

Operating Cost Statement for the year ended 31 March 2007

	Notes	2006-2007		2005-2006	
		£000	£000	£000	£000
Administration costs					
Staff costs	2	9,310		8,745	
Other administration costs	4	4,488		4,785	
Operating income	6	(811)		(958)	
Gross Administration Costs		12,987		12,572	
Less: Finance (Income)/Charge	3e	283		413	
Net Administration Costs		13,270		12,985	
Programme Costs:					
Staff Costs	5	1,240		909	
Programme costs	5	625		425	
Income	6	(1,865)		(1,334)	
		0		0	
Net Operating Costs			13,270		12,985

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	(1)		(2)	
Receipt of Donated Assets	13b	0		0	
Actuarial gain/(loss) relating to the pension scheme	3f	(3,271)		(389)	
Recognised gains and losses for the financial year		(3,272)		(391)	

Balance Sheet as at 31 March 2007

	Notes	31 March 2007		31 March 2006	
		£000	£000	£000	£000
Fixed Assets					
Tangible Fixed Assets	7		49		67
Debtors falling due after more than one year	8		0		0
Current Assets:					
Debtors	8	382		458	
Cash at bank and in hand	9	519		383	
		<u>901</u>		<u>841</u>	
Creditors (amounts falling due within one year)	10	<u>(949)</u>		<u>(1,126)</u>	
Net current assets/(liabilities)			<u>(48)</u>		<u>(285)</u>
Total assets less current liabilities			<u>1</u>		<u>(218)</u>
Creditors (amounts falling due after more than one year)	10	0		0	
Provisions for liabilities and charges	11	<u>(1,294)</u>		<u>(1,297)</u>	
Net assets/(liabilities) excluding pension liability			<u>(1,293)</u>		<u>(1,515)</u>
Pension Liability	3		<u>(10,787)</u>		<u>(7,444)</u>
Net assets/(liabilities) including pension liability			<u>(12,080)</u>		<u>(8,959)</u>
Taxpayers' equity					
General fund	12		<u>(12,078)</u>		<u>(8,958)</u>
Revaluation reserve	13a		<u>(2)</u>		<u>(1)</u>
Donated asset reserve	13b		<u>0</u>		<u>0</u>
			<u>(12,080)</u>		<u>(8,959)</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		(13,475)		(13,602)
Capital expenditure and financial investment	14b		0		(38)
Financing	14c		13,611		13,234
Increase / (decrease) in cash			<u>136</u>		<u>(406)</u>

Local Notes to the Accounts

1 Pension Deficit

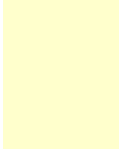
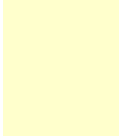
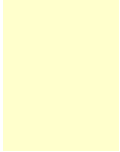
The LGPS pension accounting disclosures show a substantial increase in deficit over the year. There are many factors which affect the deficit and the figure disclosed in the accounts should be expected to be volatile, given it is a snapshot assessment based on market values as at the year end date. However, for the year 2006/07 the main factor affecting the deficit is a change in the basis for assessing liabilities resulting from a change in the accounting guidance issued to Probation Boards. This change in guidance gives rise to an increase in the assessed value of the liabilities for accounting purposes and in fact accounts for the whole of the increase in the year end deficit.

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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 (FRm) issued by HM Treasury. The accounting policies contained in the FRm follow generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FRm 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 FRm 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	9,018	8,897	121	8,572
Social security costs	695	695	0	652
Other pension costs	1,177	1,177	0	674
Sub Total	10,890	10,769	121	9,898
Inward Secondments	119	0	119	138
Total	11,009	10,769	240	10,036
Less recoveries in respect of outward secondments	1,699	1,699	0	1,291
Total net admin costs	9,310	9,070	240	8,745
Net Programme Costs	1,240	860	380	909
Total Staff Costs	10,550	9,930	620	9,654

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.

0 persons (2005-06: 7 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2005-06: £12,251).

