

## Operating Cost Statement for the year ended 31 March 2007

	Notes	2006-2007		2005-2006	
		£000	£000	£000	£000
<b>Administration costs</b>					
Staff costs	2	15,605		14,640	
Other administration costs	4	6,335		6,634	
Operating income	6	(1,003)		(1,399)	
<b>Gross Administration Costs</b>		<u>20,937</u>		<u>19,875</u>	
Less: Finance (Income)/Charge	3e	104		300	
<b>Net Administration Costs</b>		<u>21,041</u>		<u>20,175</u>	
<b>Programme Costs:</b>					
Staff Costs	5	0		0	
Programme costs	5	0		0	
Income	6	<u>0</u>		<u>0</u>	
		0		0	
<b>Net Operating Costs</b>			<b>21,041</b>		<b>20,175</b>

All income and expenditure is derived from continuing operations.

## Statement of Recognised Gains and Losses

for the year ended 31 March 2007

	Notes	2006-2007		2005-2006	
		£000	£000	£000	£000
Net gain/(loss) on revaluation of tangible fixed assets	7	(4)		0	
Receipt of Donated Assets	13b	0		0	
Actuarial gain/(loss) relating to the pension scheme	3f	(5,887)		(73)	
<b>Recognised gains and losses for the financial year</b>		<b>(5,891)</b>		<b>(73)</b>	

## Balance Sheet as at 31 March 2007

	Notes	31 March 2007		31 March 2006	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible Fixed Assets	7		470		438
<b>Debtors falling due after more than one year</b>	8		15		54
<b>Current Assets:</b>					
Debtors	8	610		636	
Cash at bank and in hand	9	1,126		693	
		<u>1,736</u>		<u>1,329</u>	
Creditors (amounts falling due within one year)	10	<u>(1,223)</u>		<u>(1,610)</u>	
<b>Net current assets/(liabilities)</b>			<u>513</u>		<u>(281)</u>
<b>Total assets less current liabilities</b>			<u>998</u>		<u>211</u>
Creditors (amounts falling due after more than one year)	10	0		0	
Provisions for liabilities and charges	11	<u>(593)</u>		<u>(631)</u>	
<b>Net assets/(liabilities) excluding pension liability</b>			<u>405</u>		<u>(420)</u>
Pension Liability	3		(11,691)		(5,510)
<b>Net assets/(liabilities) including pension liability</b>			<u>(11,286)</u>		<u>(5,930)</u>
<b>Taxpayers' equity</b>					
General fund	12		(11,288)		(5,936)
Revaluation reserve	13a		2		6
Donated asset reserve	13b		0		0
			<u>(11,286)</u>		<u>(5,930)</u>

(Signed) \_\_\_\_\_ (Accountable Officer)

(Date) \_\_\_\_\_

(Signed) \_\_\_\_\_ (Treasurer)

(Date) \_\_\_\_\_

## Cash Flow Statement for the year ended 31 March 2007

	Notes	2006-2007		2005-2006	
		£000	£000	£000	£000
Net cash outflow from operating activities	14a		(21,162)		(20,072)
Capital expenditure and financial investment	14b		(120)		(343)
Financing	14c		21,715		20,555
Increase / (decrease) in cash			<u>433</u>		<u>140</u>

**Notes to the Accounts****1 Statement of Accounting Policies**

These financial statements have been prepared in accordance with the 2006-07 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate and gives a true and fair view has been selected. The Probation Board accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

**1.1 Accounting Convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

**1.2 Going concern**

The balance sheet at 31 March 2007 shows negative Taxpayers Equity. This reflects the inclusion of liabilities falling due in future years which are to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet Net Cash Requirement of the Home Office of which the NPS is part. Under Government Resources and Accounts Act 2000, no money may be drawn from the fund by the Home Office other than required for the service of the specified year or retained in excess of that need.

