 2005/06	21,313
-11,915	Grants written off to revenue in 2005/06	-15,736
<u>66,941</u>	Balance as at 31 March 2006	<u>72,518</u>

The total of £72.518m includes £67.739m government grants deferred which will be written off to the revenue account over the lives of the assets the grant has been used to fund. The remaining £4.779m relates to grants paid in advance of the funding of assets.

17. Reserves

The reserve funds held by the Authority are detailed below.

	Balance at 1.4.05 £'000	Increase in year £'000	Decrease in year £'000	Balance at 31.3.06 £'000
School Balances – Delegated Fund	6,371	783	201	6,953
Manchester Airport	5,702	0	0	5,702
Interest Reserve	4,262	0	8	4,254
Schools Balances - Direct Funding	990	138	62	1,066
Standards Fund – Central Base Budget	863	594	863	594
Standards Fund – Devolved Base Budget	819	1,064	819	1,064
Waste Disposal After Care	622	0	16	606
Wigan Football Company Shares	538	0	0	538
Wigan Pier & Robin Park Investment Funds	310	79	0	389
Transport DSO Vehicles	209	29	50	188
Print Surplus	110	0	48	62
Education Children's Services	0	331	128	203
Other Reserves	392	176	191	377
Total Reserves	21,188	3,194	2,386	21,996

School Balances - Delegated Fund - In accordance with the Education Reform Act 1988 individual surpluses/deficits may be carried forward. These balances are committed to be spent on Education and are not available to the Council for general use.

Interest Reserve – this reserve funds previously unaccrued interest relating to loans taken out prior to 1986.



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Manchester Airport - This reserve represents the Council's share in the net assets of Manchester Airport PLC and matches the transfer of 5,701,500 £1 shares to the Council in 1986 when the Greater Manchester Council was abolished.

Schools Balances - Direct Funding - This reserve relates to non-delegated funds which schools have received directly for special investment in technology, equipment and books.

Standards Fund - From 1 April 2001 the period over which the resources generated by the Standard Fund, from both grant and base budget, may be utilised by schools (devolved) and the LEA (centrally retained) was extended to 17 months. The unspent base budget has been carried forward to fund the remaining permitted period of spend.

Waste Disposal After Care - This reserve was created following the Council's sale of Landfill Management Ltd (LML) in 2000. It represents LML's former liability, subsequently transferred to the Council along with the associated funds, for providing after care-services on the former landfill sites at Ince Moss and Amberswood. Annual contributions are made from the reserve to fund any after-care costs, which would, prior to 2000, have been LML's responsibility.

Wigan Football Company Shares - This reserve represents the Council's 15% shareholding in Wigan Football Company Ltd.

Wigan Pier and Robin Park Investment Fund - These reserves are maintained to provide longer term funding for planned significant upgrades at these two locations.

Transport DSO Vehicles - The annual Transport DSO trading surpluses are credited to the reserve, which is used to finance the acquisition of new vehicles and plant.

Print Surplus - This reserve represents the accumulated surpluses generated by the print unit and is being held to fund investments in machinery and equipment.

Education Children's Services - This relates to unspent contingency within the ISB (Individual Schools Budget) that Schools Forum have agreed to put aside to help fund the staffing implications of forthcoming school closures.

Other Reserves - These various minor reserves were set aside from underspendings arising during the year.

18. Housing Revenue Account

The Council is required by statute to maintain a ring-fenced account for Council Housing, this balance includes the reclassified reserves. Any year-end balances have to be carried forward separately.

19. Major Repairs Reserve

This reserve amounts to £2.119m at 31.03.06 (£6.456m at 31.03.05) and is a statutory reserve, which is maintained to show how the Housing Major Repairs Allowance funding has been used. The balance on the reserve is held to finance future major housing repairs.

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NOTES TO THE CONSOLIDATED BALANCE SHEET

20. Trust Funds

The Council administers a number of trust and charitable funds, which are not included in the Consolidated Balance Sheet. These funds are invested in Local Authority Bonds and Charitable Unit Trusts.