2(b) Average number of persons employed

	2006-2007			2005-2006
	Total	Permanently - Employed staff	Others	Total
	364	345	19	375
	364	345	19	375

Notes to the Accounts

3 Pension costs

Pension benefits are provided through the Local Government Pension Scheme (LPGS). This is a statutory requirement and intended to be a fully funded scheme which provides benefits on a 'final salary' basis at a normal retirement age of 65. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum, equivalent to 3/80th of pensionable pay for each year of service is payable on retirement. Members pay contributions of 6% of pensionable earnings. Pension payments are increased in line with the Retail Price Index. On death, pensions are payable to the surviving spouse at the rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension, which depends on length of service. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow/widower pensions.

- 3(a) A full actuarial valuation was carried out at 31 March 2004 by Mercer Human Resources Consultancy Ltd. For 2006-07, employers' contributions of £1,469,648 were payable to the LGPS (2005-06 £1,366,383.93) and were 17.6% 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 17.6% of salaries; and,
Employer's contributions for 2007-08 will be 17.6% of salaries; and
The next actuarial valuation will be carried out in [2007-08] 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	4.6%	4.4%	4.3%
Rate of increase for pensions in payment and deferred pensions -	3.1%	2.9%	2.9%
Discount rate	5.4%	5.7%	6.3%

- 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 £000	Long-term rate 31 March 2006 %	Value at 31 March 2006 £000	Long-term rate 31 March 2005 %	Value at 31 March 2005 £000
Equities	7.5%	27,910	7.0%	22,985	7.5%	17,622
Bonds	5.0%	2,658	4.5%	3,489	5.0%	4,130
Property	6.5%	0	6.0%	1,238	6.5%	0
Cash	5.2%	340	4.5%	422	4.7%	331
Total market value of assets		30,908		28,134		22,083
Present value of scheme liabilities		41,695		35,578		29,380
Surplus/ (Shortfall) of the scheme		(10,787)		(7,444)		(7,297)
Net pension asset / (liability)		(10,787)		(7,444)		(7,297)

- 3(d) Pension Cost

	2006-2007 £000	2005-2006 £000
Current service cost	1,259	1,205
Past service cost	0	(471)
Total operating charge	1,259	734

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

	2006-2007 £000	2005-2006 £000
Expected return on pension scheme assets	1,766	1,476
Interest on pension scheme liabilities	(2,049)	(1,889)
Net return	(283)	(413)

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

	2006-2007 £000	2005-2006 £000
Actual return less expected return on pension scheme assets	68	4,183
Experience gains and losses arising on the scheme liabilities	(5)	(907)
Changes in assumptions underlying the present value of the scheme liabilities	(3,334)	(3,665)
Actuarial gain/(loss) recognised in the STRGL	(3,271)	(389)

Notes to the Accounts

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

	2006-2007 £000	2005-2006 £000
Surplus/ (shortfall) in scheme in the beginning of the year	(7,444)	(7,297)
Current service costs	(1,259)	(1,205)
Employer Contributions	1,470	1,389
Past service costs	0	471
Other finance income	(283)	(413)
Actuarial gain/ (loss)	(3,271)	(389)
Surplus/(shortfall) in scheme at the end of the year	(10,787)	(7,444)

3(h) History of experience gains and losses

	2006-2007	2005-2006	2004-2005	2003-2004
Difference between the expected and actual return on scheme assets:				
Amount in £000	68	4,183	(2,334)	2,915
Percentage of scheme assets	0.2%	14.9%	(10.6%)	14.3%
Experience gains and losses on scheme liabilities:				
Amount in £000	(5)	(907)	0	0
Percentage of the present value of the scheme liabilities	0.0%	(2.5%)	0.0%	0.0%
Total amount recognised in statement of total recognised gains and losses:				
Amount in £000	(3,271)	(389)	(2,334)	2,915
Percentage of the present value of the scheme liabilities	(7.8%)	(1.1%)	(7.9%)	11.6%

Notes to the Accounts

4 Other Administration Costs	2006-2007		2005-2006 (Restated)	
	£000	£000	£000	£000
Rentals under operating leases	95		106	
Interest Charges	0		0	
Utilities and Premises	44		49	
Transport Costs	51		42	
Supplies and Services	349		407	
Contracted Out Services	1,896		1,920	
Third Party Payments	1,118		1,416	
Chair's and Member's Expenses	81		81	
Other Administration Costs	897		638	
Auditors' Remuneration and Expenses	37		36	
		4,568		4,695
Non-cash items				
Depreciation	17		10	
Impairment of fixed assets	0		0	
Profit on disposal of fixed assets	0		0	
Loss on disposal of fixed assets	0		0	
Cost of Capital Charges	(197)		(239)	
Early Retirement Provision provided for in year	100		319	
Other Provisions provided for in year	0		0	
		(80)		90
Total		4,488		4,785