In common with government departments, the future financing of the NPS liabilities is accordingly to be met by future grants of Supply to the Home Office and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2007-08 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for preparation of these financial statements.

**1.3 Tangible Fixed Assets**

The minimum level for capitalisation of a tangible fixed asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate. Tangible assets have been stated at current cost using published indices appropriate to the category of asset.

**1.4 Depreciation**

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use.

Asset lives are normally in the following ranges:

- Vehicles - 5 to 7 years;
- Office Machinery, Fixtures and Fittings and IT Equipment - 3 to 5 years.

The Revaluation Reserve does not include any values where fixed assets suffer from permanent downward indexation as this is charged to the Operating Cost Statement as impairment.

**1.5 Donated Assets**

Donated tangible fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Operating Cost Statement.

**1.6 Operating Income**

Income is accounted for applying the accruals convention and is recognised in the period in which services are provided.

Operating income is income that relates directly to the operating activities of the Probation Board. It comprises of rent receivables, income from EU sources, income from other Government Departments and miscellaneous income. Fees and charges for services are recovered on a full cost basis in accordance with the Treasury's Fees and Charges guide.

The Probation Board can earn interest from various sources but under the Criminal Justice and Court Services Act 2000, it is not allowed to retain any interest received from the investment of funds received from the National Probation Directorate. This interest is surrendered to HM Treasury via the Home Office who treat this as Consolidated Funds Extra Receipts (CFERs).

**1.7 Administration and Programme Expenditure**

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income administration or as programme follow the definition of administration costs set out in the FReM by H.M. Treasury. Administration costs reflect the costs of running the Probation Board together with associated operating income. Programme costs are defined as one off projects, which are fully or partially funded from outside the Home Office, with a threshold of £10,000 per scheme.

**Notes to the Accounts****1.8 Capital Charge**

A charge, reflecting the cost of capital utilised by the Probation Board, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities except for:

- a) Provisions for Liabilities and Charges, which are discounted at 2.2%
- b) Pension Scheme Liability, which is discounted at 1.8%
- c) Tangible fixed assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:

additions at cost  
disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)  
impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure).

- d) Donated assets and Operating Income to be surrendered, where the charge is nil.

**1.9 Pensions**

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirements benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. (Disclosure of Stakeholder Pensions Schemes is not included in these accounts)

**1.10 Early Departure Costs**

The Probation Board is required to meet the additional costs of benefits beyond the normal pension benefits in respect of employees who retire early. The Probation Board's policy is to provide in full for this cost when the early retirement programme has been announced and is binding on the Probation Board.

**1.11 Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Probation Board, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in the relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

**1.12 Private Finance Initiative (PFI) Transactions**

Where the balance of risks and rewards of ownership of the PFI property is borne by the Probation Board, the property is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

PFI schemes will be disclosed as a note to the accounts.

**1.13 Grants Receivable**

Monies received as grants (of any nominal type, classification, or attached conditions) are treated as financing rather than income and are recognised in the accounts by directly crediting the General Fund and are also reflected elsewhere in the statements for example in the Cash Flow statement. (Most bodies covered by the Financial Reporting Manual do not receive grants, and are financed by voted parliamentary funding).

**Financing of Training Consortia**

Part of the funding that goes to the Probation Boards is allocated to the 10 Regional Training Consortia. This is for all the costs of the Regional Training Consortia and is split as a percentage for the 9 Lead Areas who co ordinate the Training funds and a percentage to the remaining Probation Boards.

**1.14 Provisions**

The Probation Board provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury. A discount rate of 2.2 per cent is used.