2004/05 Assets £	Fund	2005/06 Income £	2005/06 Expenditure £	2005/06 Assets £
Education				
68,352	Wigan Grammar Scholarship Fund	3,106	2,800	68,658
20,517	Wigan Grammar Prize Fund	852	0	21,369
29,005	Leigh Higher Education Prize Fund	1,340	0	30,345
10,534	Wigan Grammar Recreation Fund	464	1,200	9,798
9,110	Leigh Boys Grammar Prize Fund	400	0	9,510
8,889	James Boydell Fund	412	0	9,301
7,959	Ronald Watkins Williams Fund	367	0	8,326
6,966	A M Lamb Scholarship Fund	321	0	7,287
21,354	Others	2,485	1,705	22,134
182,686		9,747	5,705	186,728
Social Services				
25,813	Criminal Injuries Compensation	683	21,421	5,075
3,690	J A Smith Bequest	86	0	3,776
2,932	T Holland Bequest	50	0	2,982
4,392	J W Litter Bequest	90	0	4,482
10,285	B Griffiths Bequest	413	194	10,504
47,112		1,322	21,615	26,819
229,798	Total Trust Funds	11,069	27,320	213,547

There are no significant liabilities to be disclosed.

21. Related Businesses and Companies

The Council has a material involvement with a number of companies whose assets and liabilities do not appear in these accounts. Details are summarised below.

In previous years the companies with which the Council has a material interest were listed under this note. From 2005/06 the Council is required to produce a set of group statements. This requires the Council to identify any companies that are deemed to form part of the Council's Group Company Accounts.

The companies now included in the Council's Group Accounts are Wigan Metropolitan Development Company Limited, Wigan and Leigh Housing Company Limited and Leigh Sports Village Limited. Reference to these companies have been removed from the Related Businesses and Companies note and are included within the Group Accounts Section on page 48 to 57.

i) Wigan Football Company Limited

This Company operates the JJB Stadium at Robin Park, Wigan. The Council holds 4,499,496 ordinary £1 shares, which is 15% of the total issued. These have been valued at £538,000 in the Council's accounts. The Wigan Football Company financial position is summarised below: -

Year ended 31.5.04 £'000		Year ended 31.5.05 £'000
27,693	Company's Net Assets	27,501
(470)	Company's profit / (loss)	(193)
(470)	before tax	(193)
(470)	after tax	(193)

During 2005/06, there were no amounts received by the Authority as dividends or amounts written down in respect of the investment held

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ii) Manchester Airport Group

This Company operates and develops Manchester International Airport. The Council holds 5% of the issued shares. Manchester Airport PLC financial position is summarised below. The prior year comparatives have been restated following a move to account under International Financial Reporting Standards for the 2005/06 financial year :-

Year ended 31.3.05 £'m		Year ended 31.3.06 £'m
764.1	Company's Net Assets	793.1
	Company's profit / (loss)	
101.3	Before tax	87.7
74.0	After tax	60.7
1.25	Amounts Received by Authority as Dividends	0
0	Amounts written down by Council in respect of the investment held	0

iii) The Council also has a minority interest in the following Companies:

Borough Care Services Ltd
 CLS Care Services Ltd
 Community Forests NW Ltd
 Douglas Valley Community Ltd
 GMCP Ltd
 New Environment Ltd
 NPS North West Ltd
 Positive Futures Ltd
 Proco NW Ltd
 Wigan and Chorley Groundwork Trust Ltd
 Wigan Economic Partnership Ltd
 Wigan Leisure & Culture Enterprises Ltd
 Wigan Leisure & Culture Trust

22. Contingent Liabilities

i) Broomfield Tip

The fire at the Broomfield spoil tip which was extinguished in 2004 has resulted in claims against the Council in respect of personal injury. The Council is in negotiation with claimants and it is likely that significant costs will be incurred by the Council in respect of compensation claims.

ii) Ince Central Housing Estate

Contaminants discovered in the land upon which the Council's Ince Central Housing Estate is built were discovered in April 2003. The Council has accepted "Class A" liability under the Environmental Protection Act 1990, and has taken responsibility for the remediation of any contaminated land at the site. The Council has undertaken investigations and a pilot remediation scheme during 2005/06. In this regard the Council has sought and gained some £0.790m funding from the Department for the Environment, Food and Rural Affairs (DEFRA). Further works will be required as well as other associated costs which are currently estimated at some £7.2m. Although it is likely that DEFRA will support these costs, until approval is received the liability lies with the Council. In addition, personal injury claims may also be received for which Council liability may accrue.