5 Programme Costs	2006-2007			2005-2006
	£000	£000		£000
		Permanently -		
	Total	Employed staff	Others	Total
Wages and Salaries	787	721	66	812
Social Security Costs	57	57	0	37
Other Pension Costs	82	82	0	60
Sub total	926	860	66	909
Inward secondments	314	0	314	0
Total	1,240	860	380	909
Less recoveries in respect of outward secondments	0	0	0	0
Total	1,240	860	380	909
Current Expenditure	625	625	0	425
Total net costs	1,865	1,485	380	1,334

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		359		252
Miscellaneous Income		425		672
Total Administration Income excluding Operating Income to be surrendered		784		924

6(b) Operating Income to be Surrendered	2006-2007		2005-2006	
	£000	£000	£000	£000
Interest received:				
From Bank	27		34	
From Car Loans	0		0	
From Other Sources	0		0	
Total Operating Income to be surrendered		27		34
Total Administration Income		811		958
Programme income		1,865		1,334
Total Income Operating Cost Statement		2,676		2,292

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
Cost or valuation			
At 1 April 2006	83	6	89
Additions	0	0	0
Net Transfers In/Out	0	0	0
Disposals	0	0	0
Revaluations	(1)	0	(1)
Indexation	(1)	0	(1)
Impairment	0	0	0
At 31 March 2007	81	6	87
Depreciation			
At 1 April 2006	17	5	22
Charged in year	16	1	17
Net Transfers In/Out	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
Indexation	(1)	0	(1)
Impairment	0	0	0
At 31 March 2007	32	6	38
Net Book Value at 31 March 2007	49	0	49
Net Book Value at 31 March 2006	66	1	67
Asset Financing:			
Owned	49	0	49
Finance Lease	0	0	0
Net Book Value at 31 March 2007	49	0	49
Revaluation analysis			
Net change to Revaluation (excluding Impairment)	(1)	0	(1)
Statement of Recognised Gains	(1)	0	(1)

Notes:

There are no donated assets.

	2005-2006		
	Office Machinery, Fixtures and Fittings and IT		
	Equipment £000	Vehicles £000	Total £000
Cost or valuation			
At 1 April 2005	47	6	53
Additions	38	0	38
Net Transfers In/Out	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
Indexation	(2)	0	(2)
Impairment	0	0	0
At 31 March 2006	83	6	89
Depreciation			
At 1 April 2005	8	4	12
Charged in year	9	1	10
Net Transfers In/Out	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
Indexation	0	0	0
Impairment	0	0	0
At 31 March 2006	17	5	22
Net Book Value at 31 March 2006	66	1	67
Net Book Value at 31 March 2005	39	2	41
Asset Financing:			
Owned	66	1	67
Finance Lease	0	0	0
Net Book Value at 31 March 2006	66	1	67

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

(2)

0

(2)

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Statement of Recognised Gains**(2)****0****(2)**

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	93	69
VAT	32	62
Staff debtors	0	0
Debtors due from other Probation Boards (excluding Training Consortia)	75	53
Debtors due from other Probation Boards for Training Consortia	0	11
Debtors due from the Prison Service (excluding private Prisons)	86	190
Debtors due from the National Probation Directorate	26	15
Debtors due from the Home Office	0	0
Debtors due from National Offenders Management	0	0
Other debtors	0	0
Prepayments and accrued income	23	45
	335	445

Amounts falling due after more than one year:

	31 March 2007	31 March 2006
	£000	£000
Trade debtors	0	0
Staff debtors	0	0
Other debtors	0	0
Prepayments and accrued Income	0	0
	0	0

8(b) Intra-Government Balances

	31 March 2007	31 March 2006
	£000	£000
Balances with other central government bodies	17	0
Balances with local authorities	4	0
Balances with NHS Trusts	26	13
Balances with public corporations and trading funds	0	0
Subtotal: intra-government balances	47	13
Balances with bodies external to government	0	0
Total Debtors at 31 March	382	458