**1.15 Value Added Tax**

Most of the activities of the Probation Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## Notes to the Accounts

**2 Staff numbers and related costs****2(a)** Total staff costs comprise:

	2006-2007			2005-2006
	£000	£000	£000	£000
	Total	Permanently - employed staff	Others	Total
Wages and salaries	14,408	14,312	96	14,205
Social security costs	1,140	1,140	0	1,077
Other pension costs	1,981	1,981	0	1,169
<b>Sub Total</b>	<b>17,529</b>	<b>17,433</b>	<b>96</b>	<b>16,451</b>
Inward Secondments	0	0	0	0
<b>Total</b>	<b>17,529</b>	<b>17,433</b>	<b>96</b>	<b>16,451</b>
Less recoveries in respect of outward secondments	1,924	1,924	0	1,811
<b>Total net admin costs</b>	<b>15,605</b>	<b>15,509</b>	<b>96</b>	<b>14,640</b>
Net Programme Costs	0	0	0	0
<b>Total Staff Costs</b>	<b>15,605</b>	<b>15,509</b>	<b>96</b>	<b>14,640</b>

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probations' Board share of the underlying assets and liabilities are shown below in Note 3.

3 persons (2005-06: 5 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £6,201 (2005-06: £7,420).

**2(b)** Average number of persons employed

	2006-2007			2005-2006
	Total	Permanently - Employed staff	Others	Total
	485	479	6	504
	485	479	6	504

## Notes to the Accounts

**3 Pension costs**

The Local Government Pension Scheme is administered by Lancashire County Council, and is a defined benefit scheme. Members pay contributions of 6% of pensionable earnings.

- 3(a)** A full actuarial valuation was carried out at 31 March 2004 by Mercer Human Resource Consulting Limited. For 2006-07, employers' contributions of £1.791m were payable to the LGPS (2005-06 £1.758m) at a rate of 13.7% of pensionable pay. The scheme's Actuary reviews employer contributions every three years following a full scheme valuation. The salary bands were revised for 2005-06 and will remain unchanged until 2007-08. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Partnership accounts are excluded under FRS17

The approximate employer's pension contributions for the three years from:

Employer's contributions for 2006-07 were 13.7% of salaries; and,  
Employer's contributions for 2007-08 will be 13.7% of salaries; and  
The next actuarial valuation will be carried out as at 31 March 2007 and contributions for 2008-09 will be assessed at that point.

- 3(b) The major assumptions used by the actuary were:**

	31 March 2007	31 March 2006	31 March 2005
	%	%	%
Inflation assumption	3.1%	2.9%	2.9%
Rate of increase in salaries	4.9%	4.7%	4.7%
Rate of increase for pensions in payment and deferred pensions -	3.1%	2.9%	2.9%
Discount rate	5.4%	5.7%	6.4%

- 3(c) The assets in the scheme and the expected rate of return were:**

	Long-term rate 31 March 2007	Value at 31 March 2007	Long-term rate 31 March 2006	Value at 31 March 2006	Long-term rate 31 March 2005	Value at 31 March 2005
	%	£000	%	£000	%	£000
Equities	7.5%	37,371	7.0%	35,464	7.5%	29,247
Bonds	5.0%	12,147	4.6%	12,646	5.0%	10,800
Property	6.5%	4,068	6.5%	4,784	7.0%	3,600
Cash	5.3%	4,533	4.5%	2,089	4.8%	1,350
<b>Total market value of assets</b>		<b>58,119</b>		<b>54,983</b>		<b>44,997</b>
<b>Present value of scheme liabilities</b>		<b>69,810</b>		<b>60,493</b>		<b>50,820</b>
<b>(Shortfall) of the scheme</b>		<b>(11,691)</b>		<b>(5,510)</b>		<b>(5,823)</b>
<b>Net pension (liability)</b>		<b>(11,691)</b>		<b>(5,510)</b>		<b>(5,823)</b>

- 3(d) Pension Cost**

	2006-2007	2005-2006
	£000	£000
Current service cost	1,981	1,948
Past service cost	0	(779)
<b>Total operating charge</b>	<b>1,981</b>	<b>1,169</b>

- 3(e) Analysis of amount credited to other finance income or debited to other finance charge**