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iii) The Grand Arcade Project, Wigan Town Centre

The Grand Arcade project which is underway in Wigan Town Centre required a compulsory purchase order (CPO) to purchase properties to be demolished for land assembly of the site. The majority of these purchases took place in 2004/05. During 2005/06 the remaining properties were purchased by the Council although two valuations are still to be finalised and may be referred to the Land Tribunal. The CPO value of these properties was £1.1m. The costs of acquisition are reimbursed in full by the developer of the Grand Arcade and the Council is indemnified in this regard by a bond dated 5th November 2005, issued by the Anglo Irish Bank.

iv) Municipal Mutual Insurance Ltd

MMI Ltd is no longer trading as an insurance company but they continue, at present, to meet their claims liabilities, in full, from remaining resources.

A Scheme of Arrangement with major creditors has been agreed and became effective, but held in reserve, on the 21st January 1994. The main effect of the Scheme if triggered would be the imposition of a levy on all claims paid since 30th September 1993.

As at the 31 March 2006 the unpaid, reported, claims had been estimated at £0.12m. This sum relates to claims submitted by the Authority in respect of legal liability claims made by other parties (e.g. injured employees).

The estimated amount liable to the 'clawback' levy if the Scheme is triggered is £5.35m.

v) Manchester Airport plc

The Airport has agreed to reimburse the Council for the costs of various loans used to fund capital expenditure. These loans have varying maturity dates which go up to 2027 and in value amount to £9.09m.

vi) Modesole Ltd

As a result of the Council receiving a distribution from the proceeds of Modesole's sale of its shares in the Midland Hotel and Conference Centre, a liability may arise, the extent of which can not yet be determined, to repay its share of a grant given in 1986 towards the refurbishment of the hotel.

As a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, an indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of 10 years from the date of sale, which was completed on 9th August 2005.

vii) Leigh Sports Village

The Council has entered into an agreement with a developer to create the Leigh Sports Village complex in Leigh. This will comprise of sporting facilities including a 10,000 seat stadium for rugby league and football, an athletics track, as well as a sports hall and pool. The Council, in conjunction with its partners has applied for various grant funding streams in support of the project. However, in order to proceed with the project the Council has underwritten £12m of these grants and will fund the pool via Prudential borrowing.

In 2005/06 the amount of grants underwritten by the Council was £3.6m. The Council is indemnified against non completion of the facilities by the holding in the sum of £20m deposited by the Developer with The Royal Bank of Scotland into a Council controlled bank account.



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viii) Trencherfield Mill Redevelopment

The Council has entered into an agreement with a developer to redevelop the Trencherfield Mill complex in the Wigan Pier Quarter. The Council is holding a security from the Developer in the form of cash placed in a nominated bank account in the sum of £0.250m.

ix) Architectural Heritage Fund

The Council has agreed to guarantee for two years a loan of £0.250m from the Architectural Heritage Fund to the Heritage Trust for the North West to assist with the completion of restoration work to two properties in the Wigan Town Centre Conservation Area.

x) Job Evaluation and Equal Pay

The Council is currently carrying out a Job Evaluation and Equal Pay process in line with nationally agreed timetables. The work is not expected to be completed for some time but it is likely that the process will result in an additional cost burden on the Council. There is insufficient information available at present to produce a reliable financial forecast of what costs are likely to emerge from these processes.

xi) 1997 – 1999 Objective 2 Programme (European Regional Development Fund)

Wigan Council is the Accountable Body for European Regional Development Fund (ERDF) grants awarded in the Wigan area and has claimed grant on behalf of local projects and passed on those grant payments to the respective delivery organisations. Following audit by the European Commission in February 2004, grant of £614,103 relating to 3 projects which were delivered by local organisations has been ruled ineligible and is now potentially repayable to the Government. Negotiations between the project delivering organisations and the European Commission continue but as the Accountable Body, Wigan Council is responsible for any repayment of grant to Government Office North West in the first instance. In the event of repayment, the Council will recover the cost in full from the organisations responsible for the delivery of the projects.

xii) Pensions Liability for Wigan and Leigh Housing

The Council has also been approached by Wigan and Leigh Housing (WALH), a wholly owned subsidiary of the Council, to provide a letter of support or indemnity for the pension liability of £9.5m as assessed by actuarial advice that arises from compliance with FRS 17 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet. If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their Auditors would be unable to sign off the accounts.