9 Cash at Bank and in hand

	31 March 2007	31 March 2006
	£000	£000
Balance at 1 April	383	789
Net change in cash balances	136	(406)
Balance at 31 March	519	383
The following balances at 31 March are held at:		
Office of HM Paymaster General	0	0
Commercial banks and cash in hand	519	383
Balance at 31 March	519	383

Notes to the Accounts

10 Creditors

10(a) Analysis by type

	31 March 2007	31 March 2006
	£000	£000
Amounts falling due within one year:		
VAT	0	0
Other taxation and social security	233	222
Trade creditors	347	477
Other creditors	147	189
Staff creditors	0	0
Bank overdraft	0	0
Creditors due to other Probation Boards (excluding Training Consortia)	20	42
Creditors due to other Probation Boards for Training Consortia	0	0
Creditors due to the Prison Service (excluding private prisons)	3	0
Creditors due to the National Probation Directorate	0	0
Creditors due to the Home Office	0	0
Creditors due to National Offenders Management	0	0
Unpaid pension contributions due to the pension scheme	169	156
Long Term Liabilities due within one year	0	0
Operating Income to be surrendered (Interest received)	27	34
Fixed asset accruals	0	0
	946	1,120

Amounts falling due after more than one year:

	31 March 2007	31 March 2006
	£000	£000
Staff creditors	0	0
Other creditors	0	0
	0	0

10(b) Intra-Government Balances

	31 March 2007	31 March 2006
	£000	£000
Balances with other central government bodies	2	4
Balances with local authorities	1	2
Balances with NHS Trusts	0	0
Balances with public corporations and trading funds	0	0
Subtotal: intra-government balances	3	6
Balances with bodies external to government	0	0
Total Creditors at 31 March	949	1,126

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	1,297	0	1,297
Provided in the year	100	0	100
Provisions not required written back	0	0	0
Provisions utilised in the year	(103)	0	(103)
Balance at 31 March 2007	1,294	0	1,294

	31 March 2006		
	Early Retirement and Pension Commitments	Other	Total
	Added Years	Other Provisions	
	£000	£000	£000
Balance at 1 April 2005	1,078	0	1,078
Provided in the year	71	0	71
Provisions not required written back	0	0	0
Provisions utilised in the year	(100)	0	(100)
2005/06 impact of change in discount rate from 3.5% to 2.2%	248	0	248
Balance at 31 March 2006	1,297	0	1,297

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

There are no other provisions within the accounts.

Notes to the Accounts

12 General Fund

	2006-2007	2005-2006
	£000	£000
Balance at 1 April	(8,958)	(8,576)
Financing activities:		
Net NPD Financing received in year (excluding Training Consortia)	11,436	10,635
Training Consortia financing received from NPD in the capacity as Lead Board	0	0
Training Consortia financing from NPD received by the Area Board	272	681
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	0	0
Training Consortia financing transferred to their Lead Board	0	(2)
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	1,937	1,951
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	(13,270)	(12,985)
Operating Income to be surrendered (Interest received)	(27)	(34)
Non-cash Charges:		
Cost of Capital	(197)	(239)
Transfer from Revaluation and Donated Asset Reserve (From Note 13b)	0	0
Actuarial gains and losses (STRGL)	(3,271)	(389)
Balance at 31 March	(12,078)	(8,958)

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	(1)	1
Arising on revaluations during the year (net)	(1)	(2)
Transfer to General Fund	0	0
Balance at 31 March	(2)	(1)

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
Balance at 31 March	0	0

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
	£000	(Restated) £000
Net operating cost	13,270	12,985
Adjustments for non-cash transactions	80	(90)
Increase/(Decrease) in Debtors	(76)	(233)
(Increase)/Decrease in Creditors	170	598
Adjustments for pension funding	(72)	242
Use of provisions	103	100
	13,475	13,602

14(b) Analysis of capital expenditure and financial investment

	2006-2007	2005-2006
	£000	£000
Tangible fixed assets additions	0	(38)
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	0	0
	0	(38)

14(c) Analysis of financing

	2006-2007	2005-2006
	£000	£000
Net NPD Financing received in year (excluding Training Consortia)	11,436	10,635
Training Consortia financing received by the Lead Board from NPD	0	0
Training Consortia financing received by the non-lead Board from NPD	272	681
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	0	0
Training Consortia financing transferred to their Lead Board	0	(2)
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	1,937	1,951
Consolidated Fund Extra Receipts received in prior year surrendered (Interest Received)	(34)	(31)
	13,611	13,234

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
Total	0	0

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	7	29
Expiry after 1 year but not more than 5 years	66	22
Expiry thereafter	0	15
	73	66

17 Other financial commitments

The Board does not have any commitments which fall under this category.