	2006-2007	2005-2006
	£000	£000
Expected return on pension scheme assets	3,353	2,939
Interest on pension scheme liabilities	(3,457)	(3,239)
<b>Net return</b>	<b>(104)</b>	<b>(300)</b>

- 3(f) Analysis of amount recognised in statement of total recognised gains and losses (STRGL)**

	2006-2007	2005-2006
	£000	£000
Actual return less expected return on pension scheme assets	(395)	7,591
Experience gains and losses arising on the scheme liabilities	62	(1,433)
Changes in assumptions underlying the present value of the scheme liabilities	(5,554)	(6,231)
<b>Actuarial gain/(loss) recognised in the STRGL</b>	<b>(5,887)</b>	<b>(73)</b>

## Notes to the Accounts

## 3(g) Movement in Surplus/(Shortfall) during the year:

	2006-2007	2005-2006
	£000	£000
Surplus/ (shortfall) in scheme in the beginning of the year	(5,510)	(5,823)
Current service costs	(1,981)	(1,948)
Employer Contributions	1,791	1,855
Past service costs	0	779
Other finance income	(104)	(300)
Actuarial gain/ (loss)	(5,887)	(73)
<b>Surplus/(shortfall) in scheme at the end of the year</b>	<b>(11,691)</b>	<b>(5,510)</b>

## 3(h) History of experience gains and losses

**Difference between the expected and actual return on scheme assets:**

	2006-2007	2005-2006	2004-2005	2003-2004
Amount in £000	(395)	7,591	2,072	5,150
Percentage of scheme assets	(0.7%)	13.8%	4.6%	12.9%

**Experience gains and losses on scheme liabilities:**

Amount in £000	62	(1,433)	568	0
Percentage of the present value of the scheme liabilities	0.1%	(2.4%)	1.1%	0.0%

**Total amount recognised in statement of total recognised gains and losses:**

Amount in £000	(5,887)	(73)	1,558	5,150
Percentage of the present value of the scheme liabilities	(8.4%)	(0.1%)	3.1%	11.0%

## Notes to the Accounts

4 Other Administration Costs	2006-2007		2005-2006 (Restated)	
	£000	£000	£000	£000
Rentals under operating leases	23		27	
Interest Charges	0		0	
Utilities and Premises	283		262	
Transport Costs	192		192	
Supplies and Services	568		988	
Contracted Out Services	2,788		2,812	
Third Party Payments	885		826	
Chair's and Member's Expenses	24		43	
Other Administration Costs	1,592		1,454	
Auditors' Remuneration and Expenses	32		32	
		6,387		6,636
Non-cash items				
Depreciation	90		40	
Impairment of fixed assets	0		0	
Profit on disposal of fixed assets	(6)		0	
Loss on disposal of fixed assets	0		3	
Cost of Capital Charges	(146)		(150)	
Early Retirement Provision provided for in year	10		112	
Other Provisions provided for in year	0		(7)	
		(52)		(2)
<b>Total</b>		<b>6,335</b>		<b>6,634</b>

5 Programme Costs	2006-2007			2005-2006
	Total	£000	£000	£000
			Permanently - Employed staff	Total
			Others	
Wages and Salaries	0	0	0	0
Social Security Costs	0	0	0	0
Other Pension Costs	0	0	0	0
<b>Sub total</b>	0	0	0	0
Inward secondments	0	0	0	0
<b>Total</b>	0	0	0	0
Less recoveries in respect of outward secondments	0	0	0	0
<b>Total</b>	0	0	0	0
Current Expenditure	0	0	0	0
<b>Total net costs</b>	0	0	0	0

6(a) Administration Income excluding Operating Income to be Surrendered	2006-2007		2005-2006	
	£000	£000	£000	£000
Rent receivable from minor occupiers of Probation Estate property:				
From within the Departmental Boundary	0		0	
From Other Government Departments	0		0	
From Local Authorities	0		0	
From External Tenants	0		0	
		0		0
Income from EU Sources: Direct contributions to Board activities		0		0
Income Receivable: From Other Government Departments		353		407
Miscellaneous Income		613		948
<b>Total Administration Income excluding Operating Income to be surrendered</b>		<b>966</b>		<b>1,355</b>