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

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

The Board does not have any contingent liabilities.

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

There are no contingent liabilities.

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

Notes to the Accounts



Notes to the Accounts

21 Losses and Special Payments

	2006-2007		2005-2006	
	Number of Cases	Total Value £000	Number of Cases	Total Value £000
Losses Statement				
<u>Details of cases over £2,000</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	1	20
	0	0	1	20
<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
	0	0	0	0

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

These are not Board assets and are not included in the accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, listed securities, trust funds, amenity funds. They are set out in the table immediately below.

	31 March 2007	31 March 2006
	£000	£000
Balance at 1 April	74	52
Funds paid in during the year	16	76
Funds paid out during the year	(26)	(54)
Balance at 31 March	64	74

24 Post balance sheet events

Please see separate sheet for the post balance sheet events.

Worksheet 1 - Financing

Working Sheet for Note 12 - General Fund

Grant Schedule for the year ended 31 March 2007

	2006-2007		2005-2006	
	£000	£000	£000	£000
Net NPD Financing received in year (excluding Training Consortia)				
Revenue	10,956		10,113	
Approved Premises (Hostels)	480		484	
Training (05/06 only)	0		0	
Capital	0		38	
Total Net NPD Financing received in year (excluding Training Consortia)		11,436		10,635

Worksheet 4 - Miscellaneous Income

Working Sheet for Note 6A - Miscellaneous Income

Misc. Income Schedule for the year ended 31 March 2007

Do not include income from Local Authorities, VAT, or Training from other Boards and NPD.

Add Headings to describe the type of Income received.	2006-2007		2005-2006	
	£000	£000	£000	£000
<u>Schedule Description</u>				
Income received from other Boards (apart from that associated with staff costs this must not be recorded elsewhere)				
Received from: Avon and Somerset	0		0	
Received from: Bedfordshire	0		0	
Received from: Cambridgeshire	0		0	
Received from: Cheshire	0		0	
Received from: Cumbria	0		0	
Received from: Derbyshire	0		0	
Received from: Devon and Cornwall	0		0	
Received from: Dorset	0		0	
Received from: Durham	0		0	
Received from: Dyfed - Powys	0		0	
Received from: Essex	0		0	
Received from: Gloucestershire	0		0	
Received from: Greater Manchester	0		0	
Received from: Gwent	1		0	
Received from: Hampshire	0		0	
Received from: Hertfordshire	0		0	
Received from: Humberside	0		0	
Received from: Kent	0		0	
Received from: Lancashire	0		0	
Received from: Leicestershire and Rutland	0		0	
Received from: Lincolnshire	0		0	
Received from: London	0		0	
Received from: Merseyside	0		0	
Received from: Norfolk	0		0	
Received from: North Wales	0		0	
Received from: North Yorkshire	0		0	
Received from: Northamptonshire	0		0	
Received from: Northumbria	0		0	
Received from: Nottinghamshire	0		0	
Received from: South Wales	0		0	
Received from: South Yorkshire	0		0	
Received from: Staffordshire	1		0	
Received from: Suffolk	0		0	
Received from: Surrey	0		0	
Received from: Sussex	0		0	
Received from: Teesside	0		0	
Received from: Thames Valley	0		0	
Received from: Warwickshire	0		0	
Received from: West Mercia	0		0	
Received from: West Midlands	68		157	
Received from: West Yorkshire	0		0	
Received from: Wiltshire	0		0	
Total Income Received from Other Boards		70		157
Approved Premises	0		9	
Bank interest not surrendered	0		0	
Community Punishment/Community Service Income	0		0	
Income from NPD - Reimbursements	76		70	
Income from NOMS - Reimbursements	0		0	
Income/Grants received from the Home Office	0		0	
Administration	7		8	
Court costs recovered/court fees	3		4	
DAT's - Drug Action Team	0		205	
DTTO's - Drug Treatment and Testing Order	0		0	
Hostels	17		0	
Miscellaneous	6		8	
Police	0		0	
Prior year	0		0	
Prisons	26		26	
Private Prisons	0		0	
Programmes	0		0	
Sales	0		0	
Staff	0		0	
Telephones	0		0	
Training	0		10	
Access to Work	11		6	
Connect Support	35		32	
CP Supervisors Income	18		3	
OSAPP			7	
Next Step	8			
Growing out of Crime	39		51	
Secondees Travel and Subsistence	19		76	
TPO Pension Adj	7			
NPD Secondments Travel and Subsistence	15			
Prison Travel and Subsistence	68			
		355		515
Total Miscellaneous Income		425		672