6(b) Operating Income to be Surrendered	2006-2007		2005-2006	
	£000	£000	£000	£000
Interest received:				
From Bank	30		31	
From Car Loans	7		13	
From Other Sources	0		0	
<b>Total Operating Income to be surrendered</b>		<b>37</b>		<b>44</b>
<b>Total Administration Income</b>		<b>1,003</b>		<b>1,399</b>
Programme income		0		0
<b>Total Income Operating Cost Statement</b>		<b>1,003</b>		<b>1,399</b>

Notes to the Accounts

## Notes to the Accounts

## 7 Tangible Fixed Assets

	2006-2007		
	Office Machinery, Fixtures and Fittings and IT		
	Equipment £000	Vehicles £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2006	217	496	713
Additions	126	0	126
Net Transfers In/Out	0	0	0
Disposals	0	(119)	(119)
Revaluations	0	0	0
Indexation	(10)	3	(7)
Impairment	0	0	0
<b>At 31 March 2007</b>	<b>333</b>	<b>380</b>	<b>713</b>
<b>Depreciation</b>			
At 1 April 2006	77	198	275
Charged in year	36	54	90
Net Transfers In/Out	0	0	0
Disposals	0	(119)	(119)
Revaluations	0	0	0
Indexation	(4)	1	(3)
Impairment	0	0	0
<b>At 31 March 2007</b>	<b>109</b>	<b>134</b>	<b>243</b>
<b>Net Book Value at 31 March 2007</b>	<b>224</b>	<b>246</b>	<b>470</b>
<b>Net Book Value at 31 March 2006</b>	<b>140</b>	<b>298</b>	<b>438</b>
<b>Asset Financing:</b>			
Owned	224	246	470
Finance Lease	0	0	0
<b>Net Book Value at 31 March 2007</b>	<b>224</b>	<b>246</b>	<b>470</b>
<b>Revaluation analysis</b>			
Net change to Revaluation (excluding Impairment)	(6)	2	(4)
	0	0	0
<b>Statement of Recognised Gains</b>	<b>(6)</b>	<b>2</b>	<b>(4)</b>

Notes:

There are no donated assets.

	2005-2006		
	Office Machinery, Fixtures and Fittings and IT		
	Equipment £000	Vehicles £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2005	102	324	426
Additions	119	226	345
Net Transfers In/Out	(2)	(58)	(60)
Disposals	0	0	0
Revaluations	0	0	0
Indexation	(2)	4	2
Impairment	0	0	0
<b>At 31 March 2006</b>	<b>217</b>	<b>496</b>	<b>713</b>
<b>Depreciation</b>			
At 1 April 2005	62	226	288
Charged in year	18	22	40
Net Transfers In/Out	0	0	0
Disposals	(2)	(53)	(55)
Revaluations	0	0	0
Indexation	(1)	3	2
Impairment	0	0	0
<b>At 31 March 2006</b>	<b>77</b>	<b>198</b>	<b>275</b>
<b>Net Book Value at 31 March 2006</b>	<b>140</b>	<b>298</b>	<b>438</b>
<b>Net Book Value at 31 March 2005</b>	<b>40</b>	<b>98</b>	<b>138</b>
<b>Asset Financing:</b>			
Owned	140	298	438
Finance Lease	0	0	0
<b>Net Book Value at 31 March 2006</b>	<b>140</b>	<b>298</b>	<b>438</b>

**Notes to the Accounts****Revaluation analysis**Net change to Revaluation (excluding  
Impairment

(1) 1 0

**Statement of Recognised Gains**0 0 0  
(1) 1 0

Notes:

There are no donated assets.

## Notes to the Accounts

## 8 Debtors

## 8(a) Analysis by type

## Amounts falling due within one year:

	31 March 2007	31 March 2006
	£000	£000
Trade debtors	56	78
VAT	36	40
Staff debtors	24	43
Debtors due from other Probation Boards (excluding Training Consortia)	53	76
Debtors due from other Probation Boards for Training Consortia	15	79
Debtors due from the Prison Service (excluding private Prisons)	241	178
Debtors due from the National Probation Directorate	41	25
Debtors due from the Home Office	0	0
Debtors due from National Offenders Management	4	5
Other debtors	0	19
Prepayments and accrued income	90	66
	<b>560</b>	<b>609</b>

## Amounts falling due after more than one year:

	31 March 2007	31 March 2006
	£000	£000
Trade debtors	0	0
Staff debtors	15	54
Other debtors	0	0
Prepayments and accrued Income	0	0
	<b>15</b>	<b>54</b>

## 8(b) Intra-Government Balances

	31 March 2007	31 March 2006
	£000	£000
Balances with other central government bodies	0	2
Balances with local authorities	46	23
Balances with NHS Trusts	4	2
Balances with public corporations and trading funds	0	0
Subtotal: intra-government balances	<b>50</b>	<b>27</b>
<b>Balances with bodies external to government</b>	<b>0</b>	<b>0</b>
Total Debtors at 31 March	<b>625</b>	<b>690</b>

## 9 Cash at Bank and in hand

	31 March 2007	31 March 2006
	£000	£000
Balance at 1 April	693	553
Net change in cash balances	433	140
<b>Balance at 31 March</b>	<b>1,126</b>	<b>693</b>

The following balances at 31 March are held at:

Office of HM Paymaster General	0	0
Commercial banks and cash in hand	1,126	693
Balance at 31 March	<b>1,126</b>	<b>693</b>

## Notes to the Accounts

## 10 Creditors

## 10(a) Analysis by type

**Amounts falling due within one year:**

	31 March 2007	31 March 2006
	£000	£000
VAT	0	0
Other taxation and social security	371	349
Trade creditors	293	537
Other creditors	467	650
Staff creditors	0	0
Bank overdraft	0	0
Creditors due to other Probation Boards (excluding Training Consortia)	25	5
Creditors due to other Probation Boards for Training Consortia	0	0
Creditors due to the Prison Service (excluding private prisons)	0	0
Creditors due to the National Probation Directorate	0	9
Creditors due to the Home Office	0	0
Creditors due to National Offenders Management	0	0
Unpaid pension contributions due to the pension scheme	0	0
Long Term Liabilities due within one year	0	0
Operating Income to be surrendered (Interest received)	37	44
Fixed asset accruals	0	0
	<b>1,193</b>	<b>1,594</b>

**Amounts falling due after more than one year:**

	31 March 2007	31 March 2006
	£000	£000
Staff creditors	0	0
Other creditors	0	0
	<b>0</b>	<b>0</b>

## 10(b) Intra-Government Balances

	31 March 2007	31 March 2006
	£000	£000
Balances with other central government bodies	0	0
Balances with local authorities	30	16
Balances with NHS Trusts	0	0
Balances with public corporations and trading funds	0	0
Subtotal: intra-government balances	30	16
<b>Balances with bodies external to government</b>	<b>0</b>	<b>0</b>
Total Creditors at 31 March	<b>1,223</b>	<b>1,610</b>

## Notes to the Accounts

## 11 Provisions for Liabilities and Charges

	31 March 2007		
	Early Retirement and Pension Commitments	Other	Total
	Added Years	Other Provisions	
	£000	£000	£000
Balance at 1 April 2006	631	0	631
Provided in the year	10	0	10
Provisions not required written back	0	0	0
Provisions utilised in the year	(48)	0	(48)
<b>Balance at 31 March 2007</b>	<b>593</b>	<b>0</b>	<b>593</b>