Total	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
0	0	
<u>0</u>	<u>0</u>	
<u>47</u>	<u>13</u>	

	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
Total	<u>0</u>	<u>0</u>
	<u><u>3</u></u>	<u><u>6</u></u>

Worksheet 7 - Other Administration Costs

Working Sheet for Note 4 - Other Administration Costs

Other Admin Costs Schedule for the year ended 31 March 2007

For expenditure between other Boards do not include that associated with Staff Costs.

Schedule Description	2006-2007		2005-2006	
	£000	£000	£000	£000
Comparatives 'to other Boards' not required [Delete]				
Expenditure to other Boards (apart from that associated with staff costs this must not be recorded elsewhere)				
Expenditure to: Avon and Somerset	1		0	
Expenditure to: Bedfordshire	0		0	
Expenditure to: Cambridgeshire	0		0	
Expenditure to: Cheshire	0		0	
Expenditure to: Cumbria	0		0	
Expenditure to: Derbyshire	0		0	
Expenditure to: Devon and Cornwall	0		0	
Expenditure to: Dorset	0		0	
Expenditure to: Durham	0		0	
Expenditure to: Dyfed - Powys	0		0	
Expenditure to: Essex	0		0	
Expenditure to: Gloucestershire	0		0	
Expenditure to: Greater Manchester	0		0	
Expenditure to: Gwent	0		0	
Expenditure to: Hampshire	0		0	
Expenditure to: Hertfordshire	0		0	
Expenditure to: Humberside	0		0	
Expenditure to: Kent	0		0	
Expenditure to: Lancashire	0		0	
Expenditure to: Leicestershire and Rutland	0		0	
Expenditure to: Lincolnshire	0		0	
Expenditure to: London	0		0	
Expenditure to: Merseyside	0		0	
Expenditure to: Norfolk	0		0	
Expenditure to: North Wales	0		0	
Expenditure to: North Yorkshire	0		0	
Expenditure to: Northamptonshire	0		0	
Expenditure to: Northumbria	0		0	
Expenditure to: Nottinghamshire	0		0	
Expenditure to: South Wales	2		0	
Expenditure to: South Yorkshire	0		0	
Expenditure to: Staffordshire	1		0	
Expenditure to: Suffolk	0		0	
Expenditure to: Surrey	0		0	
Expenditure to: Sussex	0		0	
Expenditure to: Teesside	0		0	
Expenditure to: Thames Valley	0		0	
Expenditure to: Warwickshire	6		0	
Expenditure to: West Mercia	0		0	
Expenditure to: West Midlands	316		0	
Expenditure to: West Yorkshire	2		0	
Expenditure to: Wiltshire	0		0	
Total Expenditure to Other Boards		328		0
Other Administration Costs	569		638	
		569		638
Total Other Administration Costs		897		638

No = 7
Yes = 65

West Mercia Probation Board					
Tab	2005-2006	Agree	Audited 2005-06	Difference	Comments
OCS	Net Operating Costs	Yes	12,985	0	
STRGL	Statement of Recognised Gains and Losses	Yes	(3911)	0	
Balance Sheet	Is the Balance Sheet in balance?	Yes	(8,959)	0	
Cashflow Statement	Does the cashflow balance?	Yes	(406)	0	
Note 2	Salaries and Wages - Admin	Yes	8,745	0	
Notes 2&5	Do other Pension Costs (Admin (note2) and Prog (note5)) equal Note 3D?	Yes	734	0	
Note 2	Average Number of Whole-Time Equivalent employees	Yes	375	0	
Note 3 (b)	2004-05 Major Assumptions- Inflation Assumptions %	Yes	2.9%	0.0%	
Note 3 (b)	2004-05 Major Assumptions- Rate increases in salaries %	Yes	4.3%	0.0%	
Note 3 (b)	2004-05 Major Assumptions- Rate of increase for pensions %	Yes	2.9%	0.0%	
Note 3 (b)	2004-05 Major Assumptions- Discount rate %	Yes	6.3%	0.0%	
Note 3 (b)	2005-06 Major Assumptions- Inflation Assumptions %	Yes	2.9%	0.0%	
Note 3 (b)	2005-06 Major Assumptions- Rate increases in salaries %	Yes	4.4%	0.0%	
Note 3 (b)	2005-06 Major Assumptions- Rate of increase for pensions %	Yes	2.9%	0.0%	
Note 3 (b)	2005-06 Major Assumptions- Discount rate %	Yes	5.7%	0.0%	
Note 3 (c)	2004-05 Equities	Yes	17,622	0	
Note 3 (c)	2004-05 Bonds	Yes	4,130	0	
Note 3 (c)	2004-05 Property	Yes	0	0	
Note 3 (c)	2004-05 Cash	Yes	331	0	
Note 3 (c)	2004-05 Equities %	Yes	7.5%	0.0%	
Note 3 (c)	2004-05 Bonds %	Yes	5.0%	0.0%	
Note 3 (c)	2004-05 Property %	Yes	6.5%	0.0%	
Note 3 (c)	2004-05 Cash %	Yes	4.7%	0.0%	
Note 3 (c)	2004-05 Present Value of Scheme Liabilities	Yes	29,380	0	
Note 3 (c)	2004-05 Surplus/(Shortfall) of the Scheme	Yes	(7,297)	0	
Note 3 (c)	2005-06 Equities	Yes	22,985	0	
Note 3 (c)	2005-06 Bonds	Yes	3,489	0	
Note 3 (c)	2005-06 Property	Yes	1,238	0	
Note 3 (c)	2005-06 Cash	Yes	422	0	
Note 3 (c)	2005-06 Equities %	Yes	7.0%	0.0%	
Note 3 (c)	2005-06 Bonds %	Yes	4.5%	0.0%	
Note 3 (c)	2005-06 Property %	Yes	6.0%	0.0%	
Note 3 (c)	2005-06 Cash %	Yes	4.5%	0.0%	
Note 3 (c)	2005-06 Present Value of Scheme Liabilities	Yes	35,578	0	
Note 3 (c)	2005-06 Surplus Shortfall of the Scheme	Yes	(7,444)	0	
Note 3 (d)	Amount Charged to operating profit	Yes	734	0	
Note 3 (e)	Amount credited to other Finance Income	Yes	(413)	0	
Note 3 (f)	Amount Recognised in the STRGL	Yes	(389)	0	
Note 3 (g)	Surplus/Shortfall beginning of the year	Yes	(7,297)	0	
Note 3 (g)	Does the 3C surplus/shortfall equal 3G? - input 3C	Yes	(7,297)	0	
Note 3 (h)	2003-04 Difference on expected and actual return on scheme assets	Yes	2,915	0	
Note 3 (h)	2003-04 Percentage of scheme assets%	Yes	14.3%	0.0%	
Note 3 (h)	2003-04 Experience gains and losses on scheme liabilities	Yes	0	0	
Note 3 (h)	2003-04 Percentage of the present value of the scheme liabilities%	Yes	0.0%	0.0%	
Note 3 (h)	2003-04 Amount recognised in STRGL	Yes	2,915	0	
Note 3 (h)	2003-04 Amount recognised in STRGL %	Yes	11.6%	0.0%	
Note 3 (h)	2004-05 Difference on expected and actual return on scheme assets	Yes	(2,334)	0	
Note 3 (h)	2004-05 Percentage of scheme assets%	Yes	-10.6%	0.0%	
Note 3 (h)	2004-05 Experience gains and losses on scheme liabilities	Yes	0	0	
Note 3 (h)	2004-05 Percentage of the present value of the scheme liabilities%	Yes	0.0%	0.0%	
Note 3 (h)	2004-05 Amount recognised in STRGL	Yes	(2,334)	0	