	31 March 2006		
	Early Retirement and Pension Commitments	Other	Total
	Added Years	Other Provisions	
	£000	£000	£000
Balance at 1 April 2005	569	7	576
Provided in the year	62	(7)	55
Provisions not required written back	(10)	0	(10)
Provisions utilised in the year	(50)	0	(50)
2005/06 impact of change in discount rate from 3.5% to 2.2%	60	0	60
<b>Balance at 31 March 2006</b>	<b>631</b>	<b>0</b>	<b>631</b>

**Early Retirement and Pension Commitments**

The Probation Board meets the additional costs of benefits beyond the normal Local Government Pension Scheme (LGPS) benefits in respect of employees who retire early by paying the required amounts annually to the LGPS over the period between early departure and normal retirement date. The Probation Board provides for this in full when the early retirement programme becomes binding on the Board by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2 per cent in real terms.

**Other**

The Board had no other provisions at 31 March 2007.

## Notes to the Accounts

## 12 General Fund

	2006-2007	2005-2006
	£000	£000
Balance at 1 April	(5,936)	(6,082)
Financing activities:		
Net NPD Financing received in year (excluding Training Consortia)	18,287	16,388
Training Consortia financing received from NPD in the capacity as Lead Board	0	0
Training Consortia financing from NPD received by the Area Board	315	924
Training Consortia financing received from the Boards within their consortia	0	0
Training Consortia financing transferred from the Lead Board to the boards within their consortia	0	0
Training Consortia financing received from their Lead Board	253	393
Training Consortia financing transferred to their Lead Board	0	0
Training Consortia financing received by the Board from another non-lead Board	0	0
Training Consortia financing transferred from the Board to another non-lead Board	0	0
Recharges by NPD for centrally provided services	2,904	2,883
Increase/(decrease) in Financing Debtors	0	0
(Increase)/decrease in Financing Creditors	0	0
Net Transfers from Operating Activities		
Net Operating Cost for the year	(21,041)	(20,175)
Operating Income to be surrendered (Interest received)	(37)	(44)
Non-cash Charges:		
Cost of Capital	(146)	(150)
Transfer from Revaluation and Donated Asset Reserve (From Note 13b)	0	0
Actuarial gains and losses (STRGL)	(5,887)	(73)
<b>Balance at 31 March</b>	<b>(11,288)</b>	<b>(5,936)</b>

## 13 Reserves

## 13(a) Revaluation Reserve

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2006-2007	2005-2006
	£000	£000
Balance at 1 April	6	6
Arising on revaluations during the year (net)	(4)	0
Transfer to General Fund	0	0
<b>Balance at 31 March</b>	<b>2</b>	<b>6</b>

## 13(b) Donated Asset Reserve

	2006-2007	2005-2006
	£000	£000
Balance at 1 April	0	0
Additions during the year	0	0
Release to General Fund	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

There are no donated assets.

## Notes to the Accounts

## 14 Notes to the Cash Flow Statement

## 14(a) Reconciliation of operating cost to operating cash flows

	2006-2007	2005-2006 (Restated)
	£000	£000
Net operating cost	21,041	20,175
Adjustments for non-cash transactions	52	2
Increase/(Decrease) in Debtors	(65)	14
(Increase)/Decrease in Creditors	380	(555)
Adjustments for pension funding	(294)	386
Use of provisions	48	50
	<b>21,162</b>	<b>20,072</b>

## 14(b) Analysis of capital expenditure and financial investment

	2006-2007	2005-2006
	£000	£000
Tangible fixed assets additions	(126)	(345)
Plus Opening Balance for Fixed Asset Accruals	0	0
Minus Closing Balance for Fixed Asset Accruals	0	0
Minus Proceeds of Disposal of Fixed Assets	6	2
	<b>(120)</b>	<b>(343)</b>