Note 3 (h)	2004-05 Amount recognised in STRGL %	Yes	-7.9%	0.0%	
Note 3 (h)	2005-06 Difference on expected and actual return on scheme assets	Yes	4,183	0	
Note 3 (h)	2005-06 Percentage of scheme assets%	Yes	14.9%	0.0%	
Note 3 (h)	2005-06 Experience gains and losses on scheme liabilities	Yes	(907)	0	
Note 3 (h)	2005-06 Percentage of the present value of the scheme liabilities%	Yes	-2.5%	0.0%	
Note 3 (h)	2005-06 Amount recognised in STRGL	Yes	(389)	0	
Note 3 (h)	2005-06 Amount recognised in STRGL %	Yes	-1.1%	0.0%	
Note 4	Other Administration Costs - excl non-cash	Yes	4,695	0	
Note 4	Non-cash items	Yes	90	0	
Note 5	Programme Costs	Yes	1,334	0	
Note 6	Total Administration Income	Yes	958	0	
Note 6	Programme income	Yes	1,334	0	
Note 7	2005/06 Tangible Fixed Assets - Costs/Valuation	Yes	89	0	
Note 7	2005/06 Tangible Fixed Assets - Depreciation	Yes	22	0	
Note 8 (a)	Debtors: Amounts falling due within one year - (excl Intra-Gov balances)	Yes	445	0	
Note 8 (a)	Debtors: Amounts falling due after more than one year:	Yes	0	0	
Note 8 (b)	Debtors: Intra-Government Balances	Yes	13	0	
Note 9	Cash	Yes	383	0	
Note 10 (a)	Creditors: Amounts falling due within one year: - (excl Intra Gov Balances)	Yes	1,120	0	
Note 10 (a)	Creditors: Amounts falling due after more than one year:	Yes	0	0	
Note 10 (b)	Creditors: Intra-Government Balances	Yes	6	0	
Note 11	Provisions - Balance March 2006	Yes	1,297	0	
Note 12	General Fund - 1 April	Yes	(8,576)	0	
Note 12	General Fund - 31 March	Yes	(8,958)	0	
Note 13 (a)	Revaluation Reserve	Yes	(1)	0	
Note 13 (b)	Donated Asset Reserve	Yes	0	0	
Note 14 (a)	Reconciliation of operating cost to operating cash flows	Yes	13,602	0	
Note 14 (b)	Analysis of capital expenditure and financial investment	Yes	(38)	0	
Note 14 (c)	Analysis of financing	Yes	13,234	0	
Note 15	Capital Commitments	Yes	0	0	
Note 16	Commitments Under Leases	Yes	66	0	
Note 17	Other financial commitments	Yes	0	0	
Note 18	Financial Instruments				
Note 19	Contingent liabilities				
Note 20	Contingent Liabilities not required to be disclosed under FRS 12				
Note 21	Losses and Special Payments (No. of Cases) over £2,000	Yes	1	0	
Note 21	Losses and Special Payments (Total Value) over £2,000	Yes	20	0	
Note 21	Losses and Special Payments (No. of Cases) over £100,000	Yes	0	0	
Note 21	Losses and Special Payments (Total Value) over £100,000	Yes	0	0	
Note 22	Related Party Transactions				
Note 23	Third-Party Assets	Yes	74	0	
Note 24	Post Balance Sheet Events				
Worksheet 1	Net NPD Financing received in year (excluding Training Consortia)	Yes	10,635	0	
Worksheet 2	Grand Total of Training Consortia financing received by the Lead board for the year	Yes	0	0	
Worksheet 2	Grand Total of Training Consortia financing received by the board for the year	Yes	679	0	
Worksheet 3	Recharges by NPD for centrally provided services	Yes	1,951	0	
Worksheet 4	Miscellaneous Income - Other	No	672	0	Formula must be incorrect as answer is 0
Worksheet 5	Income Receivable: From Other Government Departments - Note 6	Yes	252	0	
Worksheet 6	Debtors - Intra Government Balances - Note 8(b)	Yes	13	0	
Worksheet 6	Creditors - Intra Government Balances - Note 10(b)	Yes	6	0	
Worksheet 7	Other Admin Costs - Note 4	Yes	638	0	

No = 1
Yes = 95