## 14(c) Analysis of financing

	2006-2007	2005-2006
	£000	£000
Net NPD Financing received in year (excluding Training Consortia)	18,287	16,388
Training Consortia financing received by the Lead Board from NPD	0	0
Training Consortia financing received by the non-lead Board from NPD	315	924
Training Consortia financing received from the boards within their consortia	0	0
Training Consortia financing transferred from the Lead Board to the boards within their consortia	0	0
Training Consortia financing received from their Lead Board	253	393
Training Consortia financing transferred to their Lead Board	0	0
Training Consortia financing received by the Board from another non-lead board	0	0
Training Consortia financing transferred from the Board to another non-lead board	0	0
Recharges by NPD for centrally provided services	2,904	2,883
Consolidated Fund Extra Receipts received in prior year surrendered (Interest Received)	(44)	(33)
	<b>21,715</b>	<b>20,555</b>

## Notes to the Accounts

## 15 Capital Commitments

	31 March 2007	31 March 2006
	£000	£000
Capital commitments at 31 March for which no provision has been made		
Committed	0	0
Authorised but not contracted	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

16 Commitments Under Leases  
Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in the which the lease expires.

## Obligations under operating leases comprise:

	2006-2007	2005-2006
	£000	£000
Other:		
Expiry within 1 year	13	10
Expiry after 1 year but not more than 5 years	10	17
Expiry thereafter	0	0
	<b>23</b>	<b>27</b>

## 17 Other financial commitments

There were no other financial commitments at 31 March 2007.

	2006-2007	2005-2006
	£000	£000
Expiry within 1 year	0	0
Expiry within 2 to 5 years	0	0
Expiry thereafter	0	0
	<b>0</b>	<b>0</b>

## 18 Financial Instruments

FRS13 disclosures should be given here where appropriate: as permitted by FRS13, debtors and creditors which mature or become payable within 12 months from the balance sheet should be omitted from the currency profile and should be excluded from all other disclosures. Other disclosures should be given only where they are necessary because the Department holds financial instruments that are complex or play a significant medium to long-term role in the financial risk profile of the department. The headings in FRS 13 should be used to the extent that they are relevant

## 19 Contingent Liabilities

A small number of part-time pensions employment cases have been made against the Board. Proceedings in these cases have been slow to develop and are not yet at an advanced stage, so any potential liability cannot be quantified.

## 20 Contingent Liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability purposes

Notes to the Accounts

The Board has not entered into any quantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of FRS 12 since the likelihood of a transfer of economic benefit in settlement is too remote.

	1 April 2006 £000	Increase in Year £000	Liabilities crystallised in year £000	Obligation expired in year £000	31 March 2007 £000	Amount to be reported to Parliament by departmental Minute
Guarantees (listed)						
Indemnities (listed)						
Letter of comfort (listed)						

## Notes to the Accounts

## 21 Losses and Special Payments

Losses Statement	2006-2007		2005-2006	
	Number of Cases	Total Value £000	Number of Cases	Total Value £000
<u>Details of cases over £2,000</u>				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	3	29	0	0
Fruitless payments	0	0	0	0
Stores losses	0	0	0	0
Special payments	0	0	2	9
	<u>3</u>	<u>29</u>	<u>2</u>	<u>9</u>
<u>Details of cases over £100,000</u>				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Stores losses	0	0	0	0
Special payments	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

## 22 Related party transactions

The Home Office is regarded as a related party. During the year, the Probation Board had various material transactions with the Home Office. Additionally, the Probation Board had transactions with other Probation Boards, other government bodies and third party organisations.

During the year, none of the members of the Board, members of key management staff or other related parties, or their related parties has undertaken any material transactions with the Probation Board.

## 23 Third-party assets

The Board held no third party assets at 31 March 2007.

	31 March 2007	31 March 2006
	£000	£000
Balance at 1 April	0	0
Funds paid in during the year	0	0
Funds paid out during the year	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

## 24 Post balance sheet events

There are no post balance sheet events requiring disclosure in the accounts.





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